IMPORTANT NOTICE

THIS OFFERING CIRCULAR IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBs (AS DEFINED BELOW) WHO ARE PURCHASING THE NOTES INSIDE THE UNITED STATES IN RELIANCE ON RULE 144A OR ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AS DEFINED BELOW) OR (2) ADDRESSEES WHO ARE PURCHASING THE NOTES OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S (AS DEFINED BELOW).

IMPORTANT: **YOU MUST READ THE FOLLOWING BEFORE CONTINUING**. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES (EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS) OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY U.S. STATE OR OTHER JURISDICTION AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THESE RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES.

Confirmation of your Representation: In order to be eligible to view the Offering Circular, or make an investment decision with respect to the Notes, investors must be either (1) qualified institutional buyers ("**QIBs**") (within the meaning of Rule 144A under the Securities Act ("**Rule 144A**")), or (2) addressees who are eligible to purchase the Notes outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act ("**Regulation S**"). The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) addressees who are eligible to purchase the Notes outside the United States in an offshore transaction in reliance on Regulation S, and such addressee to which this e-mail has been delivered is not located in the United States and (2) you consent to delivery of the Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the dealers or any affiliate of any of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such dealer or such affiliate on behalf of Issuer (as defined in the Offering Circular) in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Arrangers, the Dealers (each as defined in the Offering Circular) or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Issuer and/or any of the Arrangers or Dealers.

Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. In addition, holders and beneficial owners shall be responsible for compliance with restrictions on the ownership of Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of Notes shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling Notes.

Potential investors should seek independent advice and verify compliance with ECB Investor Requirements (as further set out under "*Subscription and Sale*") prior to any purchase of the Notes. The holders and beneficial owners of the Notes shall be deemed to have acknowledged, represented and agreed that for so long as they hold any Notes, they will meet the ECB Investor Requirements (as defined herein). Further, all Noteholders represent and agree that the Notes will not be offered or sold on the secondary market to any person who does not comply with the ECB Investor Requirements (as defined herein). For further details, please see sections titled "*Regulations and Supervision*" and "*Subscription and Sale*".

Offering Circular dated 20 January 2020

INDIAN RAILWAY FINANCE CORPORATION LIMITED

(incorporated with limited liability in India)

U.S.$2,000,000,000
GLOBAL MEDIUM TERM NOTE PROGRAMME

On 14 March 2019, Indian Railway Finance Corporation Limited (the "**Issuer**" or the "**Company**") established a U.S.$2,000,000,000 Euro Medium Term Note Program (the "**EMTN Programme**") and prepared an offering circular dated 14 March 2019 (the "**EMTN Offering Circular**"). This offering circular (this "**Offering Circular**") supersedes the EMTN Offering Circular, and the EMTN Programme is, as of the date hereof, converted by way of update into a Global Medium Term Note Program (considered together with the EMTN Programme, the "**Programme**"). Any Notes (as defined below) issued under the Programme on or after the date hereof are issued subject to the provisions described herein. This does not affect any notes issued before the date of this Offering Circular. Under the Programme, subject to compliance with all relevant laws, regulations and directives, the Issuer may from time to time issue notes (the "**Notes**").

The Notes may be issued on a continuing basis to one or more of the Dealers appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an on-going basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes. The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein (the "**Conditions**"), in which event a supplemental offering circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, see "*Risk Factors*".

The Notes may be issued in bearer form (the "**Bearer Notes**") or in registered form (the "**Registered Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$2,000,000,000 (or the equivalent in other currencies).

The Notes of each Tranche (as defined herein) in bearer form will initially be represented by a temporary global note in bearer form, without interest coupons (each, a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**" and, together with temporary Global Notes, the "**Global Notes**"). Global Notes will be deposited on the issue date of the relevant Tranche either with (a) a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") (the "**Common Depositary**") or (b) such other clearing system as agreed between the Issuer and the relevant Dealer. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

Notes in registered form ("**Registered Notes**") will be represented by registered certificates (each, a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series, and may be represented by a Global Certificate (as defined below). Registered Notes which are sold in an "offshore transaction" within the meaning of Regulation S ("**Unrestricted Notes**") under the U.S. Securities Act of 1933 (the "**Securities Act**") will initially be represented by a permanent registered global certificate (each, an "**Unrestricted Global Certificate**"), without interest coupons, which may be deposited on the issue date (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, with the Common Depositary on behalf of Euroclear and Clearstream, (b) in the case of a Tranche intended to be cleared through The Depository Trust Company ("**DTC**"), a custodian for, and registered in the name of, Cede & Co. as nominee for DTC and (c) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear, Clearstream and/or or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer.

Registered Notes which are sold in the United States to "qualified institutional buyers" within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act ("**Restricted Notes**") will initially be represented by a permanent registered global certificate (each, a "**Restricted Global Certificate**" and, together with the Unrestricted Global Certificate, the "**Global Certificates**"), without interest coupons, which may be deposited on the issue date either with (a) the Common Depositary on behalf of Euroclear and Clearstream or (b) a custodian for, and registered in the name of, Cede & Co. as nominee for DTC.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in connection with the Programme and application will be made to the SGX-ST for the listing and quotation of any Notes that may be issued under the Programme and which are agreed, at or prior to the time of issue thereof, to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted for listing and quotation on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of any Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or such Notes.

An application may be made for the Programme or any subsequent listing of the Notes under the Programme on the India International Exchange (IFSC) Limited (the "**INX**"). The INX has not approved or verified the contents of this Offering Circular.

The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements and restrictions. The Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirement of the Securities Act. Registered Notes are subject to certain restrictions on transfer. See *"Subscription and Sale"* and *"Transfer Restrictions"*.

Tranches of Notes to be issued under the Programme will be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arrangers and Dealers

Axis Bank **Barclays** **BNP PARIBAS** **MUFG** **Standard Chartered Bank**

NOTICE TO INVESTORS

The Issuer accepts responsibility for the information contained in this Offering Circular. Having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is, to the best of the knowledge of the Issuer, in accordance with the facts and contains no omission likely to affect its import. This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see *"Documents Incorporated by Reference"*).

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains all material information with respect to the Issuer and the Notes (including all information which, according to the particular nature of the Issuer and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes), that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Arrangers, the Dealers or the Agents (as defined in *"Summary of the Programme"*). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Arrangers and the Dealers to inform themselves about and to observe any such restriction.

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and this includes Notes in bearer form that are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirement of the Securities Act. Registered Notes are subject to certain restrictions on transfer. See *"Subscription and Sale"* and *"Transfer Restrictions"*.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arrangers, the Dealers or the Agents to subscribe for, or purchase, any Notes.

The Arrangers and the Dealers have not separately verified the information contained in this Offering Circular. To the fullest extent permitted by law, none of the Arrangers, the Dealers or the Agents accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arrangers, the Dealers or to Agents or on their behalf in connection with the Issuer or the issue and offering of the Notes. The Arrangers, each Dealer and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other financial statements contained herein or otherwise are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arrangers, the Dealers or the Agents that any recipient of this Offering Circular or any other financial statements of the Issuer should purchase the Notes.

Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arrangers, the Dealers or the Agents undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arranger, the Dealers or the Agents.

From time to time, in the ordinary course of business, certain of the Dealers and their affiliates have provided advisory and investment banking services, and entered into other commercial transactions with the Issuer and its affiliates, including commercial banking services, for which customary compensation has been received. It is expected that the Dealers and their affiliates will continue to provide such services to, and enter into such transactions, with the Issuer and its affiliates in the future.

The Dealers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

In making an investment decision, each potential investor must rely on its own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Issuer does not, and the Arrangers, the Dealers, and the Agents do not, make any representation regarding the legality of investment under any applicable laws.

Potential investors should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Notification under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") – Unless otherwise stated in the relevant Pricing Supplement in respect of each issue of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with any register of companies in India (each an "**ROC**") under the Companies Act, 2013 ("**Companies Act**") and other applicable Indian laws for the time being in force. This Offering Circular has not been, and will not be, reviewed or approved by any regulatory authority in India, including, but not limited to the Securities and Exchange Board of India ("**SEBI**"), each relevant ROC, the Reserve Bank of India ("**RBI**") or any stock exchange in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

U.S. INFORMATION

This Offering Circular is being delivered on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of certain Notes issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the U.S. or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and the Treasury regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act in reliance on Rule 144A or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be made in reliance upon the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Restricted Notes will be deemed, by its acceptance or purchase of any such Restricted Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in *"Subscription and Sale"* and *"Transfer Restrictions"*.

Neither the Programme nor the Notes have been approved or disapproved by the U.S. Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

AVAILABLE INFORMATION

For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934 (the

"**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any QIB who is a holder or beneficial owner of such restricted securities, or to any prospective purchaser of restricted securities who is a QIB, designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information specified in Rule 144A(d)(4) under the Securities Act.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a listed company organised and incorporated under the laws of India. All of the directors and executive officers of the Issuer named herein are residents of India and all or a substantial portion of the assets of the Issuer and of such persons are located in India. As a result, it may not be possible for investors to effect service of process outside India upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside India predicated upon civil liabilities of the Issuer or such directors and officers under laws other than Indian law.

India is not a signatory or a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The Issuer understands that in India, the statutory basis for recognition of foreign judgments is found in Section 13 and Section 44A of the Indian Code of Civil Procedure, 1908 (the "**Civil Code**"). Under Indian law, a foreign judgment is conclusive as to any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where the judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of the section in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. Under the Civil Code, a court in India will upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and is not applicable to arbitration awards, even if such awards are enforceable as a decree or judgment. While the United Kingdom, Singapore and Hong Kong have been declared by the Government as a reciprocating territory for the purpose of Section 44A of the Civil Code, the United States has not been so declared. Accordingly, a judgment of a court in the United States may be enforced only by a suit upon the judgment and not by proceedings in execution whereas, a judgment of a superior court in the United Kingdom may be enforced by proceedings in execution and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India.

Under section 14 of the Code, a court in India shall presume, upon production of any document purporting to be a certified copy of a foreign judgment, that such judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

It is unlikely 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 viewed the amount of damages awarded as excessive or inconsistent with public policy and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to execute such a judgment and/or to repatriate any amount recovered pursuant to execution, and any such amount may be subject to tax in accordance with applicable laws. Any judgment in a foreign currency would be converted into Rupees on the date of the decree and not on the date of the payment. The Issuer cannot predict whether a suit brought in an Indian court will be disposed in a timely manner or be subject to considerable delays. The Issuer would not be entitled to immunity based on sovereignty from any legal proceedings in India.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Capitalised terms which are used but not defined in any particular section of this Offering Circular will have the meaning attributed thereto in "*Terms and Conditions of the Notes*" or any other section of this Offering Circular. In addition, all references to "India" are references to the Republic of India. All references to the "Government" are references to the Government of India. References to the "United States" or the "U.S.", are to the United States of America. All references to the "United Kingdom" or the "UK" herein are to the United Kingdom of Great Britain and Northern Ireland. References herein to "Rs.", "Rupees" and "INR" are to the lawful currency of India, references to "U.S. dollar" and "U.S.$" are to the lawful currency of the United States. In addition, all references to "Sterling" and "£" refer to pounds sterling, references to "Singapore dollars" and "S$" refer to Singapore dollars, reference to "JPY" refer to the Japanese yen and references to "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

Any reference to any laws such as acts, rules, notifications and/or regulations shall be deemed to include all amendments thereto.

Certain figures in the financial statements and related financial information included in this Offering Circular are stated in "crore" or "lakh", whereas in the rest of this Offering Circular financial information is stated in million of Rupees unless otherwise specified.

In this Offering Circular, references to "lakh" mean "100 thousand"; "million" means "10 lakh"; "crore" means "10 million" or "100 lakhs"; and "billion" means "1,000 million" or "100 crores".

For convenience, unless otherwise specified, certain Rupees amounts have been translated into U.S. dollar amounts as of 30 September 2019, based on the prevailing exchange rate of Rs. 70.685 = U.S.$1.00 and, being the reference rate released by Financial Benchmarks India Pvt Ltd on 30 September 2019, which is available on the website of FBIL (*Source: https://www.fbil.org.in/*).

The Issuer has, up until the fiscal year ended 31 March 2018, prepared its financial statements in accordance with the generally accepted accounting principles in India, which differ in certain respects from generally accepted accounting principles in other countries. The generally accepted accounting principles in India ("**Indian GAAP**") differ in certain significant respects from the International Financial Reporting Standards ("**IFRS**"). Since 1 April 2018, the Issuer has prepared its financial statements in accordance with Indian Accounting Standards ("**Ind AS**"). For a discussion on certain significant differences between Indian GAAP, Ind AS and IFRS, see *"Summary of certain differences among Indian GAAP, IRFS and IND AS"*. The Issuer's financial year ends on 31 March of each year, so all references to a particular financial year, to "Fiscal Year" are to the twelve months ended 31 March of that year. The Issuer publishes its financial statements in Rupees. Unless stated otherwise, all financial information as of and for the year ended 31 March 2017 and 2018 set out in this Offering Circular are presented in accordance with Indian GAAP and all financial information as of and for the year ended 31 March 2019 and as of and for the six months ended 30 September 2018 and 2019 set out in this Offering Circular are presented in accordance with Ind AS. The degree to which the financial information prepared in accordance with Indian GAAP and Ind AS will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP and Ind AS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Offering Circular should accordingly be limited. The Issuer has not attempted to explain those differences or quantify their impact on the financial data included herein, and the Issuer urges prospective investors to consult their own advisors regarding such differences and their impact on the Issuer's financial data.

Certain figures in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. All the figures in this Offering Circular have been presented in millions or in whole numbers where the numbers have been too small to present in millions, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Offering Circular and include statements regarding the intentions, beliefs or current expectations of the Issuer concerning, among other things, the results of operation, financial condition, liquidity, prospects, growth, strategies and the businesses in which the Issuer operates.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and that the Issuer's actual results of operations, financial condition and liquidity, and the development of the businesses in which the Issuer operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Offering Circular. In addition, even if the results of operations, financial condition and liquidity and the development of the businesses in which the Issuer operates are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer or persons acting on its behalf may issue. The Issuer does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Offering Circular.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under *"Risk Factors"*.

Any forward-looking statements that the Issuer makes in this Offering Circular speak only as at the date of such statements, and the Issuer undertakes no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, and should only be viewed as historical data.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Offering Circular:

(a) the Issuer's most recently published audited annual financial statements and, if published later, the Issuer's most recently published audited or reviewed, as the case may be, unconsolidated condensed interim financial results (see "*Presentation of Financial and Other Information*" for a description of the financial statements currently published by the Issuer); and

(b) all supplements or amendments to this Offering Circular circulated by the Issuer from time to time.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

The Issuer will provide, without charge, to each person to whom a copy of this Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Offering Circular. In addition, such documents will be available free of charge from the principal office of the paying agent in Hong Kong (which for the time being is Deutsche Bank AG, Hong Kong Branch) for the Notes listed on the SGX-ST.

If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as so modified or amended, inaccurate or misleading, to an extent which is material in the context of the Programme, a new offering circular will be prepared.

SUMMARY

Overview

The Issuer is the dedicated market borrowing arm of the Indian Railways. Its primary business is financing the acquisition of rolling stock assets and project assets of the Indian Railways and lending to other entities under the Ministry of Railways. The Ministry of Railways is responsible for the acquisition of rolling stock and for the improvement, expansion and maintenance of railways infrastructure. The Issuer is responsible for raising the finance necessary for such activity. Over the last three decades, the Issuer has played a significant role in supporting the capacity enhancement of the Indian Railways by financing a significant proportion of its annual plan outlay.

The Issuer is wholly-owned by the Government acting through the Ministry of Railways. The Issuer is registered with the RBI as a Non-Banking Financial Company ("**NBFC**") and is classified under the category of an "Infrastructure Finance Company" under Section 45-IA of the Reserve Bank of India Act, 1934. The Issuer was notified as a "Public Financial Institution" under the Companies Act through a notification dated 8 October 1993 issued by the Ministry of Corporate Affairs.

The Issuer follows a financial leasing model for financing the rolling stock assets and project assets of the Indian Railways. The period of lease with respect to rolling stock assets is typically 30 years comprising a primary period of 15 years followed by a secondary period of 15 years. In terms of the leasing arrangements, the principal amount and interest (the cost of funds) pertaining to the leased assets is effectively payable during the primary 15-year lease period, along with a margin agreed each year between the Ministry of Railways and the Issuer. For the second 15-year period, the Issuer charges the Indian Railways a nominal rate which is subject to revision on mutually acceptable terms. At the end of the lease period of 30 years, the relevant leased assets may be transferred to the Indian Railways, if requested by the Indian Railways, also at a nominal price. The lease periods for funding project assets for the Indian Railways are also 30 years, and follow a similar model as for rolling stock.

As of 31 March 2017, 2018 and 2019 and as of 30 September 2019, the Issuer financed 76.81%, 77.79%, 83.45% and 83.54%, respectively, in terms of units of the aggregate rolling stock assets held by the Indian Railways. The total value of rolling stock assets financed by the Issuer up to 31 March 2017, 2018 and 2019 and 30 September 2019 since commencement was Rs. 1,513,188.40 million, Rs. 1,699,887 million, Rs. 1,940,437.84 million and Rs. 2,086,955.09 million, respectively, while the value of rolling stock assets financed in Fiscal Year 2017, Fiscal Year 2018, Fiscal Year 2019 and in the six months ended 30 September 2019 was Rs. 142,808.40 million, Rs. 186,698.60 million, Rs. 240,550.84 million and Rs. 146,517.25 million, respectively. The following table sets forth certain information on the rolling stock assets financed by the Issuer since commencement of its business until 30 September 2019:

		Assets financed in Fiscal Year				
Rolling Stock Assets	**Assets financed up to 31 March 2017 since commencement of business**	**2017**	**2018**	**2019**	**Assets Financed in six months ended 30 September, 2019**	**Total**
			No. of Units			
Locomotives	8,998	608	645	707	446	10,796
Passenger coaches	47,825	2,280	3,947	5,598	3,272	60,642
Freight wagons	214,456	10,000	6,290	9,069	5,643	235,458
Cranes and track machines	85	Nil	Nil	Nil	Nil	85

In addition, the Issuer has also extended debt financing, in the past, to other entities under the administrative control of the Ministry of Railways, consistent with its objective of being the principal source of finance for the Indian Railways. The Issuer has in the past financed entities, including Railway Vikas Nigam Limited ("**RVNL**"), Railtel Corporation of India Limited, Konkan Railway Corporation Limited and Rail Land Development Authority and IRCON International Ltd. As of the date of this Offering Circular such loans have been repaid to the Issuer.

At the beginning of each Fiscal Year, the Ministry of Railways provides the Issuer with its target fund requirement based on its planned capital expenditure, which the Issuer meets by raising funds through various sources including the issue of taxable and tax-free bonds in India, term loans from banks/financial institutions, external commercial borrowings ("**ECBs**") including bonds and syndicated loans, internal accruals, asset securitisation and lease financing.

For all the rolling stock assets acquired during a financial year by the Indian Railways, the Issuer enters into a lease agreement with the Ministry of Railways following the close of each respective Fiscal Year. Lease rentals include the Issuer's capital recovery, the cost of borrowing and a certain margin agreed between the Issuer and the Ministry of Railways.

The Issuer's revenue from operations was Rs. 90,467.74 million in Fiscal Year 2017 and Rs. 110,185.09 million in Fiscal Year 2018, each as per Indian GAAP. The Issuer's revenue from operations was Rs. 111,323.22 million in Fiscal Year 2019 and Rs. 66,572.47 million in the six months ended 30 September 2019, each as per Ind AS. The Issuer's profit after tax was Rs. 9,338.11 million in Fiscal Year 2017 and Rs. 20,073.07 million in Fiscal Year 2018, each as per Indian GAAP. The Issuer's profit after tax was Rs. 22,547.49 million in Fiscal Year 2019 and Rs. 17,147.96 million in the six months ended 30 September 2019, each as per

Ind AS. The Issuer's loan assets, which includes lease receivables, advances for funding of railway projects and loans to railway entities, were Rs. 1,229,702.20 million as of 31 March 2017 and Rs. 1,520,695.01 million as of 31 March 2018, each as per Indian GAAP. Such loan assets were Rs. 2,009,136.56 million as of 31 March 2019 and Rs. 2,218,875.61 million as of 30 September 2019, each as per Ind AS. Annual disbursements to the Ministry of Railways was Rs. 274,879.71 million in Fiscal Year 2017 and Rs. 367,222.34 million in Fiscal Year 2018, each as per Indian GAAP, and Rs. 525,351.84 million in Fiscal Year 2019 and Rs. 245,343.25 million in the six months ended 30 September 2019, each as per Ind AS. The Issuer's capital adequacy ratio was 355.88% as of 31 March 2017 and 214.75% as of 31 March 2018, each as per Indian GAAP, and 259.46% as of 31 March 2019 and 303.78% as of 30 September 2019, each as per Ind AS. As of 30 September 2019, the Issuer did not have any non-performing assets.

The Issuer has received the highest credit ratings from CRISIL – AAA, ICRA – ICRA (AAA) and CARE – CARE AAA. In Fiscal Year 2019, it has been accorded with Baa2 (Negative) rating by Moody's, BBB- (Stable) rating by Standard and Poor's, BBB- (Stable) rating by Fitch and BBB+ (Stable) rating by Japanese Credit Rating Agency which are on par with India's sovereign ratings.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this summary.

Issuer:	Indian Railway Finance Corporation Limited
Description:	Global Medium Term Note Programme.
Size:	Up to U.S.$2,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Dealers:	Axis Bank Limited Barclays Bank PLC BNP Paribas MUFG Securities Asia Limited Standard Chartered Bank The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "**Permanent Dealer**" are to the persons listed above as Dealer and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are the Permanent Dealer and all persons appointed as a dealer in respect of one or more Tranches.
Fiscal Agent, Registrar, Paying Agent, Transfer Agent and Calculation Agent:	Deutsche Bank AG, Hong Kong Branch
U.S. Paying Agent and U.S. Registrar	Deutsch Bank Trust Companies Americas
U.S. Transfer Agent	Deutsch Bank Trust Companies Americas
Method of Issue:	The Notes may be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the pricing relevant supplement (the "**Pricing Supplement**").
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes:	The Notes may be issued as Bearer Notes or Registered Notes. Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with TEFRA D (as defined in *"Selling Restrictions"* below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each

Noteholder's entire holding of Registered Notes of one Series and may be represented by a Global Certificate.

Unrestricted Notes in registered form will initially be represented by an Unrestricted Global Certificate, without interest coupons, which may be deposited on the issue date (i) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, with a Common Depositary on behalf of Euroclear and Clearstream, (ii) in the case of a Tranche intended to be cleared through DTC, with a custodian for, and registered in the name of Cede & Co. as nominee for DTC or (iii) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear, Clearstream, DTC or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer.

Restricted Notes in registered form will initially be represented by a Restricted Global Certificate, without interest coupons, which may be deposited on the issue date either (i) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, with a Common Depositary on behalf of Euroclear and Clearstream or (ii) with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC.

Clearing Systems: Clearstream, Euroclear, DTC and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent, and the relevant Dealer.

Initial Delivery of Notes: On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream or (in the case of Global Certificates only) a custodian for DTC, or deposited with a depositary or sub-custodian for any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent, and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer.

Maturities: Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer and the relevant Dealer.

Fixed Rate Notes: Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

Floating Rate Notes: Floating Rate Notes will bear interest determined separately for each Series as follows:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. as amended, supplemented or replaced; or

(ii) by reference to LIBOR or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.

	Interest periods will be specified in the relevant Pricing Supplement.
Zero Coupon Notes:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Redemption:	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable.
Redemption by Instalments:	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement and the Supplemental Offering Circular.
Optional Redemption and Redemption for Change of Control:	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, or if a Change of Control Put Event occurs and if so the terms applicable to such redemption.
Notes that can be issued under the Programme:	The Issuer may issue only Senior Notes.
Status of the Notes:	The Notes and the Receipts and Coupons relating to them constitute direct, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.
Negative Pledge:	See *"Terms and Conditions of the Notes — Covenants"*.
Events of Default:	See *"Terms and Conditions of the Notes — Events of Default"*.
Cross Acceleration:	See *"Terms and Conditions of the Notes — Events of Default — Cross-Acceleration"*.

Ratings:	Tranches of Notes will be rated or unrated. Where a Tranche of Notes is/are to be rated, such rating will be specified in the relevant Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Early Redemption:	Except as provided in *"Optional Redemption and Redemption for Change of Control"* above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See *"Terms and Conditions of the Notes — Redemption, Purchase and Options"*.
Withholding Tax:	All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within a Relevant Jurisdiction (as defined in the Terms and Conditions of the Notes), unless such withholding or deduction is required by law. The current applicable withholding tax rate is 5%, subject to applicable surcharge and education cess and subject to any lower rate of tax provided by any applicable tax treaty. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as set out in *"Terms and Conditions of the Notes — Taxation"*.
Listing:	Approval in-principle has been received from the SGX-ST in connection with the Programme and application will be made to the SGX-ST for the listing and quotation of any Notes that may be issued under the Programme and which are agreed, at or prior to the time of issue thereof, to be so listed on the SGX-ST. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). An application may be made for the Programme or any subsequent Notes issued under the Programme to be listed on the INX. Any Notes if listed on the INX will be accepted for clearance through Euroclear and Clearstream.
Governing Law:	English law.
Selling Restrictions:	The United States, the European Economic Area (including the United Kingdom), the United Kingdom, Japan, Hong Kong, Singapore, India and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See *"Subscription and Sale"*. Category 1 selling restrictions will apply for the purposes of Regulation S under the Securities Act. Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) ("**TEFRA** "**D**") unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) ("**TEFRA C**") or (ii) the

	Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable. In the case of a distribution under Rule 144A, Notes will be issued in registered form, as defined in U.S. Treas. Reg. §5f.103-1(c)
Transfer Restrictions:	There are restrictions on the transfer of Notes sold pursuant to Rule 144A. See *"Transfer Restrictions"* and *"Subscription and Sale"* below.
Others:	Any issuance of Notes will need to comply with ECB Guidelines.

FORM OF PRICING SUPPLEMENT

Pricing Supplement dated [●]
INDIAN RAILWAY FINANCE CORPORATION LIMITED
Legal entity identifier (LEI): 335800F2JHSOGXQEBY56

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.$2,000,000,000 Global Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 20 January 2020 [and the Supplemental Offering Circular dated [•]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular [, the Supplemental Offering Circular dated [•]] and this Pricing Supplement.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the Supplemental Offering Circular dated [•], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the Offering Circular [, the Supplemental Offering Circular dated [•]] and this Pricing Supplement.]

[**PRIIPs REGULATION - PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPS Regulation.]

["**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor"**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels."]

Notification under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") – the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Notes are [prescribed capital markets products [OR] capital markets products other than prescribed capital markets products] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and [Excluded Investment Products [OR] Specified Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement]

1	Issuer:		Indian Railway Finance Corporation Limited
2	(a)	Series Number:	[●]
	(b)	[Tranche Number:	[●]

		(*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*)]
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount:	
	(a) Series:	[●]
	(b) [Tranche:	[●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (*in the case of fungible issues only, if applicable*)]
6	(a) Specified Denominations: *(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)*	[●] *Notes [(including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of S 19 FSMA and] which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).* *If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the following:* *"€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No notes in definitive form will be issued with a denomination above [€199,000]".*
	(b) Calculation Amount:	[●]
7	(a) Issue Date:	[●]
	(b) Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes*.)
8	Maturity Date:	[*specify date or [for Floating Rate Notes] Interest Payment Date falling in or nearest to the relevant month and year/None*]
9	Interest Basis:	[[●] per cent. Fixed Rate [from [●] to [●]] [[*specify reference rate*] +/- [●] per cent. Floating Rate [from [●] to [●]] [Zero Coupon] [Index Linked Interest] [Other (*specify*)] (further particulars specified below)
10	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [Other (*specify*)]
11	Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
12	Put/Call Options:	[Investor Put] [Issuer Call]

			[Change of Control Put] [(further particulars specified below)]
13	(a)	Status of the Notes:	Senior
	(b)	Date of [Board] approval for issuance of Notes obtained:	[●] [and [●], respectively]]/[None required] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)
	(c)	Date of regulatory approval for issuance of Notes obtained:	[[●]/None required]
14	Listing		[SGX-ST/*specify other*/None]
15	Method of distribution:		[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
	(b)	Interest Payment Date(s):	[[●]in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]
	(c)	Fixed Coupon Amount(s):	[●] per Calculation Amount
	(d)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(e)	Day Count Fraction:	[30/360 / Actual/Actual (ICMA/ISDA) or / other]
	(f)	[Determination Date(s):	[●] in each year (*Insert regular Interest Payment Dates, ignoring Issue Date or Maturity Date in the case of a long or short first or last coupon. N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA).*)
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not applicable/*Give details*]
17	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Interest Period(s):	[●]
	(b)	Specified Interest Payment Dates:	[●]
	(c)	Interest Period Date:	[●] (*Not applicable unless different from Interest Payment Date*)
	(d)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[*specify other*]]
	(e)	Business Centre(s):	[●]

(f)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/*specify other*]
(g)	(g)Party responsible for calculating the Rate(s) of Interest and Interest Amount (if not the [Agent]):	[●]
(h)	Screen Rate Determination:	
	— Reference Rate:	[●] (*Either LIBOR, EURIBOR or other, although additional information is required if other*)
	— Interest Determination Date(s):	[●]
	— Relevant Screen Page:	[●]
(i)	ISDA Determination:	
	—Floating Rate Option:	[●]
	— Designated Maturity:	[●]
	— Reset Date:	[●]
	— ISDA Definitions:	[2000/2006] (If different to those set out in the Conditions, please specify)
(j)	Margin(s):	[+/-][●] per cent. per annum
(k)	Minimum Rate of Interest:	[●] per cent. per annum
(l)	Maximum Rate of Interest:	[●] per cent. per annum
(m)	Day Count Fraction:	[●]
(n)	Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
18	Zero Coupon Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Amortisation Yield:	[●] per cent. per annum
(b)	Any other formula/basis of determining amount payable:	[●]
19	Index Linked Interest Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(a)	Index/Formula	[*Give or annex details*]
(b)	Manner in which the Rate(s) of Interest is/are to be determined:	[*Give or annex details*]
(c)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	[●]

(d)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted:	[●]
(e)	Interest Period(s):	[●]
(f)	Specified Interest Payment Dates:	[●]
(g)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
(h)	Business Centre(s):	[●]
(i)	Minimum Rate of Interest:	[●] per cent. per annum
(j)	Maximum Rate of Interest:	[●] per cent. per annum
(k)	Day Count Fraction:	[●]
20	Dual Currency Interest Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(a)	Rate of Exchange/method of calculating Rate of Exchange:	[*Give or annex details*]
(b)	Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[●]
(c)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●] [*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
(d)	Person at whose option Specified Currency(ies) is/ are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

21	Call Option	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Optional Redemption Date(s):	[●]
(b)	Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/*specify other*/*see Appendix*]
(c)	If redeemable in part:	
(i)	Minimum Redemption Amount:	[●] per Calculation Amount
(ii)	Maximum Redemption Amount:	[●] per Calculation Amount
(d)	Notice Period	[●]
22	Put Option	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Optional Redemption Date(s):	[●]

	(b) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount (s):	[[●] per Calculation Amount/*specify other*/*see Appendix*]
	(c) Notice period:	[●]
23	Change of Control Put Option:	[Applicable/Not Applicable]
24	Final Redemption Amount of each Note:	[●] per Calculation Amount/*specify other*/see Appendix]
25	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Conditions):	[●] per Calculation Amount/*specify other*/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	Form of Notes:	**Bearer Notes**: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] *(For this option to be available, such Notes shall only be issued in denominations that are equal to, or greater than, €100,000 (or its equivalent in other currencies) and integral multiples thereof.)* Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note/Global Certificate] [Registered Notes] [Unrestricted Global Certificate ([U.S.$/€][●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg] [Restricted Global Certificate ([U.S.$][●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]
27	Financial Centre(s) or other special provisions relating to Payment Days:	[Not Applicable/*give details*] (*Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(b), 17(b) and 19(h) relate*)
28	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
29	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*]
30	Details relating to Instalment Notes:	
	(a) Instalment Amount(s):	[Not Applicable/*give details*]
	(a) Instalment Date(s):	[Not Applicable/*give details*]

31	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions [in Condition [●]] [annexed to this Pricing Supplement] apply]
32	Consolidation provision	[Not Applicable/The provisions [in Condition [●]] [annexed to this Pricing Supplement] apply]
33	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

34	(a) If syndicated, names of Managers	[Not Applicable/*give names*]
	(b) Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
35	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
36	U.S. Selling Restrictions:	[Reg. S Compliance Category 1; TEFRA D/TEFRA C/TEFRA not applicable][Rule 144A]
37	Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

38	Any clearing system(s) other than DTC, Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
39	Delivery:	Delivery [against/free of] payment
40	Additional Paying Agent(s) (if any):	[●]
41	ISIN:	[●]
42	Common Code:	[●]
43	CUSIP:	[●]
44	Rating:	[●] (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated that issue than rating*.)

GENERAL INFORMATION

45	The aggregate principal amount of Notes in the Currency issued has been translated into U.S. dollars at the rate of [•], producing a sum of	[Not Applicable/U.S.$[●]]
46	Prohibition of Sales to EEA and UK Retail Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute ''packaged'' products, ''Not Applicable'' should be specified. If the Notes may constitute ''packaged'' products and no KID will be prepared, ''Applicable'' should be specified*.)

Purpose of Pricing Supplement

This Pricing Supplement comprises the final terms required for issue and the listing and quotation on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") of the Notes described herein pursuant to the U.S.$2,000,000,000 Global Medium Term Note Programme of Indian Railway Finance Corporation Limited.

Responsibility

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes.

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of Indian Railway Finance Corporation Limited:

By: _____

Duly authorised

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions (the "**Conditions**") that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. All italicised wording in the Conditions does not form part of the terms and conditions and is solely for clarificatory purposes.*

*The issuance of, and the Conditions in relation to, the Notes are subject to the Foreign Exchange Management Act, 1999, as amended (the "**FEMA**") and the rules, regulations, directions, circulars, and guidelines issued by the Reserve Bank of India (the "**RBI**"), including but not limited to, the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended, the Master Direction External Commercial Borrowings, Trade Credits and Structured Obligations dated 26 March 2019, as amended and the Master Direction on Reporting under Foreign Exchange Management Act, 1999, dated 1 January 2016, as amended (together, the "**ECB Guidelines**"). Programme documentation, including the Pricing Supplement and the Conditions, will be updated, if required, to conform to the ECB Guidelines prior to any issuance of Notes under the Programme.*

*Any redemption of the Notes prior to the Maturity Date (as defined below) may require the Issuer to obtain the prior approval of the RBI or the designated authorised dealer bank ("**AD Bank**"), as the case may be, in accordance with the ECB Guidelines in effect at the time and such approval may not be forthcoming*. The Notes are issued pursuant to an Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated January 20, 2020 between Indian Railway Finance Corporation Limited (the "**Issuer**"), Deutsche Bank AG, Hong Kong Branch as fiscal agent, paying agent, registrar, transfer agent and calculation agent, Deutsche Bank Trust Company America as U.S. paying agent and the other agents named in it. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**", the "**Transfer Agents**" and the "**Calculation Agent(s)**". The Noteholders (as defined below), the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these terms and conditions (the "**Conditions**"), "**Tranche**" means Notes which are identical in all respects.

Copies of the Agency Agreement are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Regulation (EU) 2017/1129, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination. Notes which are listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time.

Notes sold in reliance on Rule 144A will be in minimum denominations of U.S.$200,000 (or its equivalent in other currencies) and integral multiples of U.S.$1,000 (or its equivalent in other currencies) in excess thereof, subject to compliance with all legal and/or regulatory requirements applicable to the relevant currency.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note (together with an Index Linked Interest Note, an "**Index Linked Note**"), an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown in the applicable Pricing Supplement, which Interest and Redemption/Payment Basis shall be in accordance with applicable laws, including but not limited to the ECB Guidelines.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. No Exchange of Notes and Transfers of Registered Notes

(a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) **Transfer of Registered Notes**: One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer in accordance with the Agency Agreement. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) **Exercise of Options or Partial Redemption in Respect of Registered Notes**: In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) **Transfer Free of Charge**: Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the relevant Noteholder of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require), and the Issuer shall not be responsible for any documentary stamp tax payable on the transfer of Notes effected in the Republic of India ("**India**") unless the Issuer is the counterparty directly liable for that documentary stamp tax.

(f) **Closed Periods**: No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)).

3 Status

The Notes and the Receipts and Coupons relating to them constitute direct, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

4 Negative Pledge

So long as any Note, Receipt or Coupon relating thereto remains outstanding (as defined in the Agency Agreement):

(a) the Issuer will not, and will ensure that none of its Material Subsidiaries will, create or permit to subsist any mortgage, charge, lien, pledge or other form of encumbrance or security interest (each a "**Security Interest**") upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Relevant Indebtedness, or any guarantee of or indemnity in respect of any Relevant Indebtedness;

(b) the Issuer will procure that no other person creates or permits to subsist any Security Interest upon the whole or any part of the undertaking, assets or revenues present or future of that other person to secure any Relevant Indebtedness; and

(c) the Issuer will not procure the granting by the Government of India or any agency or department thereof of any guarantee of, or indemnity in respect of, any Relevant Indebtedness,

unless, at the same time or prior thereto, the Issuer's obligations under the Notes (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

In these Conditions:

(i) "**Relevant Indebtedness**" means (1) any present or future indebtedness of the Issuer in the form of, or represented by, bonds, notes, debentures, loan stock or other debt securities denominated, payable, optionally payable or which confer a right to receive payment in a currency other than Indian Rupees or which are denominated, payable or optionally payable or which confer a right to receive payment in Indian Rupees (including synthetic Indian Rupee denominated bonds issued by the Issuer outside India) and more than 50 per cent. of the aggregate principal amount thereof is initially issued and distributed outside India by the Issuer in accordance with Indian foreign exchange and external commercial borrowing laws and regulations; and (2) any guarantee or indemnity of such indebtedness, and for the avoidance of doubt, excludes loans or any project loans whether such loans are denominated in foreign currency or Indian Rupees;

(ii) "**Material Subsidiary**" means at any time a Subsidiary of the Issuer:

(a) whose total revenue or profit before exceptional and extraordinary items and tax (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated total revenue or, as the case may be, profit before exceptional and extraordinary items and tax or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that:

(1) if the then latest audited consolidated accounts of the Issuer and its Subsidiaries show a net loss before exceptional and extraordinary items and tax for the relevant financial period then there shall be substituted for the words "profit before exceptional and extraordinary items and tax" the words "total revenue" for the purposes of this definition;

(2) in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for

the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

(b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate total revenue or profit before exceptional and extraordinary items and tax equal to) not less than 10 per cent. of the consolidated total revenue or, as the case may be, profit before exceptional and extraordinary items and tax, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate total revenue or, as the case may be, profit before exceptional and extraordinary items and tax equal to) not less than 10 per cent. of the consolidated total revenue or, as the case may be, profit before exceptional and extraordinary items and tax, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; and

(iii) "**Subsidiary**" means any company or other business entity of which the first company owns or controls (either directly or indirectly through another or other Subsidiaries) 50 per cent. or more of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or any company or other business entity which at any time has its accounts consolidated with those of the first company, or which under the laws, regulations or generally accepted accounting principles from time to time of the jurisdiction of the first company, should have its accounts consolidated with those of the first company.

5 Interest and other Calculations

All interest payable on any of the Notes shall be subject to applicable laws, including but not limited to, the ECB Guidelines and in accordance with any specific approval received by the Issuer from the RBI or AD Bank pursuant to the ECB Guidelines or any other laws or regulations.

(a) **Interest on Fixed Rate Notes**: Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) **Interest on Floating Rate Notes and Index Linked Interest Notes**:

(i) *Interest Payment Dates*: Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) (as defined in the applicable Pricing Supplement) or, if no Specified Interest Payment Date(s) (as defined in the applicable Pricing Supplement) is/are shown hereon, Interest Payment Date shall mean each date

which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2)

applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) *Rate of Interest for Floating Rate Notes denominated in Indian Rupees*: In relation to any Floating Rate Notes which are denominated in Indian Rupees, the Rate of Interest will be calculated by reference to the prevailing yield of the securities of the Government of India with the corresponding maturity of the relevant Floating Rate Notes or as may be otherwise permitted under the ECB Guidelines, and will be further set out in the Pricing Supplement in relation to such Floating Rate Notes.

(v) *Rate of Interest for Index Linked Interest Notes*: The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) **Zero Coupon Notes**: Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) **Dual Currency Notes**: In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) **Partly Paid Notes**: In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) **Accrual of Interest**: Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding**:

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country of such currency.

(h) **Calculations**: The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**: The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(j) **Definitions**: In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London and the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of Indian Rupees, a day on which commercial banks and foreign exchange markets settle payments in New York and New Delhi; and/or

(iv) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual — ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

(vii) if "**30E/360 (ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \text{ x } (Y_2 - Y_1)] + [30 \text{ x } (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

(viii) if "**Actual/Actual-ICMA**" is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**Interest Accrual Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date;

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon "Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon;

"**Reference Rate**" means the rate specified as such hereon;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service);

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(k) **Calculation Agent**: The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, such requirement to have been duly communicated to the Calculation Agent pursuant to the provisions of the Agency Agreement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(l) **Benchmark Discontinuation**

(i) **Independent Adviser**

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(l)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(l)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5(l) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders for any determination made by it, pursuant to this Condition 5(l).

If the Independent Adviser appointed by the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(l)(i) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(l)(i).

(ii) **Successor Rate or Alternative Rate**

If the Independent Adviser, determines that:

(1) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(l)); or

(2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(l)).

(iii) **Adjustment Spread**

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(iv) **Benchmark Amendments**

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(l) and the Independent Adviser, determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(l)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition5(l)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) **Notices, etc.**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(l) will be notified promptly by the Issuer to the Fiscal Agent, the Calculation Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer:

(1) confirming (A) that a Benchmark Event has occurred, (B) the Successor Rate or, as the case may be, the Alternative Rate, (C) the applicable Adjustment Spread and (D) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(l); and

(2) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Fiscal Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

(vi) **Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under Condition 5(l)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(iii) will continue to apply unless and until a Benchmark Event has occurred.

(vii) **Definitions**:

As used in this Condition 5(l):

"**Adjustment Spread**" means either (1) a spread (which may be positive, negative or zero) or (2) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(C) (if the Independent Adviser determines that no such spread is customarily applied) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(l)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 5(l)(iv);

"**Benchmark Event**" means:

(1) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

(2) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(3) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(4) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(5) it has become unlawful for the Fiscal Agent, any Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that in the case of sub-paragraphs (2), (3) and (4), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(l)(i);

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(2) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body, and which is in accordance with the ECB Guidelines.

6 Redemption, Purchase and Options

(a) **Redemption by Instalments and Final Redemption**:

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) **Early Redemption**:

(i) *Zero Coupon Notes*:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is

not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes*: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

ECB Guidelines, at the time of redemption, may require the Issuer to obtain the prior approval of the RBI or the AD Bank, as the case may be, in accordance with the ECB Guidelines before effecting such a redemption prior to the Maturity Date and such approval may not be forthcoming.

(c) **Redemption for Taxation Reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or, at any time, (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of India or any political subdivision or any authority thereof or therein having power to tax (or any taxing authority of any taxing jurisdiction to which the Issuer is or has become subject), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

ECB Guidelines, at the time of redemption for taxation reasons, may require the Issuer to obtain the prior approval of the RBI or the AD Bank, as the case may be, in accordance with the ECB Guidelines before effecting such a redemption prior to the Maturity Date and such approval may not be forthcoming.

(d) **Redemption at the Option of the Issuer**: If Call Option is specified hereon, the Issuer may, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

ECB Guidelines, at the time of redemption, may require the Issuer to obtain the prior approval of the RBI or the AD Bank, as the case may be, in accordance with the ECB Guidelines before effecting such a redemption prior to the Maturity Date and such approval may not be forthcoming.

(e) **Redemption for Change of Control**: If Change of Control Put Event is specified hereon and a Change of Control Put Event occurs, the holder of any such Note will have the option (a "**Change of Control Put Option**") (unless

prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(c) or 6(d) above) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Change of Control Put Date (as defined below) at 100 per cent. of its principal amount, together with interest accrued to (but excluding) the Change of Control Put Date.

A "**Change of Control Put Event**" will be deemed to occur when the Government of India (i) ceases to be the direct or indirect owner of, or have the voting power over, 51 per cent. or more of the Issuer's issued share capital giving the right to vote at a general meeting or (ii) ceases to have the right to appoint and/or remove all or the majority of the members of the board of directors or other governing body of the Issuer, whether directly or indirectly, by ownership of share capital, possession of voting rights, contract or otherwise.

Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Condition 14 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of a Bearer Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the "**Change of Control Put Period**") of 30 days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Change of Control Put Notice**"). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Change of Control Put Period (the "**Change of Control Put Date**"), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 12) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, and not thereafter. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 6(e) shall be treated as if they were Notes.

To exercise the Change of Control Put Option, the holder of a Registered Note must deposit the Certificate evidencing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly signed and completed Change of Control Put Notice obtainable from the Registrar or any Transfer Agent within the Change of Control Put Period. No Certificate so deposited and option so exercised may be withdrawn without the prior consent of the Issuer. Payment in respect of any Certificate so deposited will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, by cheque drawn on a Bank (as defined in Condition 7(a)) and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register.

The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

ECB Guidelines, at the time of redemption, may require the Issuer to obtain the prior approval of the RBI or the AD Bank, as the case may be, in accordance with the ECB Guidelines before effecting such a redemption prior to the Maturity Date and such approval may not be forthcoming.

(f) **Redemption at the Option of Noteholders**: If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

ECB Guidelines, at the time of redemption, may require the Issuer to obtain the prior approval of the RBI or the AD Bank, as the case may be, in accordance with the ECB Guidelines before effecting such a redemption prior to the Maturity Date and such approval may not be forthcoming.

(g) **Partly Paid Notes**: Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(h) **Purchases**: The Issuer and its Subsidiaries may, if permitted under applicable laws, at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Such Notes may be held, reissued, resold or, at the option of the Issuer surrendered to any Paying Agent and/or the Registrar for cancellation in accordance with applicable laws.

(i) **Cancellation**: All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 Payments and Talons

(a) **Bearer Notes**: Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) **Registered Notes**:

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(iii) Registered Notes, if so specified on them, may be issued in the form of one or more Global Notes registered in the name of, or the name of a nominee for, The Depository Trust Company ("**DTC**"). Payments of principal and interest in respect of Registered Notes denominated in U.S. Dollars will be made in accordance with Conditions 7(b)(i) and (ii). Payments of principal and interest in respect of Registered Notes registered as aforesaid and denominated in a Specified Currency other than U.S. Dollars will be made by the Fiscal Agent in the relevant Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Fiscal Agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer by the Fiscal Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC Business Day after the Record Date for the relevant payment of interest and, in the case of principal payments, at least 12 DTC Business Days prior to the relevant payment date of principal, to receive that payment in such Specified Currency. The Fiscal Agent, after converting amounts in such Specified Currency into U.S. Dollars, will deliver such U.S. Dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made.

(c) **Payments in the United States**: Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments Subject to Laws**: All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents**: The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require and (v) such other agents as may be required by any stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and Receipts and unexchanged Talons**:

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), those Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date (but excluding the date of redemption), as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) **Talons**: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified

office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) **Non-Business Days**: If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency, or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

(i) **Provisions relating to INR denominated Notes**: the following provisions will apply to any Notes denominated in Indian Rupees:

(i) **Payments in U.S. Dollars**: Principal and interest will be payable by the Issuer in U.S. Dollars. The amount of principal and interest to be paid will be determined by the Calculation Agent and will be translated from Indian Rupees to U.S. Dollars at the Reference Rate (as defined below) for conversion of Indian Rupees to U.S. Dollars on the applicable Rate Fixing Date (as defined below).

(ii) **Adjustments to Interest Payment Date and Maturity Date**: If a Scheduled Rate Fixing Date (as defined below) is adjusted for an Unscheduled Holiday or if a Valuation Postponement (as defined below) applies, then the Interest Payment Date or Maturity Date relating to such Scheduled Rate Fixing Date shall be two Payment Business Days after the date on which the Reference Rate for such Interest Payment Date or Maturity Date is determined. If any Interest Payment Date or Maturity Date is adjusted in accordance with the preceding sentence, then such adjustment (and the corresponding payment obligations to be made on such dates) shall apply only to such Interest Payment Date or the Maturity Date, as applicable, and no further adjustment shall apply to the amount of interest or principal payable and Noteholders will not be entitled to any additional interest in respect of such adjustment.

(iii) **Applicable Price Source Fallback Provisions**: If a Price Source Disruption Event occurs, the Calculation Agent shall apply each of the following price source disruption fallbacks (each a "**Price Source Disruption Fallback**") for the determination of the Reference Rate in the following order, until the Reference Rate can be determined:

(a) Valuation Postponement (as defined below);

(b) Fallback Reference Price: SFEMC INR Indicative Survey Rate (INR 02);

(c) Fallback Survey Valuation Postponement (as defined below); and

(d) Appointment by the Issuer of an Independent Financial Institution (as defined below) to determine the Reference Rate.

(iv) **Deferral Period for Unscheduled Holiday**: If the Scheduled Rate Fixing Date is postponed due to the occurrence of an Unscheduled Holiday (as defined below), and if the Rate Fixing Date has not occurred on or before the 14th calendar day after the Scheduled Rate Fixing Date (any such period being a "**Deferral Period**"), then the next day after the Deferral Period that would have been a Fixing Business Day but for the Unscheduled Holiday, shall be deemed to be the Rate Fixing Date.

(v) **Interpretation**: For the purposes of this Condition 7:

(a) "**Cumulative Events**" means, notwithstanding anything to the contrary, that in no event shall the total number of consecutive calendar days during which either (i) valuation is deferred due to an Unscheduled Holiday, or (ii) a Valuation Postponement shall occur (or any combination of (i) and (ii)), exceed 14 consecutive calendar days in the aggregate.

Accordingly, (x) if, upon the lapse of any such 14 calendar day period, an Unscheduled Holiday shall have occurred or be continuing on the day following such period that otherwise would have been a Fixing Business Day, then such day shall be deemed to be a Rate Fixing Date, and (y) if, upon the lapse of any such 14 calendar day period, a Price Source Disruption Event shall have occurred or be continuing on the day following such period on which the Reference Rate otherwise would be determined, then Valuation Postponement shall not apply and the Reference Rate shall be determined in accordance with the next applicable Price Source Disruption Fallback.

(b) "**Fallback Survey Valuation Postponement**" means that, if the Fallback Reference Price is not available on or before the third Fixing Business Day (or a day that would have been a Fixing Business Day but for an Unscheduled Holiday) succeeding the end of either (i) the Valuation Postponement in connection with a Price Source Disruption Event, (ii) the Deferral Period in connection with an Unscheduled Holiday or (iii) any Cumulative Events, as applicable, then the Reference Rate will be determined in accordance with the next applicable Price Source Disruption Fallback on such day (which will be deemed to be the applicable Rate Fixing Date). For the avoidance of doubt, Cumulative Events, if applicable, do not preclude postponement of valuation in accordance with this provision.

(c) "**Fixing Business Day**" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in Mumbai and the city in which the specified office of the Calculation Agent is located, if applicable.

(d) "**Independent Financial Institution**" means a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent to act as such in its place.

(e) "**Maximum Days of Postponement**" means 14 calendar days.

(f) "**Payment Business Day**" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York, Mumbai and the city in which the specified office of the Fiscal Agent is located.

(g) A "**Price Source Disruption Event**" shall occur if, in the opinion of the Calculation Agent, it becomes impossible to obtain the Reference Rate on a Rate Fixing Date.

(h) "**Rate Fixing Date**" means the Scheduled Rate Fixing Date, subject to Valuation Postponement. If the Scheduled Rate Fixing Date is an Unscheduled Holiday, the "Rate Fixing Date" shall be the next following Fixing Business Day, subject to the provisions relating to the Deferral Period for Unscheduled Holiday set out herein.

(i) "**Reference Rate**" means the rate, determined by the Calculation Agent, used on each Rate Fixing Date which will be the USD/INR spot rate, expressed as the amount of Indian Rupees per one United States Dollar, for settlement in two Fixing Business Days, reported by Financial Benchmarks India Pvt. Ltd. ("**FBIL**"), which is displayed on Reuters page "INRREF=FBIL" (or any successor page or such other successor provider and/or rate as shall be announced by the RBI or other regulatory body in India as the official USD/INR spot rate) at approximately 1:30 pm, Mumbai time, on each Rate Fixing Date. If a Price Source Disruption Event occurs on the Rate Fixing Date, then the Reference Rate for such Rate Fixing Date shall be determined by the Calculation Agent in accordance with the fallback provisions set out in Condition 7(i)(iii).

(j) "**Scheduled Rate Fixing Date**" means the date which is two Fixing Business Days prior to the relevant Interest Payment Date, the Maturity Date or such other date on which an amount in respect of the Notes is due and payable.

(k) "**SFEMC INR Indicative Survey Rate (INR02)**" means that the Reference Rate for a given Rate Fixing Date will be the Indian Rupee/U.S. Dollar Specified Rate for U.S. Dollars, expressed as the amount of Indian Rupees per one U.S. Dollar, for settlement in two Fixing Business Days, as displayed on Reuters page "SFEMCNDFCF1" (or any successor page or such other successor provider) at approximately 3:30 p.m. (Singapore time), or as soon thereafter as practicable, on such date. The Reference Rate shall be calculated by the Singapore Foreign Exchange Market Committee ("**SFEMC**") (or a service provider SFEMC may select in its sole discretion) pursuant to the SFEMC INR Indicative Survey (as defined below) for the purpose of determining the SFEMC INR Indicative Survey Rate.

(l) "**SFEMC INR Indicative Survey**" means a methodology, dated as of 1 December 2004 as amended from time to time, for a centralised industry-wide survey of financial institutions that are active participants in the Indian Rupee/U.S. Dollar markets for the purpose of determining the SFEMC INR Indicative Survey Rate (INR02).

(m) "**Unscheduled Holiday**" means a day that is not a Fixing Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in Mumbai, two Fixing Business Days prior to the relevant Rate Fixing Date.

(n) "**Valuation Postponement**" means that the Reference Rate will be determined on the Fixing Business Day first succeeding the day on which the Price Source Disruption Event ceases to exist, unless the Price Source Disruption Event continues to exist (measured from the date that, but for the occurrence of the Price Source Disruption Event, would have been the Rate Fixing Date) for a consecutive number of calendar days equal to the Maximum Days of Postponement. In such event, the Reference Rate will be determined on the next Fixing Business Day after the Maximum Days of Postponement (which will, subject to the provisions relating to Fallback Survey Valuation Postponement, be deemed to be the applicable Rate Fixing Date) in accordance with the next applicable Price Source Disruption Fallback.

8 Taxation

All payments of principal and /or interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by India or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes (a "**Relevant Jurisdiction**"), unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) **Other connection**: to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with India other than the mere holding of the Note, Receipt or Coupon; or

(b) **Presentation more than 30 days after the Relevant Date**: presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer, will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used in these Conditions, "**Relevant Date**" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

Any payments made by the Issuer in respect of tax are subject to compliance with the ECB Guidelines failing which a specific approval is required from the RBI or AD Bank, as the case may be, pursuant to the ECB Guidelines or any other laws or regulations.

9 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption

Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

(a) **Non-Payment**: default is made in the payment on the due date of interest or principal in respect of any of the Notes; or

(b) **Breach of Other Obligations**: the Issuer does not perform or comply with any one or more of its other obligations in the Notes, which default is incapable of remedy or is not remedied within 14 days after notice of such default shall have been given to the Fiscal Agent at its specified office, effective upon the date of receipt by the Fiscal Agent, by any Noteholder; or

(c) **Cross-Default**: (i) any other present or future Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such Indebtedness for Borrowed Money of the Issuer or any of its Material Subsidiaries is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness for Borrowed Money provided that the aggregate amount of the relevant Indebtedness for Borrowed Money, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds U.S.$10,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates) in any other currency; or

(d) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 14 days or

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person); or

(f) **Insolvency**: the Issuer or any of its Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Material Subsidiaries; or

(g) **Winding-up**: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Material Subsidiaries, or the Issuer or any of its Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself; or

(h) **Government Undertaking**: the unconditional undertaking given to the Issuer by the Ministry of Railways in the annual standard lease agreement executed from time to time in relation to the Issuer's debt obligations under the Notes ceases to be or is claimed by the Ministry of Railways not to be in full force and effect or the Ministry of Railways fails to perform or comply with such undertaking or such undertaking is amended or modified or the Issuer waives compliance with any provision of such undertaking; or

(i) **Expropriation**: any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets or shares of the Issuer or any Material Subsidiary without fair compensation; or

(j) **Cessation of Business**: the Issuer or any Material Subsidiary ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by an Extraordinary Resolution of the Noteholders;

(k) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes admissible in evidence in the courts of England is not taken, fulfilled or done; or

(l) **Illegality**: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes; or

(m) **Analogous Events**: any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

For the purposes of this Condition 10, "**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit.

11 Meeting of Noteholders and Modifications

(a) **Meetings of Noteholders**: The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding or at any adjourned meeting not less than one-third in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

For the avoidance of doubt, these Conditions may be amended, modified or varied in relation to any Series of Notes in accordance with Condition 5(l)(iv) to give effect to any required Benchmark Amendments without any requirement for the consent or approval of Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) **Modification of Agency Agreement**: The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

12 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to

"Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

14 Notices

Notices required to be given to the holders of Registered Notes pursuant to these Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices required to be given to the holders of Bearer Notes pursuant to these Conditions shall be valid if published in a daily newspaper of general circulation in Singapore (which is expected to be the Wall Street Journal Asia). If any such publication is not practicable, notice required to be given pursuant to these Conditions shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

15 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Notes expressly provide for such Act to apply to any of their terms

16 Governing Law and Jurisdiction

(a) **Governing Law**: The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction**: Save as set out below in this Condition 16(b), the courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons (including any non-contractual obligations) and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Service of Process**: The Issuer irrevocably appoints Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

(d) **Sovereign Immunity**: The Issuer hereby irrevocably and unconditionally waives and agrees not to raise with respect to the Notes any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes).

USE OF PROCEEDS

The proceeds from each issue of Notes will be used for (i) funding the acquisition, development and procurement of rolling stock assets and project assets to be leased to the Ministry of Railways by the Issuer; (ii) meeting of the debt financing requirements of entities operating in the railway sector in India; and (iii) any other end use as permissible under the applicable law including External Commercial Borrowings (ECB) guidelines of India.

SELECTED FINANCIAL INFORMATION

*The following tables set out a summary of (i) the audited financial information of the Issuer as of and for the years ended 31 March 2017, 2018 and 2019; and (ii) the audited financial information of the Issuer as of and for the six months ended 30 September 2018 and 2019. This information should be read in conjunction with, and is qualified in its entirety by reference to, the Issuer's audited financial statements and the related notes thereto included elsewhere in this Offering Circular. The Issuer's financial statements prepared under Indian GAAP as of and for the year ended 31 March 2017 and 2018 were audited by SPMG &Co. Chartered Accountants ("**SPMG**") and audit reports in relation to Fiscal Year 2017 and Fiscal Year 2018 are included elsewhere in this Offering Circular. The Issuer's financial statements prepared under Ind AS as of and for the year ended 31 March 2019 and as of and for the six months ended 30 September 2019 were audited by SPMG and the audit report in relation to Fiscal Year 2019 and as of and for the six months ended 31 September 2019 are included elsewhere in this Offering Circular.*

Balance Sheet as of 31 March 2017 and 2018, prepared in accordance with Indian GAAP

	As of 31 March		
	2017	**2018**	**2018**
	(Audited)		**(Audited)**
	(Rs. millions)		*(U.S.$ millions)*
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	65,264.60	65,264.60	932.35
Reserves and surplus	54,831.37	70,387.50	1,005.54
	120,095.97	135,652.10	1,937.89
Non-current liabilities			
Long-term borrowings	967,102.69	1,148,541.34	16,407.73
Deferred tax liabilities (net)	63,899.17	63,899.17	912.85
Other long-term liabilities	17,412.03	20,502.87	292.90
Long term provisions	11.62	15.07	0.22
	1,048,425.51	1,232,958.45	17,613.69
Current liabilities			
Short-term borrowings	57,693.53	49,667.88	709.54
Other current liabilities	69,795.87	202,839.80	2,897.71
Short-term provisions	485.44	2,203.07	31.47
	127,974.84	254,710.75	3,638.73
Total	**1,296,496.32**	**1,623,321.30**	23,190.30
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	115.04	112.69	1.61
Intangible assets	0.12	0.26	0.00
Capital work in progress	—	—	—
Non-current investments	65.40	53.28	0.76
Long-term loans and advances	1,166,270.40	1,442,309.45	20,604.42
Other non-current assets	19,173.60	39,783.68	568.34
	1,185,624.56	1,482,259.36	21,175.13
Current assets			
Current investments	13.28	12.12	0.17
Cash and cash equivalents	75.18	998.21	14.26
Short-term loans and advances	28,990.68	33,281.03	475.44
Other current assets	81,792.62	106,770.58	1,525.29
	110,871.76	141,061.94	2,015.17
Total	**1,296,496.32**	**1,623,321.30**	**23,190.30**

Balance Sheet as of 31 March 2018 and 2019 and 30 September 2019, prepared in accordance with Ind AS

	As of 31 March		As of 30 September	
	2018	**2019**	**2019**	**2019**
	(Audited)		**(Audited)**	**(Audited)**
	(Rs. millions)		*(Rs. millions)*	*(U.S.$ millions)*
ASSETS				
Financial assets				
Cash and cash equivalents	11.28	37.07	13.03	0.19
Bank balance other than above	986.92	773.59	96,175.05	1,373.93
Derivative financial instruments	968.47	466.90	0	0

	As of 31 March		As of 30 September	
	2018	2019	2019	2019
	(Audited)		(Audited)	(Audited)
	(Rs. millions)		*(Rs. millions)*	*(U.S.$ millions)*
Receivables	—	—		0
- Lease receivables	1,094,716.56	1,250,265.12	1,349,225.35	19,274.65
Loans	52,379.55	58,954.87	56,495.22	807.07
Investments	139.78	131.44	119.23	1.70
Other financial assets	451,075.60	740,307.27	861,022.43	12,300.32
Total financial assets	1,600,278.55	2,050,936.26	2,363,050.31	33,757.86
Non-financial assets				
Current tax assets (net)	258.44	—	5,807.16	82.96
Property, plant and equipment	112.69	112.25	111.18	1.59
Other Intangible assets	0.26	0.50	0.51	0.01
Other non-financial assets	1,4033.30	14,987.08	14,695.39	209.93
Total non-financial assets	14,404.69	15,099.83	20,614.24	294.49
Total Assets	1,614,683.24	2,066,036.09	2,383,664.55	34,052.35
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Derivative financial instruments	7,495.79	3,105.95	3,102.49	44.32
Payables:				
- Other payables				
(i) Total outstanding dues of micro enterprises and small enterprises	—	—	—	—
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	87.15	121.79	152.66	2.18
Debt securities	1,108,442.46	1,235,978.99	1,351,895.53	19,312.79
Borrowings (other than debt securities)	231,612.81	503,347.76	494,421.00	7,063.16
Other financial liabilities	56,625.68	72,999.28	268,921.16	3,841.73
Total financial liabilities	1,404,263.89	1,815,553.77	2,118,492.84	30,264.18
Non-financial liabilities				
Current tax liabilities (net)	—	29.69	—	—
Provisions	108.36	117.95	140.89	2.01
Deferred tax liabilities (net)	64,431.40	64,431.40	64,431.40	920.45
Other non-financial liabilities	6,592.73	48.15	108.38	1.55
Total non-financial liabilities	71,132.49	64,627.19	64,680.67	924.01
Total liabilities	1,475,396.38	1,880,180.96	2,183,173.51	31,188.19
Equity				
Equity share capital	65,264.60	93,804.60	93,804.60	1,340.07
Other equity	74,022.26	92,050.53	106,686.44	1,524.09
Total equity	139,286.86	185,855.13	200,491.04	2,864.16
Total Liabilities and Equity	1,614,683.24	2,066,036.09	2,383,664.55	34,052.35

Statement of Profit and Loss for Fiscal Year 2017 and 2018, prepared in accordance with Indian GAAP

	Year ended 31 March		
	2017	2018	2018
		(Audited)	
	(Rs. millions)		*(U.S.$ millions)*
Particulars			
Revenue from operations	90,467.74	110,185.09	1,574.07
Other Income	8.86	17.23	0.25
Total Revenue	**90,476.60**	**110,202.32**	**1,574.32**
Expenses:			

	Year ended 31 March		
	2017	**2018**	**2018**
		(Audited)	
	(Rs. millions)		*(U.S.$ millions)*
Employee benefits expense	29.95	54.40	0.78
Finance Costs	68,880.78	84,368.50	1,205.26
Depreciation and amortisation expense	3.50	3.54	0.05
CSR expenses	167.75	237.79	3.40
Other expenses	52.01	84.92	1.21
Exchange Rate Variation	9.93	1.66	0.02
Total Expenses	**69,143.92**	**84,750.81**	**1,210.73**
Profit before exceptional and extraordinary items and tax	21,332.68	25,451.51	363.59
Exceptional items	—	—	—
Profit before extraordinary items and tax	**21,332.68**	**25,451.51**	363.59
Extraordinary Items	—	—	—
Profit before tax	**21,332.68**	**25,451.51**	363.59
Tax Expenses			
(1) Current tax	4,552.32	5,434.23	77.63
(2) Tax for Earlier Years	3.06	(55.78)	(0.80)
(3) Deferred Tax	7,439.19	—	—
	11,994.57	5,378.45	76.84
Profit (Loss) for the period	**9,338.11**	**20,073.07**	286.76
Earnings per equity share (in Rs. and U.S.$)			
Basic	1.43	3.08	0.04
Diluted	1.43	3.08	0.04

Statement of Profit and Loss for Fiscal Year 2018 and 2019, prepared in accordance with Ind AS

	Year ended of 31 March		
	2018	**2019**	**2019**
		(Audited)	
	(Rs. millions)		*(U.S.$ millions)*
Particulars			
Revenue from operations			
Interest income	9,882.09	17,217.99	245.97
Dividend income	4.87	5.14	0.07
Lease income	82,784.48	94,100.09	1,344.29
Total Revenue from operations	92,671.44	111,323.22	1,590.33
Other income	12.37	12.74	0.18
Total income	92,683.81	111,335.95	1,590.51
Expenses			
Finance Costs	66,375.73	81,830.61	1,169.01
Impairment on financial instruments	—	275.44	3.94
Employee benefit expense	55.26	62.51	0.89
Depreciation, amortisation and impairment	3.54	4.18	0.06
Other expenses	324.38	147.37	2.11
Total Expenses	66,758.91	82,320.10	1,176.00
Profit before exceptional items and tax	25,924.90	29,015.85	414.51
Exceptional items	—	—	—
Profit before tax	25,924.90	29,015.85	414.51
Tax Expenses			
(1) Current tax	5,434.05	6,469.24	92.42
(2) Deferred tax	—	—	—
(3) Adjustment for earlier years	(55.78)	(0.88)	(0.01)
Total Tax Expense	5,378.27	6,468.36	92.41
Profit for the period	20,546.63	22,547.49	322.11
Earnings per equity share (for continuing operations)			
Basic (Rs.)	3.15	3.43	0.05
Diluted (Rs.)	3.15	3.43	0.05

Statement of Profit and Loss for the six months ended 30 September 2018 and 2019, prepared in accordance with Ind AS

	Six months ended 30 September		
	2018	2019	2019
	(Unaudited)	(Audited)	(Audited)
	(Rs. millions)		*(U.S.$m)*
Revenue from operations:			
Interest Income	9,346.18	14,015.67	200.22
Lease Income	45,286.10	52,556.80	750.81
Dividend Income	0.00	0.00	0.00
Total Revenue from operations	**54,632.28**	**66,572.47**	**951.04**
Other Income	4.92	40.46	0.58
Total Income	**54,637.20**	**66,612.93**	**951.61**
Expenses:			
Finance Costs	40,473.28	49,363.99	705.20
Net loss on derecognition of financial instruments under amortised cost category	0.00	0.00	0
Impairment on financial instruments	0.00	0.00	0
Employee benefit expense	23.57	22.52	0.32
Depreciation and amortisation expense	2.05	2.16	0.03
Other expenses	66.88	76.31	1.09
Total Expenses	40,565.78	49,464.98	706.64
Profit / (Loss) before tax	**14,071.42**	**17,147.95**	**244.97**
Tax Expense:			
Current tax	3,084.93	0	0
Deferred tax	0	0	0
Adjustment for earlier years	0	0	0
Total Tax Expenses	**3,084.93**	**0**	**0**
Profit/ (Loss) for the period	**10,986.49**	**17,147.95**	**244.97**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans	0.44	(0.58)	(0.01)
- Remeasurement of Equity Instrument	6.97	(6.55)	(0.09)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.09)	0	0
Total other comprehensive income	**7.32**	**(7.13)**	(0.10)
Total comprehensive income for the period	**10,993.81**	**17,140.82**	**244.87**
Earning per equity share (Face value Rs. 10 per share)			
Basic and Diluted (Rs.)	1.68	1.83	0.03
Debt Equity ratio	9.20	9.21	9.21

Statement of Cash Flow for Fiscal Year 2017 and 2018, prepared in accordance with Indian GAAP

	Year ended 31 March	
	2017	2018
	(Rs. millions)	*(Rs. millions)*
A. Cash Flow from Operating activities:		
Profit Before Tax:	21,332.68	25,451.52
Adjustments for:		
(1) Depreciation	3.50	3.54
(2) (Profit) / Loss on sale of fixed assets (Net)	0.17	0.07
(3) Lease Rentals advance amortised	0.00	0.00
(4) Discount on Commercial Papers	1,113.54	2,020.12
(5) Exchange Rate Variation	9.93	1.66
(6) Amortisation of Interest Restruturing Advance	0.00	0.00
(7) Amortisation of Gain on asset securitisation	(8.07)	(5.84)
(8) Provision for Interest Payable to Income Tax Authorities	1.55	12.82
(9) Dividend Received	(4.54)	(4.87)
(10) Amortisation of Forward Premium on Currency Forward Contract	1,973.61	2,138.87
	24,422.37	29,617.88
Adjustments for-		
(11) Assets given on financial lease during the year	(142,808.41)	(186,698.64)
(12) Capital Recovery on assets given on financial lease	65,679.97	74,043.98
(13) Receipt on account of Long term loans during the year	1,819.08	2,185.75

(14)	Term Loans disbursed during the year	(371.30)	(32,925.00)
(15)	Loans & Advances (Net of Adv. Tax & ERV)	(136,800.82)	(147,871.46)
(16)	Other Bank Balances (Fixed Deposits with maturity of more than 3 Months)	0.00	0.00
(17)	Other Non Current Assets	(10,924.15)	(22,041.13)
(18)	Other Current Assets	132.52	(14,523.17)
(19)	Other Non-Current Liabilities	9,242.76	17,848.22
(20)	Current Liabilties	(475.78)	6,530.35
(21)	Provisions	(1.18)	3.52
(22)	Direct Taxes Paid	(4,466.89)	(5,531.86)
		(218,974.20)	(308,979.45)
Net Cash flow from Operations		(194,551.84)	(279,361.57)
B.	**Cash Flow from Investment Activities:**		
(1)	Purchase of Fixed Assets	(1.37)	(1.48)
(2)	Proceeds from sale of Fixed Assets	0.13	0.08
(3)	Dividend Received	4.54	4.87
(4)	Proceeds from Pass Through Certificates	14.55	13.28
(5)	Investment in Pass Through Certificates	0.00	0.00
Net Cash Flow from Investment Activities		17.85	16.74
C.	**Cash flow from Financing Activities:**		
(1)	Dividend & Dividend Tax Paid during the year	(6,678.06)	(2,810.65)
(2)	Funds raised through Bonds	179,200.00	213,674.88
(3)	Bonds Redeemed during the year	(37,256.20)	(19,275.60)
(4)	Term Loans raised during the year	258,298.56	391,631.48
(5)	Term Loans repaid during the year	(215,802.67)	(281,761.07)
(6)	Commercial Paper issued	77,099.70	106,533.83
(7)	Commercial Paper redeemed	(50,200.00)	(156,250.00)
(8)	Funds raised through External Commercial Borrowings	0.00	48,350.54
(9)	Repayment of External Commercial Borrowings	(22,040.14)	(19,773.19)
(10)	Payment towards Currency Forward Contracts	(124.12)	(52.36)
Net Cash Flow from Financing Activities		182,497.07	280,267.86
Net Cash Flow During the year (A+B+C)		(12,036.91)	923.04
Opening Balance of Cash & Cash Equivalents :			
Balance in the Current Accounts		111.98	75.07
Cheque in Hand		12,000.00	0.00
Balance in Franking Machine		0.00	0.00
Balance in RBI-PLA		0.10	0.10
Closing Balance of Cash or Cash Equivalents		75.18	998.21

Statement of Cash Flow for Fiscal Year 2018 and 2019, prepared in accordance with Ind AS

	Year ended 31 March	
	2018	**2019**
	(Rs. millions)	*(Rs. millions)*
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax:	25,924.91	29,015.85
Adjustments for:		
Remeasurement of defined benefit plans	0.87	(2.71)
Depreciation of amortisation	3.54	4.18
Provision of interest on income tax	12.82	19.66
Loss on sale of fixed assets	0.07	0.16
Profit on sale of fixed assets	0.00	(0.01)
Discount of commercial paper	2,020.12	1,237.25
Adjustments towards effective interest rate	(480.12)	169.04
Dividend income received	(4.87)	(5.14)
Operating profit before working capital changes	27,477.33	30,438.27
Movements in working capital:		
lncrease/(decrease) in trade payable	52.08	34.64
Increase/(decrease) in provisions	3.52	2.75
lncrease/(decrease) in others non financial liabilities	6,485.84	(6,544.58)
Increase/(decrease) in other financial liabilities	17,842.31	16,373.60
Decrease/(increase) in receivables	(112,654.67)	(155,548.55)

Decrease/(increase) in loans and advances	(30,739.25)	(6,575.32)
Decrease/(increase) in bank balance other than cash and cash equivalents	(921.19)	213.34
Decrease/(increase) in other non financial assets	(13,997.39)	(953.79)
Decrease/(increase) in other financial assets	(168,777.97)	(288,729.70)
Cash generated from operations	(275,229.38)	(411,289.34)
Less: Direct taxes paid (net of refunds)	5,531.86	6,192.53
Net cash flow/(used) in operating activities (A)	(280,761.24)	(417,481.87)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property plant & equipement and intangible assets	(1.48)	(4.22)
Proceeds from sale of property plant & equipement	0.08	0.10
Proceeds from realization of pass through certificates / sale of investments	13.28	12.12
Dividend income received	4.87	5.14
Net cash flow/(used) in investing activities (B)	16.74	13.14
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	0.00	28,540.00
Issue of Debt Securities (Net of redemptions)	207,419.28	104,655.95
Raising of Rupee Term Loans/ Foreign Currency Borrowings (net of repayments)	125,853.88	270,172.83
Issue of commercial paper (net of repayments)	(49,716.17)	18,646.63
Final dividend paid	(2,335.25)	(3,750.00)
Dividend tax paid	(475.40)	(770.88)
Net cash generated by/(used in) financing activities (C)	280,746.35	417,494.53
Net increase in Cash and cash equivalents (A+B+C)	1.85	25.79
Cash and cash equivalents at the beginning of the year	9.44	11.29
Cash and cash equivalents at the end of year	11.29	37.08

Statement of Cash Flow for the six months ended 30 September 2018 and 2019, prepared in accordance with Ind AS

	Six months ended 30 September	
	2018	**2019**
	(Rs. millions)	*(Rs. millions)*
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax:	14,071.43	17,147.96
Adjustments for:		
Remeasurement of defined benefit plans	0.44	(0.58)
Depreciation of amortisation	2.05	2.16
Provision for interest on income tax	—	—
Loss on sale of fixed assets	0.08	0.01
Profit on sale of fixed assets	(0.00)	(0.00)
Discount of commercial paper	265.99	678.57
Adjustments towards effective interest rate	92.65	(288.92)
Stamp duty on equity shares	—	(93.81)
Operating profit before working capital changes	14,432.64	**17,445.39**
Movements in working capital:		
lncrease/(decrease) in trade payable	62.89	30.87
Increase/(decrease) in provisions	(1.28)	22.93
lncrease/(decrease) in others non financial liabilities	(6518.46)	60.23
Increase/(decrease) in other financial liabilities	164,716.75	193,510.77
Decrease/(increase) in receivables	(66,608.11)	(98,960.23)
Decrease/(increase) in loans and advances	2,013.25	2459.66
Decrease/(increase) in bank balance other than cash and cash equivalents	(76,683.39)	(95,401.47)
Decrease/(increase) in other non financial assets	(672.07)	291.70
Decrease/(increase) in other financial assets	(46,629.92)	(120,065.64)
Cash generated from operations	(15,887.70)	(100,605.79)
Direct taxes paid (net of refunds)	(4,896.39)	5836.85
Net cash flow/(used) in operating activities (A)	(20,784.09)	(106,442.64)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property plant & equipement and intangible assets	(0.70)	(1.12)
Proceeds from sale of property plant & equipement	0.08	0.00
Proceeds from realization of pass through certificates / sale of investments	6.20	5.66
Dividend income received	—	—
Net cash flow/(used) in investing activities (B)	**5.58**	**4.54**

C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	—	—
Issue of Debt Securities (Net of redemptions)	(46,665.14)	122,136.80
Raising of Rupee Term Loans/ Foreign Currency Borrowings (net of repayments)	77,682.81	(8,773.90)
Issue of commercial paper (net of repayments)	(10,241.88)	(6,948.84)
Final dividend paid	-	—
Dividend tax paid	-	—
Net cash generated by/(used in) financing activities (C)	20,775.79	106,414.06
Net increase in Cash and cash equivalents (A+B+C)	(2.72)	(24.04)
Cash and cash equivalents at the beginning of the year	11.29	37.07
Cash and cash equivalents at the end of year	8.57	13.03

CAPITALISATION AND INDEBTEDNESS

Set out below is the Issuer's total short-term debt, total long-term debt and equity as of 30 September 2019, as derived from its audited, financial statements as of 30 September 2019 prepared in accordance with Ind AS. For additional information, see the Issuer's financial statements and the notes thereto included elsewhere in this Offering Circular.

	As of 30 September 2019	
	(Audited)	
	(Rs. millions)	*(U.S.$ millions)*
Debt:		
Short Term[(1)]		
Secured	48,320.00	690.29
Unsecured	23,589.50	336.99
Total short term debt	**71,909.50**	**1,027.28**
Long term[(2)]		
Secured	1,475,106.80	21,072.95
Unsecured	299,300.24	4,275.72
Total long term debt	**1,774,407.04**	**25,348.67**
Total debt[(3)]	**1,846,316.54**	**26,375.95**
Equity:		
Authorised[(4)]	**150,000.00**	**2,412.86**
Issued, subscribed and fully paid up	93,804.60	1,340.07
Other Equity (excluding Revaluation Reserve) as per reviewed accounts for the six months ended 30 September 2019	106,686.44	1,524.09
Total Equity	**200,491.04**	**2,864.16**
Total capitalisation[(5)]	**2,046,807.58**	**29,240.11**

Notes:

(1) Short term debt is debt with original maturity of one year or less.

(2) Long term debt is debt with less than 12 months remaining to maturity.

(3) Represents the sum of total short term debt and total long term debt.

(4) As of 30 September 2019, the Issuer's authorised capital was Rs. 150,000 million comprising 15,000 million ordinary shares of Rs. 10 each, of which 9,380.46 million shares were in issue.

(5) Represents the sum of total debt and total equity.

There has been no material change in the Issuer's total short-term debt, total long-term debt and shareholders' funds since 30 September 2019.

RISK FACTORS

Investors should carefully consider, among other things, the risks described below, as well as the other information contained in this Offering Circular, before making an investment decision. Any of the following risks could materially adversely affect the business, financial condition or results of operations of the Issuer and, as a result, investors could lose all or part of their investment. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the Issuer's inability to pay any amounts on or in connection with any Note may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate, and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any document incorporated by reference) and reach their own views prior to making any investment decision. In making an investment decision, each investor must rely on its own examination of the Issuer and the terms of the offering of the Notes.

Risks Relating to the Issuer

The Issuer derives a significant amount of its revenue from leasing rolling stock assets to the Indian Railways and a loss of or reduction in such business from the Indian Railways or an adverse change in its relationship with the Ministry of Railways could have an adverse effect on its business, financial condition and results of operations

The Issuer is the dedicated market borrowing arm of the Indian Railways. A significant portion of the Issuer's revenue is generated from leasing rolling stock assets, comprising locomotives, passenger coaches and freight wagons and all other items of rolling stock components enumerated in the Standard Lease Agreement (defined below), to the Indian Railways. Lease income from the leases with the Ministry of Railways under the Government of India (the "**Ministry of Railways**") and other Ministry of Railways administered entities represented 99.51%, 99.86%, 99.81% and 99.64% of the Issuer's revenue from operations in Fiscal Year 2017, Fiscal Year 2018, Fiscal Year 2019 and in the six months ended 30 September 2019, respectively. Any change that might affect the Ministry of Railways' ability and willingness to meet its contractual obligations under the lease agreement entered between the Ministry of Railways and the Issuer ("**Standard Lease Agreement**") will have an adverse impact on the financial position of the Issuer. Further, any shift in the funding pattern of the Indian Railways, such as, amongst others, 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 the Issuer's results of operations. Any corporatisation or privatisation of the Indian Railways allowing the Ministry of Railways to raise funds directly from banks, NBFCs and other financial institutions will have an adverse impact on the Issuer's business, results of operations and financial condition. Therefore, the overall prospects of the Issuer's business is closely tied to the Issuer's relationship with the Ministry of Railways. The Issuer does not have any control over the Government, its related entities including the Ministry of Railways or its policies. As a result, any adverse change in the Issuer's relationship with the Ministry of Railways could have an adverse effect on its business, financial condition and results of operations.

The Issuer's business is dependent on the continued growth of the Indian railway sector, which makes it susceptible to the Government's initiatives to modernise the railways and other policies and any decrease in investments in the Indian Railways will impact the Issuer's business, financial condition and results of operations

The Indian Railways face significant competition in the transport sector from other means of transportation such as transport by road, sea and air. While the Indian Railways continuously look to augment their 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 improves and oil pipelines are 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 the Issuer provided by the Government in these or other areas could have a material adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer's ability to operate efficiently is dependent on its ability to maintain diverse sources of funds and at a low cost. Any disruption in the Issuer's funding sources or any inability to raise funds at a low cost could have a material adverse effect on its business, financial condition and results of operations

The Issuer's liquidity largely depends on timely access to and costs associated with, raising capital. The Issuer's funding requirements historically have been met through various sources including from taxable and tax-free bonds in India, term loans from banks and other financial institutions, external commercial borrowings including bonds and syndicated loans, internal accruals, asset securitisation and lease financing. The Issuer's finance costs were Rs. 68,880.78 million and Rs. 84,368.50 million in Fiscal Year 2017 and 2018, respectively, as prepared in accordance with Indian GAAP. Under Ind AS, the Issuer's finance costs were Rs. 81,830.61 million and Rs. 49,363.99 million in Fiscal Year 2019 and in the six months ended 30 September 2019, respectively. The Issuer's cost of borrowings increased in Fiscal Year 2017, 2018 and 2019 and was 7.15%, 7.75%, 8.09%, respectively, while it was 7.40% in the six months ended 30 September 2019. As the Issuer is fundamentally dependent upon funding from the debt markets and commercial borrowings, its ability to continue to obtain funds from the debt markets and through commercial borrowings on acceptable terms and its ability to access new sources of funding, markets or investors, is dependent on various factors which include, but are not limited to, its ability to maintain its existing credit ratings, which are based on several factors, many of which are outside its control, including the economic conditions in the Indian economy and liquidity in the domestic and global financial markets. Further, since the Issuer is a non-deposit taking NBFC, it has restricted access to funds in comparison to banks and deposit taking NBFCs.

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

In addition, the RBI introduced the 'Liquidity Management Framework' which, *inter-alia*, mandates all the deposit accepting NBFCs and non-deposit accepting NBFCs with asset size of Rs. 100 billion and above, to maintain a liquidity buffer in the form of LCR representing high liquid assets from 1 December 2020. In terms of these requirements, 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 touch 100% by 31 December 2024. While this will promote resilience to potential liquidity disruptions, it may also adversely impact the profitability, since the Issuer may be required to obtain funds at unfavourable terms to maintain such ratio.

Separately, several lenders to the Issuer are governed by exposure norms which from time to time may limit Issuer's ability to raise funding from them. As a consequence the Issuer may have to meet any funding shortfalls from other sources, thus exposing the Issuer to potential asset-liability mismatch.

In light of the foregoing, if the Issuer is unable to obtain adequate financing or financing on terms satisfactory to it and in a timely manner or is unable to access new sources of funding or markets and investors, the Issuer's ability to grow or support its business and to respond to business challenges could be limited and the Issuer's business, prospects, financial condition and results of operations would be materially and adversely affected.

In the event the interest margin on the rolling stock assets funded by the Issuer is not favourable, it may have an adverse impact on the Issuer's business, financial condition and results of operations

The Issuer operates on a cost-plus based model and under the terms of the lease agreements it enters with the Ministry of Railways for funding of rolling stock assets, the Issuer is entitled to an assured interest margin on the project assets leased in that particular Fiscal Year. In Fiscal Year 2019, pursuant to the Issuer's arrangements with the Ministry of Railways, the Issuer is entitled to a margin of 0.40% over the Issuer's average cost of borrowing. The interest margin is determined by the end of each Fiscal Year by the Issuer following discussions with the Ministry of Railways. While as of 30 September 2019, the Issuer's cumulative funding to the rail sector crossed U.S.$41.5 billion there can be no assurance that the interest margin determined will be favourable for the Issuer. Any adverse determination of the interest margin will also impact the Issuer's profitability and results of operations including leverage capacity. In the event the interest margin determined is not favourable, it may also adversely affect the Issuer's business, financial condition and results of operations.

Mismatch in the tenor of the Issuer's leases and borrowings may lead to reinvestment and liquidity risk, which may adversely impact the Issuer's business, financial condition and results of operations

A significant majority of the Issuer's revenues is derived from the lease agreements with the Ministry of Railways. These agreements with respect to rolling stock assets acquisition 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. The Issuer recovers the full amount of principal borrowed and related interest (cost of funds) within the primary lease period. Repayments occur half yearly by instalments during the primary lease period. While a majority of the Issuer's borrowings requires the Issuer to make bullet repayments, the Issuer also has certain borrowings where it is required to make one-time repayments. One-time 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 the Issuer is required to refinance the Issuer's loans and other borrowings. If the Issuer is unable to refinance its borrowings on favourable terms or reinvest lease rentals on favourable terms, it could adversely affect the Issuer's business, financial condition and results of operations.

Any change in the terms of the Standard Lease Agreement entered into by the Issuer with the Ministry of Railways may have an adverse effect on the Issuer's business, financial position and results of operations

After the end of each Fiscal Year, the Issuer enters into the Standard Lease Agreement with the Ministry of Railways in respect of rolling stock assets leased by the Issuer to the Ministry of Railways during the prior Fiscal Year. Under the terms of the Standard Lease Agreement, the Ministry of Railways covenants that in the event the Issuer is unable to redeem its bonds on maturity and/or repay its loans resulting from inadequate cash flows, the Ministry of Railways is required to make good such shortfall through bullet payments in advance before the maturity dates of such bonds and/or term loans. Such bullet payments shall be set off through mutual agreement against future lease rentals. If such assurance and/or undertakings cease to be valid or the Ministry of Railways fails to comply with the performance of such undertakings or such undertakings are amended or modified or altered or if the Issuer waives compliance with any provision of such undertakings, it may result in an event of default thereby accelerating repayment under the various bonds issued by the Issuer and the Issuer will not have any direct right of action or right of subrogation against the Ministry of Railways. Also, the Ministry of Railways may not provide such assurances and/or undertakings in subsequent lease agreements. The Ministry of Railways has advised the Issuer to devise a suitable policy for working out the weighted average cost of borrowing as any subsequent proposal for determining such cost of funds would be done by the Ministry of Railways only under an approved policy.

Further, under the terms of the Standard Lease Agreement certain other risks including a portion of risk arising from foreign exchange rate fluctuations and interest rate fluctuation are effectively passed on to the Ministry of Railways through the inclusion of hedging costs in the Issuer's cost of borrowing. However, there can be no assurance that the Ministry of Railways will continue to bear such hedging costs under subsequent lease agreements and should the Ministry of Railways decline to bear such costs, it may adversely affect the Issuer's financial condition and results of operations.

The Standard Lease Agreement is executed after the end of the Fiscal Year to which it relates and there can be no assurance that the agreement will be executed each year, on as favourable terms or at all.

The Standard Lease Agreement governs the lease rentals for rolling stock assets payable by the Ministry of Railways to the Issuer and specifies details of the rolling stock assets leased to the Ministry of Railways by the Issuer. The lease rentals are calculated as equal to half yearly payments to be made by the Ministry of Railways based on the weighted average cost of incremental borrowing during the relevant year together with a reasonable mark-up mutually agreed between the Ministry of Railways and the Issuer, so as to ensure that the Issuer's obligation to repay and settle its debts is fully met during the primary lease period of 15 years. The Standard Lease Agreement is executed at the end of the Fiscal Year but comes into effect from the date of commencement of that previous Fiscal Year. Lease rentals during any particular year are calculated using the cost of borrowing and margin relevant to the previous year. There can be no assurance that such arrangements will be honoured with respect to the Issuer's ownership of the rolling stock assets or in relation to the lease rentals in a timely manner or at all. For details, see "*Our Business – Standard Lease Agreement*". Any failure to execute the Standard Lease Agreement will adversely affect the Issuer's business, prospects, financial condition and results of operations.

In addition, in relation to funding of railway project assets, under Extra Budgetary Resources (Institutional Financing) ("**EBR-IF**"), the Issuer has executed a Memorandum of Understanding dated 23 May 2017 with the Ministry of Railways which contains details of the funding arrangements between the Issuer and the Ministry of Railways for funding railway projects. The Issuer is yet to execute the project agreements with the Ministry of Railways in relation to such railway projects including the licensing agreement, development agency agreement and lease agreement. There can be no assurance that the Ministry of Railways will enter into such lease agreements in a timely manner or at all. Any failure to execute project agreements may impact the Issuer's title to the project assets being funded by the Issuer under such arrangements and could have an adverse impact on the Issuer's business, financial condition and results of operations.

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

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

The Issuer has been accorded ratings of 'AAA' by CRISIL, 'ICRA (AAA)' by ICRA and 'CARE AAA' by CARE each with respect to the Issuer's debt programme. International credit rating agencies such as Moody's have rated the Issuer Baa2 (Negative) while Fitch, Standard & Poor and Japan Credit Rating Agency have rated the Issuer BBB-'Stable', BBB- (Stable) and BBB+ (Stable), respectively. For further information, see "*Business – Credit Ratings*". Any downgrade in the Issuer's credit ratings could increase borrowing costs and adversely affect the Issuer's business, results of operations, financial condition and cash flows.

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside the Issuer's control. For example, on 8 November 2019, Moody's Investors Service downgraded India's rating outlook to 'negative' from 'stable', citing rising risks that economic growth would be materially lower than in the past as the government struggles to rein in the fiscal deficit. As the Issuer's international credit ratings are influenced by India's sovereign rating, any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact the Issuer's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available, including raising additional overseas financing. This could have an adverse effect on the Issuer's ability to fund its growth on favourable terms or at all, and consequently adversely affect its business and financial performance and its ability to obtain financing for capital expenditures.

The Issuer has recently filed for an initial public offering, which required significant allocation of resources and, should it become a public company, the Issuer will be subject to additional regulations and scrutiny, which may have an adverse impact on the business of the Issuer

The Issuer has been directed by the Government to offer its equity shares through an offer for sale by way of initial public offering. The process of filing for an initial public offering in India is time consuming and involves significant costs which include legal costs, accounting costs and underwriting costs. Further, upon the completion of its initial public offer, the Issuer will be subject to various rules and regulations laid down by the Securities and Exchange Board of India and will be required to make additional disclosures and stringent compliances, therefore making it subject to additional scrutiny. Once the equity shares of the Issuer are listed on the respective stock exchange(s) in India, the price of such equity shares of the Issuer will be susceptible to market sentiment and the trading prices of its shares may increase or decrease depending upon the market forces of demand and supply. Additionally, this may also have a resultant impact on the trading of the Notes and other securities issued by the Issuer. This has the potential to impact the overall business of the Issuer. Further, there will also be a change in shareholding pattern of the Issuer. The decisions of the Issuer will consequently be influenced by the opinions of shareholders at that time. There can be no assurance that filing for an initial public offering and as a consequence the listing of its equity shares may not have an adverse impact on the business of the Issuer.

The Issuer's cost of borrowings may increase upon completion of the initial public offering

The Issuer is presently wholly owned by the Government which makes it eligible for certain benefits such as inclusion of offshore issuance of bonds or notes issued by the Issuer in an amount of U.S.$500 million and above in certain global indices. Rating agencies

factor the Issuer's strategic importance to the Ministry of Railways due to the ownership by the Government and business with only the Ministry of Railways and other entities owned by it which helps the Issuer obtain credit rating at par with sovereign ratings from domestic and international credit rating agencies. The Issuer believes that these factors have enabled the Issuer to borrow at competitive rates and terms. Pursuant to the terms of the existing SEBI Regulations, the minimum public shareholding must be 25% within three years of listing. Following completion of the initial public offering by the Issuer, the Issuer's cost of borrowings may be affected due to change in risk perception of the investors and rating agencies and non-inclusion of the Issuer's bonds in global indices that the Issuer is otherwise included in because of being a 100% Government owned entity. All these factors may in turn affect the Issuer's results of operations and financial position.

The Issuer is required to prepare and present its financial statements under Ind AS with effect from 1 April 2018. The Issuer's Ind AS financial statements for the six months ended 30 September 2019 and for Fiscal Year 2019 are not comparable the Issuer's earlier financial statements, which were prepared in accordance with Indian GAAP.

The Issuer was required to prepare financial statements in accordance with Ind AS for Fiscal Year 2019 (together with the corresponding standalone and consolidated financial statements under Ind AS for Fiscal Year 2018) and for the six months ended 30 September 2019, under applicable regulations. The Issuer's historical financial statements for Fiscal Year 2017 and 2018 were prepared in accordance with Indian GAAP. Ind AS varies in many respects from Indian GAAP, and accordingly the Issuer's Ind AS financial statements for Fiscal Year 2019 and the six months ended 30 September 2019 are not comparable with the Issuer's earlier financial statements, which were prepared in accordance with Indian GAAP. See "*Summary of certain differences among Indian GAAP, IRFS and IND AS*" and Note 2 to the financial statements for Fiscal Year 2019 and the six months ended 30 September 2019.

The Issuer has referred certain accounting matters pertaining to the classification, presentation and disclosures and of certain items in its financial statements to the Expert Advisory Committee ("EAC") of the Institute of Chartered Accountants of India ("ICAI") and in the event of the opinion of EAC, ICAI differs from the classification, presentation and disclosure of these items followed by the Issuer, its financial position may materially differ from its current form.

The Issuer has classified the advance for funding of railway projects pending commencement of the lease as 'Other Financial Assets' in the Issuer's audited financial statements for Fiscal Year 2019 instead of 'Non-Financial Assets' as there exists a contractual arrangement between the Issuer and the Ministry of Railways prior to the commencement of 'Financial Leases' in respect of the advance funding made by the Issuer for development / construction of assets underlying such financial leases after a pre-decided period irrespective of the completion of construction / development of these assets. Such advance funding qualifies as 'Financial Assets' and accordingly classified as 'Other Financial Assets' by the Issuer. However, based on the advice of the Comptroller & Auditor General of India during the course of their supplementary review of accounts of the Issuer for Fiscal Year 2019, the matter with regard to classification of the aforesaid item has been referred to the EAC of the ICAI for their opinion. In the event the opinion of the EAC contradicts the classification, presentation and disclosure of the aforesaid item as 'Financial Assets' as is presently followed by the Issuer, the financial position of the Issuer may materially differ from its current form.

The Issuer is involved in certain legal proceedings, any adverse developments related to which could materially and adversely affect the Issuer's business, reputation and cash flows. In addition, any adverse finding by any regulatory or investigative agency could have a negative impact on the Issuer.

There are outstanding legal proceedings involving the Issuer which are incidental to its business and operations. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. The Issuer cannot assure investors that these proceedings will be decided in its favour or that no further liability will arise out of these proceedings. See Note 34 to the financial statements for Fiscal Year 2019 and the six months ended 30 September 2019. The Issuer, its directors or its employees may be subject to legal proceedings and to reputational damage which could have a material adverse effect on the Issuer's business. For instance, a former senior management personnel of the Issuer was investigated by the Central Vigilance Commission of India and was suspended pursuant to the orders of the competent authorities. Instances such as this could have an adverse reputational impact on the Issuer and consequently an adverse impact on the Issuer's business.

The Issuer's risk management measures may not be fully effective in mitigating the Issuer's risks in all market environments or against all types of risks, which may adversely affect the Issuer's business and financial performance

The Issuer is exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of the Issuer's risk management is limited by the quality and timeliness of available data. The Issuer's hedging strategies and other risk management techniques may not be fully effective in mitigating its 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 depend 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 the Issuer has established policies and procedures, these may not be fully effective to accomplish the Issuer's objectives. As the Issuer 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. The Issuer's future success will also depend, in part, on its 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 the Issuer

will successfully adapt to evolving market standards and practices. For further information, see "*Business - Risk Management*". Any inability to develop and implement effective risk management policies may adversely affect the Issuer's business, prospects, financial condition and results of operations.

The Issuer's ability to raise borrowings overseas may be constrained by Indian law

One of the sources of the Issuer's funds is ECBs. As of 30 September 2019, the Issuer had Rs. 119,847.39 million in ECBs denominated in U.S. dollars and Japanese Yen. Further, the Issuer's ability to raise foreign currency borrowings is limited to U.S.$750 million in a particular Fiscal Year. As an Indian company, the Issuer is subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit the Issuer's financing sources and could constrain the Issuer's ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, the Issuer cannot assure investors that the required regulatory approvals for borrowings in foreign currencies will be granted to the Issuer without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer is subject to the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, the RBI Master Directions on External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers' dated 1 January 2016 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 the Issuer's ability to freely raise foreign currency borrowings. For instance, under the ECB Guidelines, the Issuer is restricted to borrowing from certain 'recognised lenders' that are defined therein. The borrowings that the Issuer avails are subject to restrictions such as prescriptions on permissible end uses, minimum maturity period specifications and hedging and security requirements. The Issuer is also subject to caps on the maximum amount the Issuer may raise, beyond which the Issuer shall be required to obtain the approval of the RBI for any additional borrowings. Such provisions may affect the Issuer's ability to borrow effectively and on favourable terms. For details, see *"Regulations and Supervision – Regulation of Foreign Investment and External Commercial Borrowings"*.

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 the Issuer.

The Ministry of Railways has entered into a MoU with the LIC for funding railway projects in the amount of Rs. 1,500 billion. As per the MoU, the Issuer is required to raise funds from the LIC through private placement of bonds and transfer the same to Indian Railways for development of railway projects. The tenor of the funding is for a period of 30 years with initial interest moratorium of five years and principal moratorium of five years after which the redemption of bonds is to be made in 40 equal half yearly instalments. In terms of the MoU executed between the Issuer and the Ministry of Railways, the repayment terms by Ministry of Railways are to be kept similar to the structure of funding from LIC.

Funding from LIC matching the requirements of the Indian Railways for projects has been constrained due to the exposure limit as per the extant guidelines prescribed by the Insurance Regulatory and Development Authority of India and accordingly, the Issuer has arranged funds from other sources to bridge the shortfall which has shorter tenor as compared to the tenor of funding from the LIC. The Issuer has requested the Ministry of Railways to maintain the tenor of lease between the Issuer and Ministry of Railways corresponding to the tenor of borrowing for railway projects. In the event of a mismatch between the tenor of the loans to Ministry of Railways and that of the bonds issued/ loans raised by the Issuer for financing railway projects, the Issuer's results of operations and financial condition may be adversely affected.

If the Issuer is unable to manage its growth effectively, the Issuer's business and financial results could be adversely affected

The Issuer's business has grown since the Issuer began operations in 1986. The Issuer's total assets were Rs. 1,296,496.31 million as of 31 March 2017 and Rs. 1,623,321.30 million as of 31 March 2018, each as per Indian GAAP and Rs. 2,066,036.10 million as of 31 March 2019 and Rs. 2,383,664.56 million as of 30 September 2019, each as per Ind AS. The Issuer intends to continue to grow its business, which could place significant demands on the Issuer's financial and other internal risk controls. It may also exert pressure on the adequacy of the Issuer's capitalisation, making management of asset quality increasingly important.

The Issuer's ability to sustain and manage growth depends primarily upon its ability to manage key operational issues, such as its 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 the Issuer's current and future results of operations and financial condition. If the Issuer is unable to maintain the quality of its assets, obtain adequate financing or financing on terms satisfactory to it and in a timely manner, the Issuer's ability to grow or support its business and to respond to business challenges could be limited and the Issuer's business prospects, financial condition and results of operations would be materially and adversely affected.

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

The Issuer is subject to supervision and regulation by the RBI, as a NBFC-ND-SI and Infrastructure Finance Company, and other regulatory authorities and changes in the RBI's regulations and other regulations, and the regulations governing the Issuer or the industry in which it operates could adversely affect the Issuer's business

The Issuer is regulated principally by, and has reporting obligations to, the RBI and is subject to the RBI's guidelines on the regulation of the systematically important non-deposit taking non-banking financial company ("**NBFC-ND-SIs**") and Infrastructure Finance Companies, which includes, among other things, matters related to capital adequacy, exposure, other prudential norms, deployment of assets, requirement of net owned funds and credit ratings. The RBI, from time to time, amends the regulatory framework governing NBFCs to address concerns arising from certain divergent regulatory requirements for banks and NBFCs. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy.

The Issuer, being a government company was exempt from capital adequacy and prudential norms until 31 May 2018. However, the RBI has since withdrawn the exemption granted to Government-owned NBFCs starting 31 May 2018. As a result, the Issuer has to follow the capital adequacy and prudential norms income recognition and asset classification norms, leverage ratio, corporate governance, standard asset provisioning and exposure norms as well as adoption of the Fair Practice Code ("**FPC**"), although it has an exemption from RBI to the extent of direct exposure to the Ministry of Railways and the Government. The Issuer's profitability and its capital adequacy ratio etc., will be adversely affected as a result of the mandatory application of prudential norms. Further, there can be no assurance that the RBI will not withdraw the existing exemptions including the Issuer's exposure to the Ministry of Railways and the Government and adoption of the FPC, which may adversely affect the Issuer's business, financial condition and results of operations. The Issuer is also subject to reporting obligations to the RBI.

Pursuant to a letter dated 21 December 2018, issued by the RBI, the Issuer has been granted exemption from following the income recognition and asset classification norms and the standard asset provisioning and exposure norms to the extent of its direct exposure to the sovereign. However, the Issuer is subject to reporting obligations to the RBI. 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. The RBI's regulation of NBFC-ND-SIs may change in the future which may require the Issuer to restructure its activities, incur additional costs or could otherwise adversely affect the Issuer's 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 dated 01 September 2016 bearing reference no. RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17, as amended ("**NBFC-ND-SI Directions**"), 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.

The regulatory and legal framework governing the Issuer may continue to change as India's economy and commercial and financial markets continue to evolve. These may include changes intended to provide tighter control and more transparency in India' financial sector. There can be no assurance that the RBI and/or the Government 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. The Issuer cannot assure investors that the Issuer will continue to remain exempt from income recognition and asset classification norms, standard asset provisioning and exposure norms to the extent of the Issuer's direct exposure to the Ministry of Railways and the Government. Any change in the rules applicable to the Issuer as an NBFC-ND-SI may adversely affect the Issuer's business, financial condition and results of operations.

The success of the Issuer's business operations is dependent on its senior management team and key management personnel as well as the Issuer's ability to attract, train and retain employees

As of the date of this Offering Circular the Issuer has 24 employees. Besides the Managing Director and the Director – Finance, the officers in the executive rank comprise two general managers, one additional general manager and two deputy general managers. The continued success of the Issuer's business operations is attributable to its senior management team and key management personnel. The Issuer believes that the experience of its senior management team has enabled it to experience consistent growth and profitability as well as maintain a robust liquidity and capital position. The Issuer's ability to sustain its growth depends upon its ability to attract and retain key personnel, developing managerial experience to address emerging business and operating challenges. Considering the small size of the Issuer's management team, its ability to identify, recruit and retain its employees is critical.

The Issuer may be unable to attract and retain appropriate managerial personnel of its choice. The Issuer may also face attrition of its existing workforce. If the Issuer cannot hire additional qualified personnel or retain them, its ability to expand its business will be impaired and its revenue could decline. Any inability to attract and retain talented employees, or the resignation or loss of key management personnel, or retain the Issuer's existing personnel, may have an adverse impact on its business and future financial performance.

The Issuer may fail to obtain certain regulatory approvals in the ordinary course of its business in a timely manner or at all, or to comply with the terms and conditions of its existing regulatory approvals and licences which may have an adverse effect on the continuity of the business and may impede its effective operations in the future

NBFCs in India are subject to strict regulation and supervision by the RBI. The Issuer requires certain regulatory approvals, sanctions, licences, registrations and permissions for operating and expanding its business. In particular, the Issuer requires approval from the RBI for its funding activities and is also required to obtain a loan registration number from the RBI in relation to the Issuer's ECBs. The Issuer may not receive or be able to renew such approvals in the time frames anticipated by it, or at all, which could adversely affect the Issuer's business. If the Issuer does not receive, renew or maintain the regulatory approvals required to

operate its business, this may have a material adverse effect on the continuity of the Issuer's business and may impede the Issuer's operations in the future. Further, the approvals that the Issuer has obtained stipulate certain conditions requiring its compliance. If the Issuer fails to obtain any of these approvals or licences, or renewals thereof, in a timely manner, or at all, or to comply with the conditions stipulated thereunder, the Issuer's business may be adversely affected.

In addition to the numerous conditions required for the registration as a NBFC with the RBI, the Issuer is required to maintain certain statutory and regulatory approvals for the Issuer's business. In the future, the Issuer 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 the Issuer or at all. Failure by the Issuer to obtain the required approvals may result in the interruption of the Issuer's operations and may have a material adverse effect on the Issuer's 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 or NBFC-ND-SIs. In addition, the Issuer is 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 the Issuer fails to comply with these requirements, or a regulator claims the Issuer has not complied with such requirements, it may be subject to penalties. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that the Issuer may be required to restructure its activities and incur additional expenses in complying with such laws and regulations, which could materially and adversely affect the Issuer's business. In addition, any historical or future failure to comply with the terms and conditions of the Issuer's existing regulatory or statutory approvals may cause it to lose or become unable to renew such approvals. For further details, see "*Regulation and Supervision*".

The Issuer is controlled by the Government, which makes it susceptible to changes to its policies. Further, the Government could require the Issuer to take actions aimed at serving the public interest, which may not necessarily be profitable or financially feasible

The Issuer is controlled by the Government acting through the Ministry of Railways. The Government exercises significant influence over the Issuer's business policies and affairs and all matters requiring shareholder approval, including the composition of the Issuer's board of directors, the adoption of amendments to the Issuer's Articles of Association, the approval of mergers, strategic acquisitions and joint ventures and the sale of substantially all of the Issuer's assets, and the policies for dividends, lending, investments and capital expenditures.

As a result of the Issuer's controlling ownership by the Government, the Issuer 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 Government. Further, the Issuer may not be able to expand its lending activities to other railway infrastructure projects undertaken by other Ministry of Railways administered entities unless the Issuer obtains the prior approval of the Government. There can be no assurance that the Government will grant such approvals in the future. The Government's concentration of ownership also may delay, defer or even prevent a change in control of the Issuer and may make some transactions more difficult or impossible without the support of the Government.

Pursuant to the Issuer's Articles of Association, the Government may, from time to time, issue such directives or instructions as may be considered necessary in regard to the conduct of the Issuer's business and affairs and may vary and annul any such directive or instruction. The Government 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 Issuer's Articles of Association, the Government may issue directives with respect to the conduct of the Issuer's business or its affairs or change in control or impose other restrictions.

In addition, the Government influences the Issuer's operations through various departments and policies. The Issuer's business is dependent, directly and indirectly, on the policies and support of the Government, in many significant ways, including with respect to the cost of the Issuer's capital, the financial strength of the Ministry of Railways, the management and growth of the Issuer's business and overall profitability. Additionally, the Ministry of Railways is also significantly affected by the policies and support of the Government. In particular, given the importance of the Indian Railways to the Indian economy, the Government could require the Issuer 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 Issuer's business, financial condition and results of operation.

The Issuer is currently exempt from provisioning requirements in respect of deferred tax asset or deferred tax liability, however there can be no assurance that the Ministry of Corporate Affairs will not withdraw this exemption in the future

Pursuant to circular number S.O. 529 (E) dated 5 February 2018 and subsequent amendment through the circular dated 2 April 2018 ("**DTL Circulars**") issued by the Ministry of Corporate Affairs, 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 Government is exempt from the requirements of provisioning in respect of Indian Accounting Standard 22 or Ind AS 12 relating to deferred tax asset or deferred tax liability respectively. The Issuer's profitability may be adversely affected as a result of the withdrawal of these DTL Circulars. Further, there can be no assurance that the Ministry of Corporate Affairs will not withdraw the existing exemptions, which may adversely affect the Issuer's business, financial condition and results of operations.

The Issuer's indebtedness and the conditions and restrictions imposed by certain of its financing arrangements could restrict its ability to obtain additional financing, raise capital, conduct its business and operations in the manner it desires

As of 30 September 2019, the Issuer's total borrowings and long-term borrowings, (consisting of debt securities and borrowings (other than debt securities)) were Rs. 1,846,316.54 million and Rs.1,774,407.03 million, respectively, as per Ind AS. The Issuer will continue to incur additional indebtedness in the future. The Issuer's indebtedness could have several important consequences, including but not limited to the following:

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

Some of the financing arrangements entered into by the Issuer include conditions and covenants that require the Issuer to provide notice to, and/or obtain consent from, lenders prior to carrying out certain activities and entering into certain transactions. For example, among others, the Issuer is required to obtain its lenders' consent in case the equity shareholding of the Government falls below 51% or the Issuer creates a subsidiary or effectuates a change in its capital structure or formulates any scheme of amalgamation or reconstruction or is deemed by a court to be insolvent or bankrupt. In addition, the Issuer has covenanted in certain lending agreements to maintain a debt to equity ratio of no more than 10:1. The Issuer's debt to equity ratio as of 30 September 2019 stood at 9.2. In the event that such consents or waivers are not granted to the Issuer in a timely manner or at all, and if the Issuer does not repay any such loans from lenders from which the Issuer has been unable to obtain required consents by such time, the Issuer would be in breach of the relevant financing covenants.

A failure to observe the covenants under the Issuer's financing arrangements or failure to obtain necessary consents or waives may lead to the termination of the Issuer's 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 the Issuer will be able to persuade its lenders to grant extensions or refrain from exercising such rights which may adversely affect the Issuer's operations and cash flows. As a result, the Issuer may have to dedicate a substantial portion of its cash flow from its operations to make payments under such financing documents, thereby reducing the availability of cash for its working capital requirements and other general corporate purposes. Additionally, during any period in which the Issuer is in default, it may be unable to raise, or face difficulties raising, further financing or generate sufficient cash to fund its liquidity requirements. Further, as a result, the Ministry of Railways may have to infuse equity or additional capital.

In addition, the Issuer also have unsecured loans which may be recalled at any time at the option of such lenders. Certain of the Issuer's 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 beyond the Issuer's control and there can be no assurance that the Issuer will be able to persuade its lenders to give it extensions or to refrain from exercising such recalls which may adversely affect its operations and cash flows.

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

The Notes will be effectively subordinated to any of the Issuer's existing and future secured indebtedness to the extent of the value of the collateral securing that indebtedness

The Notes will not be secured by any of the Issuer's assets. As a result, the Notes will be effectively subordinated to the Issuer's existing and future secured indebtedness with respect to the collateral that secures such indebtedness. Approximately 85% of the Issuer's domestic borrowing is secured and domestic borrowing makes up approximately 92% of the Issuer's overall borrowings, as of 31 March 2019. The effect of this subordination is that upon a default in payment on, or the acceleration of, any of the Issuer's secured indebtedness, or in the event of the Issuer's bankruptcy, insolvency, liquidation, dissolution, reorganisation or other insolvency proceeding, the proceeds from the sale of collateral securing the Issuer's secured indebtedness will be available to pay obligations on the Notes only after all indebtedness secured by collateral has been paid in full. As a result, the holders of the Notes may receive less, ratably, than the creditors of the Issuer's secured indebtedness in the event of the Issuer's bankruptcy, insolvency, liquidation, dissolution, reorganisation or other insolvency proceeding.

The Insolvency and Bankruptcy Code in India may adversely affect the Issuer's ability to pay back creditors

The Insolvency and Bankruptcy Code, 2016 (the "**Bankruptcy Code**") provides for reorganisation and insolvency resolution of corporate persons. The Bankruptcy Code allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a timebound liquidation process. The Bankruptcy Code enables a creditor to file a corporate insolvency and resolution petition ("**CIRP**") against the debtor, including on default in payment of debt by the debtor. Further, in the event the

CIRP is admitted by the National Company Law Tribunal against the debtor, the moratorium provisions under the Bankruptcy Code prohibits, among other things, the creation of encumbrances, disposing of assets of the debtor, any action to enforce the security interest of the debtor and the institution or continuation of legal proceedings against the debtor. Pursuant to the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 and Ministry of Corporate Affairs Notification S.O. 4139(E) dated 18 November 2019, only RBI can now commence CIRP against NBFCs with an asset size of at least INR 5 billion. Creditors, including the Noteholders cannot initiate CIRP against the Issuer. Furthermore, a NBFC may commence voluntary liquidation under the Code with prior RBI permission. If the Bankruptcy Code provisions are invoked against us, it may adversely affect the Issuer's business, financial condition and results of operations and the Issuer's ability to pay back creditors and enforcement of creditor rights will be subject to the Bankruptcy Code.

The Issuer will be required to comply with the provisions of the Ministry of Corporate Affairs to Companies (Share Capital and Debentures) Rules, 2014 that will require it 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 the Issuer to the levy of penalties.

The Ministry of Corporate Affairs has amended the Companies (Share Capital and Debentures) Rules, 2014 by its notification dated August 16, 2019. In terms of the notification, a NBFC registered with the RBI that has raised funds through the issuance of NCDs is required to invest or deposit on or before April 30 in each year, a sum not less than 15% of the amount of the NCDs raised maturing during the next fiscal in one or more specified investments and / or deposits including in deposits with scheduled commercial banks and without any charge or lien or in unencumbered securities of the Central Government or State Government. The amount so invested / deposited shall not be used for any purpose other than for redemption of bonds / debentures maturing during the year. In the event the Issuer 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 its ability to raise further funds through issuance of NCDs in the domestic capital market. As NCDs have remained the major source of fund raising in the past, it may have adverse impact on the Issuer's business and results of operations. Further, typically the yield on specified investments / deposits as prescribed by Ministry of Corporate Affairs is lower than the cost of incremental borrowings of the Issuer and IRR charged by the Issuer to Ministry of Railways, which may, therefore, entail negative carry leading to adverse impact on its results of operations and financial performance if the Issuer is unable to pass such cost to the Ministry of Railways.

The Issuer'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 Government in the Issuer falls below 51%.

The Issuer meets a portion of its annual borrowing target mandated by the Ministry of Railways through mobilisation of funds from offshore markets. The senior unsecured debt facility agreements and Euro Medium Term Note programme documents entered into by the Issuer contain 'change of control' clauses. The clause states that in the event the holding of the Government in the Issuer falls below 51%, the Issuer may be required to redeem the debt prematurely as a result of such change in control.

In the event such clauses are triggered, the Issuer may be exposed to refinancing and liquidity risks. Besides, the Issuer has entered into derivative transactions to hedge foreign currency exchange risk and interest rate risk associated with such borrowings and may be required to be wound-up subjecting the Issuer to incur additional cost towards unwinding charges that may affect its results of operations and financial position if it is unable to recover such costs from the Ministry of Railways.

Fluctuations in the value of the Rupee against other foreign currencies may have a material adverse effect on the Issuer's cost of borrowings

Changes in currency exchange rates influence the Issuer's results of operations. As of 30 September 2019, ECB constituted 6.69% of the Issuer's borrowings are denominated in currencies other than Rupees, most significantly the U.S. dollar and Japanese yen. Significant fluctuations in currency exchange rates between the Rupee and these currencies and among such currencies may increase the cost of the Issuer's borrowings. Although the Issuer selectively enters into hedging transactions to minimise its currency exchange risks and generally passes the costs of such hedging transactions to the Ministry of Railways as borrowing costs, there can be no assurance that such measures will enable the Issuer to avoid the effect of any adverse fluctuations in the value of the Rupee against the U.S. dollar, Japanese yen or other relevant foreign currencies. In the event the Issuer is unable to pass such costs to the Ministry of Railways, its financial condition and results of operations may be adversely affected.

The Issue has experienced negative cash flows in relation to its operating activities and investment activities in recent years/ periods. If the Issuer does not generate sufficient cash flows from its operations or experience negative cash flows in the future, its results of operations, liquidity and ability to service its indebtedness and fund its operations would be adversely affected

The Issuer has experienced negative cash flows in relation to its operating activities and investment activities in previous years. While not negative, in Fiscal Year 2018 and 2019, the net increase in cash and cash equivalents was relatively modest at Rs. 1.85 million and Rs. 25.79 million, respectively. The Issuer may, in future, experience negative cash flows. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially affect the Issuer's ability to operate its business and implement its growth plans.

Further, the Issuer has substantial debt service obligations of Rs.1,846,316.53 million and contractual commitments and the Issuer's lease income, available cash and borrowings may not be adequate to meet its future liquidity needs. The Issuer cannot assure investors that the Issuer's businesses will generate sufficient cash flow from operations such that the Issuer's anticipated revenue growth will be realised or that future borrowings will be available to the Issuer under credit facilities in amounts sufficient to enable the Issuer to repay its existing indebtedness or fund the Issuer's other liquidity needs. If the Issuer is unable to service its existing

debt, its ability to raise debt in the future will be adversely affected which will have a significant adverse effect on the Issuer's results of operations and financial condition.

Some of the Issuer's records relating to forms filed with the Registrar of Companies are not available. The Issuer cannot assure you that these form filings will be available in the future or that it will not be subject to any penalties imposed by the relevant regulatory authority in this respect.

The Issuer does not have access to certain filings pertaining to certain historical legal and secretarial information. These include, filings required to be made with the regulatory authorities for transactions relating to: (i) the issuance of 499,992 equity shares of the Issuer on 7 January 1987; (ii) the issuance of 300,000 equity shares of the Issuer on 4 August 1987; (iii) the issuance of 200,000 equity shares of the Issuer on 30 September 1987; (iv) the issuance of 600,000 equity shares of the Issuer on 27 March 1989; and (v) the issuance of 720,000 equity shares of the Issuer on 30 October 1989.

Accordingly, the Issuer has relied on other documents, including annual returns and share certificates issued for the above allotments. While the Issuer believes that the forms were duly filed on a timely basis, it has not been able to obtain copies of these documents from the Registrar of Companies, or otherwise. The Issuer cannot assure you that these form filings will be available in the future or that it will not be subject to any penalties imposed by the relevant regulatory authority in this respect.

The Issuer has exercised the option under section 115 BAA of the Income Tax Act, 1961 and have not made any provision for tax for the current Fiscal Year while foregoing allowances such as unutilised and unexpired MAT credits of the earlier years exposing the Issuer to higher tax provisions if the provisions of section 115BAA of the Income Tax Act, 1961 are amended.

The Issuer has 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 20 September 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 education cess). However, certain exemptions/ deductions will have to be foregone. Since the Issuer's taxable income under normal assessment is nil, it will not be required to pay any tax on exercising the option to adopt section 115BAA, the Issuer would also be outside the ambit of section 115JB of the Income Tax Act, 1961. Till now, the Issuer was paying Minimum Alternate Tax under section 115 JB of the Income Tax Act, 1961. In the event the Issuer has taxable income under normal assessment in future, the Issuer 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.

The Issuer faces competition from financial and other institutions in raising funds from the market and may not be able to raise funds on terms beneficial to it

The Issuer faces competition from financial and other institutions aiming to raise funds from the market. The market for raising funds is competitive and the Issuer's ability to obtain funds on acceptable terms, or at all, will depend on various factors including the Issuer's ability to maintain its credit ratings. In addition, since the Issuer is a non-deposit accepting NBFC, it may have restricted access to funds in comparison to banks and deposit taking NBFCs. The Issuer's primary competitors are public sector undertakings, public/private 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 the Issuer, the Issuer may not be able to raise debt from the market to the extent and on terms and conditions beneficial to it. If the Issuer is unable to raise such debt, it would lead to an increase in the Issuer's cost of borrowings and thus, potentially affect the Issuer's financial condition and results of operations.

The Issuer has in this Offering Circular included certain non-GAAP financial measures and certain other selected statistical information related to the Issuer's 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 the Issuer's operations and financial performance have been included in this section and elsewhere in this Offering Circular. The Issuer computes and discloses such non-GAAP financial measures and such other statistical information relating to the Issuer's operations and financial performance as the Issuer considers such information to be useful measures of its business and financial performance. These non-GAAP financial measures and other statistical and other information relating to the Issuer's 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.

The Issuer has certain contingent liabilities and commitments, and any realization thereof may adversely affect the Issuer's financial condition

The following table sets forth certain information relating to the Issuer's contingent liabilities and commitments not provided for:

	As of 30 September 2019	**As of 31 March 2019**	**As of 31 March 2018**	**As of 31 March 2017**
	(Rs. million)			
Contingent Liabilities				
Claims not acknowledged as debts (Claims by bond holders in the	4.27	4.27	0.87	0.87

	As of 30 September 2019	As of 31 March 2019	As of 31 March 2018	As of 31 March 2017
	(Rs. million)			
consumer civil courts)				
Claims not acknowledged as debts (relating to service matters pending in Delhi High Court)	Not quantifiable	Not quantifiable	Not quantifiable	Not quantifiable
Demand raised by income tax authorities for which appeals pending at various appellate levels.	9.48	9.48	9.14	1,557.07*
Sales Tax	Amount recoverable from Ministry of Railways if payable by the Issuer. No demand and the amount unascertainable	Amount recoverable from Ministry of Railways if payable by the Issuer. No demand and the amount unascertainable	Amount recoverable from Ministry of Railways if payable by the Issuer. No demand and the amount unascertainable.	Amount recoverable from Ministry of Railways if payable by the Issuer. No demand and the amount unascertainable.
Show cause notice issued by Director General of GST, Intelligence (DGGI), Chennai, Zonal Unit to the Issuer for the alleged contravention of provisions of Finance Act, 1994 entailing service tax, interest and penalty (amount payable, if any, to be recovered from the Ministry of Railways.)	26,537.65	26,537.65	-	-
Commitments				
Stamp duty liability in relation to the registration of the registered office	9.15	9.15	9.15	12.20

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

The Issuer may not be able to adequately protect its intellectual property rights

The Issuer's ability to compete effectively depends in part upon protection of its intellectual property rights. On 17 July 2017 and 9 October 2017, the Issuer made applications for registration of its logo "" and its slogan "Future on track", respectively, which are currently pending approval from the Registrar of Trade Marks, New Delhi. The Issuer's application for its logo has received objections. Although all the clarifications sought by the registration authority have been provided by the Issuer, there can be no assurance that the Issuer's trademark applications will be accepted. Further, there are no assurances that the Issuer will be able to register these marks. In the event the Issuer is not able to obtain registrations due to opposition by third parties or if any injunctive or other adverse order is issued against the Issuer in respect of the registration of its logo or slogan, the Issuer may not be able to avail legal protections under the trade marks or prevent unauthorised use of such trademarks by third parties, and in case the logo or slogan is used or claimed by a third party, the Issuer's ability to use such logo or slogan may be restricted or lost, which may adversely affect its goodwill or business.

There can be no assurance that the Issuer will be able to effectively protect its trademarks from infringement or recover damages for any such infringement through legal proceedings.

Liabilities arising due to interpretational differences of provisions of GST law on implementation and execution of contracts for construction of railway projects directly between the Issuer and railway contractors would devolve on the Issuer. In case the Issuer is unable to recover such liabilities from the Ministry of Railways its business operations and financial condition may be adversely affected.

The Issuer has implemented various provisions of the Central Goods and Services Tax Act, 2017, State Goods and Services Tax Act, 2017and Integrated Goods and Services Tax Act, 2017. The Issuer'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 the Issuer, until now, the Ministry of Railways was its 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. The Issuer was the undisclosed principal. The construction contracts for projects funded by the Issuer were executed between Ministry of Railways and the railway contractors. However, with effect from 1 January 2020, the Issuer would be 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 the Issuer and railway contractors. The contracts for the existing projects funded by the Issuer would be novated in its name. The Issuer would obtain the GST registration in all the 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 the Issuer. The Issuer will 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 the Issuer to them. There is an understanding between Ministry of Railways and the Issuer that all liabilities will be indemnified by the Ministry of Railways to the Issuer. However, formal agreements in this regard between Ministry of Railways and the Issuer is yet to be executed. In the event, the Issuer is unable to get the aforesaid agreements executed with the Ministry of Railways or is unable to recover damages, taxes, interest and penalties paid by it, it may adversely affect the Issuer's business, results of operations and financial condition.

The Issuer has 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 its business, prospects, financial condition and results of operations

The Issuer has entered into certain transactions with related parties, including the Issuer's Directors and may continue to do so in future. In Fiscal Year 2017, 2018, the total amount of such related party transactions was Rs. 9.63 million and Rs. 18.15 million, respectively, each as per Indian GAAP. In Fiscal 2019 and in the six month ended 30 September 2019, the total amount of such related party transactions was Rs. 2,160,874.14 million and Rs. 2,484,878.50 million, respectively, each as per Ind AS. While the Issuer believes that all such transactions are in compliance with applicable laws and are on an arms-length basis, there can be no assurance that the Issuer could not have achieved more favourable terms had such transactions not been entered into with related parties, or that the Issuer will be able to maintain existing terms in cases where the terms are more favourable than if the transaction had been conducted on an arm's length basis. It is likely that the Issuer will enter into other related party transactions in the future. Any future transactions with the Issuer's 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 the Issuer's business prospects, financial condition and results of operations, due to potential conflicts of interest or otherwise.

The Issuer has not registered the title documents to its registered and corporate office premises and accordingly the title to the Issuer's office premises may be imperfect

The Issuer has entered into agreements of sale dated 11 April 2002 and 21 November 2002 in respect of the premises where the Issuer's registered and corporate office is located. Pursuant to the terms of the agreements of sale, the Issuer took possession of its 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, the Issuer presently does not hold title to such premises.

In case the sale deed is not executed and the Issuer is required to vacate the premises, the Issuer cannot assure investors whether it will be able to purchase/lease alternative premises on terms favourable to it, which could disrupt the Issuer's business operations.

The Issuer has filed an application for adjudication of stamp duty on equity infusions made into the Issuer by the Government from time to time since inception which may expose the Issuer to penalties.

The Issuer has filed an application with the Collectorate of Stamps for adjudication of stamp duty on equity infusions made in the Issuer 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 the Issuer from time-to-time since inception which may adversely affect the financial performance, results of operations and financial position of the Issuer.

Insurance obtained by the Issuer may not adequately protect the Issuer against all losses and could adversely affect the Issuer's business prospects, financial condition and results of operations

The Issuer's insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. The Issuer maintains a standard insurance and fire insurance policy for its registered and corporate office which is renewed every year. For further information, see "*The Issuer's Business - Insurance*". There can, however, be no assurance that the terms of the Issuer's insurance policies will be adequate to cover any loss suffered by the Issuer 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 the insurer will not disclaim coverage as to any future claim. A successful assertion of one or more large claims against the Issuer that exceeds the Issuer's available insurance coverage or changes in the Issuer's insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect the Issuer's business prospects, financial condition and results of operations.

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

The Issuer may be 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 the Issuer has failed to furnish on being called upon to do so. While, as of the date of this Offering Circular, the RBI has not made any observations against the Issuer, there can be no assurance that the RBI will not make any such observations in the future. If the Issuer is unable to resolve such deficiencies to the satisfaction of the RBI, the Issuer's ability to conduct its business may be adversely affected. Imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse impact on the Issuer's business prospects, financial condition and results of operations.

The Issuer utilises the services of certain third parties for its operations. Any deficiency or interruption in their services could adversely affect the Issuer's business and reputation

The Issuer engages third party service providers from time to time for services including internal auditing, accounting functions, housekeeping, security and secretarial services. The Issuer's ability to control the manner in which services are provided by third party service providers is limited and it may be held liable on account of any deficiency of services on the part of such service providers. The Issuer cannot assure investors that the Issuer will be successful in continuing to receive uninterrupted and quality services from its third-party service providers. Any disruption or inefficiency in the services provided by the Issuer's third party service providers could affect the Issuer's business and reputation.

System failures or inadequacy and security breaches in computer systems may adversely affect the Issuer's business

In the course of the Issuer's business operations, it collects, processes, stores, uses and otherwise has access to a large volume of information. The Issuer's computer networks and IT infrastructure may be vulnerable to computer hackers, computer viruses, worms, malicious applications and other security problems resulting from unauthorised access to, or improper use of, such networks and IT infrastructure by the Issuer's employees, third-party service providers or even independent third parties. Although the Issuer's security systems have anti-virus software, such malicious attacks or malware related disruptions may jeopardise the security of information stored in and transmitted through the Issuer's IT infrastructure and computer systems. The Issuer 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. Unauthorised access and malware sabotage techniques and systems change frequently and generally are not recognised until launched against a target. The Issuer may be unable to anticipate these techniques or implement adequate preventative measures. Even if the Issuer anticipates these attacks, it 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, unauthorised access, unauthorised usage, virus or similar breach or disruption could result in loss or disclosure of confidential information, damage to the Issuer's reputation, litigation, regulatory investigation or other liabilities. Further, the Issuer could be adversely affected if additional legislation or amendments to existing regulations are introduced to require changes in its business practices or if such legislation or regulations are interpreted or implemented in ways that adversely affect its business, financial condition and results of operations.

Some of the information disclosed in this Offering Circular is based on information from industry sources and publications which have not been independently verified by the Issuer

Some of the information disclosed in the "*Risk Factors*", "*Summary*", "*Indian Railways*" and "*Business*" sections of this Offering Circular is based on information from the Indian Railways and certain other industry sources which have not been verified by the Issuer 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.

The Issuer's statutory auditors have made certain remarks in the Companies (Auditor's) Report Order, 2003 ("CARO") report on 'Other Legal and Regulatory Requirements' relating to its historical audited financial statements which may affect its future financial results

The Issuer's statutory auditors have made certain remarks in their CARO report relating to the Issuer's historical financial statements. These remarks are in relation to the records of the fixed assets not including the particulars of the fixed assets leased to the Ministry of Railways and in relation to no physical verification being carried out for the leased fixed assets.

There can be no assurance that the Issuer's statutory auditors will not include such remarks or emphasis as previously stated in CARO relating to the Issuer's audited financial statements in the future, or that such remarks will not affect the Issuer's financial results in future fiscal periods. Investors should consider these remarks in evaluating the Issuer's financial condition, results of operations and cash flows.

The Issuer may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose the Issuer to additional liability and harm the Issuer's business or reputation

The Issuer is required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. Although the Issuer believes that it has adequate internal policies, processes and controls in place to prevent and detect any anti-money laundering activity, there can be no assurance that the Issuer 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.

The Government may sell all or part of its shareholding in the Issuer that may result in a change of control of the Issuer

As long as the Government's shareholding in the Issuer equals or exceeds 51.0%, the Issuer will continue to be classified as a government company and will be subject to various regulations, regulatory exemptions and benefits generally applicable to public sector companies in India. As of the date of this Offering Circular, there is no legislation that places a mandatory requirement on the Government to hold a minimum 51.0% shareholding in the Issuer. Therefore, the Government may sell all or part of its shares in the Issuer, which may result in a change in control of the Issuer and which may, in turn, disqualify the Issuer from benefiting

from certain regulatory exemptions and other benefits that may be applicable to the Issuer due to the Issuer being a public-sector company.

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

The Issuer relies 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, the Issuer's ability to raise funds from these institutions may be limited in future. In addition, the Issuer's bonds and non-convertible debentures are listed on the debt segment of the BSE and NSE. Trading in the Issuer's debt securities has been limited and the Issuer cannot assure you that the debt securities will be frequently traded on the BSE or NSE or that there would be any market for the Issuer's debt securities. Further, the Issuer 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.

Risks Relating to India

Public companies in India, including the Issuer, are required to compute Income Tax under the Income Computation and Disclosure Standards ("ICDS"). The transition to ICDS in India is very recent and the Issuer may be negatively affected by such transition

The Ministry of Finance ("**MoF**") has issued a notification dated 31 March 2015 notifying ICDS which creates a new framework for the computation of taxable income. Subsequently, the MoF, through a press release dated 6 July 2016, deferred the applicability of ICDS from 1 April 2015 to 1 April 2016 and these were subsequently applicable from Fiscal Year 2017 onwards and impacted on computation of taxable income from Fiscal Year 2017 onwards. ICDS deviate in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. There can be no assurance that the adoption of ICDS will not adversely affect the Issuer's business, results of operations and financial condition.

Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP, Ind AS and IFRS, which may be material to investors' assessments of the Issuer's financial condition

The Issuer has not attempted to quantify the impact of US GAAP, Ind AS or IFRS on the financial data included in this Offering Circular, nor does it provide a reconciliation of its financial statements to those of US GAAP, Ind AS or IFRS. US GAAP, Ind AS and IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Offering Circular will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Offering Circular should accordingly be limited.

Political, economic or other factors that are beyond the Issuer's control may have an adverse effect on the Issuer's business and results of operations

The Issuer's 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 the Issuer's business, prospects, financial performance and operations.

The Issuer derives revenue from the Issuer's operations in India and the performance and growth of the Issuer's 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 the Issuer's 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 the Issuer's 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 materially and adversely affect the Indian economy and the Issuer's business. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could adversely affect the Issuer's business and results of operations. 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 the Issuer operates in general and the Issuer's business in particular and high rates of inflation in India could increase the Issuer's costs without proportionately increasing the Issuer's revenues.

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

The Issuer may face the risk of loss or damage to its properties due to natural disasters, such as snow storms, typhoons and flooding. Acts of war, armed aggression, political unrest, epidemics and terrorist attacks may also cause damage or disruption to the Issuer, the Issuer's employees and/or the Issuer's facilities, any of which could adversely affect the Issuer's sales, costs, overall operating results and financial condition. The potential for war, armed aggression or terrorist attacks may also cause uncertainty and cause the Issuer's business to suffer in ways that the Issuer cannot predict. For instance, in the past, incident of military confrontation between

the Indian and Pakistan air forces had escalated the growing crisis between India and Pakistan. In addition, certain Asian countries, including Hong Kong, China, Singapore and Thailand, have encountered epidemics such as severe acute respiratory syndrome, or SARS, and incidents of avian influenza, or H5N1 bird flu. Past occurrences of epidemics have caused different degrees of damage to the national and local economies in India. A recurrence of an outbreak of SARS, avian influenza or any other similar epidemic could cause a slowdown in the levels of economic activity generally, which may adversely affect the Issuer's business, financial condition and results of operations. In the event any loss exceeds the Issuer's insurance coverage or is not covered by the Issuer's insurance policies, the Issuer will bear the shortfall. In such an event, the Issuer's business, financial condition and results of operations could be adversely affected.

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, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. The occurrence of any financial disruptions may have an adverse effect on the Issuer's cost of funding, credit card receivables portfolio, business and future financial performance.

Developments in the Eurozone, recessionary economic conditions as well as concerns related to the impact of tightening monetary policy in the United States and a trade war between large economies may lead to increased risk aversion and volatility in global capital markets. For example, following a national referendum in which a narrow majority of voters in the United Kingdom elected to withdraw from the European Union, the government of the United Kingdom has now formally decided to withdraw from the European Union. These developments 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 the Issuer's access to capital. This could have a material adverse effect on the Issuer's business, financial condition and results of operations. Any significant financial disruption in the future could have an adverse effect on the Issuer's cost of funding, business and future financial performance. Adverse economic developments overseas in countries where the Issuer has operations could have a material adverse impact on it.

Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect the Issuer's business, prospects, results of operations and, financial condition

The regulatory and policy environment in which the Issuer operates is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect the Issuer's business, prospects, results of operations and financial condition, to the extent that the Issuer is unable to suitably respond to and comply with any such changes in applicable law and policy. For example:

- the General Anti Avoidance Rules ("**GAAR**") became effective from assessment year commencing 1 April 2018. The GAAR provisions catch arrangements declared as "impermissible avoidance arrangements" which seek to obtain a tax benefit and which satisfies at least one of the following tests: (i) creates rights, or obligations, which are not at arm's length; (ii) results in misuse of the provisions of the Income Tax Act, 1961; (iii) lacks or is deemed to lack commercial substance, in whole or in part; or (iv) is not entered into, or carried out in a manner employed for bona fide purposes. The tax consequences of the GAAR provisions being applied to an arrangement may result in denial of tax benefit or the denial of a benefit under a tax treaty amongst other consequences. If the GAAR provisions are made applicable to the Issuer, it may have an adverse tax impact on the Issuer; and

- the Goods and Services Tax ("**GST**") in India was introduced on 1 July 2017 and subsumes the multiple indirect taxes levied previously. Under the dual model of GST, a tax is simultaneously levied on all intra-state supplies of goods and/or services at a state as well as central level. Further, Integrated Goods and Services Tax is levied on all supplies of goods and/or services made in the course of inter-State trade or commerce. Since the implementation of this rationalised tax structure is relatively recent, this may create uncertainty, and any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materialising, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

- the Taxation Laws (Amendment) Ordinance, 2019 ("**Tax Ordinance**") was promulgated by the President on 20 September 2019 to assist with growth and investment in India and amends the Income Tax Act, 1961 and the Finance (No 2) Act, 2019. The Tax Ordinance provides an option to all domestic companies to pay (i) tax at a concessional rate of 22% (ii) with a fixed surcharge of 10% and health and education cess of 4%, which effectively translates to a tax rate of 25.17 % and such companies would be exempt from paying minimum alternate tax, which is otherwise 15%. Companies which do not opt for the concessional tax regime and avail the tax incentive continue to pay tax at the pre-amended rate. However, these companies can opt for the concessional tax regime after expiry of their tax holiday/exemption period. Certain provisions of the Tax Ordinance are yet to come into force. The Issuer has opted to migrate to the new scheme prescribed by the Tax Ordinance. Hence, it may not be able to avail existing tax credits or benefits, which could adversely affect operations and financial condition in the year when such option is exercised.

- the Companies (Amendment) Act, 2019 was passed on 31 July 2019, which brings about certain changes like (i) stricter penal provisions for repeated defaults, (ii) enlarging the jurisdiction of regional director to reduce the backlog in NCLT, (iii) strengthening corporate governance norms for companies, which includes corporate social responsibility related

spending. In the absence of any precedents on the subject, the application of these amended provisions is uncertain and any subsequent proceeding may be time consuming as well as costly for the Issuer to resolve.

The Issuer has not determined the impact of such legislation on the Issuer's business. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing the Issuer's business, operations and group structure may result in it being deemed to be in contravention of such laws and/or may require the Issuer to apply for additional approvals. The Issuer 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 the Issuer's business, financial condition, 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 the Issuer to resolve and may impact the viability of the Issuer's current business or restrict its ability to grow its business in the future.

Further, the Issuer could be adversely affected if additional legislation or amendments to existing regulations are introduced to require changes in the Issuer's business practices or if such legislation or regulations are interpreted or implemented in ways that adversely affect the Issuer's business, financial condition and results of operations

Difficulties faced by other financial institutions or the Indian financial sector generally could cause the Issuer's business to suffer

The Issuer is exposed to the risks consequent to being part of the Indian financial sector. This sector in turn may be affected by financial difficulties and other problems faced by Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Any major difficulty or instability experienced by the Indian financial sector could create adverse market perception, which, in turn, could adversely affect the Issuer's business and financial performance. 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 the Issuer. The Issuer's cost of borrowings is sensitive to interest rate fluctuations which exposes the Issuer to the risk of reduction in spreads, on account of volatility in interest rates. In addition, the Issuer's transactions with these financial institutions exposes it to various risks in the event of default by a counterparty, which can impact it negatively during periods of market illiquidity.

Any anticipated measures undertaken by the Government of India or any regulatory authority such as the demonetization measures may adversely affect the Issuer's business, financial condition and results of operations.

On 8 November 2016, the Government of India announced phasing out of large-denomination currency notes (Rs. 500 and Rs. 1,000, representing 86% of the total currency in circulation) as legal tender. They were immediately replaced with new Rs. 500 and Rs. 2,000 currency notes. This measure was undertaken to curb corruption, tax evasion, and counterfeiting. The withdrawal from circulation started immediately and ended on 30 December 2016. Unexpected demonetisation weighed on growth in the third quarter of Fiscal Year 2017. Any such anticipated measures undertaken by the Government or any regulatory authority may adversely affect the Issuer's business, financial condition and results of operations.

Investors may not be able to enforce a judgment of a foreign court against the Issuer

The Issuer is incorporated under the laws of India and all of its Directors and key management personnel reside in India. The majority of the Issuer's assets, and the assets of certain of its 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 the Issuer and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against the Issuer 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.

Inflation in India could have an adverse effect on the Issuer's profitability and, if significant, on the Issuer's 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 the Issuer to accurately estimate or control its costs. Continued high rates of inflation may increase the Issuer's expenses related to salaries or wages payable to its employees or any other expenses. There can be no assurance that the Issuer will be able to pass on any additional expenses or that the Issuer's revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on the Issuer's profitability and, if significant, on the Issuer's financial condition.

The laws, regulations and regulatory framework of India are subject to change and may differ from other jurisdictions with which holders of the Notes are familiar and there may be less information available in the Indian markets

Indian laws and regulations may change from time to time and such changes could have an adverse effect on the Issuer's business, financial condition and results of operations. There may be differences between the level of statutes, laws and regulation and monitoring of the Indian markets and the activities of investors, brokers and other participants and that of other markets. As the Issuer is incorporated under the laws of India, an insolvency proceeding relating to the Issuer, even if brought in another jurisdiction, would likely involve Indian insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of another jurisdiction. SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed economies. As a result, investors may have access to less information about the business, results of operations and financial conditions of the Issuer, and those of the competitors that have their securities listed on stock exchanges in India on an on-going basis, than an investor may find in the case of companies subject to reporting requirements of other more developed countries.

Risks Relating to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Programme. Set out below is a description of certain features and risks associated therewith:

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes will generally not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor would generally not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Partly-Paid Notes

The Issuer may issue Notes for which the issue price is payable in more than one instalment. Failure to pay any subsequent instalment on a Partly-Paid Note may result in an investor's loss of its entire investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of such features or other similar related features, such Notes' market values may be even more volatile than the market value for securities that do not include such features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Inverse Floating Rate Notes are typically more volatile than the market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate at which the Issuer may elect to convert from a fixed rate to a floating rate, or vice versa. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may, at any time, be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Index Linked Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, changes in the prices of securities or commodities, movements in currency exchange rates or other factors (each a "**Relevant Factor**"). In addition, it may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) such Notes may receive no interest;

(iii) the payment of principal or interest may occur at a different time or in a different currency than expected;

(iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;

(v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and

(vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk associated with an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Risks Relating to the Notes Generally

Noteholders' rights to receive payments are junior to certain tax and other liabilities preferred by law

The Notes are unsecured obligations of the Issuer and will rank junior to certain liabilities preferred by law. In particular, in the event of insolvency, liquidation or winding-up, the Issuer's assets will be available to pay obligations on the Notes only after all of the above liabilities that rank senior to these Notes have been paid. In the event of insolvency, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Notes.

There is no public market for the Notes and therefore the investors may not be able to sell their Notes easily

The Notes will be a new issue of securities with no existing trading market. Approval in-principle has been received from the SGX-ST in connection with the Programme and application will be made to the SGX-ST for the listing and quotation of any Notes that may be issued under the Programme and which are agreed, at or prior to the time of issue thereof, to be so listed on the SGX-ST. However, the Issuer cannot make any assurances that the Notes will qualify for listing on the exchanges or that a liquid trading market will develop for the Notes. Though the Notes may be listed on an exchange, the Issuer cannot make any assurances that an active market will develop for the Notes or as to the liquidity of, or the trading market for, the Notes. If an active market does develop, future trading prices of the Notes will depend on many factors, including, among others, prevailing interest rates, the Issuer's financial condition, performance and prospects, political and economic developments in India, and the market for securities similar to the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The price of the Notes following the offering may be volatile

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Issuer's revenues, earnings and cash flows and interest rates, could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Modification, waivers and substitution to the Conditions of the Notes may even bind Noteholders who did not vote for the modification, waivers and substitution to the Conditions or attend the Noteholders' meeting

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Bearer Notes with denominations involve integral multiples: definitive bearer Notes

In relation to any issue of Notes in bearer form with denominations consisting of a minimum Specified Denomination (as specified in the applicable Pricing Supplement) plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, holders who, as a result of trading such amounts, hold amounts which are less than the minimum Specified Denominations in their accounts with the relevant clearing systems at the relevant time may not receive definitive Notes in bearer form in respect of such holdings (should such Notes be printed) and would need to purchase a principal amounts of Notes such that their holdings amount to a Specified Denomination.

If definitive Notes in bearer form are issued, holders should be aware that definitive Notes with a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Performance of contractual obligations

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the transaction documents of the obligations thereunder including the performance by the Fiscal Agent, Transfer Agent, Registrar, and/or the Calculation Agent of their respective obligations. While the non-performance of any relevant party will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer, in such circumstance, may not be able to fulfil its obligations to the Noteholders and the Couponholders.

Noteholders are exposed to financial risk

Interest payment, where applicable, and principal repayment are set to occur at specified periods regardless of the performance of the Issuer. The Issuer may be unable to make interest payments, where applicable, or principal repayments, under a series of Notes should it suffer serious decline in net operating cash flows.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal 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) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Redemption of the Notes prior to maturity may be subject to compliance with applicable regulatory requirements, including the prior approval of the RBI

Although the Issuer has the option to redeem the Notes at any time following the occurrence of certain tax events described in the Terms and Conditions of the Notes, there are limitations on the ability of the Issuer to redeem the Notes prior to the date of their maturity including that the prior approval of an authorised dealer bank ("**AD Bank**") or the RBI has been obtained and that any conditions of the RBI, the AD Bank or other relevant Indian authorities may impose at the time of such approval having been satisfied. There can be no assurance that the RBI or the AD Bank will provide such approval in a timely manner or at all.

Change of law could adversely impact the value of any Notes

The Conditions of the Notes are based on English law in effect as of the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could adversely impact the value of any Notes affected by it.

If the Global Notes or Global Certificates are held by or on behalf of Euroclear and Clearstream, investors must rely on Euroclear's and Clearstream's procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes or Global Certificates will be deposited with a common depositary for Euroclear and Clearstream. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes or Certificates. Euroclear and Clearstream will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through Euroclear and Clearstream.

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary for Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of Euroclear and Clearstream to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream to appoint appropriate proxies.

Similarly, holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right under the respective Global Notes or Global Certificates to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon the Direct Rights (as defined and set forth in Annex A of the Global Note or Global Certificates).

Risks related to the Notes which are linked to "benchmarks"

The terms and conditions (described herein) allows for the issuance of Notes that reference certain interest rates or other types of rates or indices which are deemed to be "benchmarks", including LIBOR and the Euro Interbank Offered Rate ("**EURIBOR**"), in particular, with respect to certain floating rate Notes where the Reference Rate (as defined in the Terms and Conditions of the Notes) may be LIBOR, EURIBOR or another such benchmark. The relevant pricing supplement for Notes will specify whether LIBOR, EURIBOR or another such benchmark is applicable.

Benchmarks are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes linked to such benchmark (including, but not limited to, floating rate Notes whose interest rates are linked to LIBOR). Any such consequence could have a material adverse effect on the value of and return on any such Notes.

Notes are subject to selling restrictions and may be transferred only to a limited pool of investors

Notes can only be issued to and held by investors resident in jurisdictions which are a member of the FATF or a member of a FATF-Style Regional Body and whose securities market regulator is a signatory to the IOSCO's multilateral MoU (Appendix A Signatories) or a signatory to a bilateral Memorandum of Understanding with the SEBI for information sharing arrangements. Additionally, investors should not be residents of a country identified in the public statement of the FATF as: (i) a jurisdiction having strategic Anti-Money Laundering or Combating the Financing of Terrorism deficiencies to which countermeasures apply; or (ii) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

Risks Relating to an Investment in INR denominated Notes

INR denominated Notes are subject to exchange rate risks and exchange controls

India maintains a managed floating exchange rate system under which market forces determine the exchange rate for the Rupee. The RBI may, however, intervene in the market to maintain orderly market conditions and limit sharp fluctuations in the exchange rate. Interventions by the RBI have taken the form of transparent measures and have included clearly delineated periods and amounts involved, as well as the explanations for these actions. The RBI's foreign exchange policy objectives include maintaining price stability, promoting and maintaining monetary stability and the convertibility of the Rupee, protecting its international reserves during times of impending or on-going exchange crises or national emergencies.

INR denominated Notes are denominated in Rupees and payable in foreign currency. This entails risks which are not associated with a similar investment in a foreign currency denominated security. Such risks include, without limitation, the possibility of significant changes in the exchange rate between INR and the relevant foreign currency if such currency risk is unhedged by an investor or the possibility of imposition or modification of exchange controls by the RBI. Such risks are usually dependent on various economic and political events over which the Issuer does not have any control. In the past, exchange rates have been volatile and the possibility of such volatility in the future may continue. The risk pertaining to exchange rate fluctuation therefore persists. However, the recent fluctuations in exchange rates are not indicative in nature. If INR depreciates against the relevant foreign currency the effective yield on the INR denominated Notes will decrease below the interest rate of other bonds, and the amount payable on maturity may be less than the investment made by the investors. This could result in a total or substantial loss of the investment made by the investor towards the INR denominated Notes. Rates of exchange between the foreign currency and INR may be significantly varied over time. However, historical trends do not necessarily indicate future fluctuations in rates and should not be relied upon as indicative of future trends. Political, economic or stock exchange developments in India or elsewhere could lead to significant and sudden changes in the exchange rate between INR and the relevant foreign currency.

Furthermore, overseas investors are eligible to hedge the above mentioned exchange rate risk only by way of permitted derivative products with: (i) an AD Bank; (ii) the offshore branches or subsidiaries of Indian Banks; or (iii) branches of foreign banks having a presence in India.

INR "Non-convertibility"

The convertibility of a currency is dependent, *inter alia*, on international and domestic political and economic factors, and on measures taken by governments and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by revaluation or revaluation of a currency, or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of a specified currency. The taking of any one or more of such measures could adversely affect the value of the Notes as well as any amount which may be payable upon redemption of the Notes.

Risks Relating to the Market Generally

The secondary market generally

There is no existing market for any Notes and there can be no assurances that a secondary market for the Notes will develop, or if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

The market value of any Notes may fluctuate. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, the Issuer's performance and the market for similar securities. No assurance can be given as to the liquidity of, or trading market for, any Notes and an investor in such Notes must be prepared to hold such Notes for an indefinite period of time or until their maturity.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the currency specified in the applicable Pricing Supplement (the "**Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Currency. These include the risk that foreign exchange rates may significantly change (including changes due to devaluation of the Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Currency would decrease (i) the Investor's Currency-equivalent interest on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable foreign exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Further, the Notes may be denominated in Rupees and payable in U.S. dollars. This entails risks which include the possibility of significant changes in the exchange rate between the Rupee and the U.S. dollar if such currency risk is unhedged by an investor or the possibility of imposition or modification of exchange controls by the RBI. Such risks are usually dependent on various economic and political events over which the Issuer does not have any control. Recently, exchange rates have been volatile and such volatility may continue. However, the recent fluctuations in exchange rates are not indicative in nature. If the Rupee depreciates against the U.S. dollar, the effective yield on the Notes may decrease and the amount payable on maturity may be less than the investment made by the investors. This could result in a total or substantial loss of the investment made by the investor in the Notes. Rates of exchange between U.S. dollars and the Rupee may significantly vary over time. However, historical trends do not necessarily indicate future fluctuations in rates, and should not be relied upon as indicative of future trends. Political, economic or stock exchange developments in India or globally could lead to significant and sudden changes in the exchange rate between the Rupee and the U.S. dollar.

Interest rate risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk

Noteholders may suffer diminished returns on their investments due to inflation. Noteholders anticipate a rate of return based on expected inflation rates at the time of purchase of the Notes. An unexpected increase in inflation may reduce the actual returns. Conversely, a decrease in inflation rates generally results in lower prices and lower prices may result in a lower credit demand which would have an adverse impact on the Issuer's business and results of operations.

The market value of the Notes may fluctuate

Trading prices of the Notes are influenced by numerous factors, including the operating results, business and/or financial condition of the Issuer, political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer generally. Adverse economic developments, acts of war and health hazards in countries in which the Issuer operates could have a material adverse effect on the Issuer's operations, operating results, business, financial position, and performance.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be suspended, reduced or withdrawn by the rating agency at any time.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Unless otherwise stated, financial information used in this section has been derived from, and should be read in conjunction with: (i) the Issuer's financial statements as of and for the six months ended 30 September 2019, prepared in accordance with Ind AS and audited by the Issuer's statutory auditors, (ii) the Issuer's financial statements as of and for year ended 31 March 2019, which also includes comparative figures as of and for the year ended 31 March 2018, each prepared in accordance with Ind AS, audited by the Issuer's statutory auditors, and (iii) the Issuer's financial statements as of and for years ended 31 March 2017 and 31 March 2018, prepared in accordance with Indian GAAP and audited by the issuer's statutory auditors, in all cases including any schedules, annexures and notes thereto and the reports thereon.

For comparability, certain financial information included in this Offering Circular as of and for the year ended 31 March 2018, and presented in accordance with Ind AS, has been derived from the financial statements mentioned in (ii) above. The Issuer had, up until the fiscal year ended 31 March 2018, prepared its financial statements in accordance with Indian GAAP, which differ in certain respects from generally accepted accounting principles in other countries. Since 1 April 2018, the Issuer has prepared its financial statements in accordance with Ind AS. Figures prepared under different accounting standards, such as Ind AS and Indian GAAP, are not directly comparable. Please read "—Basis of Presentation of Financial Information" for a more detailed description and also "Risk Factors— The Issuer is required to prepare and present its financial statements under Ind AS with effect from 1 April 2018. The Issuer's Ind AS financial statements for the six months ended 30 September 2019 and for Fiscal Years 2017, 2018 and 2019 are not comparable with its historical Indian GAAP financial statements" for a discussion of associated risks.

Prospective investors should also read this section in conjunction with the other sections of this Offering Circular, including "Business", "Risk Factors" and "Assets and Liabilities".

This section contains forward-looking statements that involve risks and uncertainties and reflects the Issuer's current views with respect to future events and financial performance. The Issuer's actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth in "Risk Factors". Prospective investors in the Notes are cautioned not to place undue reliance on such forward-looking statements.

Overview

The Issuer is the dedicated market borrowing arm of the Indian Railways. Its primary business is financing the acquisition of rolling stock assets and project assets of the Indian Railways and lending to other entities under the Ministry of Railways. The Ministry of Railways is responsible for the acquisition of rolling stock and for the improvement, expansion and maintenance of railways infrastructure. The Issuer is responsible for raising the finance necessary for such activity. Over the last three decades, the Issuer has played a significant role in supporting the capacity enhancement of the Indian Railways by financing a significant proportion of its annual plan outlay.

The Issuer is wholly-owned by the Government acting through the Ministry of Railways. The Issuer is registered with the RBI as an NBFC and is classified under the category of an "Infrastructure Finance Company" under Section 45-IA of the Reserve Bank of India Act, 1934. The Issuer was notified as a "Public Financial Institution" under the Companies Act through a notification dated 8 October 1993 issued by the Ministry of Corporate Affairs.

The Issuer follows a financial leasing model for financing the rolling stock assets and project assets of the Indian Railways. The period of lease with respect to rolling stock assets is typically 30 years comprising a primary period of 15 years followed by a secondary period of 15 years. In terms of the leasing arrangements, the principal amount and interest (the cost of funds) pertaining to the leased assets is effectively payable during the primary 15-year lease period, along with a margin agreed each year between the Ministry of Railways and the Issuer. For the second 15-year period, the Issuer charges the Indian Railways a nominal rate which is subject to revision on mutually acceptable terms. At the end of the lease period of 30 years, the relevant leased assets may be transferred to the Indian Railways, if requested by the Indian Railways, also at a nominal price. The lease periods for funding project assets for the Indian Railways are also 30 years, and follow a similar model as for rolling stock.

As of 31 March 2017, 2018 and 2019 and as of 30 September 2019, the Issuer financed 76.81%, 77.79%, 83.45% and 83.54%, respectively, in terms of units of the aggregate rolling stock assets held by the Indian Railways. The total value of rolling stock assets financed by the Issuer up to 31 March 2017, 2018 and 2019 and 30 September 2019 since commencement was Rs. 1,513,188.40 million, Rs. 1,699,887 million, Rs. 1,940,437.84 million and Rs. 2,086,955.09 million, respectively, while the value of rolling stock assets financed in Fiscal Year 2017, Fiscal Year 2018, Fiscal Year 2019 and in the six months ended 30 September 2019 was Rs. 142,808.40 million, Rs. 186,698.60 million, Rs. 240,550.84 million and Rs. 146,517.25 million, respectively. The following table sets forth certain information on the rolling stock assets financed by the Issuer since commencement of its business until 30 September 2019:

Rolling Stock Assets	Assets financed up to 31 March 2017 since commencement of business	Assets financed in Fiscal Year 2017	2018	2019	Assets Financed in six months ended 30 September, 2019	Total
			No. of Units			
Locomotives	8,998	608	645	707	446	10,796
Passenger coaches	47,825	2,280	3,947	5,598	13,272	60,642
Freight wagons	214,456	10,000	6,290	9,069	5,643	235,458
Cranes and track machines	85	Nil	Nil	Nil	Nil	85

In addition, the Issuer has also extended debt financing, in the past, to other entities under the administrative control of the Ministry of Railways, consistent with its objective of being the principal source of finance for the Indian Railways. The Issuer has in the past financed entities, including RVNL, Railtel Corporation of India Limited, Konkan Railway Corporation Limited and Rail Land Development Authority and Ircon. As of the date of this Offering Circular such loans have now been repaid to the Issuer.

At the beginning of each Fiscal Year, the Ministry of Railways provides the Issuer with its target fund requirement based on its planned capital expenditure, which the Issuer meets by raising funds through various sources including the issue of taxable and tax-free bonds in India, term loans from banks/financial institutions, ECBs including bonds and syndicated loans, internal accruals, asset securitisation and lease financing.

For all the rolling stock assets acquired during a financial year by the Indian Railways, the Issuer enters into a lease agreement with the Ministry of Railways following the close of each respective Fiscal Year. Lease rentals include the Issuer's capital recovery, the cost of borrowing and a certain margin agreed between the Issuer and the Ministry of Railways.

The Issuer's revenue from operations was Rs. 90,467.74 million in Fiscal Year 2017 and Rs. 110,185.09 million in Fiscal Year 2018, each as per Indian GAAP. The Issuer's revenue from operations was Rs. 111,323.22 million in Fiscal Year 2019 and Rs. 66,572.48 million in the six months ended 30 September 2019, each as per Ind AS. The Issuer's profit after tax was Rs. 9,338.11 million in Fiscal Year 2017 and Rs. 20,073.07 million in Fiscal Year 2018, each as per Indian GAAP. The Issuer's profit after tax was Rs. 22,547.49 million in Fiscal Year 2019 and Rs. 17,147.96 million in the six months ended 30 September 2019, each as per Ind AS. The Issuer's loan assets, which includes lease receivables, advances for funding of railway projects and loans to railway entities, were Rs. 1,229,702.20 million as of 31 March 2017 and Rs. 1,520,695.01 million as of 31 March 2018, each as per Indian GAAP. Such loan assets were Rs. 2,009,136.56 million as of 31 March 2019 and Rs. 2,218,875.61 million as of 30 September 2019, each as per Ind AS. Annual disbursements to the Ministry of Railways was Rs. 274,879.71 million in Fiscal Year 2017 and Rs. 367,222.54 million in Fiscal Year 2018, each as per Indian GAAP, and Rs. 525,351.84 million in Fiscal Year 2019 and Rs. 245,343.25 million in the six months ended 30 September 2019, each as per Ind AS. The Issuer's capital adequacy ratio was 355.88% as of 31 March 2017 and 214.75% as of 31 March 2018, each as per Indian GAAP, and 259.46% as of 31 March 2019 and 303.78% as of 30 September 2019, each as per Ind AS. As of 30 September 2019, the Issuer did not have any non-performing assets.

The Issuer has received the highest credit ratings from CRISIL – AAA, ICRA – ICRA (AAA) and CARE – CARE AAA. In Fiscal Year 2019, it has been accorded with Baa2 (Negative) rating by Moody's, BBB- (Stable) rating by Standard and Poor's, BBB- (Stable) rating by Fitch and BBB+ (Stable) rating by Japanese Credit Rating Agency which are on par with India's sovereign ratings.

Recent Developments

The Issuer filed a draft red herring prospectus with SEBI on 17 January 2020 for purposes of conducting a potential initial public offering ("**IPO**"). If and when the Issuer were to complete an IPO, the Government of India's shareholding is expected to decrease from 100% to approximately 86%. Further, as per SEBI guidelines, the minimum public shareholding must be 25% within three years of listing. For associated risks, see *"Risk Factors—The Issuer has recently filed for an initial public offering, which required significant allocation of resources and, should it become a public company, the Issuer will be subject to additional regulations and scrutiny, which may have an adverse impact on the business of the Issuer"* and *"Risk Factors— The Issuer's cost of borrowings may increase upon completion of the initial public offering."*

Basis of Presentation of Financial Information

Prior to 1 April 2018, the Issuer prepared its financial statements in accordance with the accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013, as applicable ("**Indian GAAP**"). The Issuer's financial statements as of and for the years ended 31 March 2017 and 31 March 2018 (which also include comparative figures as of and for the years ended 31 March 2016 and 31 March 2017, respectively), which have been audited by the Issuer's statutory auditors, were prepared in accordance with Indian GAAP (the "**Indian GAAP Financial Statements**").

The Issuer transitioned to the Indian Accounting Standards as prescribed under Section 133 of Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the "**IAS Rules**", and such accounting standards, "**Ind AS**") on 1 April 2018 (with an effective transition date of 1 April 2017 for the purposes of preparation of comparative financial information

in respect of the previous year) pursuant to the IAS Rules and the Roadmap for Non-Banking Finance Companies dated 18 January 2016 issued by the Ministry of Corporate Affairs, Government of India. Ind AS is intended to align Indian GAAP further with the International Financial Reporting Standards as adopted by the International Accounting Standards Board ("**IFRS**").

Accordingly, (i) the Issuer's financial statements as of and for the six months ended 30 September 2019, which have been audited by the Issuer's statutory auditors, and (ii) the Issuer's financial statements as of and for the year ended 31 March 2019 (which also include a comparative figures as of and for the year ended 31 March 2018), audited by the Issuer's statutory auditors, were prepared in accordance with Ind AS (together, the "**Ind AS Financial Statements**"). For the sake of comparability, certain financial information included in this Offering Circular as of and for the year ended 31 March 2018 (and presented in accordance with Ind AS) has been derived from the comparative information relating to that financial year included in the Ind AS Financial Statements.

The financial statements as of and for the year ended 31 March 2019 are the first financial statements the Issuer has prepared in accordance with Ind AS.

The Ind AS Financial Statements differ in certain significant respects from the Indian GAAP Financial Statements due to changes in financial reporting requirements arising from new standards and the use of one or more optional exemptions from full retrospective application of certain accounting principles permitted under Ind AS 101 and the Ind AS Financial Statements are not comparable with Indian GAAP Financial Statements (as of and for the financial years ended 31 March 2017 and 31 March 2018) included in this Offering Circular. For a summary of the significant qualitative differences between Indian GAAP, IFRS and Ind AS, as applicable to us, see the section *"Summary of Certain Differences among Indian GAAP, IFRS and Ind AS"*.

Factors Affecting Results of Operations and Financial Condition

Certain factors that have significantly affected, and which may continue to have a significant impact on, the Issuer's financial performance, financial condition and cash flows include the following:

Access to funds

The Issuer's results of operations significantly depend on its ability to obtain adequate funding and access to funds for the financing the acquisition of rolling stock assets and project assets of the Indian Railways and lending to other entities under the Ministry of Railways. As a systemically important non-deposit accepting NBFC, the Issuer does not have access to savings and current deposits, and the Issuer's liquidity and ongoing profitability are, in large part, dependent upon its timely access to, and the costs associated with, raising funds. The Issuer's funding requirements historically have been met from a combination of borrowings such as from issuances of non-convertible debentures in the domestic market, issuance of 54EC capital gain bonds, Rupee term loans from banks and national small savings funds administered by the Ministry of Finance, external commercial borrowings etc.

The global and Indian capital and lending markets are, by nature, highly volatile and access to liquidity can, at times, be significantly reduced. Moreover, towards the end of calendar year 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 generally more difficult for NBFCs to renew loans and raise capital in recent times. If any event of similar nature and magnitude occurs again in the future, it may result in increased borrowing costs and difficulty in accessing debt in a cost-effective manner.

Regulatory developments may likewise affect the Issuer's ability to access funds. The Issuer is subject to supervision and regulation by the RBI as a non-deposit taking systemically important NBFC. The Issuer largely depends on institutional funding such as issuance of bonds through private placement and Rupee term loans from banks to meet the Issuer's funding requirements. Since financial institutions such as banks, insurance companies are subject to single / group exposure limits fixed by the regulators for such institutions, the Issuer's ability to raise large funds from such institutions on a sustainable basis is constrained. Besides, the RBI India has fixed a limit of U.S.$750 million for ECBs through the automatic route. For ECBs exceeding U.S.$750 million, the Issuer is required to obtain prior RBI approval for such borrowing.

Furthermore, funding from LIC, which is the largest public sector life insurance company of Indian railway projects has been constrained due to exposure limit as per the Insurance Regulatory Development Authority of India guidelines. Even though the LIC had committed the entire budgeted amount for funding of the Issuer's railways projects through institutional finance ("**EBR-IF**") during the five-year period from Fiscal Year 2016 to Fiscal Year 2020, as of 30 September 2019, the Issuer managed to secure only 26% of the total funding made available under the EBR-IF route.

Volatility in interest rates

The Issuer's operations are susceptible to interest rate movements. Interest rates are sensitive to many factors which are beyond the Issuer's control, including the RBI's monetary policies fiscal deficit, borrowings from the Government base rates of our lenders, India's GDP growth rate, domestic and international economic and political conditions, inflation and other factors. The Issuer is exposed to interest rate risks. In addition, global economic growth, monetary policies of international central banks and geo-political developments also affect interest rates. Interest rate volatility affects the Issuer's results of operations to the extent that the Issuer may be required to refinance the Issuer's borrowings. Any risk due to interest rate adjustment at the time of such refinancing is a cost to the Issuer. While under the terms of the Standard Lease Agreement, the Issuer is able to pass through any interest rate volatility to the Ministry of Railways which is either built into its average cost of incremental borrowings or is transferred to the

Ministry of Railways, in order to minimise such risks, the Issuer also enters into hedging arrangements with respect to such interest rate risks.

Performance of the Indian Economy

The Indian economy is the third largest economy in the world in terms of GDP at purchasing power parity ("**PPP**") exchange rates, with an estimated GDP, in PPP terms for 2017 of U.S.$9.47 trillion. As of July 2018, India had the world's second largest population, estimated at 1,297 million people and in 2017 India had the second largest labour force, estimated at 521.9 million people. India is developing into an open-market economy. Economic liberalisation measures including industrial deregulation, privatisation of state-owned enterprises and reduced controls on foreign trade and investment began in the 1990s and have accelerated India's growth which averaged nearly 7% per annum between 1997 to 2017. (Source: CIA World Factbook, 2019) India's inflation movements have become favourable over the last three Fiscal Years. The consumer price index inflation has fallen from 4.5% in Fiscal 2017, to 3.6% in Fiscal Years 2018 and to 3.4% in Fiscal Year 2019 *(Source: RBI Annual Report 2017-18 and RBI Bulletin December 2019).* The fiscal deficit has been reduced from 4.1% in Fiscal Year 2015 to an estimated 3.3% estimate for Fiscal Year 2019 and Fiscal Year 2020 *(Source: RBI Annual Report 2017-18, Union Budget Fiscal 2020)*.

The Indian economy with a gross domestic product ("**GDP**") at constant prices (2011-12) for Fiscal Year 2019 was estimated at Rs. 140,780 billion, showing a growth rate of 6.8% over the estimates of GDP for Fiscal Year 2018 of Rs.131,800 billion. India's GDP at Constant (2011-12) prices in the second quarter of Fiscal Year 2020 is estimated at Rs. 35,990 billion, as against Rs. 34,430 billion in the second quarter of Fiscal Year 2019, showing a growth rate of 4.5%. (Source: Press Note on Provisional Estimates of Annual National Income, 2018-2019 and Quarterly Estimates of Gross Domestic Product for the Fourth Quarter of 2018-2019, Central Statistics Officer, Ministry of Statistics and Programme Implementation, Government of India, 29 November, 2019)

The growth for India is projected to be approximately 6.0% in Fiscal Year 2019 and is expected to gradually recover to approximately 6.9% in Fiscal Year 2020 and to approximately 7.2% in Fiscal Year 2021. With a growth rate of approximately 8.6%, Government consumption has become the fastest growing expenditure component in India. Further, based on the current economic momentum and persistently low food prices, inflation averaged approximately 3.4% in Fiscal Year 2019 and remained well below the RBI's mid-range target of 4% in the first half of Fiscal Year 2020. This allowed the RBI to ease their monetary policy through a cumulative 135 basis point cut in the repo rate since January 2019 and a shift in the policy stance from "neutral" to "accommodative". *(Source: South Asia Economic Focus | Fall 2019 by World Bank)*

The Government announced the Union Budget 2019 – 2020 on 5 July 2019 with a number of proposals in the railway sector. The Union Budget proposed a capital expenditure of Rs. 1,602 billion for the Railways Ministry for Fiscal Year 2020. This is the highest-ever allocation for the Indian Railways, surpassing Fiscal Year 2019's proposed capital expenditure of Rs. 1,334 billion. The outlay for Fiscal Year 2020 comprises Rs. 661 billion from gross budgetary support, Rs. 105 billion from internal resources and Rs. 836 billion from extra budgetary resources. While Rs. 273 billion has been allocated for construction of new lines, gauge conversion received Rs. 31 billion, doubling Rs. 176 billion, rolling stock Rs. 38 billion and signalling and telecom received Rs. 18 billion. The allocation for passenger amenities has been increased by Rs. 10 billion to Rs. 59.23 billion. *(Source: Ministry of Railways)* It was proposed to enhance the metro railway initiatives by encouraging more PPP initiatives, ensuring completion of sanctioned works and supporting transit oriented development to ensure commercial activity around transit hubs. In addition, dedicated freight corridor project is on track for completion as per targeted timelines easing up existing railway network for passenger trains. *(Source: http://www.indianrailways.gov.in/railwayboard/view_section.jsp?id=0%2C1%2C304%2C366%2C539)*

Quality of our loan portfolio

As of 30 September 2019, the Issuer's loan assets, consisted of 60.80% of lease receivables primarily in relation to rolling stock assets, 2.56% of loans to RVNL and Ircon, and 36.64% of advances against leasing of project assets. As of 30 September 2019, the Issuer did not have any non-performing assets. Further, the Issuer's financing targets are determined annually by the Ministry of Railways based on the annual planned capital outlay contained in the Union Budget of India for Indian Railways. For Fiscal Year 2020, the Ministry of Railways has provided targets for market borrowings from Issuer for funding of rolling stock assets and project assets, which includes financing of Rs. 284,000 million for rolling stock assets and financing of Rs. 6,310 million for project assets being executed by RVNL and financing Rs. 264,400 million for project assets through institutional finance. In the event the Issuer does not have sufficient funds to redeem bonds or repay term loans owing to inadequate cash flows during the Fiscal Year, the Ministry of Railways is required, under the Standard Lease Agreement, to provide for such shortfall, through bullet payments in advance prior to maturity of the relevant bonds or term loans. Such payments are required to be adjusted in the subsequent lease rentals payable under the respective Standard Lease Agreement. However, since the Issuer's incorporation, the Issuer is yet to take any such support from the Ministry of Railways for mitigating the Issuer's liquidity risk. The Issuer believes that the Issuer is able to maintain the quality of the Issuer's assets as a result of the Issuer's arrangement with the Ministry of Railways.

Tax liability of the Issuer

Current tax

The Issuer has 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 20 September 2019. In terms of the aforesaid notification, companies exercising the option under section 115 BAA of the Income Tax Act, 1961 will be subject to reduced corporate tax rate of 22% (effective tax rate 25.17% after surcharge and education cess). However, certain exemptions or deductions will have to be foregone. While previously, the Issuer was paying minimum alternate tax under section 115 JB of the Income Tax Act, 1961 however as the

Issuer's taxable income under normal assessment is nil, the Issuer would not be required to pay any tax on exercising the option to adopt section 115BAA of the Income Tax Act, 1961. Furthermore, the Issuer would also be outside the scope of section 115JB of the Income Tax Act, 1961 and accordingly, the Issuer will not be required to pay minimum alternate tax with effect from Fiscal Year 2020. Therefore the Issuer has made no provisions for minimum alternate tax for the six months ended 30 September 2019.

Deferred tax

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

Pursuant to circular S.O. 529 (E) dated 5 February 2018 and subsequent amendment through circular dated 2 April 2018 (collectively, the "**DTL Circulars**") issued by the Ministry of Corporate Affairs, 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 Government 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. Until the issuance of the DTL Circulars, the Issuer was making provision for deferred tax liability in terms of the relevant accounting standard. However, pursuant to the DTL Circulars, the Issuer is not required to make any provision for deferred tax from Fiscal Year 2018.

*Goods and Service Tax ("**GST**")*

Pursuant to the GST Council meeting dated 19 May 2017, the services of leasing of assets (rolling stock assets, including wagons, coaches and locos) by the Issuer to the Indian Railways has been exempted from the levy of GST through notification No. 12/2017 (Heading 9973), with effect from 1 July 2017.

Government Policy and Regulation

The Issuer's results of operations and continued growth depend on stable government policies and regulation. The Issuer is wholly-owned by the Government of India acting through the Ministry of Railways. The Issuer is registered with the Reserve Bank of India ("**RBI**") as a NBFC and is classified under the category of an "Infrastructure Finance Company" under section 45-IA of the RBI Act, 1934. The Issuer was notified as a "Public Financial Institution" under the Companies Act, 1956 through a notification dated 8 October 1993 issued by the Ministry of Corporate Affairs.

The Issuer is regulated principally by the RBI and is 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 31 May 2018. However, the RBI has granted exemption to the Issuer from asset classification, provisioning and exposure norms to the extent of its exposure to the Ministry of Railways. Furthermore, the Issuer has been granted exemption by the RBI from credit concentration norms to the extent of 100% of net owned funds for the Issuer's exposure to railway entities in which the ownership of the State or Central Government is at least 51%. Accordingly, the issuer has been complying with the prudential norms prescribed by the RBI for NBFC-ND-SI except its exposure to sovereign, being the Ministry of Railways. Furthermore, the Issuer has decided to follow the asset classification and provisioning norms as provided by the RBI for loans, leases or advances to entities other than the Indian Railways, except for the requirement of provisioning on standard assets.

Additionally, until 31 March 2019, the Issuer, being a government-NBFC, was exempted from the creation and maintenance of reserve fund as per section 45-IC of the RBI Act, 1934. However, the said exemption was withdrawn by the RBI through notification no. DNBR (PD) CC.NO.092/0310.001/2017-18 dated 31 May 2018. Accordingly, the Issuer's reserve fund complies with the requirements of section 45IC of RBI Act, 1934, wherein at least 20% of net profit every year is required to be transferred, before the declaration of dividend.

The RBI's regulation of NBFC-ND-SIs may change in the future which may require the Issuer to restructure the Issuer's activities, incur additional costs or otherwise affect the Issuer's business and financial performance. Any change in the regulatory framework affecting NBFCs and in particular those requiring to maintain certain financial ratios, placement restrictions on securitisation, accessing funds or lending to financial institutions among others, could affect the Issuer's results of operations and growth.

Standard Lease Agreement

After the end of every Fiscal Year, the Issuer enters into a Standard Lease Agreement with the Ministry of Railways based on the standard terms. The Standard Lease Agreement provides for the lease of rolling stock assets delivered into service during the financial year and the repayment, over a 15 year period, of the principal with an internal rate of return on the lease fixed at a margin determined between the Issuer and the Ministry of Railways over the average cost of incremental borrowings, which includes the Issuer's costs to hedge currency exchange and interest rate fluctuations. The Standard Lease Agreement is applicable with effect from the commencement of the financial year in which the relevant rolling stock assets was delivered into service. The lease rentals are payable on a half-yearly basis in advance. The Standard Lease Agreement includes detailed information of the rolling stock

assets acquired as well as the lease rentals payable by the Ministry of Railways to the Issuer. Lease rentals include the Issuer's capital recovery, the average cost of incremental borrowings (which includes the Issuer's costs to hedge currency exchange and interest rate fluctuations) and a certain margin agreed between the Issuer and the Ministry of Railways. Furthermore, lease rental is charged on the assets leased from the first day of the month in which the rolling stock assets have been identified and placed on line as per the Standard Lease Agreement with the Ministry of Railways from year to year. The Ministry of Railways charges interest on the value of the assets identified prior to the payments made by Issuer, from the first day of the month in which the assets have been identified and placed on line to the first day of the month in which the money is paid to the Ministry of Railways. However, no interest is charged from the Ministry of Railways on the amount paid by the Issuer prior to identification of rolling stock by them.

Under the provisions of the Standard Lease Agreement, financial risks including interest rate and exchange rate variation risk are either built into the average cost of incremental borrowings or are transferred to the Ministry of Railways allowing the Issuer to earn a fixed margin over the life of the lease. Risks arising from damage to rolling stock as a result of natural calamities and accidents is also passed on to the Ministry of Railways. Liquidity risk for the Issuer is also minimised as the Ministry of Railways is required to make good any shortfall in the funds required by the Issuer to redeem bonds issued on maturity or to repay the term loans. If the terms of the Standard Lease Agreement were to change in a manner where the Issuer is unable to pass on such risks to the Ministry of Railways or alternatively, if the Ministry of Railways does not enter into the Standard Lease Agreement with the Issuer in future, the Issuer's results of operation and financial condition may be adversely affected.

Competition

The Issuer faces increasing competition from public and private sector commercial banks and from other financial institutions that provide funding to other public sector entities under administrative control of the Indian Railways. The Issuer's competitors may have access to greater and cheaper sources of funding than the Issuer does. Competition in the Issuer's industry depends on, among other factors, the ongoing evolution of Government policies, the entry of new participants into the industry and the extent to which there is consolidation among banks, financial institutions and NBFCs in India. The Issuer's primary competitors are public sector infrastructure finance companies, public sector banks, private banks (including foreign banks), financial institutions and other NBFCs. In addition, since the Issuer is a non-deposit accepting NBFC, it may have restricted access to funds as compared to banks and deposit-taking NBFCs. Issuer's ability to compete effectively is dependent on its ability to maintain a low effective cost of funds. With the growth of the Issuer's business, the Issuer is dependent on funding from the equity and debt markets and commercial borrowings. The market for such funds is competitive and the Issuer's ability to obtain funds on acceptable terms, or at all, will depend on various factors including the Issuer's ability to maintain its credit ratings.

Certain Significant Accounting Policies under Ind AS

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

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

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

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

Use of estimates

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

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

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

a) Formulation of accounting policies

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

b) Post-employment benefit plans

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

c) Provisions and contingencies

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

d) Income taxes

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

Revenue

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

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

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

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

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

Foreign Currency Transaction

Functional and presentation currency

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

Transactions and Balances

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

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

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

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

Where the difference is a pass through the lessee, the amount is received/ reimbursed to the lessee.

Employee Benefits

Defined contribution plan

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

Defined benefit plan

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

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

Other long-term employee benefits

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

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

Short-term employee benefits

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

Taxation

Tax expense comprises Current Tax and Deferred Tax.

Current Tax

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

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

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

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as Current Tax in the Statement of Profit and Loss. Current Tax computed as per the normal provision of Income Tax Act, 1961 is lower than the MAT. Minimum Alternate Tax (MAT) credit is recognized as an asset only where and to the extent there is convincing evidence that the Issuer will pay normal income tax during the specified period.

Deferred Tax

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

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

Through 31 March 2017

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

Subsequent to 31 March 2017

The Issuer does not recognize deferred tax asset or deferred tax liability because as per Gazette Notification no. S.O. 529(E) dated 5 February 2018 as amended by notification no. S.O. 1465 dated 2 April 2018 issued by Ministry of Corporate Affairs, Government of India, the provision of Indian Accounting Standards 12 relating to Deferred Tax Assets (OTA) or Deferred Tax Liability (DTL) does not apply to the Issuer will effect from 1 April 2017.

Property, Plant and Equipment (PPE)

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

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

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

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

De-recognition

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

Depreciation

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

Intangible assets

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

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

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

De-recognition

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

Amortization

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

Borrowing costs

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

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

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

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

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

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

Cash and cash equivalents

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

Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Issuer has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs.

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

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

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

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

Impairment of non-financial assets

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

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

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

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

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to the date of transition, the entity has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease is classified at the inception date as a finance lease or an operating lease.

Issuer as a lessor

Leases in which the Issuer does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

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

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

Issuer as a lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the Issuer is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Issuer's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Issuer will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Securitisation of Finance Lease Receivable

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

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

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

Leasing of Railway Infrastructure Assets

In terms of Indian Accounting Standard-17, the inception of lease takes place at the earlier of the date of the lease agreement and the date of a commitment by the parties to the principal provisions of the lease.

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

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

Dividends

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

Material Prior Period Errors

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

Earnings per share

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

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

Statement of Cash Flows

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

Operating Segments

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

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

Financial Instruments

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

Financial Assets

Initial recognition and measurement

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

Subsequent measurement

Debt instruments at amortized cost

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

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Issuer recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss.

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

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

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

Equity investments

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

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

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

De-recognition

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

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

Impairment of financial assets

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

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and bank balance.

(b) Financial assets that are debt instruments and are measured as at FVTOCI.

(c) Lease receivables under Ind AS 17.

(d) Loan commitments which are not measured as at FVTPL.

(e) Financial guarantee contracts which are not measured as at FVTPL.

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

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

Financial liabilities at amortized cost

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

Financial liabilities at fair value through profit or loss

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

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

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

De-recognition

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

Derivative financial instruments

Initial recognition and subsequent measurement

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

Certain Significant Accounting Policies under Indian GAAP

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

Revenue Recognition

- Lease Income in respect of assets given on lease (including assets given prior to 1 April 2001) is recognised in accordance with the accounting treatment provided in Accounting Standard -19.

- Lease Rentals on assets taken on lease and sub-leased to Ministry of Railways (MOR) prior to 1 April 2001, are accounted for at the rates of lease rentals provided in the agreements with the respective lessors and the sub-lessee (MOR), on accrual basis, as per the Revised Guidance Note on Accounting for Leases issued by the Institute of Chartered Accountants of India (ICAI).

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

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

Foreign Currency Transactions

Initial Recognition

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

Recognition at the end of Accounting Period

Foreign Currency monetary assets and liabilities, other than the foreign currency liabilities swapped into Indian Rupees, are reported using the year end exchange rates in accordance with the provisions of Accounting Foreign Currency Liabilities swapped into Indian Rupees are stated at the reference rates fixed in the swap transactions, and not translated at the yearend rate.

Exchange Differences

- Exchange differences arising on the actual settlement of monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than the exchange differences on settlement of foreign currency loans and interest thereon recoverable separately from the lessee under the lease agreements, are recognised as income or expenses in the year in which they arise.

- Notional exchange differences arising on reporting of outstanding monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than the exchange differences on translation of such monetary assets and liabilities recoverable separately from the lessee under the lease agreement, are recognised as income or expenses in the year in which they arise.

Investments

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

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

Leased Assets

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

Fixed Assets, Depreciation and Amortization

- Fixed assets are stated at cost, less accumulated depreciation. Cost includes all expenses incurred to bring the assets to their present location and condition.

- Depreciation on Fixed Assets is provided on straight-line method over the useful life of assets as prescribed under Part-C of Schedule II of the Companies Act, 2013. Depreciation on assets purchased / sold during a period is proportionately charged.

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

Securitisation of Lease Receivables

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

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

Assignment of Lease Receivables

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

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

- Bond Issue expenses including management fee on issue of bonds (except discount on deep discount bonds) and interest on application money are charged to Statement of Profit and Loss in the year of occurrence. Upfront discount on deep discount bonds is amortised over the tenor of the bonds. Discount on commercial papers is amortized proportionately over the tenor of the respective commercial papers.

- Documentation, processing & other charges paid on Long Term Loans are charged to the Statement of Profit & Loss in the year in which the expenses are incurred.

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

Taxes on Income

Tax expense comprises Current Tax and Deferred Tax.

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

Deferred tax expense or benefit is recognised on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods until 31 March 2017. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date until 31 March 2017.

Employee Benefits

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

Short Term Employee Benefits

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

Post-Retirement Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the company makes provision in the Books or specified contributions to a separate entity. The Issuer's contribution is recognised as an expense in the Statement of Profit & Loss during the period in which the employee has rendered services.

Defined Benefit Plans

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

Actuarial gain and losses in respect of defined benefit plans are charged to the Statement of Profit and Loss.

Provisions, Contingent Liabilities and Contingent Assets

The Issuer recognizes provisions when it has a present obligation as a result of a past event. This occurs when it becomes probable that an outflow of resources embodying economic benefits might be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Provisions are determined based on Management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Issuer or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligations or a reliable estimate of the amount cannot be made.

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

Leasing of Railway Infrastructure Assets

In terms of Accounting Standrad-19, the inception of lease takes place at the earlier of the date of the lease agreement and the date of a commitment by the parties to the principal provisions of the lease. As such, in respect of Railway Infrastructure Assets, which are under construction and where the Memorandum of Understanding / terms containing the principal provisions of the lease are in effect with the Lessee, pending execution of the lease agreement, the transactions relating to the lease are accounted for as under:

- Advances for construction / development of Railway Infrastructure Assets are shown as 'Advances against Lease of Rly. Infrastructure Assets'.

- The borrowing costs in respect of the funds advanced by the Lessor for construction period of Infrastructure Assets, are charged to the Statement of Profit and Loss.

- Interest accrued on advance against lease of railway infrastructure asset during construction period is accounted as income.

Cash and Cash Equivalents

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

Cash Flow Statement

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

Derivatives

- The Issuer uses foreign exchange forwards, cross currency swaps and interest rate swaps to hedge on balance sheet liabilities.
- In respect of the foreign currency forward contracts, the difference between the forward rate and exchange rate on the date of transaction are recognized as income or expense over the life of contract in terms of Accounting Standard – 11.
- The other derivative contracts are accounted for in terms of the Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India (ICAI).

Results of Operations

Six months ended 30 September 2019 as compared to six months ended 30 September 2018

Key Developments

- As of the date of this Offering Circular, the Issuer exercises the option permitted to it under section 115 BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated 20 September 2019. Since the Issuer's taxable income under normal assessment is nil, the Issuer would not be required to pay any tax on exercising the option to adopt section 115BAA of the Income Tax Act, 1961. Furthermore, as the Issuer is outside the scope of section 115JB of the Income Tax Act, 1961 the Issuer is not required to pay any minimum alternate tax with effect from Fiscal Year 2020. As a result, no provisions for minimum alternate tax has been made by the Issuer as of the six months ended 30 September 2019.
- Also the Ministry of Corporate Affairs amended the Companies (Share Capital and Debentures) Rules, 2014 by its notification dated 16 August 2019. The notification exempts NBFCs registered with the RBI under section 45-IA of the RBI Act, 1934 from the creation of a debenture redemption reserve.

Statement of Profit and Loss for the six months ended 30 September 2018 and 2019, prepared in accordance with Ind AS

	Six months ended 30 September		
	2018	**2019**	**2019**
	(Unaudited)	**(Audited)**	**(Audited)**
	(Rs. millions)		*(U.S.$ millions)*
Revenue from operations:			
Interest Income	9,346.18	14,015.67	200.22
Lease Income	45,286.10	52,556.80	750.81
Dividend Income	0	0	0
Total Revenue from operations	**54,632.28**	**66,572.47**	**951.04**
Other Income	4.92	40.46	0.58
Total Income	**54,637.21**	**66,612.93**	**951.61**
Expenses:			
Finance Costs	40,473.28	49,363.99	705.20
Net loss on derecognition of financial instruments under amortised cost category	0	0	0
Impairment on financial instruments	0	0	0
Employee benefit expense	23.57	22.52	0.32
Depreciation and amortisation expense	2.05	2.16	0.03
Other expenses	66.88	76.31	1.09
Total Expenses	40,565.77	49,464.97	706.64
Profit / (Loss) before tax	**14,071.43**	**17,147.96**	**244.97**
Tax Expense:			
Current tax	3,084.93	0	0
Deferred tax	0	0	0
Adjustment for earlier years	0	0	0
Total Tax Expenses	**3,084.93**	**0**	**0**

	Six months ended 30 September		
	2018	2019	2019
	(Unaudited)	(Audited)	(Audited)
	(Rs. millions)		*(U.S.$ millions)*
Profit/ (Loss) for the period	**10,986.50**	**17,147.96**	**244.97**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans	0.43	(0.58)	(0.01)
- Remeasurement of Equity Instrument	6.97	(6.55)	(0.09)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(0.09)	0	0
Total other comprehensive income	**7.32**	**(7.13)**	(0.10)
Total comprehensive income for the period	**10,993.82**	**17,140.83**	**244.87**
Earning per equity share (Face value Rs. 10 per share)			
Basic and Diluted (Rs.)	1.68	1.83	0.03
Debt Equity ratio	9.20	9.21	9.21

Six months ended 30 September 2019 compared to six months ended 30 September 2018, as per Ind AS

Revenue from Operations

Revenue from operations increased by Rs. 11,940.19 million, or 21.9%, to Rs. 66,572.47 million for the six months ended 30 September 2019 from Rs. 54,632.28 million for the six months ended 30 September 2018, driven primarily by an increase of Rs.7,270.70 million or 16.1% in lease income and also an increase of interest income by Rs.4,669.49 million, or 50%, each over the same period.

Other Income

Other income increased by Rs. 35.54 million to Rs. 40.46 million for the six months ended 30 September 2019 from Rs. 4.92 million for the six months ended 30 September 2018, driven primarily by provision written back of Rs. 21.23 million and miscellaneous income of Rs. 14.31 million and marginally offset byRs.0.01 million on account of profit on sale of fixed assets.

Total Revenue

As a result of the foregoing, total revenue increased by Rs. 11,975.73 million, or 21.9%, to Rs. 66,612.93 million for the six months ended 30 September 2019 from Rs. 54,637.20 million for the six months ended 30 September 2018.

Finance Costs

Finance costs increased by Rs. 8,890.71 million, or 22.0%, to Rs. 49,363.99 million for the six months ended 30 September 2019 from Rs. 40,473.28 million for the six months ended 30 September 2018, driven primarily by increase in interest on debt securities of Rs. 6,254.36 million, interest on other borrowings of Rs.11,420.43 million, discount on commercial paper of Rs. 412.58 million, interest on delayed payment to Ministry of Railways of Rs. 850.80 million, interest to income tax authorities of Rs. 20.91 million and other borrowing cost of Rs.74.03 million offset by increase of Rs.10,142.40 million on account of borrowing cost capitalised on railway infrastructure assets and national projects .

Employee Benefits Expense

Employee benefits expense decreased by Rs. 1.05 million, or 4.45%, to Rs. 22.52 million for the six months ended 30 September 2019 from Rs. 23.57 million for the six months ended 30 September 2018, driven primarily by salaries and wages of Rs.0.16 million and contribution to provident funds of Rs.1.10 million offset by an increase of Rs.0.21 million in staff welfare expenses.

Depreciation and Amortisation Expense

Depreciation and amortization expense remained relatively flat at Rs. 2.16 million for the six months ended 30 September 2019 compared to Rs. 2.05 million for the six months ended 30 September 2018.

Other Expenses

Other expenses increased by Rs. 9.42 million, or 14.1%, to Rs. 76.30 million for the six months ended 30 September 2019 from Rs. 66.88 million for the six months ended 30 September 2018, driven primarily by manpower services, miscellaneous expenses, corporate social responsibility expenses and legal and professional charges

Total expenses

As a result of the foregoing, total expenses increased by Rs. 8,899.2 million, or 21.9%, to Rs. 49,464.98 million for the six months ended 30 September 2019 from Rs. 40,565.77 million for the six months ended 30 September 2018.

Profit before Tax

As a result of the foregoing, profit before tax increased by Rs. 3,076.53 million, or 21.9%, to Rs. 17,147.96 million for the six months ended 30 September 2019 from Rs. 14,071.43 million for the six months ended 30 September 2018.

Tax Expense

There was no tax expense for the six months ended 30 September 2019 compared to Rs. 3,084.93 million for the six months ended 30 September 2018. The reason for the difference was because the Issuer fell outside the ambit of the provisions of section 115 JB of the Income Tax Act, 1961 and was thus exempted from payment of minimum alternate tax. Accordingly, the Issuer made no provision for payment of minimum alternate tax for the six months ended 30 September 2019.

Profit for the Period

As a result of the foregoing, profit for the period increased by Rs. 6,161.46 million, or 56.1%, to Rs. 17,147.96 million for the six months ended 30 September 2019 from Rs. 10,986.50 million for the six months ended 30 September 2018.

Fiscal Year 2019 Compared to Fiscal Year 2018

Key Developments

- The RBI withdrew the exemption for government companies (as defined under the Companies Act, 2013) from prudential norms as prescribed by the RBI for NBFCs with effect from 31 May 2018. However, the RBI has granted exemption to the Issuer from asset classification, provisioning and exposure norms to the extent of its exposure to the Ministry of Railways. Furthermore, the Issuer has been granted exemption by the RBI from credit concentration norms to the extent of 100% of the Issuer's owned funds for the Issuer's exposure to railway entities in which the ownership of the State or Central Government is at least 51%. Accordingly, the Issuer has been complying with the provisions of the prudential norms prescribed by the RBI for NBFC-ND-SI except for the Issuer's exposure to sovereign, being the Ministry of Railways. Furthermore, the Issuer has decided to follow the asset classification and provisioning norms as provided by the RBI for loans, leases or advances to entities other than the Indian Railways. The Issuer has also made standard assets provisioning at the rate of 0.40% for loans by the Issuer to RVNL and Ircon as prescribed by RBI.

- The spread for rolling stock assets and project assets over the Issuer's average cost of incremental borrowing which includes the Issuer's costs to hedge currency exchange and interest rate fluctuations increased from 30 bps for rolling stock assets and a spread of 25 bps for project assets in Fiscal Year 2018 to 40 bps for rolling stock assets and a spread of 35 bps for project assets in Fiscal Year 2019.

- In Fiscal Year 2019, the Issuer received an equity issuance from the Ministry of Railways amounting to Rs. 28,540 million.

- The Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, through a notification dated 8 August 2017 notified the Issuer as an entity for issuance of low cost tax saving capital gain bonds as per Section on 54EC(ba) of the Income Tax Act, 1961.

Statement of Profit and Loss for Fiscal Year 2018 and 2019, prepared in accordance with Ind AS

	Year ended of 31 March		
	2018	**2019**	**2019**
		(Audited)	
	(Rs. millions)		*(U.S.$ millions)*
Particulars			
Revenue from operations			
Interest income	9,882.09	17,217.99	245.97
Dividend income	4.87	5.14	0.07
Lease income	82,784.48	94,100.09	1,344.29
Total Revenue from operations	92,671.44	111,323.22	1,590.33
Other income	12.37	12.74	0.18
Total income	92,683.81	111,335.95	1,590.51
Expenses			
Finance Costs	66,375.73	81,830.61	1,169.01
Impairment on financial instruments	—	275.44	3.93
Employee benefit expense	55.26	62.51	0.89
Depreciation, amortisation and impairment	3.54	4.18	0.06
Other expenses	324.38	147.37	2.11

	Year ended of 31 March		
	2018	2019	2019
		(Audited)	
	(Rs. millions)		*(U.S.$ millions)*
Total Expenses	66,758.91	82,320.10	1,176.00
Profit before exceptional items and tax	25,924.91	29,015.85	414.51
Exceptional items	—	—	—
Profit before tax	25,924.91	29,015.85	414.51
Tax Expenses			
(1) Current tax	5,434.05	6,469.24	92.42
(2) Deferred tax	—	—	—
(3) Adjustment for earlier years	(55.78)	(.88)	(0.01)
Total Tax Expense	5,378.27	6,468.36	92.41
Profit for the period	20,546.64	22,547.49	322.11
Earnings per equity share (for continuing operations)			
Basic (Rs.)	3.15	3.43	0.05
Diluted (Rs.)	3.15	3.43	0.05

Fiscal Year 2019 compared to Fiscal Year 2018, as per Ind AS

Revenue from Operations

Revenue from operations increased by Rs. 18,651.77 million, or 20.1%, to Rs. 111,323.21 million for Fiscal Year 2019 from Rs. 92,671.44 million for Fiscal Year 2018, driven primarily by increase in lease income of Rs. 11,315.61 million, or 13.67% and also by an increase in interest income by Rs. 7,335.89 million, or 74.2%. There is also a marginal increase in dividend income by Rs.0.27 million.

Other Income

Other income remained virtually unchanged at Rs. 12.74 million for Fiscal Year 2019 compared to Rs. 12.37 million for Fiscal Year 2018.

Total Revenue

As a result of the foregoing, total revenue increased by Rs. 18,652.14 million, or 20.1%, to Rs. 111,335.95 million for Fiscal Year 2019 from Rs. 92,683.81 million for Fiscal Year 2018.

Finance Costs

Finance costs increased by Rs. 15,454.88 million, or 23.3%, to Rs. 81,830.61 million for Fiscal Year 2019 from Rs. 66,375.73 million for Fiscal Year 2018, driven primarily by an increase in interest on debt securities by Rs.9,357.49 million, or 12.3%, an increase of Rs.16,636.57 million, or 530.2%, an increase in interest on delayed payment of Rs.2,206.50 million, or 280.4%, an increase in interest payable to income tax authorities of Rs.6.84 million, or 53.4%, offset by decrease in discount on commercial paper of Rs.782.87 million, or 38.8%, other borrowing cost of Rs.18.41 million, or 13.9% and increase in borrowing cost capitalised on railway infrastructure assets and national projects by Rs.11,951.25 million, or 77.7% .

Impairment on financial instruments

Impairment on financial instruments increased to Rs. 275.44 million for Fiscal Year 2019 compared to zero for Fiscal Year 2018. The reason for the difference was that the provision for standard assets against the exposure to other railway entities namely Ircon and RVNL were made at the rate of 0.40% as against nil in the previous year pursuant to the withdrawal of an earlier exemption granted to Government owned NBFCs from prudential norms prescribed by the RBI.

Employee Benefits Expense

Employee benefits expense increased by Rs. 7.25 million, or 13.1%, to Rs. 62.51 million for Fiscal Year 2019 from Rs. 55.26 million for Fiscal Year 2018, driven primarily by increase in salaries and wages by Rs.10.54 million and staff welfare expenses by Rs.0.06 million offset by decrease in contribution to provident and other funds by Rs.3.35 million.

Depreciation and Amortisation Expense

Depreciation and amortization expense increased slightly to Rs. 4.18 million for Fiscal Year 2019 from Rs. 3.54 million for Fiscal Year 2018, driven primarily by additional acquisition of fixed assets.

Other Expenses

Other expenses decreased by Rs. 177.01 million, or 54.6%, to Rs. 147.37 million for Fiscal Year 2019 from Rs. 324.38 million for Fiscal Year 2018, driven primarily by decline in corporate and social responsibility expenses and legal and professional charges.

Total expenses

As a result of the foregoing, total expenses increased by Rs. 15,561.19 million, or 23.3%, to Rs. 82,320.1 million for Fiscal Year 2019 from Rs. 66,758.91 million for Fiscal Year 2018.

Profit before Tax

As a result of the foregoing, profit before tax increased by Rs. 3,090.94 million, or 11.9%, to Rs. 29,015.85 million for Fiscal Year 2019 from Rs. 25,924.91 million for Fiscal Year 2018.

Tax Expense

Tax expense increased by Rs. 1,090.10 million, or 20.27%, to Rs. 6,468.36 million for Fiscal Year 2019 from Rs. 5,378.26 million for Fiscal Year 2018, due to an increase in the tax liability on account of minimum alternate tax under section 115JB of the Income Tax Act as a result of increase in profit before tax and an increase in the effective minimum alternate tax rate from 21.34% in Fiscal Year 2018 to 21.55% in Fiscal Year 2019.

Profit for the Period

As a result of the foregoing, profit for the period increased by Rs. 2,000.85 million, or 9.7%, to Rs. 22,547.49 million for Fiscal Year 2019 from Rs. 20,546.64 million for Fiscal Year 2018.

Fiscal Year 2018 Compared to Fiscal Year 2017 (Indian GAAP)

Key Developments

- Pursuant to the DTL Circulars issued by the Ministry of Corporate Affairs, 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 Government are exempted 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. As a result, pursuant to the DTL Circulars, the Issuer is not required to create any provision for deferred tax from Fiscal Year 2018 onwards.

- The spread for rolling stock assets over the Issuer's average cost of incremental borrowing which includes the Issuer's costs to hedge currency exchange and interest rate fluctuations decreased from 50 bps for rolling stock assets in Fiscal Year 2017 to 30 bps for rolling stock assets in Fiscal Year 2018.

Statement of Profit and Loss for Fiscal Year 2017 and 2018, prepared in accordance with Indian GAAP

	Year ended 31 March		
	2017	**2018**	**2018**
		(Audited)	
	(Rs. millions)		*(U.S.$ millions)*
Particulars			
Revenue from operations	90,467.74	110,185.09	1,574.07
Other Income	8.86	17.23	0.25
Total Revenue	**90,476.60**	**110,202.32**	**1,574.32**
Expenses:			
Employee benefits expense	29.95	54.40	0.78
Finance Costs	68,880.78	84,368.50	1,205.26
Depreciation and amortisation expense	3.50	3.54	0.05
CSR expenses	167.75	237.79	3.40
Other expenses	52.01	84.92	1.21
Exchange Rate Variation	9.93	1.66	0.02
Total Expenses	**69,143.92**	**84,750.81**	**1,210.73**
Profit before exceptional and extraordinary items and tax	21,332.68	25,451.51	363.59
Exceptional items	—	—	—
Profit before extraordinary items and tax	**21,332.68**	**25,451.51**	363.59
Extraordinary Items	—	—	—
Profit before tax	**21,332.68**	**25,451.51**	363.59
Tax Expenses			
(1) Current tax	4,552.32	5,434.23	77.63
(2) Tax for Earlier Years	3.06	(55.78)	(0.80)
(3) Deferred Tax	7,439.19	—	—

	Year ended 31 March		
	2017	2018	2018
	(Audited)		
	(Rs. millions)		(U.S.$ millions)
	11,994.57	5,378.45	76.84
Profit (Loss) for the period	**9,338.11**	**20,073.07**	286.76
Earnings per equity share (in Rs. and U.S.$)			
Basic	1.43	3.08	0.04
Diluted	1.43	3.08	0.04

Fiscal Year 2018 compared to Fiscal Year 2017, as per Indian GAAP

Revenue from Operations

Revenue from operations increased by Rs. 19,717.35 million, or 21.8%, to Rs. 110,185.09 million for Fiscal Year 2018 from Rs. 90,467.74 million for Fiscal Year 2017, driven primarily by an increase in lease income and interest on lease advance which was slightly offset by a decrease in interest income, in particular a decrease in interest income from deposits. The increase in lease income and interest on lease advance was primarily due to incremental rolling stock assets leased to the Ministry of Railways and additional disbursement made for funding of railway projects.

Other Income

Other income increased by Rs. 8.37 million, or 94.5%, to Rs. 17.23 million for Fiscal Year 2018 from Rs. 8.86 million for Fiscal Year 2017, driven primarily by a significant percentage increase in miscellaneous income consisting of mainly the interest on deposit of application money on 54EC bonds with banks.

Total Revenue

As a result of the foregoing, total revenue increased by Rs. 19,725.72 million, or 21.8%, to Rs. 110,202.32 million for Fiscal Year 2018 from Rs. 90,476.60 million for Fiscal Year 2017.

Employee Benefits Expense

Employee benefits expense increased by Rs. 24.45 million, or 81.6%, to Rs. 54.40 million for Fiscal Year 2018 from Rs. 29.95 million for Fiscal Year 2017, driven primarily by an increase in salaries, incentives etc. and an increase in contribution to provident and other funds. These increases were a result of pay revision in accordance with the terms of the guidelines issued by the Department of Public Enterprises, Government of India based on the recommendations of the third Pay Revision Committee formed to consider revision in pay scale of employees of central public sector enterprises and also due to a modest increase in the manpower.

Finance Costs

Finance costs increased by Rs. 15,487.72 million, or 22.5%, to Rs. 84,368.50 million for Fiscal Year 2018 from Rs. 68,880.78 million for Fiscal Year 2017, driven primarily by an increase in interest on bonds and interest on rupee term loans which was partially offset by a decrease in discount on commercial paper and a decrease in interest and swap cost on foreign currency loans. The increase in interest on bonds and interest on rupee term loans was primarily due to additional borrowings net of redemption or repayment for an amount of Rs.283,078.51 million made by the Issuer. Other borrowing costs also increased primarily due to issue expenses, upfront fees and out of pocket expenses incurred by the Issuer on the external commercial borrowings of U.S.$750 million during Fiscal Year 2018.

Exchange Rate Variation

Exchange rate variation decreased by Rs. 8.27 million, or 83.3%, to Rs. 1.66 million for Fiscal Year 2018 from Rs. 9.93 million for Fiscal Year 2017, driven primarily by provision for amount payable in foreign currency as of 31 March 2018 being lower as compared to that of 31 March 2017.

Depreciation and Amortisation Expense

Depreciation and amortisation expense remained virtually unchanged at Rs. 3.54 million for Fiscal Year 2018 and Rs. 3.50 million for Fiscal Year 2017.

CSR Expenses

CSR expenses increased by Rs. 70.05 million, or 41.8%, to Rs. 237.80 million for Fiscal Year 2018 from Rs. 167.75 million for Fiscal Year 2017, driven primarily by the seven CSR projects that the Issuer undertook for the period as well as a contribution to an environmental fund, all of which was in line with the Issuer's CSR policies as it continues to promote these important endeavours. Furthermore, the CSR planned outlay for Fiscal Year 2020 is U.S.$7.22 million.

Other Expenses

Other expenses increased by Rs. 32.91 million, or 63.3%, to Rs. 84.92 million for Fiscal Year 2018 from Rs. 52.01 million for Fiscal Year 2017, driven by increases in, among other items, legal and professional charges, advertisement and publicity, travel expenses, office maintenance expenses and other similar expenses incurred in the ordinary course of business.

Total Expenses

As a result of the foregoing, total expenses increased by Rs. 15,606.89 million, or 22.6%, to Rs. 84,750.81 million for Fiscal Year 2018 from Rs. 69,143.92 million for Fiscal Year 2017. This total expenditure increase was generally in line with the increase in total revenues on a percentage basis.

Profit before Tax

As a result of the foregoing, profit before tax increased by Rs. 4,118.84 million, or 19.3%, to Rs. 25,451.52 million for Fiscal Year 2018 from Rs. 21,332.68 million for Fiscal Year 2017.

Tax Expense

Tax expense decreased by Rs. 6,616.12 million, or 55.2%, to Rs. 5,378.45 million for Fiscal Year 2018 from Rs. 11,994.57 million for Fiscal Year 2017, driven almost entirely by deferred tax going from Rs. 7,439.19 million in Fiscal Year 2017 to zero (nil) in Fiscal Year 2018. The reason for this change is that the Ministry of Corporate Affairs determined the Issuer met certain criteria that exempt a class of companies from making provision for deferred tax liability for the financial years commencing from 1 April 2017. This helped to improve profit after tax for the period substantially. This reversal of accumulated deferred tax liability was not permitted for earlier years.

Profit for the Period

As a result of the foregoing, profit for the period increased by Rs. 10,734.96 million, or 115.0%, to Rs. 20,073.07 million for Fiscal Year 2018 from Rs. 9,338.11 million for Fiscal Year 2017.

Liquidity and Capital Resources

Summary of Cash Flow

Statement of Cash Flow for Fiscal Year 2017 and 2018, prepared in accordance with Indian GAAP

	Year ended 31 March	
	2017	**2018**
	(Rs. millions)	*(Rs. millions)*
Cash Flow from (used in) Operating activities	(194,551.84)	(279,361.57)
Cash Flow from (used in) Investment Activities	17.85	16.74
Cash flow from (used in) Financing activities	182,497.08	280,267.86
Net Cash Flow from (used in) the year	(12036.91)	923.03

Statement of Cash Flow for Fiscal Year 2018 and 2019, prepared in accordance with Ind AS

	Year ended 31 March	
	2018	**2019**
	(Rs. millions)	*(Rs. millions)*
Cash Flow from (used in) Operating activities	(280,761.24)	(417,481.87)
Cash Flow from (used in) Investment Activities	16.75	13.14
Cash flow from (used in) Financing activities	280,746.35	417,494.52
Net Cash Flow from (used in) the year	1.85	25.79

Statement of Cash Flow for the six months ended 30 September 2019, prepared in accordance with Ind AS

Particulars	**2017 (Indian GAAP)**	**2018 (Indian GAAP)**	**March 31, 2019 (IND AS)**	**September 30, 2019 (IND AS)**
Net cash flow/(used) in operating activities	(194,551.84)	(279,361.57)	(417,481.87)	(106,442.64)
Net cash flow/(used) in investing activities	17.85	16.74	13.14	4.54
Net cash generated by/(used in) financing activities	182,497.08	280,267.86	417,494.52	106,414.06
Net increase in cash and cash equivalents	(12,036.90)	923.03	25.79	(24.04)
Cash and cash equivalents at the end of year end	75.18	998.21	37.07	13.04

Net Cash from/(used in) Operating Activities

The Issuer had net cash used in operating activities of Rs. 106,442.64 million for the six months ended 30 September 2019, as per Ind AS. The reason for the outflow was primarily due to an increase in lease receivables, bank balances other than cash and cash equivalents and other financial assets which was offset by an increase in other financial liabilities.

The Issuer had net cash used in operating activities of Rs. 417,481.87 million for Fiscal Year 2019, as per Ind AS. The reason for the outflow was primarily due to an increase in receivables and also an increase in other financial assets.

The Issuer had net cash used in operating activities of Rs. 279,361.57 million for Fiscal Year 2018, as per Indian GAAP. The reason for the outflow was primarily due to increase in assets given on financial lease during the year, loans and advances (net of advance tax and ERV) and term loan disbursed.

The Issuer had net cash used in operating activities of Rs. 194,551.84 million for Fiscal Year 2017, as per Indian GAAP. The reason for the outflow was primarily due to assets given on financial lease during the year and loans and advances (net of advance tax and ERV).

Net Cash from Investing Activities

The Issuer had net cash from investing activities of Rs. 4.54 million for the six months ended 30 September 2019, as per Ind AS. The reason for the inflow was primarily due to proceeds from realisation of pass through certificates / sale of investments.

The Issuer had net cash from investing activities of Rs. 13.14 million for Fiscal Year 2019, as per Ind AS. The reason for the inflow was primarily due to proceeds from realisation of pass through certificates / sale of investments.

The Issuer had net cash from investing activities of Rs. 16.74 million for Fiscal Year 2018, as per Indian GAAP. The reason for the inflow/outflow was primarily due to proceeds from pass through certificates.

The Issuer had net cash from investing activities of Rs. 17.85 million for Fiscal Year 2017, as per Indian GAAP. The reason for the inflow was primarily due to proceeds from pass through certificates.

Net Cash from Financing Activities

The Issuer had net cash from financing activities of Rs. 106,414.06 million for the six months ended 30 September 2019, as per Ind AS. The reason for the inflow was primarily due to the issue of debt securities (net of redemptions).

The Issuer had net cash from financing activities of Rs. 417,494.52 million for Fiscal Year 2019, as per Ind AS. The reason for the inflow was primarily due to the issue of debt securities (net of redemptions) and also raising of Rupee term loans/ foreign currency borrowings (net of repayments).

The Issuer had net cash from financing activities of Rs. 280,267.86 million for Fiscal Year 2018, as per Indian GAAP. The reason for the inflow was primarily due to issuance of bonds net of redemption, term loans raised during the year net of repayment, external commercial borrowings raised during the year net of repayment which was offset by commercial papers redeemed during the year net of issuance.

The Issuer had net cash from financing activities of Rs. 182,497.08 million for Fiscal Year 2017, as per Indian GAAP. The reason for the inflow was primarily due to issuance of bonds net of redemption, term loans raised during the year net of repayment, commercial papers issued during the year net of redemption which was offset by external commercial borrowings repaid during the year.

Figures prepared under different accounting standards, such as Ind AS and Indian GAAP, are not directly comparable. Please read *"—Basis of Presentation of Financial Information"* for a more detailed description and also *"Risk Factors"* for a discussion of associated risks.

Capital Adequacy

All systemically important NBFCs are required by the NBFC-ND-SI Directions to maintain a minimum capital ratio, consisting of Tier I and Tier II capital, which shall not be less than 15.00% of its aggregate risk-weighted assets on balance sheet and risk adjusted value of off-balance sheet items. As a major portion of the Issuer's assets constitute receivables from the sovereign, the Issuer ordinarily maintains capital adequacy much higher than the statutorily prescribed CRAR. As of 30 September 2019, the Issuer's capital adequacy ratio, computed as per Ind AS and on the basis of the NBFC-ND-SI Directions, was 303.78% as compared to the minimum capital adequacy requirement of 15.00% stipulated by the RBI. The total Tier I capital, as of that date, was 303.78% compared to the minimum Tier I capital requirement of 12.00% stipulated by the RBI for NBFCs such as the Issuer. In addition, the NBFC-ND-SI Directions require that the total of the Tier II capital of a non-deposit taking NBFC should not exceed 100% of its Tier I capital.

Liquidity

The purpose of the liquidity management function is to ensure that the Issuer has adequate liquidity to meet the funding requirements of the Indian Railways, to repay principal, interest on the Issuer's borrowings and to fund the Issuer's working capital requirements

and other expenses and taxes. The Issuer endeavours to diversify its sources of capital and has funded the growth in its operations through, bond issuances in domestic and overseas capital markets, term loans and assignment or securitisation and issuance of commercial paper and sub-ordinated non-convertible debentures. Based upon its current level of expenditures, the Issuer believes its net cash flows from operating activities and contemplated borrowings will be adequate to meet its anticipated cash requirements for meeting the Indian Railway's funding requirement.

The Issuer actively manages its liquidity and capital position by raising funds on a continuous basis on terms that, it believes, are favourable to it. The Issuer maintains diverse sources of funding and liquid assets to facilitate flexibility in meeting its liquidity requirements. Liquidity is provided principally by short term and long term borrowings from banks and other financial institutions, debentures, retained earnings and proceeds from assignments and securitisations of loans. Certain loan agreements entered into and debentures issued by Issuers contain a number of covenants including financial covenants.

Asset Liability Management:

The following table sets forth the maturity pattern of items of assets and liabilities as of 30 September 2019:

	1 day to 30/31 (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Grand Total
Liabilities									
Borrowings from banks	51,426.58	5,000.00	5,000.00	35,000.00	48,856.58	32,319.73	32,000.00	61,500.00	271,102.89
Borrowings from National Small Savings Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	175,000.00	175,000.00
Syndicated Foreign Currency Loan from Offshore Market								52,195.92	52,195.92
Market borrowings	23,589.50	15,000.00	0.00	11,022.10	32,780.00	158,822.36	197,892.91	913,925.29	1,353,032.16
Capital and Reserves & Surplus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200,491.03	200,491.03
Other Outflows	49,803.34	300,000.00	0.00	43,102.65	93,86.16	0.00	0.00	199,500.40	331,842.55
Total Outflows (A)	124,819.42	50,000.00	5,000.00	89,124.75	910,22.74	191,142.09	229,892.91	1,602,662.64	2,383,664.55
Cumulative Total Outflows (B	124,819.42	174,819.42	179,819.42	268,944.17	359,966.91	551,109.00	781,001.91	2,383,664.55	
Assets									
Advances (net of provisions for non-performing assets))	50,788.13	—	—	—	58,583.41	236,451.51	243,365.80	1,629,913.66	2,219,102.50
Investments (net of provision for diminution for value of investments)	5.40	—	—	—	5.16	17.07	—	91.60	119.23
Cash, cash equivalents and other bank balances	96,188.08	—	—	—	—	—	—	—	96,188.08
Other inflows	147.03	0.06	0.06	0.19	3,389.95	21,747.01	1,947.12	41,023.32	68,254.74
Total inflows (C)	147,128.64	0.06	0.06	0.19	61,978.52	258,215.59	245,312.92	1,671,028.58	2,383,664.55
Cumulative total inflows (D)	147,128.64	147,128.70	147,128.76	147,128.95	209,107.47	467,323.06	712,635.98	383,664.55	
Mismatch [(E) = (C) – (A)]	22,309.22	(49,999.94)	(4,999.94)	(89,124.56)	(29,044.22)	67,073.50	15,420.01	68,365.94	0.00
Cumulative mismatch [(F) = (B) – (D)]	(22,309.22)	27,690.72	32,690.66	121,815.22	150,859.44	83,785.94	68,365.93	0.00	0.00
Cumulative mismatch as a % [(F) / (B)]	(17.87)%	15.84%	18.18%	45.29%	41.91%	15.20%	8.75%	0.00%	

Quantitative and Qualitative Disclosures About Market Risk

The Issuer's activities exposes it to a variety of financial risks which include market risk (such as, currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Issuer's focus is to ensure liquidity that is sufficient to meet its operational requirements and the Issuer monitors and manages key financial risks so as to minimise potential adverse effects on its financial performance. Furthermore, the Issuer also has a risk management policy which covers the risks associated with the Issuer's financial assets and liabilities.

Market Risk

Market risk is the risk that the expected cash flows or fair value of a financial instrument could change owing to changes in market prices. The Issuer's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Under the terms of the Standard Lease Agreement, interest rate and exchange rate variation risks are either built into the Issuer's average cost of incremental borrowings or are transferred to the Ministry of Railways. However, the Issuer uses derivative instruments to manage market risk against the volatility in foreign exchange rates and interest rates in order to minimise their impact on its cost of borrowings and in turn, the cost to the Ministry of Railways. The Issuer's policy is not to utilise any derivative financial instruments for trading or speculative purposes.

Foreign Currency Risk

The fluctuation in foreign currency exchange rates may have a potential impact on the Issuer's statement of profit or loss, where any transaction references to more than one currency or where assets or liabilities are denominated in a currency other than the functional currency of the Issuer. The Issuer undertakes transactions denominated in foreign currencies and as a result, the Issuer is exposed to exchange rate fluctuations. However, under the terms of the Standard Lease Agreement, exchange rate variation risks are either built into its average cost of incremental borrowings or are transferred to the Ministry of Railways. The Issuer has a treasury team, which evaluates the impact of foreign currency risk on its cost of borrowings. In recent years the exchange rate between the Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. Adverse movements in foreign exchange rates may adversely affect the Issuer's cost of borrowings.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Issuer is subject to interest rate risk, primarily since the Issuer for some of the Issuer's borrowings is borrowing at floating rate which is subject to change at the start of each interest period. While a majority of the Issuer's borrowings are at fixed rates, the Issuer's borrowings at variable rates may give rise to interest rate risk. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. The Issuer's interest income is dependent on the movement of interest rates.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Issuer periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Credit risk is also managed through approvals, establishing credit limits, continuous monitoring of creditworthiness of customers to which we grant credit terms in the normal course of business.

The Issuer considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is significant increase in credit risk, the Issuer considers reasonable and supportive forward looking information such as (i) actual or expected significant adverse change in business; (ii) actual or expected significant changes in the operating results of the counterparty; (iii) financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation; (iv) significant increase in credit risk and other financial instruments of the same counterparty; and (v) significant changes in the value of collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

The Issuer's major exposure is from lease receivables from the Ministry of Railways and loans to RVNL and Ircon which are under the control of the Ministry of Railways. There is no credit risk on lease receivables being due from sovereign. With respect to loan given to RVNL and Ircon, the Issuer complies with the RBI directions in terms of its circular no. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31 May 2018 read with letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21 December 2018, and regards such compliance to be adequate with the impairment norms as per Ind AS 109, Financial Instruments, as both Ircon and RVNL, are under the Ministry of Railways and the Issuer does not expect any concern in the repayment of aforesaid loans.

Liquidity Risk

Liquidity risk is the risk of being unable to raise necessary funds from the market at optimal costs to meet operational and debt servicing requirements. The purpose of liquidity management is to ensure sufficient cash flow to meet all financial commitments and to capitalise on opportunities for business expansion. The Issuer may face potential liquidity risks as a result of maturity and interest rate mismatches between its assets and liabilities.

The Issuer manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Besides, there is a provision in the lease agreements with the Ministry of Railways whereby the Ministry of Railways undertakes to provide lease rentals in advance (to be adjusted from future payments) in case the Issuer does not have adequate liquidity to meet its debt service obligations. However, since the Issuer's incorporation, the Issuer is yet to take any such support from the Ministry of Railways for mitigating the Issuer's liquidity risk.

Inflation

In recent years, India has experienced relatively high rates of inflation. While the Issuer believes that inflation is yet to have any material impact on the Issuer's business and results of operations, inflation generally adversely impacts the overall economy and therefore could adversely affect the Issuer's business and results of operations.

Credit Ratings

Ratings assigned by the domestic credit rating agencies as of 30 September 2019:

Rating Agency	Long Term Rating	Short Term Rating
CRISIL	CRISIL AAA	CRISIL A1+
ICRA	ICRA AAA	ICRA A1+
CARE	CARE AAA	CARE A1+

Long term foreign currency issuer rating assigned to the Issuer as of 30 September 2019:

Rating Agency	Rating	Outlook
Fitch Ratings	BBB-	Positive
Standard & Poor (S&P)	BBB-	Positive
Moody's	Baa2	Negative

Inflation

In recent years, although India has experienced fluctuation in inflation rates, inflation has not had material impact on the Issuer's business and results of operations save in respect of its effects on interest rates.

Financial Condition

Assets

The following table sets out the principal elements of the Issuer's assets as of 30 September 2018 and 30 September 2019, which have been derived from the Ind AS Financial Statements.

	As of 30 September	
	2019	**2018**
	(Rs. millions)	
Particulars		
Financial assets		
Cash and cash equivalents	13.03	8.57
Bank balance other than above	96,175.05	77,670.31
Derivative financial instruments	—	1,233.73
Receivables		
- Lease receivables	1,349,225.35	1,161,324.67
Loans	56,495.22	50,366.30
Investments	119.23	140.55
Other financial assets	861,022.43	497,440.66
Total financial assets	2,363,050.31	1,788,184.79
Non-financial assets		
Current tax assets (net)	5,807.16	2,069.81
Property, plant and equipment	111.18	111.23
Other intangible assets	0.51	0.22
Other non-financial assets	14,695.39	14,705.37
Total non-financial assets	20,614.24	16,886.63
Total Assets	2,383,664.55	1,805,071.42

The following table sets out the principal elements of the Issuer's assets as of 31 March 2018 and 31 March 2019, which have been derived from the Ind AS Financial Statements.

	As of 31 March	
	2018	**2019**
	(Rs. millions)	
Particulars		
Financial assets		
Cash and cash equivalents	11.28	37.07

Bank balance other than above	986.92	773.59
Derivative financial instruments	968.47	466.90
Receivables	—	—
- Lease receivables	1,094,716.56	1,250,265.12
Loans	52,379.55	58,954.87
Investments	139.78	131.44
Other financial assets	451,075.99	740,307.27
Total financial assets	1,600,278.55	2,050,936.26
Non-Financial assets		
Non-financial assets		
Current tax assets (net)	258.44	—
Property, plant and equipment	112.69	112.25
Other intangible assets	0.27	0.50
Other non-financial assets	14,033.30	14,987.08
Total non-financial assets	**14,404.70**	**15,099.83**
Total Assets	1,614,683.25	2,066,036.09

The following table sets out the principal elements of the Issuer's assets as of 31 March 2017 and 31 March 2018, which have been derived from the Indian GAAP Financial Statements.

	As of 31 March	
	2017	**2018**
	(Rs. millions)	
Particulars		
Non-current assets		
Fixed Assets		
Tangible Assets	115.04	112.69
Intangible Assets	0.12	0.26
Non-current investments	65.40	53.28
Long-term loans and advances	1,166,270.41	1,442,309.45
Other non-current assets	19,173.60	39,783.68
	1,185,624.57	1,482,259.36
Current assets		
Current Investments	13.28	12.12
Cash and bank balance	75.18	998.21
Short -term loans and advances	28,990.68	33,281.03
Other current assets	81,792.62	106,770.58
Total Non-Current Assets	110,871.76	141,061.94
Total Assets	**1,296,496.33**	**1,623,321.30**

Liabilities

The following table sets out the principal elements of the Issuer's indebtedness as of 30 September 2018 and 30 September 2019, which have been derived from the Ind AS Financial Statements.

	As of 30 September	
	2018	**2019**
	(Audited)	
	(*Rs. millions*)	
Particulars		
Financial Liabilities		
Derivative financial instruments	5,446.26	3102.50
(i) total outstanding dues of micro enterprises and small enterprises	—	—
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	—	—
(i) total outstanding dues of micro enterprises and small enterprises	—	—
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	150.04	152.66
Debt securities	1,053,668.95	1351895.53
Borrowings (other than debt securities)	309,570.30	494421.00

Other financial liabilities	223,452.21	268921.16
Total financial liabilities	**1,592,287.76**	**2,118,492.85**
Non-financial liabilities		
Current tax liabilities (net)	—	—
Provisions	107.09	140.89
Deferred tax liabilities (net)	64,431.40	64,431.40
Other non-financial liabilities	74.27	108.38
Total non-financial liabilities	64,612.76	64,680.67
Total liabilities	1,656,900.52	2,183,173.52
Equity Share Capital	65,264.60	93804.60
Other equity	82,906.30	106686.43
Total Equity	**148,170.90**	**200491.03**
Total Liabilities and Equity	**1,805,071.42**	**2,383,664.55**

The following table sets out the principal elements of the Issuer's indebtedness as of 31 March 2018 and 31 March 2019, which have been derived from the Ind AS Financial Statements.

	As of 31 March	
	2018	**2019**
	(Audited) (*Rs. millions*)	
Particulars		
Financial Liabilities		
Derivative financial instruments	7,495.79	3,105.95
(i) Total outstanding dues of micro enterprises and small enterprises	—	—
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	—	—
(i) Total outstanding dues of micro enterprises and small enterprises	—	—
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	87.15	121.79
Debt securities	1,108,442.46	1,235,978.99
Borrowings (other than debt securities)	231,612.81	503,347.76
Other financial liabilities	56,625.68	72,999.28
Total financial liabilities	**1,404,263.89**	**1,815,553.77**
Non-financial liabilities		
Current tax liabilities (net)	—	29.69
Provisions	108.37	117.96
Deferred tax liabilities (net)	64,431.40	64,431.40
Other non-financial liabilities	6,592.73	48.15
Total non-financial liabilities	71,132.50	64,627.20
Total liabilities	**1,475,396.39**	**1,880,180.97**
Equity Share Capital	65,264.60	93,804.60
Other equity	74,023.09	92,050.52
Total Equity	**139,287.69**	**185,855.12**
Total Liabilities and Equity	**1,614,684.08**	**2,066,036.09**

The following table sets out the principal elements of the Issuer's indebtedness as of 31 March 2017 and 31 March 2018, which have been derived from the Indian GAAP Financial Statements.

	As of 31 March	
	2017	**2018**
	(Audited) (*Rs. millions*)	
Particulars		
Equity and Liabilities		
Shareholders' Funds		
Share Capital	65,264.60	65,264.60
Reserves & Surplus	54,831.37	7,0387.50
	120,095.97	135,652.10
Non-current liabilities		
Long-term borrowings	967,102.69	1,148,541.34

Deferred liabilities (net)	63,899.17	63,899.17
Other long-term liabilities	1,7412.03	20,502.87
Long term Provisions	11.62	15.07
	1,048,425.50	1,232,958.45
Current liabilities		
Short-term borrowings	57,693.53	49,667.89
Other current liabilities	69,795.87	202,839.80
Short-term provisions	485.44	2,203.06
	127,974.84	254,710.75
Total Equities and Liabilities	**1,296,496.31**	**1,623,321.30**

Off-Balance Sheet Items

Contingent liabilities

The following table sets forth certain information relating to the Issuer's contingent liabilities and commitments not provided for:

	As of 31 March 2017	As of 31 March 2018	As of 31 March 2019	As of 30 September 2019
		(*Rs. million*)		
Contingent Liabilities				
Claims not acknowledged as debts (Claims by bond holders in the consumer civil courts)	0.87	0.87	4.27	4.27
Claims not acknowledged as debts (relating to service matters pending in Delhi High Court)	Not quantifiable	Not quantifiable	Not quantifiable	Not quantifiable
Demand raised by income tax authorities for which appeals pending at various appellate levels.	1,557.07	9.14	9.48	9.48
Sales Tax	Amount recoverable from Ministry of Railways if payable by the Issuer. No demand and the amount unascertainable	Amount recoverable from Ministry of Railways if payable by the Issuer. No demand and the amount unascertainable	Amount recoverable from Ministry of Railways if payable by the Issuer. No demand and the amount unascertainable.	Amount recoverable from Ministry of Railways if payable by the Issuer. No demand and the amount unascertainable.
Show cause notice issued by Director General of GST, Intelligence (DGGI), Chennai, Zonal Unit to the Issuer for the alleged contravention of provisions of Finance Act, 1994 entailing service tax, interest and penalty (amount payable, if any, to be recovered from the Ministry of Railways.)			26,537.65	26,537.65
Commitments				
Stamp duty liability in relation to the registration of the registered office	12.20	9.15	9.15	9.15

Securitisation and Assignment Arrangements

The Issuer has not entered into any securitisation transaction or assignment transaction during the six months ended 30 September 2019, Fiscal Year 2019, Fiscal Year 2018 and Fiscal Year 2017. However, the Issuer entered into two securitisation transactions in respect of its lease receivables from the Ministry of Railways on 25 January 2010 and 24 March 2011.

Furthermore, in accordance with the draft April 2010 RBI guidelines on minimum retention requirement ("**MRR**"), the Issuer invested 5% of the total securitised amount towards MRR in respect of the Issuer's second securitisation transaction executed in 2011. As of 30 September 2019, the Issuer's exposure on account of securitisation transaction was Rs. 27.63 million, while as of 31 March, 2019, 2018, and 2017, it was Rs. 33.29 million Rs. 45.42 million and Rs. 58.69 million. The following table sets forth information on the Issuer's exposure on account of securitisation transactions for the below indicated periods.

Particulars	Fiscal 2017 (proforma)	Fiscal 2018	Fiscal 2019	Six months ended 30 September, 2019
Number of SPVs sponsored for securitisation transactions	2	2	2	2
Total amount of securitised assets as per books of the SPV's sponsored (Rs. million)	2,697.15	2,078.89	1,511.66	1,245.84
Total amount of exposures retained to comply with MRR (Rs. million)	58.69	45.42	33.30	27.64
a) Off Balance Sheet Exposures	-	-	-	-

First Loss	-	-	-	-
Others (Rs. million)	58.69	45.42	33.30	27.64
b) On Balance Sheet Exposures	-	-	-	-
First Loss	-	-	-	-
Others	-	-	-	-
Amount of exposures to securitisation transactions other than MRR	-	-	-	-

Competitive Conditions

Refer to the sections titled "*Business*", *"The Indian Railways"* and *"Risk Factors"* in this Offering Circular regarding competition.

Unusual or Infrequent Events or Transactions

Except as described in this Offering Circular, there have been no other events or transactions to the best of the Issuer's knowledge which may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Except as described in the section titled *"Risk Factors"*, this section and elsewhere in this Offering Circular, to the best of the Issuer's knowledge there are no known trends or uncertainties that have or had or expected to have any material adverse impact on its revenues or income from continuing operations.

Future Relationship between Cost and Income

Except as described in the sections titled *"Risk Factors"*, *"Business"* and this section, to the best of the Issuer's knowledge there are no known factors that will have a material adverse impact on its operations and finances.

Significant Developments after 31 March 2019

In the opinion of the Issuer's Board of Directors, other than disclosed above and elsewhere in this Offering Circular, there has not arisen, since 31 March 2019, any circumstances that materially and adversely affect the profitability or the value of the Issuer's assets or the Issuer's ability to pay its liabilities within the next 12 months.

BUSINESS

Some of the information in the following discussion, including information with respect to the Issuer's plans and strategies, contains forward-looking statements that involve risks and uncertainties. Investors should read "Forward-Looking Statements" for a discussion of the risks and uncertainties related to those statements. The Issuer's actual results may differ materially from those expressed in or implied by these forward-looking statements. Please also read "Risk Factors" for a discussion of certain factors that may affect the Issuer's business, financial condition or results of operations.

The Issuer's fiscal year ends on 31 March of each year, and references to a particular fiscal year are to the twelve months ended 31 March of that year. Unless otherwise indicated, the financial information included herein is based on the Issuer's financial statements for Fiscal Year 2017, Fiscal Year 2018, Fiscal Year 2019 and the six months ended 30 September 2019, included in this Offering Circular.

The Issuer has, up until the fiscal year ended 31 March 2018, prepared its financial statements in accordance with Indian GAAP, which differ in certain respects from generally accepted accounting principles in other countries. Indian GAAP also differs in certain significant respects from IFRS. Since 1 April 2018, the Issuer has prepared its financial statements in accordance with Ind AS. Figures prepared under different accounting standards, such as Indian GAAP and Ind AS, are not directly comparable. Please read "Risk Factors— The Issuer is required to prepare and present its financial statements under Ind AS with effect from 1 April 2018. The Issuer's Ind AS financial statements for the six months ended 30 September 2019 and for Fiscal Year 2019 are not comparable the Issuer's earlier financial statements, which were prepared in accordance with Indian GAAP" for a discussion of associated risks.

The Issuer has, in this Offering Circular, included various operational and financial performance indicators, some of which may not be derived from the Issuer's financial statements and have not been subjected to an audit or review by its statutory auditors. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and must evaluate such information in the context of the above-mentioned financial statements.

Overview

The Issuer is the sole financial institution to the Ministry of Railways and is the dedicated market borrowing arm of the Indian Railways. Its primary business is financing the acquisition of rolling stock assets and project assets of the Indian Railways and lending to other entities under the Ministry of Railways. The Ministry of Railways is responsible for the acquisition of rolling stock and for the improvement, expansion and maintenance of railways infrastructure. The Issuer is responsible for raising the finance necessary for such activity. Over the last three decades, the Issuer has played a significant role in supporting the capacity enhancement of the Indian Railways by financing a significant proportion of its annual plan outlay.

The Issuer is wholly-owned by the Government acting through the Ministry of Railways. The Issuer is registered with the RBI as an NBFC and is classified under the category of an "Infrastructure Finance Company" under Section 45-IA of the Reserve Bank of India Act, 1934. The Issuer was notified as a "Public Financial Institution" under the Companies Act through a notification dated 8 October 1993 issued by the Ministry of Corporate Affairs.

The Issuer follows a financial leasing model for financing the rolling stock assets and project assets of the Indian Railways. The period of lease with respect to rolling stock assets is typically 30 years comprising a primary period of 15 years followed by a secondary period of 15 years. In terms of the leasing arrangements, the principal amount and interest (the cost of funds) pertaining to the leased assets is effectively payable during the primary 15-year lease period, along with a margin agreed each year between the Ministry of Railways and the Issuer. For the second 15-year period, the Issuer charges the Indian Railways a nominal rate which is subject to revision on mutually acceptable terms. At the end of the lease period of 30 years, the relevant leased assets may be transferred to the Indian Railways, if requested by the Indian Railways, also at a nominal price. The lease periods for funding project assets for the Indian Railways are also 30 years, and follow a similar model as for rolling stock.

As of 31 March 2017, 2018 and 2019 and as of 30 September 2019, the Issuer financed 76.81%, 77.79%, 83.45% and 83.54%, respectively, in terms of units of the aggregate rolling stock assets held by the Indian Railways. The total value of rolling stock assets financed by the Issuer up to 31 March 2017, 2018 and 2019 and 30 September 2019 since commencement was Rs. 1,513,188.40 million, Rs. 1,699,887 million, Rs. 1,940,437.84 million and Rs. 2,086,955.09 million, respectively, while the value of rolling stock assets financed in Fiscal Year 2017, Fiscal Year 2018, Fiscal Year 2019 and in the six months ended 30 September 2019 was Rs. 142,808.40 million, Rs. 186,698.60 million, Rs. 240,550,84 million and Rs. 146,517.25 million, respectively. The following table sets forth certain information on the rolling stock assets financed by the Issuer since commencement of its business until 30 September 2019:

Rolling Stock Assets	**Assets financed in Fiscal Year**	**Total**

	Assets financed up to 31 March 2017 since commencement of business	2017	2018	2019	Assets Financed in six months ended 30 September, 2019	
			No. of Units			
Locomotives	8,998	608	645	707	440	10,796
Passenger coaches	47,825	2,280	3,947	5,598	3,272	60,642
Freight wagons	214,456	10,000	6,290	9,069	5,643	235,458
Cranes and track machines	85	Nil	Nil	Nil	Nil	85

In addition, the Issuer has also extended debt financing, in the past, to other entities under the administrative control of the Ministry of Railways, consistent with its objective of being the principal source of finance for the Indian Railways. The Issuer has in the past financed entities, including RVNL, Railtel Corporation of India Limited, Konkan Railway Corporation Limited and Rail Land Development Authority and Ircon. As of the date of this Offering Circular such loans have been repaid to the Issuer.

At the beginning of each Fiscal Year, the Ministry of Railways provides the Issuer with its target fund requirement based on its planned capital expenditure, which the Issuer meets by raising funds through various sources including the issue of taxable and tax-free bonds in India, term loans from banks/financial institutions, external commercial borrowings including bonds and syndicated loans, internal accruals, asset securitisation and lease financing.

For all the rolling stock assets acquired during a financial year by the Indian Railways, the Issuer enters into a lease agreement with the Ministry of Railways following the close of each respective Fiscal Year. Lease rentals include the Issuer's capital recovery, the cost of borrowing and a certain margin agreed between the Issuer and the Ministry of Railways.

The Issuer's revenue from operations was Rs. 90,467.74 million in Fiscal Year 2017 and Rs. 110,185.09 million in Fiscal Year 2018, each as per Indian GAAP. The Issuer's revenue from operations was Rs. 111,323.22 million in Fiscal Year 2019 and Rs. 66,572.47 million in the six months ended 30 September 2019, each as per Ind AS. The Issuer's profit after tax was Rs. 9,338.11 million in Fiscal Year 2017 and Rs. 20,073.07 million in Fiscal Year 2018, each as per Indian GAAP. The Issuer's profit after tax was Rs. 22,547.49 million in Fiscal Year 2019 and Rs. 17,147.96 million in the six months ended 30 September 2019, each as per Ind AS. The Issuer's loan assets, which includes lease receivables, advances for funding of railway projects and loans to railway entities, were Rs. 1,229,702.20 million as of 31 March 2017 and Rs. 1,520,695.01 million as of 31 March 2018, each as per Indian GAAP. Such loan assets were Rs. 2,009,136.56 million as of 31 March 2019 and Rs. 2,218,875.61 million as of 30 September 2019, each as per Ind AS. Annual disbursements to the Ministry of Railways was Rs. 274,879.71 million in Fiscal Year 2017 and Rs. 367,222.34 million in Fiscal Year 2018, each as per Indian GAAP, and Rs. 525,351.84 million in Fiscal Year 2019 and Rs. 245,343.25 million in the six months ended 30 September 2019, each as per Ind AS. The Issuer's capital adequacy ratio was 355.88% as of 31 March 2017 and 214.75% as of 31 March 2018, each as per Indian GAAP, and 259.46% as of 31 March 2019 and 303.78% as of 30 September 2019, each as per Ind AS. As of 30 September 2019, the Issuer did not have any non-performing assets.

The Issuer has received the highest credit ratings from CRISIL – AAA, ICRA – ICRA (AAA) and CARE – CARE AAA. In Fiscal Year 2019, it has been accorded with Baa2 (Negative) rating by Moody's, BBB- (Stable) rating by Standard and Poor's, BBB- (Stable) rating by Fitch and BBB+ (Stable) rating by Japanese Credit Rating Agency which are on par with India's sovereign ratings.

Strengths

The Issuer believes that the following are its competitive strengths:

Strategic role in financing growth of the Indian Railways

The Issuer was incorporated as the dedicated market borrowing arm for the Indian Railways and has played a strategic role in financing the operations of the Indian Railways. As of 31 March 2017, 2018 and 2019 and as of 30 September 2019, the Issuer financed 76.81%, 77.79%, 83.45% and 83.54%, respectively, in terms of units of the aggregate rolling stock assets held by the Ministry of Railways as of such dates. The issuer also financed 23.48%, 32.87%, 32.75% and 38.68% of the planned capital outlay of the Indian Railways as of 31 March 2017, 2018 and 2019 respectively. In Fiscal Year 2017 and Fiscal Year 2018, the Issuer financed assets worth Rs. 274,879.71 million and Rs. 367,222.54 million, each as per Indian GAAP In Fiscal Year 2019 and the six months ended 30 September 2019 the Issuer financed assets worth Rs. 525,351.84 million and Rs. 245,343.25 million, respectively, each as per Ind AS. Its financing targets are determined annually by the Ministry of Railways based on the difference between the annual planned capital expenditure and allocation as part of the Union Budget of India.

In addition to financing of rolling stock assets, the Issuer has also financed railway projects and other capacity enhancement works of the Indian Railways aggregating to Rs. 246,784.90 million as of 31 March 2017 and Rs. 394,383.84 million as of 31 March 2018, each as per Indian GAAP, and Rs. 668,724.84 million as of 31 March 2019 and Rs. 761,240.84 million as of 30 September 2019, each as per Ind AS.

The Issuer believes that the extensive expansion plans of the Indian Railways in the future will involve significant financing, and the Issuer believes that its operations, as a primary financing source for the Indian Railways, will increase significantly. The Indian

Railways have laid down a capital expenditure plan from Fiscal Year 2016 to Fiscal Year 2020 of Rs. 8,560.2 billion (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*) and Rs. 50 lac crore from Fiscal Year 2018 to Fiscal Year 2030 (*Source: "Union Budget 2019-2030"*). The Issuer is expected by the Ministry of Railways to mobilise and Rs. 1.5 trillion for funding railway projects in relation to rolling stock to fund its proposed capital expenditure plan from Fiscal Year 2016 to Fiscal Year 2020.

The Ministry of Railways has provided targets for market borrowings for funding of rolling stock assets and project assets for Fiscal Year 2020, which includes financing of Rs. 284,000 million for rolling stock assets and financing of Rs. 6,310 million for project assets being executed by RVNL from the Issuer and financing Rs. 264,400 million for project assets through institutional finance. The Ministry of Railways provides its target to the Issuer at the beginning of each Fiscal Year determining the Issuer's role in its financing requirements, which the Issuer undertakes to meet through various sources including taxable and tax-free bonds issuances, term loans from banks/financial institutions, external commercial borrowings, internal accruals, asset securitisation and lease financing. Some of these funds are also utilised for debt financing provided to other entities under the administrative control of the Ministry of Railways.

Competitive cost of borrowings based on strong credit ratings in India and diversified sources of funding

The Issuer meets its funding requirements through various sources. The Issuer funds acquisitions of rolling stock assets and project assets through market borrowings of various maturities and currencies. The Issuer's ability to source external commercial borrowings in the form of syndicated foreign currency loans and issuance of bonds and notes in the offshore markets at competitive rates supplement the funds available to it from domestic sources. In addition to equity infusion from time-to-time by the Government, the Issuer's long and medium term sources of funding include taxable and tax-free bond issuances, term loans from banks and other financial institutions, external commercial borrowings, internal accruals, asset securitisation and lease financing. Most recently the Government through the Ministry of Railways in Fiscal Year 2019 made an equity infusion amounting to U.S.$408 million. Previously in Fiscal Years, 2016, 2015 and 2014, the Government made equity infusions amounting to U.S.$343 million, U.S.$78 million and U.S.$90 million, respectively. The Issuer also has a diverse base of investors from whom it raises funds through its issuance of bonds (taxable and tax-free). These include banks and other financial institutions, corporates, public (including high net worth individuals, retail investors and non-resident investors), trusts and mutual funds. The table below sets forth the Issuer's sources of funding as of 31 March 2019 and as of 30 September 2019

Particular	**Total borrowings as of 31 March 2019**		**Total borrowings as of 30 September 2019**	
	Amount	**Percentage**	**Amount**	**Percentage**
	(Rs. million)		*(Rs. million)*	
Long Term Borrowing				
Bonds – Taxable	794,348.94	45.45%%	912,034.94	49.26%
Bonds – Tax Free	340,075.10	19.50%	340,075.10	18.37%
Bond 54 EC	13,251.83	0.19%	6,282.63	0.34%
External Commercial Borrowings	99,598.72	5.71%	123,778.79	6.69%
Rupee Term Loan	452,905.00	25.97%	397,250.00	21.46%
Short Term Borrowing				
Term Loan	24,198.97	1.39%	48,320.00	2.61%
Commercial Paper	129,859.77	1.71%	23,589.50	1.27%
Total	1,744,238.33	100.00%	1,851,330.96	100.00%

For details, see "– *Sources of Funding*".

The Issuer's weighted average cost of new borrowings in Fiscal Year 2017, 2018, 2019 and for the six months ended 30 September 2019 were 7.15%, 7.75%, 8.04% and 7.40%, respectively, for acquisition of assets. The Issuer has received the highest credit ratings from CRISIL – AAA, ICRA – ICRA (AAA) and CARE – CARE AAA. In Fiscal Year 2019, the Issuer received a Baa2 (Negative) rating by Moody's, BBB- (Stable) rating by Standard and Poor's, BBB- (Stable) rating by Fitch and BBB+ (Stable) rating by Japanese Credit Rating Agency which are on par with India's sovereign ratings.

Consistent financial performance and cost-plus model

The Issuer has demonstrated consistent growth in terms of funding and profitability. The Issuer's revenue from operations was Rs. 90,467.74 million in Fiscal Year 2017 and Rs. 110,185.09 million in Fiscal Year 2018, each as per Indian GAAP. The Issuer's revenue from operations was Rs. 111,323.22 million in Fiscal Year 2019 and Rs. 66,572.47 million in the six months ended 30 September 2019, each as per Ind AS. The Issuer's profit after tax was Rs. 9,338.11 million in Fiscal Year 2017 and Rs. 20,073.07 million in Fiscal Year 2018, each as per Indian GAAP. The Issuer's profit after tax was Rs. 22,547.49 million in Fiscal Year 2019 and Rs. 17,147.96 million in the six months ended 30 September 2019, each as per Ind AS. The Issuer's total outstanding borrowings were Rs. 1,063,948.62 million as of 31 March 2017 and Rs. 1,349,525.79 million as of 31 March 2018, each as per Indian GAAP. Issuer's total outstanding borrowings were Rs. 1,739,326.75 million as of 31 March 2019 and Rs. 1,846,316.54 million as of 30 September 2019, each as per Ind AS. The Issuer's long-term loans and advances were Rs. 1,166,270.41 million as of 31 March 2017 and Rs. 1,520,695.01 million as of 31 March 2018, each as per Indian GAAP. The Issuer's long-term loans and advances were Rs. 2,009,136.56 million as of 31 March 2019 and Rs. 2,218,875.61 million as of 30 September 2019, each as per Ind AS. The Issuer's net worth was Rs. 120,095.97 million as of 31 March 2017 and Rs. 135,652.10 million as of 31 March 2018, each as per Indian

GAAP, and Rs. 185,855.13 million as of 31 March 2019 and Rs. 200,492.04 million as of 30 September 2019, each as per Ind AS. The Issuer's reserves and surplus was Rs. 54,831.37 million as of 31 March 2017 and Rs. 70,387.5 million as of 31 March 2018, each as per Indian GAAP, and Rs. 92,050.53 million as of 31 March 2019 and Rs. 106,686.44 million as of 30 September 2019, each as per Ind AS. Since Fiscal Year 1991, the Issuer has consistently made dividend distributions. In Fiscal Year 2017, 2018 and 2019, the Issuer has paid dividend (including dividend tax) of Rs. 4,495.65 million, Rs. 4,516.94 million and Rs. 4,822.21 million, respectively.

Furthermore, annual disbursements to the Ministry of Railways was Rs. 274,879.71 million in Fiscal Year 2017 and Rs. 367,222.34 million in Fiscal Year 2018, each as per Indian GAAP, and Rs. 525,351.84 million in Fiscal Year 2019 and Rs. 245,343.25 million in the six months ended 30 September 2019, each as per Ind AS. The Issuer's capital adequacy ratio was 355.88% as of 31 March 2017 and 214.75% as of 31 March 2018, each as per Indian GAAP, and 259.46% as of 31 March 2019 and 303.78% as of 30 September 2019, each as per Ind AS. As of 30 September 2019, the Issuer did not have any non-performing assets.

The Issuer's cost-plus based Standard Lease Agreement with the Ministry of Railways has historically provided it with an interest spread over its borrowing costs agreed annually with the Ministry of Railways. In Fiscal Year 2018, pursuant to the Issuer's arrangements with the Ministry of Railways, the Issuer was entitled to a spread of 0.50% over its average cost of borrowing, including its costs to hedge currency exchange and interest rate fluctuations until Fiscal Year 2017, which has been brought down to 0.30% from Fiscal Year 2018. However, the spread for Fiscal Year 2019 has been revised upward to 40 bps. Similarly, the Issuer follows the cost-plus pricing model for its financing to other entities under the administrative control of the Ministry of Railways. Such financing activity has allowed the Issuer to maintain an average net interest margin of approximately in Fiscal Year 2017 and 1.88% in Fiscal Year 2018, each as per Indian GAAP, and 1.67% in Fiscal Year 2019 and 0.81% for the six months ended 30 September 2019, each as per Ind AS.

In addition, the Issuer believes its low overhead and administrative costs and high operational efficiency has resulted in increased profitability. Its employee benefit and other expenses were Rs. 29.95 million in Fiscal Year 2017 and Rs. 54.40 million in Fiscal Year 2018, each as per Indian GAAP and Rs. 62.51 million in Fiscal Year 2019 and Rs. 22.52 million for the six months ended 30 September 2019, each as per Ind AS, and accounted for 0.03%, 0.05%, 0.06% and 0.03% of total revenue from operations, respectively, in such periods and under such accounting standards.

Low risk business model

The Issuer believes that its relationship with the Ministry of Railways enables it to maintain a low risk profile. Under the terms of the Standard Lease Agreement, liquidity risks and financial risks including interest rate and exchange rate variation risks are transferred to the Ministry of Railways, enabling the Issuer to earn a fixed spread over the life of the lease. Risks relating to damage to rolling stock assets as a result of natural calamities and accidents are also passed on to the Ministry of Railways.

As of 30 September 2019, lease receivable and advance for funding of railway project constituted 97.05% of the Issuer's total loan assets including lease receivables, funding for railway projects and loans disbursed to RVNL and Ircon. In addition, as of 30 September 2019, loans to RVNL and Ircon represented 2.95% of its total loan assets including lease receivables, funding for railway projects and loans disbursed to RVNL and Ircon. As of 30 September 2019, the Issuer did not have any non-performing assets. Although historically the Issuer has not been required to resort to such funding from the Ministry of Railways, its liquidity risk is also minimised as the Ministry of Railways is required to cover any funding shortfall required by the Issuer for the redemption of bonds issued by the Issuer on maturity or repay term loan facilities availed by the Issuer. The Ministry of Railways has historically never defaulted in its payment obligations under the terms of the Issuer's Standard Lease Agreement with the Ministry of Railways.

In order to minimise interest rate and foreign currency exchange risks, the Issuer enters into hedging arrangements with respect to a portion of its interest rate risk and foreign currency exposure arising from its external commercial borrowings. If entered into at the time of new financing, the costs of such hedging arrangements are passed to the Ministry of Railways as borrowing costs. As 30 September 2019, the Issuer had hedged its interest rate risk to the extent of 24.70%, of its total exposure. Considering, the longer residual maturity the Issuer has not hedged any currency exposure with regard to the Issuer's ECBs.

Strong asset-liability management

In addition to traditional cash flow management techniques, the Issuer manages its cash flows through an active asset and liability management strategy. The Issuer's asset-liability management model is structured in a manner which ensures that it has minimum asset-liability mismatches. The Issuer borrows on a long-term basis to align with the long-term tenure of the assets funded by it. For instance, the Issuer's advances that have a term of over five years constituted 70.10% of its total advances as of 30 September 2019, while its borrowings that have a repayment term exceeding five years accounted for 67.24 of its total borrowings as of 30 September 2019. The Issuer believes that such an approach of matching the tenure of its advances with its borrowings allows the issuer to better manage its liquidity and meet the growing demands of the Indian Railways. To ensure that the Issuer always has sufficient funds to meet its commitments, it maintains satisfactory levels of liquidity to ensure availability of funds at any time to meet operational and statutory requirements.

Furthermore, in the event the Issuer does not have sufficient funds to redeem bonds or repay term loans owing to inadequate cash flows during a Fiscal Year, the Ministry of Railways is required under the Standard Lease Agreement to provide for such shortfall through bullet payments in advance prior to maturity of the relevant bonds or term loans. Such payments are required to be adjusted in the subsequent lease rentals payable under the respective Standard Lease Agreement.

Experienced senior management and committed team

The Issuer believes that the industry knowledge and experience of its senior management has enabled it to develop and implement a consistent business plan and streamlined operational procedures, and allowed it to maintain consistent business growth over the years. Members of the Issuer's senior management team have extensive experience in the finance industry.

The Issuer also has an experienced and committed team. As of the date of this Offering Circular, the Issuer has 24 employees. The Financial Commissioner of the Indian Railways is the Issuer's non-executive chairman. In addition to the Managing Director and the Director – Finance, the executive officers include two general managers, an additional general manager and two deputy general managers. The Issuer's senior management team and executive team have a range of professional qualifications and experience in corporate lending, structured finance and law, working at government agencies as well as leading commercial banks and financial institutions.

Business Strategies

The Issuer's principal business strategies include the following:

Diversification of borrowing portfolio

The Issuer has historically issued, through public issues of tax-free bonds and private placements of tax-free and taxable bonds with innovative structures, securitised receivables from the Ministry of Railways and availed external commercial borrowings including syndicated loans, bonds and notes. The Issuer continues to diversify its borrowing portfolio through a range of financing instruments including through issuance of 'green bonds' and 'medium term notes'. For example, in March 2019, the Issuer set up its first U.S.$2 billion Euro Medium Term Note ("**EMTN**") Programme and issued U.S.$500 million Notes due in March 2024 under this EMTN Programme. In addition, the Issuer issued 'Reg-S Bonds Green Bond 1st Series' of U.S.$500 million in December 2017. Furthermore, the Issuer has issued bonds aggregating to Rs. 15.80 billion having a 'green shoe option' of Rs. 7.90 billion that was exclusively reserved for the Bharat Bonds Exchange Traded Fund set up by the Cabinet Committee on Economic Affairs and the Department of Investment and Public Asset Management.

As part of the Issuer's diversification strategy, it continues to explore additional fund-raising options at cost effective rates, including issuing Indian Rupee denominated bonds in international markets. The Issuer may explore funding from sovereign wealth funds and pension funds, as well as multilateral agencies such as the World Bank and the Asian Development Bank where the Issuer's funding requirements are aligned with their infrastructure and development funding targets. For example, in May 2019, the Issuer entered into a facility agreement with Asian Development Bank and the Ministry of Railways for an amount of U.S.$750 million. In addition, the 'Multilateral Investment Guarantee Agency', a member of the World Bank, approved a potential credit enhancement for a foreign currency denominated loan for the Issuer, subject to certain conditions, for an amount of up to U.S.$1 billion having a tenor of up to 15 years. The Issuer believes that a diversification of its borrowing portfolio will enable it to raise more funds at a lower cost.

In addition, the Government has allowed the Issuer to raise tax saying bonds under section 54EC(ba) of Income Tax Act, 1961 pursuant to the notification dated 8 August 2017 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance Government of India. This has enabled the Issuer to raise funds at a relatively lower cost than funds raised through taxable bonds of similar tenor.

Broaden the Issuer's financing portfolio

While the Issuer acts as the principal source of finance for the Ministry of Railways, it continues to focus on funding the rolling stock assets requirements of the Indian Railways. The Issuer plans to diversify its financing portfolio and broaden its lending activities by funding financially viable railways and related infrastructure projects. The Issuer plans to fund various railways projects including those relating to the decongestion of the railways network and the expansion of the existing network of the Indian Railways. The Issuer also intends to fund projects undertaken by other Ministry of Railways entities to improve railways infrastructure in India. The Issuer further intends to meet the financing requirements of public private partnership projects, including funding of redevelopment of stations as well as manufacturing of rolling stock assets.

The Issuer intends to leverage its role as a primary financing partner of the Ministry of Railways to provide financing for various joint venture entities established by the Ministry of Railways with various state governments and other public sector undertakings for the development of railways infrastructure across India. The Issuer also intends to further diversify its lending portfolio by addressing the various financing requirements of the entities under the Ministry of Railways, including by extending guarantees to entities under the Ministry of Railways and providing short term borrowings. The Issuer believes that this will enable it to more effectively address the funding requirements of the Indian railways sector and ensure financing for focused implementation and monitoring of railways projects.

In addition to providing financing support for the Ministry of Railways and other entities administered by the Ministry of Railways, the Issuer also plans to diversify its financing portfolio to include forward and backward linkages for railways sector. The Issuer believes that such core infrastructure focused businesses will benefit from the significant investment proposed by the Government and various state governments as well as by the private sector.

Continued focus on asset-liability management

In order to manage its liquidity risk and interest rate risk, the Issuer intends to continue to undertake periodic analysis of profiles of its assets, liabilities, receipts and debt service obligations. As part of the Issuer's measures to improve its asset-liability management,

it takes into account interest rate forecasts and spreads, internal cost of funds, operating results, projected funding needs of the Ministry of Railways, projected loan disbursements, its current liquidity position and funding strategies. Going forward, the Issuer intends to have a strong in-house team comprised of consultants to provide guidance and inputs on improving its asset-liability framework and strategies. The Issuer will continue to target funding sources with long-term repayment schedules that match with the lease term of the rolling stock assets and project assets that it funds.

Provide advisory and consultancy services and venture into syndication activities

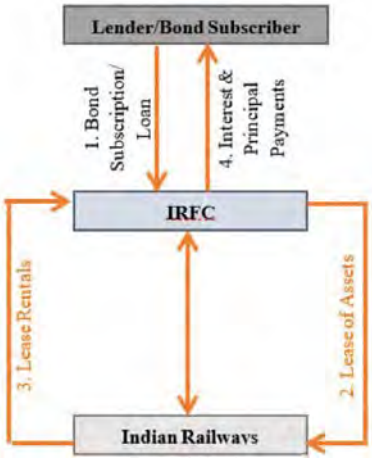
The Issuer intends to leverage its significant and diversified experience in fundraising and financing activities for the Indian Railways to provide financial structuring advisory and consultancy services. The Issuer intends to assist other Indian Railways entities with their funding requirements, providing strategic advice on long-term access to capital, acquisition finance and equity capital. The Issuer further intends to leverage its significant industry experience as an NBFC and an infrastructure finance company to provide customised financing solutions for other railway entities.

The Issuer also proposes to leverage its role as the principal source of finance for the Ministry of Railways to venture into syndication activities. It intends to engage in loan syndication and equity syndication. Railways is a capital- intensive industry and a syndicate of lenders is often required to meet the large scale financing requirements of railways projects. The Issuer believes its extensive industry knowledge and financing experience will enable it to act as a syndicate arranger for the Indian Railways and other related entities, and ensure financial closure for railways and related projects.

Leasing Operations

Under the terms of the Standard Lease Agreement, the Issuer as a lessor of the rolling stock assets retains legal title to such leased assets. The lease period with respect to rolling stock assets is typically 30 years, comprising an initial primary period of 15 years and a secondary period of 15 years. At the end of 30 years, the assets may be sold to the Ministry of Railways, if requested, for a nominal price. For example, the leases executed for rolling stock assets in Fiscal Year 1988 and Fiscal Year 1989 for Rs. 7,703.29 million and Rs. 8,607.27 million, expired on 31 March 2018 and 31 March 2019, respectively. During the primary and secondary lease periods for such leases, the full value of assets, including interest, has been recovered from the Ministry of Railways. These assets have outlived their useful economic life and the Issuer, as of the date of this Offering Circular is in the process of transferring these assets to the Ministry of Railways.

The Ministry of Railways determines the Issuer's annual financing objectives to meet its funding requirements for rolling stock assets acquisition and railways infrastructure projects. The Issuer enters into a Standard Lease Agreement with the Ministry of Railways after the end of the financial year, based on standard terms. The Standard Lease Agreement provides for the lease of rolling stock assets delivered into service during the financial year with an internal rate of return on the lease fixed at a mark-up over the average borrowing cost for the Fiscal Year to which it pertains and the repayment, over a 15 year period, of principal and interest under the relevant borrowings. The Standard Lease Agreement is applicable with effect from the commencement of the financial year in which the relevant rolling stock assets were delivered into service. The lease rentals are payable on a half-yearly basis in advance. The Standard Lease Agreement includes detailed information of the acquired rolling stock assets as well as the lease rentals payable by the Ministry of Railways to the Issuer. For details, see "– *Terms of the Standard Lease Agreement*".



The Issuer's cost-plus based lease agreement with the Ministry of Railways has historically provided the Issuer with a fixed agreed spread on the finance costs for incremental assets leased. The following table sets forth certain information with respect to the spread on incremental assets leased to the Ministry of Railways in the periods indicated:

Period	**Cost to Ministry of Railways**	**Average Cost of Funds to the Issuer for financing Rolling Stock Assets**	**Spread on Incremental Assets leased**
		(%)	

Fiscal Year 2013	8.62%	8.12%	0.50%
Fiscal Year 2014	8.39%	7.89%	0.50%
Fiscal Year 2015	8.96%	8.46%	0.50%
Fiscal Year 2016	8.12%	7.62%	0.50%
Fiscal Year 2017	7.65%	7.15%	0.50%
Fiscal Year 2018	8.05%	7.75%	0.30%
Fiscal Year 2019	8.49%	8.09%	0.40%
30 September 2019	7.80%	7.40%	0.40%

The Issuer has no direct contact with the manufacturers of rolling stock assets and requisite orders and specifications are provided by the Ministry of Railways directly to the manufacturers. Any subsequent improvement to the rolling stock assets are undertaken at the cost of the Ministry of Railways.

The following table sets forth certain information with respect to the value of assets leased during the periods indicated:

Period	**Value of Assets Leased**
	(Rs. million)
Fiscal Year 2013	150,344.99
Fiscal Year 2014	147,845.08
Fiscal Year 2015	107,710.24
Fiscal Year 2016	160,787.10
Fiscal Year 2017	142,808.41
Fiscal Year 2018	186,698.64
Fiscal Year 2019	240,550.84
Six months ended 30 September 2019	146,517.25

Historically, the Issuer has not experienced any delay in payments due to the Issuer from the Ministry of Railways.

The following table sets forth the details of the rolling stock assets financed by the Issuer and the total rolling stock assets held by the Indian Railways during the periods indicated:

Particulars	**Rolling stock assets held by the Indian Railways**	**Rolling stock assets financed by the Issuer**	**Percentage of rolling stock assets financed by the Issuer**
	No. of units		*(%)*
As of 31 March 2019			
Locomotives	N/A	1,0350	N/A
Passenger coaches	N/A	57,370	N/A
Freight wagons	N/A	229,815	N/A
In Fiscal Year 2019			
Locomotives	N/A	707	N/A
Passenger coaches	N/A	5,598	N/A
Freight wagons	N/A	9,069	N/A
As of 31 March 2018			
Locomotives	11,764	9,643	82%
Passenger coaches	71,823	51,772	72%
Freight wagons	279,308	220,746	79%
In Fiscal Year 2018			
Locomotives	684	645	94%
Passenger coaches	4,684	3,947	84%
Freight wagons	8,000	6,290	79%
As of 31 March 2017			
Locomotives	11,461	8,998	79%
Passenger coaches	70,937	47,825	67%
Freight wagons	277,987	214,456	77%
In Fiscal Year 2017			
Locomotives	640	608	95%
Passenger coaches	4,302	2,280	53%
Freight wagons	10,718	10,000	93%
As of 31 March 2016			
Locomotives	11,122	8,390	75%
Passenger coaches	70,085	45,545	65
Freight wagons	251,295	204,456	81
In Fiscal Year 2016			
Locomotives	630	592	94%

Particulars	Rolling stock assets held by the Indian Railways	Rolling stock assets financed by the Issuer	Percentage of rolling stock assets financed by the Issuer
	No. of units		*(%)*
Passenger coaches	3,934	2,667	68%
Freight wagons	10,395	9,756	94%

Terms of Standard Lease Agreement

Under the terms of the Standard Lease Agreement, the Issuer is deemed to have acquired ownership of the rolling stock assets leased to the Ministry of Railways from the first day of the month in which the item of rolling stock assets are placed on line and/or released to traffic. The payments for the rolling stock assets, which the Issuer acquires, are made by the transfer of the specified purchase amount to the Ministry of Railways. Payment for the asset is required to be made in the month in which the relevant asset is deemed to have been acquired by the Issuer. In the event of any delay or non-payment by the Issuer in the relevant month, the Issuer is required to pay interest to the Ministry of Railways for any such delay at rates specified in the Standard Lease Agreement.

Under the terms of the Standard Lease Agreement, during the continuance of the lease:

- The Ministry of Railways is required to ensure that the rolling stock assets are in its possession and under its control;
- The Ministry of Railways is required to ensure that the Issuer's logo and other marks indicating its sole ownership of the relevant asset remains affixed on such asset;
- The Ministry of Railways is not entitled to claim right, title or interest in the rolling stock assets other than as lessee and is not entitled to deny the Issuer's ownership of the relevant assets;
- The Ministry of Railways is required to use and operate the rolling stock assets in the normal manner and is required to maintain such assets in good working condition, and repair such assets at its own expense, all in accordance with relevant operational manuals and standard maintenance practices of the Indian Railways. The Ministry of Railways is also required to comply with all statutory and other requirements relating to the storage, installation, use and operation of the rolling stock assets;
- The Ministry of Railways is required to ensure that the rolling stock assets are used and operated by qualified personnel for the purpose for which it is designed and may not, by act or omission, cause any warranty or the performance guarantee extended by the manufacturer to be invalidated or become unenforceable in whole or in part;
- The Ministry of Railways is required to arrange, at its own risk and expense, the transportation of the rolling stock assets from the place of manufacture to the place of installation and/or use;
- The Issuer is entitled, with prior notice in writing, to inspect, view and examine the rolling stock assets;
- The Ministry of Railways is not entitled to transfer, assign or otherwise dispose of or deal with the Issuer's rights, obligations or interests under the lease agreement by way of mortgage, charge, sub-lease, sale, assignment, hypothecation, pledge, encumbrance or lien or otherwise part with the possession of the rolling stock assets;
- The Ministry of Railways is required to indemnify the Issuer at all times from and against any loss or seizure of the rolling stock assets under distress, execution or other legal process;
- The Ministry of Railways is not entitled to make, except as expressly provided in the Standard Lease Agreement, any alterations, additions or improvement to the rolling stock assets or change the conditions thereof without the Issuer's prior written consent;
- The Ministry of Railways is required to bear any loss or damage caused to the rolling stock assets during the lease period as a result of accidents or natural calamities such as, amongst others, lightning, earthquake, flood, war, theft or civil commotion;
- The Ministry of Railways is required to reimburse all taxes, levies and charges on the rolling stock assets or part thereof or on any input or material or equipment used or supplied in or in connection with the rolling stock assets; and
- In the event of total loss and/or damage of rolling stock assets, the Ministry of Railways has the option to pay the Issuer the depreciated value of such rolling stock assets as mutually agreed between the Issuer and Ministry of Railways within three months from the date that such rolling stock assets are declared by the Issuer as a total loss. The Ministry of Railways is then entitled to discontinue payment of lease rentals in respect of such rolling stock assets.

The Ministry of Railways pays lease rentals to the Issuer in advance on a bi-annual basis in April and October of each fiscal year. Lease rentals are set to generate an internal rate of return over the first 15 year period of the lease equal to the cost to the Ministry of Railways. Lease payments are reconciled at the end of the fiscal year with actual amounts in relation to the rolling stock assets

acquired with the financing raised. The following table sets forth certain information relating to the lease pricing, which comprises principal repayment and interest payment (calculated on the agreed cost-plus basis), in the periods indicated:

Period	Lease Pricing[(1)]	Cost to the Ministry of Railways
		(%)
Fiscal Year 2013	11.51% per annum, semi-annual in advance over a primary lease period of 15 years	8.62%
Fiscal Year 2014	11.36% per annum, semi-annual in advance over a primary lease period of 15 years	8.39%
Fiscal Year 2015	11.72% per annum, semi-annual in advance over a primary lease period of 15 years	8.96%
Fiscal Year 2016	11.20% per annum, semi-annual in advance over a primary lease period of 15 years	8.12%
Fiscal Year 2017	10.90% per annum, semi-annual in advance over a primary lease period of 15 years	7.65%
Fiscal Year 2018	11.15% per annum, semi-annual in advance over a primary lease period of 15 years	8.05%
Fiscal Year 2019	11.43% per annum, semi-annual in advance over a primary lease period of 15 years	8.45%
30 September 2019	11.00% per annum, semi-annual in advance over a primary lease period of 15 years	7.80%

Note:
(1) Calculated on the basis of relevant rolling stock cost and simple (non-compounded) payment over the relevant period.

Any surplus funds with the Issuer are invested in short-term deposits to ensure availability of sufficient funds for redemption of bonds and repayment of loans. In the event the Issuer does not have sufficient funds to redeem bonds or repay term loans owing to inadequate cash flows during the fiscal year, the Ministry of Railways is required under the Standard Lease Agreement to provide for such shortfall, through bullet payments in advance prior to maturity of the relevant bonds or term loans. Such payments are required to be adjusted in the subsequent lease rentals payable under the respective Standard Lease Agreement. However, the Issuer has never availed such a facility from the Ministry of Railways to the date of this Offering Circular. Shortly before the commencement of each Fiscal Year the Issuer notifies the Ministry of Railways of the estimated lease rentals for all the assets acquired in the previous Fiscal Year and expected to be leased during the forthcoming Fiscal Year.

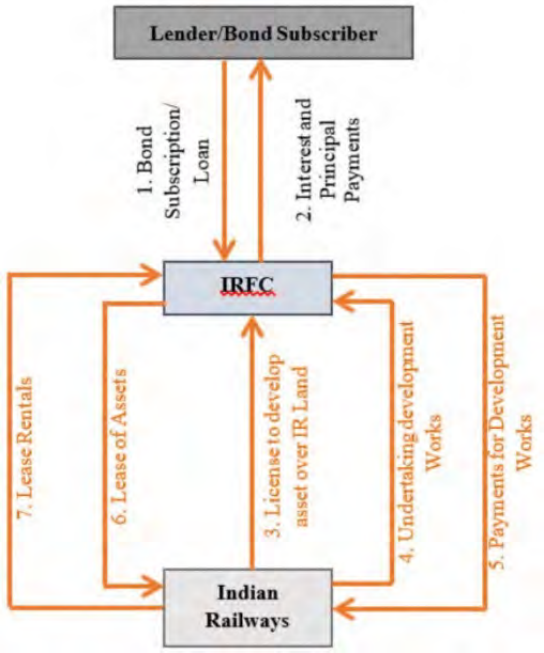
The Issuer received Rs. 65,679.97 million, Rs. 74,043.98 million, Rs. 85,002.29 million and Rs. 47,557.02 million in Fiscal Year 2017, 2018 and 2019 and the six months ended 30 September 2019, respectively, on account of capital recovery portion of lease rentals. Lease payments to the Issuer by the Ministry of Railways form part of the annual railway budget.

Loans

In addition to raising funds for the Indian Railways, the Issuer has also provided a loan of Rs. 49,584.30 million to RVNL. In addition, the Issuer has dispersed a sum of Rs. 32,000 million to Ircon. in Fiscal Year 2018. The total loan outstanding (RVNL and Ircon) constitutes 2.95% of the Issuer's total loan assets, which includes lease receivables, advances for funding of railway projects and loan to railway entities.

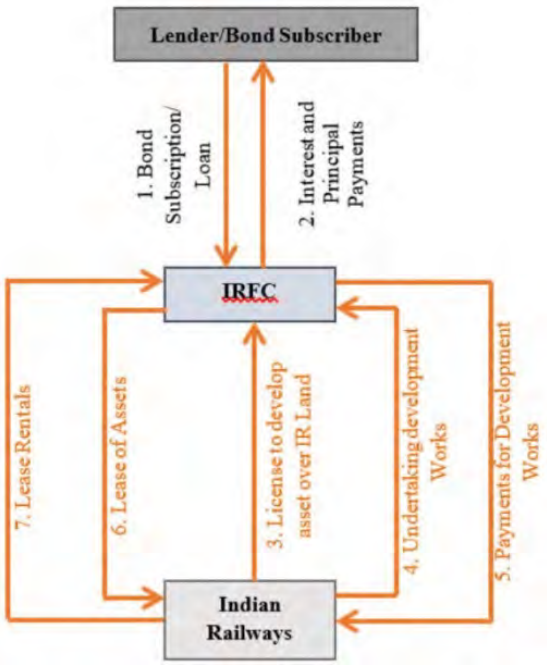
The Issuer entered into a loan agreement dated 10 July 2008 and a supplementary agreement dated 15 March 2013 with RVNL. The tenure for the loan is 15 years with an initial moratorium period of three years after which the loan shall be repaid in annual instalments with an interest rate determined by the Issuer on the basis of the annualised weighted average cost of borrowing for the period plus margin. The interest on funds provided to RVNL is charged on a yearly basis which is notified by the Issuer to the Ministry of Railways and RVNL within two months of the close of each Fiscal Year. The lending of funds by the Issuer to RVNL is in the form of a loan. Similarly, the term loan to Ircon dated 28 March 2018 has a tenure of five years and fifteen days with a moratorium of one year in which principal is not payable however interest is accrued. The loan is, repayable in five equal yearly instalments.

Financing of Project Assets



The Issuer also raises funds from the LIC. The Ministry of Railways entered into a MoU dated 11 March 2015 with LIC to avail Rs. 1,500,000 million over a period of five years, commencing from Fiscal Year 2016. Based on this MoU, the Issuer has entered into a MoU with the Ministry of Railways dated 23 May 2017 to be the conduit for the funding from LIC. The MoU provides for a tenor of 30 years for each instalment, with capitalisation of interest accruing in the first five years and repayment of principal in equal semi-annual instalments in 20 years commencing after a moratorium of 10 years. In Fiscal Year 2019, the Issuer was entitled to a spread of 35 bps in relation to the financing of project assets over its average cost of incremental borrowing which included the Issuer's costs to hedge currency exchange and interest rate fluctuations. As of 30 September 2019, outstanding borrowings from the LIC amounted to Rs. 180,000.00 million. The Issuer has raised funds by issuing bonds on a private placement basis to the LIC. Funds raised are being utilised for implementing identified railway projects. Similar to rolling stock leasing model, the Issuer acquires a leasehold interest in the project assets under a lease agreement and Ministry of Railways is required to pay lease rentals. The Issuer is, however, yet to execute the lease agreement, licence agreement and development agency agreement with the Ministry of Railways as the projects are still being developed and the costs to the Ministry of Railways have not been completely determined by the Ministry of Railways (in respect of the projects funding provided by the Issuer in Fiscal Years 2016, 2017, 2018, 2019 and 2020). Such lease agreement, licence agreement and development agency agreement will be executed on the completion of the development of the relevant project.

In addition, funding from the LIC matching requirements of the Indian Railways for projects has been constrained due to the exposure limit as per the extant guidelines prescribed by the Insurance Regulatory and Development Authority of India and accordingly, the Issuer has arranged funds from other sources to bridge the shortfall which has shorter tenor as compared to the tenor offunding from LIC The Issuer has requested the Ministry of Railways to maintain the tenor of lease between the Issuer and the Ministry of Railways corresponding to the tenor of borrowing for railway projects.



Other Agreements in relation to Project Assets

Lease agreement dated 26 August 2014 entered into by the Issuer and the President of India, through the Executive Director, Finance (Budget), Government in relation to project funding in Fiscal Year 2012

Pursuant to the memorandum of understanding dated 27 July 2012, entered into by the Issuer and the Government, the Issuer agreed to lease out infrastructure assets, such as doubling projects and electrification projects, to the Government. The primary lease period is for 15 years from 1 April 2011 and the secondary lease period commences from the date next to the expiry of the primary lease for 15 years or unless otherwise revised by mutual consent. The lease rental is calculated on the value of the infrastructure assets and amounts to Rs. 20,784.94 million. Prior to the execution of the lease agreement, the Issuer made pre-lease disbursements of Rs. 20,784.94 million by raising the funds by issuing tax-free bonds. The lease rental shall be paid in annual instalments on 15 October of every year. In case of any delay in payment of lease rentals, the Government shall pay an overdue rate until such delay subsists.

Licensing agreement dated 26 August 2014 between the Issuer and the President of India, through the Executive Director (Land and Amenities), Ministry of Railways (Railway Board), India

The Government is in the process of implementing projects such as doubling and electrification for the construction and development of infrastructure assets. Pursuant to the terms of the licensing agreement, the Issuer has undertaken to lease the infrastructure assets and accordingly, is required to carry out development works. Thus, in order to carry out such development works and own the infrastructure assets, the Government has granted the Issuer a licence. The Government has granted to the Issuer the right, amongst others, to carry out the development work on the land, to acquire, construct, erect, build, install, own, situate, keep, hold and beneficially enjoy the infrastructure asset on the land during the licence period, to transfer, sell or otherwise dispose of or enjoy the infrastructure asset. The Issuer may not use the land for any other purpose without the prior consent of the Government.

Further, the licence period shall commence from the date of this licencing agreement and shall terminate at the expiry on first anniversary of date of termination of the lease agreement. All costs in relation to the preparation and improvement of the land for carrying out the development work shall form part of the project cost. This licencing agreement for grant of lease of the infrastructure assets shall constitute sufficient and full consideration for grant of the licence rights under the licencing agreement. Further, the Issuer is not be liable to pay any license fee.

Development Agency agreement dated 26 August 2014 between the Issuer and the President of India, through the Executive Director (Land and Amenities), Ministry of Railways (Railway Board), India

The Issuer has also entered into a development agency agreement dated 26 August 2014 with the President of India, through the Executive Director (Works), Ministry of Railways (Railway Board), Government of India. Pursuant to the terms of the development agency agreement, the Government has undertaken to carry out the development works and construction of infrastructure assets on behalf of the Issuer in order to bring the infrastructure assets into a commercial usable state for the purpose of leasing such infrastructure assets.

Sources of Funding

The Issuer's sources of funds include taxable and tax-free bonds issuances, term loans from banks and financial institutions, commercial paper, external commercial borrowings, asset securitisation, internal accruals and lease financing. After the Union Budget is passed by the Indian Parliament each year (which since 2017 also included the railway budget), the Ministry of Railways notifies borrowing targets, namely how much funding it expects to receive from the Issuer during such Fiscal Year. The Issuer has an overall borrowing limit set out by its Shareholder, the Government. As of the date of this Offering Circular, the Issuer's borrowings cannot exceed a maximum monetary limit of Rs. 4,00,000 million. The Issuer's total outstanding borrowing as of 30 September 2019 was Rs. 1,846,316.54 million. All the Issuer's borrowings are referenced to funding targets assigned to it by the Ministry of Railways.

As of the date of this Offering Circular, the Issuer has been assigned target of Rs 554,710 million by the Ministry of Railways including Rs. 284,000 million for rolling stock, Rs. 264,400 million for projects and Rs. 6,310 million for meeting the needs of RVNL.

The following table sets forth the maturity profile and average interest rate of the Issuer's outstanding debt as of 31 March 2019:

	Fiscal Year 2020		Fiscal Year 2020 – Fiscal Year 2025		After Fiscal Year 2025	
	Maturity Amount	Interest Rate (per annum)(1)	Maturity Amount	Interest Rate (per annum)(1)	Maturity Amount	Interest Rate (per annum)(1)
			(Rs. million, except percentages)			
Domestic.....	238,115.87	6.70% to 8.55%	455,339.50	5.25% to10.7%	951,184.27	6.77% to 10.04%
Overseas (in other currencies)	208.89	3.15%	35,232.78	3.73%	64,157.05	.80 to 3.83.5%

Note:
(1) The interest rate range indicates the present rate of interest per annum applicable to the existing facilities
(2) Source: Indian Railways

The following table sets forth the maturity profile and average interest rate of the Issuer's outstanding debt as of 30 September 2019:

	Maturity Amount (up to one year)	Interest Rate (per annum)(1)	Maturity Amount (between one year and five years)	Interest Rate (per annum)(1)	Maturity Amount (more than five years)	Interest Rate (per annum)(1)
			(Rs. million, except percentages)			
Domestic.....	226,711.60	6.70 to 8.55%	384,390.28	5.25 to 10.70%	₹1,116.450.25	6.77 to10.04%
Overseas (in other currencies) .	213.15	3.15%	35,844.73	3.73%	₹87,720.92	0.80 to 3.83%

Note:
(1) The interest rate range indicates the present rate of interest per annum applicable to the existing facilities
(2) Source: Indian Railways

Domestic Borrowings

Bonds

Taxable Bonds: The Issuer issues unsecured, non-convertible, redeemable taxable bonds under various series typically with a maturity period of up to 30 years from the date of allotment. As of 30 September 2019, the Issuer's outstanding taxable bonds were Rs. 912,034.94 million bearing fixed interest rates. These bonds are issued on a private placement basis and majority of these bonds are listed on the "whole sale debt market segment" on the stock exchanges.

Tax-Free Bonds: The Issuer issues secured, non-convertible, redeemable tax-free bonds under various series typically with a maturity period ranging from 10 to 20 years from the date of allotment. As of 30 September 2019, its outstanding tax-free bonds were Rs. 340,075.10 million bearing fixed interest rates. These bonds are issued to retail, corporate and institutional investors through a public issue or on a private placement basis and are currently listed on the "whole sale debt market segment" on the Stock Exchanges (bonds raised through private placement) and the capital market segments of the NSE and the BSE (bonds raised through public issues). The Issuer is only able to issue tax-free bonds to the extent permitted by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, India.

54EC Capital Gain Bonds: The Issuer issues 54 EC Capital Gain bonds for which approval was received from the Ministry of Finance in Fiscal Year 2018. As of 30 September 2019, the outstanding 54EC Capital Gain bonds were Rs. 6282.63 million. The tenure of these bonds is between three to five years with coupon rate of between 5.25% to 5.75%.

Term Loans

The Issuer avails secured as well as unsecured long-term and short-term loans from various scheduled commercial banks and financial institutions and National Small Savings Fund. As of 30 September 2019, the amount outstanding on account of term loans is Rs. 445,570 million.

Commercial Paper

The Issuer issues commercial paper from time to time. It uses commercial paper as a source of short-term funds for its working capital needs and for bridge financing until such time as longer-term securities are placed. In Fiscal Year 2017, 2018 and 2019 and the six months ended 30 September 2019, the Issuer raised Rs. 57,671.94 million, Rs. 9,975.89 million, Rs. 29,859.77 million and Rs. 23,589.50 million, respectively, through issuance of commercial paper. The Issuer's commercial paper is rated "CARE A1+" by CARE, "ICRA A1+" by ICRA and "CRISIL A1+" by CRISIL, which is the highest possible rating in this category by these agencies.

International Borrowings

External Commercial Borrowings

The Issuer has raised funds through syndicated loans and term loans, and have issued foreign currency unsecured bonds (primarily in U.S. dollars and Japanese yen) which have been listed on international stock exchanges. As of 30 September 2019, the Issuer's outstanding foreign currency loans were Rs. 123,778.79 million.

The following table sets out details of the Issuer's external commercial borrowings:

Particulars of borrowing	Sanctioned amount	Principal outstanding amount (Rs. million) (as of 30 September, 2019)	Tenor	Rate of Interest* (per annum)	Redemption Date
External Commercial Borrowings					
Unsecured foreign currency bonds issued in offshore market					
Reg-S bonds under EMTN programme	U.S.$500 million	35,525.00 million	five years from deemed date of allotment	3.73% payable semi annually	29 March, 2024

Green Reg-S Unsecured fixed rate U.S.$500,000,000 Notes	U.S.$500 million	35,525.00 million	ten years from deemed date of allotment	3.835% payable semi annually	13 December, 2027
Secured Foreign Currency Term Loan					
Bank of India	U.S.$60 million	532.88 million	24 years (including the four years moratorium)	Six-month LIBOR + 1.25%	Repayable in 40 equal half-yearly instalments starting April 2002, after a moratorium of four years from the date of availment
Rupee Denominated Loan Facility from Asian Development Bank (ADB)	INR equivalent of U.S.$750 Million		20 Years	ADB's Funding Rate + 1.25%*	Repayable in 32 structured semi-annual instalments and the first repayment date shall be the first interest payment date falling four years after Financial Close
Unsecured Foreign Currency Loan					
American Family Life Insurance Company of Columbus (AFLAC-1)	JPY 12 billion equivalent to U.S.$145.90 million	10,365.96 million	15 years	2.85%	Bullet repayment on final maturity date 10 March, 2026
American Family Life Insurance Company of Columbus (AFLAC-2)	JPY 3 billion equivalent to U.S.$37.04 million	2,631.48 million	15 years	2.90%	Bullet repayment on final maturity date 30 March, 2026
Syndicated Foreign Currency Term Loan					
Syndicated JPY Loan-1	JPY 26.23 billion	17,401.81 million	10 years	6-month JPY LIBOR + 0.8%	Bullet repayment on final maturity date, 28 March, 2028
Syndicated JPY Loan-2	JPY 32.856 billion	21,796.67 million	7 years	6-month JPY LIBOR + 0.90%	Bullet repayment on final maturity date, 4 June, 2026

Assets

The Standard Lease Agreement for the Fiscal Year 2019 was executed on 5 September 2019. The majority of the assets of the Issuer comprise of lease receivables represented by rolling stock assets leased to the Ministry of Railways. In accordance with Indian Account Standard (AS) "Leases" ("**AS-19**") (which took effect from 1 April 2001), rolling stock assets classified as finance lease are not capitalised and are instead recognised in the books of the Issuer as lease receivables at an amount equal to the net investment in the leased assets. The Issuer had adopted AS-19 with retrospective effect and, accordingly, all the leased assets shown as fixed assets (net of accumulated depreciation and lease adjustment account) as of 31 March 2001 were transferred to "Lease Receivables Account". The Issuer has migrated to Ind-AS with effect from the fiscal year commencing on or after 1 April 2018 and there is no change in the position after the implementation of the relevant Ind-AS standard (i.e. IND AS-17). The accounting treatment required by AS-19 does not affect the legal ownership of the leased assets.

The Issuer owned and leased the following units of railway rolling stock assets to the Indian Railways for the periods:

Rolling Stock Assets	As of 31 March 2017		As of 31 March 2018		As of 31 March 2019		As of 30 September 2019	
	No. of Units	Book Value (Rs. million)	No. of Units	Book Value (Rs. million)	No. of Units	Book Value (Rs. million)	No. of Units	Book Value (Rs. million)
Locomotives	608	77,135.00	645	91,866	707	83,235.00	446	154740.10
Passenger coaches	2,280	38,708.77	3947	77,429.39	5,598	132,985.90	13,272	175,206.10
Freight wagons	10,000	26,964.64	6290	17,403.25	9,069	24,329.90	5,643	16,571.70
Total	12,888	142,808.41	10,882	186,698.64	15,374	240,550.84	9,361	146,517.90

Source: Indian Railways

Rolling stock assets have an average life of 30 years. As of 31 March 2019 and as of 30 September 2019, the Issuer's outstanding leased assets (net of capital recovery) to the Ministry of Railways were Rs. 1,250,265.12 million and Rs. 1,349,225.35 million, respectively, representing 62.22% and 60.80%, respectively, of the Issuer's total loan assets, which includes lease receivables, advances for funding of railway projects and loan to railway entities, as of such dates.

Other Assets

The Issuer invests its surplus funds in fixed deposits with scheduled commercial banks in accordance with the guidelines issued by the Department of Public Enterprises, issued from time to time.

Treasury Operations

The Issuer's treasury operations help the Issuer meet the funding requirements of the Indian Railways. The Issuer is well capitalised with diversified sources of funds. It has a dedicated resource mobilisation team which handles funding requirements, minimises the cost of the Issuer's borrowings, diversifies the sources of its funds, manages interest rate risk and invests surplus funds. The Issuer's finance team undertakes liquidity management by seeking to maintain an optimum level of liquidity. The Issuer's objective is to ensure adequate capitalisation to conduct its business without holding excessive cash.

Off Balance Sheet Arrangement

The Issuer has in the past also mobilised funds by undertaking asset securitisation transactions during Fiscal Year 2005, 2008, 2009, 2010 and 2011. The Issuer had executed asset securitisation transactions by securitising an identified portion of future lease rentals originating on its assets leased to Ministry of Railways.

Credit Ratings

Domestic Ratings

The Issuer has been accorded the highest ratings by all three domestic credit rating agencies namely, CRISIL, ICRA and CARE. Details of ratings assigned by such domestic credit rating agencies to the Issuer are as follows:

Rating Agency	Rating	Outlook
CRISIL (Debt Programme)	CRISIL AAA	Stable
ICRA (Short term Borrowing Programme).....	(ICRA) A1	—
ICRA (Long-term Borrowing Programme).....	(ICRA)AAA	Stable
CARE (Short term Market Borrowing Programme)	CARE A1+	—
CARE (Long-term Market Borrowing Programme)	CARE AAA	Stable

International Ratings

Details of the ratings assigned by international credit rating agencies to the Issuer are as follows:

Rating Agency	Rating	Outlook
Moody's	Baa2	Negative
Fitch	BBB-	Stable
Standard &Poor	BBB-	Stable
Japan Credit Rating Agency	BBB+	Stable

Prudential Norms

The Issuer is regulated principally by, and has reporting obligations to the RBI and is subject to the RBI's guidelines on the regulation of the systematically important NBFC-ND-SI and Infrastructure Finance Companies, which includes, among other things, matters related to capital adequacy, exposure, other prudential norms, deployment of assets, requirement of net owned funds and credit ratings. The RBI, from time to time, amends the regulatory framework governing NBFCs to address concerns arising from certain divergent regulatory requirements for banks and NBFCs. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy.

The Issuer, being a government company was exempt from capital adequacy and prudential norms until 31 May 2018. However, the RBI has since withdrawn the exemption granted to Government-owned NBFCs from 31 May 2018. As a result, the Issuer has to follow the capital adequacy and prudential norms, income recognition and asset classification norms, leverage ratio, corporate governance, standard asset provisioning and exposure norms as well as adoption of the Fair Practice Code ("**FPC**"), although it has an exemption from RBI to the extent of direct exposure to the Ministry of Railways and the Government. The Issuer's profitability and its capital adequacy ratio etc., will be adversely affected as a result of the mandatory application of prudential norms. Further, there can be no assurance that the RBI will not withdraw the existing exemptions including the Issuer's exposure to exposure to the Ministry of Railways and the Government and adoption of the FPC, which may adversely affect the Issuer's business, financial condition and results of operations. The Issuer is also subject to reporting obligations to the RBI.

Risk Management

Credit Risk

A major portion of the Issuer's assets are in the form of lease receivables from the Ministry of Railways that it believes carry minimal risk and, therefore, it has not previously made efforts to hedge such credit risks. Occasionally, the Issuer lends to other railway entities in the form of loans. The Issuer believes it is adequately covered for risks arising from such loans as these are covered either under a presidential directive or cash flows that constitute its receivables under such loans originated from the Ministry of Railways. The Issuer has in place robust internal control systems that, it believes, are commensurate with the nature and volume of its business. The Issuer has also established various risk management committees and an Asset Liability Committee comprising of the Managing Director, the Director – Finance and senior officials.

Operational Risk

The Issuer's internal controls and systems are reviewed periodically by its internal auditors. The internal audit function has been assigned to an independent firm of chartered accountants. The Issuer's Statutory Auditors are appointed by the Comptroller and Auditor General of India ("**C&AG**"), and the appointment is rotated periodically. In addition, the Issuer's accounts are subject to supplementary audit by the office of the C&AG as required under the Companies Act. The C&AG also conducts a proprietary audit.

Foreign Exchange Risk

The Issuer has a foreign exchange risk management policy approved by its Board. As part of its foreign exchange risk management policy, the Issuer has a Foreign Exchange Risk Management Committee that comprises the one general manager and one additional general manager.

A portion of the Issuer's interest rate risk and foreign exchange risks are effectively passed on to the Ministry of Railways through the Issuer's hedging strategy, pursuant to which it hedges certain of its interest rate risk and foreign currency exposure associated with its external commercial borrowings, and passes the costs of such hedging to the Ministry of Railways as part of the Issuer's borrowing costs. The Issuer adopts cost-effective risk management strategies to safeguard its operations against exchange rate variation risk on its overseas borrowings. Considering, the longer residual maturity, the Issuer has not hedged any currency exposure in regard to its ECBs.

Interest Rate Risk

The provision in the Standard Lease Agreement helps the Issuer maintain an appropriate matching of the interest rate sensitivity profile of its assets and its liabilities. The interest rate risk exposure is minimal under the provisions of the Standard Lease Agreement, as the exposure is passed on to the Ministry of Railways. As of 31 March 2019 and 30 September 2019, the Issuer had hedged its interest rate risk to the extent of 41.26% and 24.70%%, respectively, of its total exposure.

Technology

The Issuer maintains and upgrades its IT infrastructure periodically. This ensures faster processing of data and/or information. The Issuer uses information technology as a strategic tool in its business operations to improve its overall productivity. The Issuer intends to implement a standard ERP solution, which will allow for more efficiency and monitoring.

All critical data is backed-up daily with back-up servers to ensure data safety. The Issuer also trains its employees on the importance of safeguarding data.

Insurance

The Issuer maintains a standard insurance and fire insurance policy for its registered and corporate office, which is renewed every year. The Issuer is required to contribute to social security contributions including provident fund contributions and gratuity. Except for the policies, which are required by law, the Issuer has not taken up any other policies for its employees.

Employees

As of the date of this Offering Circular, the Issuer has 24 employees. Besides the Chairman, Managing Director and the Director – Finance, its executive officers include two general managers, one additional general manager and one deputy general manager. In order to enhance the professional input to its processes, the Issuer currently outsources a few non-core activities, such as internal auditing and accounting, to professional agencies.

Corporate Social Responsibility ("CSR")

The Issuer has constituted a CSR Committee that comprises of three independent directors, managing director and director (finance). One of the independent directors is the chairman of the committee. In accordance with the provisions of the Companies Act and guidelines issued by the Department of Public Enterprises, it has adopted a 'Corporate Social Responsibility and Sustainability Policy'.

Intellectual Property

The Issuer has applied for registration of its logo , and its slogans "Future on track" and "Bhavishya Path Par" are pending for approval with the Trade Marks Registry, Government of India. The Issuer has also obtained registration for its websites, "www.irfc.nic.in", "www.irfc.co.in" and "www.irfc.in".

Property

The Issuer's registered and corporate office is located at Upper Ground Floor, East Tower, NBCC Place, Bhisham Pitamah Marg, Pragati Vihar, Lodi Road, New Delhi – 110 003. The Issuer has entered into agreements to acquire its registered and corporate office, however, the execution of a sale deed and registration formalities are yet to be completed. For details see, "*Risk Factors - The Issuer has not registered the title documents to its registered and corporate office premises and accordingly the title to the Issuer's office premises may be imperfect.*".

THE ISSUER'S RELATIONSHIP WITH THE GOVERNMENT

The Issuer is subject to regulation by a number of bodies. The Issuer is a Schedule 'A' Public Sector Enterprise under the administrative control of the MoR. It is also registered as Systemically Important Non–Deposit Taking Non-Banking Financial Company ("**NBFC-ND-SI**") and is sub-classified as an Infrastructure Finance Company ("**NBFC-IFC**") with the RBI. As a public-sector company, it is regulated by the Department of Public Enterprises under the Ministry of Heavy Industry and Public Enterprises of the Government. The Issuer is also subject to the regulations applicable to public sector enterprises and its accounts are reviewed by the Comptroller and Auditor General of India. As a company, it is subject to the Ministry of Corporate Affairs. In addition, as an NBFC, the Issuer is regulated by the RBI and is required to comply with the applicable regulations and guidelines issued by the RBI and make periodic reports to it.

The Issuer is a company wholly-owned by the Government. Its share capital is 100% owned by the President of India.

The President of India is, under the Articles of Association of IRFC, entitled to issue directives to it as to activities to be undertaken by the Issuer. As of the date of this Offering Circular, this has happened three times: (i) loans to Konkan Railway Corporation Ltd., an enterprise owned by the Government; (ii) a loan by Japan Bank for International Cooperation (formerly The Export-Import Bank of Japan) and the on-lending of the proceeds to the Ministry of Finance; and (iii) a loan to RailTel Corporation of India Limited.

Under the terms of previous Standard Lease Agreements, the Ministry of Railways has agreed with the Issuer to ensure that if it is unable to redeem the relevant bonds at maturity and/or repay its loans which it undertook as a source of funds to finance acquisition of rolling stock to be leased to the Ministry of Railways due to inadequate cash flows, the Ministry of Railways will make good such shortfall by making advance payments of lease rentals. The Issuer expects future Standard Lease Agreements to contain an equivalent assurance.

ASSETS AND LIABILITIES

Unless otherwise stated, the financial information of the Issuer used in this section has been derived from, and should be read together with, the financial statements of the Issuer, including the notes thereto, included elsewhere in this Offering Circular and the sections *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* and *"Business"* of this Offering Circular, to the extent that our financial performance and financial condition are discussed in those sections.

Long Term Borrowings

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	As of 31 March 2017		As of 31 March 2018	
	Non Current	Current	Non Current	Current
	(Rs. millions)		*(Rs. millions)*	
Secured				
Bonds from Domestic Capital Market	723,475.04	19,275.60	781,605.04	92,170.00
54 EC Bonds from Domestic Capital Market	0.00	0.00	1,374.88	0.00
Rupee Term Loans from Banks(1)	1,000.00	0.00	42,000.00	0.00
Rupee Term Loans from NSSF(1)	0.00	0.00	100,000.00	0.00
Foreign Currency Term Loans	787.20	196.80	589.50	196.50
Total Secured Borrowings	**725,262.24**	**19,472.40**	**925,569.42**	**92,366.50**
Unsecured				
Bonds from Domestic Capital Market	100,000.00	0.00	162,000.00	0.00
Bonds from Overseas Capital Market	32,800.00	19680.00	32,750.00	32,750.00
Rupee Term Loans from Banks	70,800.00	0.00	0.00	0.00
Foreign Currency Term Loans	38,240.45	0.00	28,221.92	26,200.00
Total Unsecured Borrowings	**241,840.45**	**19,680.00**	**222,971.92**	**58,950.00**
Total Long Term Borrowings	**967,102.69**	**39,152.40**	**1,148,541.34**	**151,316.50**

Note (1): Pending registration of charge with the Registrar of Companies as on 31 March 2018

Deferred Tax Liability (Net)

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	As of 31 March 2017	As of 31 March 2018
	(Rs. millions)	*(Rs. millions)*
Liability on account of difference between WDV as per Income Tax Act, 1961 and the Companies Act	90,625.79	90,625.79
Less: Deferred Tax Asset on account of Unabsorbed Depreciation	26,723.40	26,723.40
Less: Deferred Tax Asset on account of Provision for Post-Retirement Medical and Pension Plans	3.23	3.23
Net Deferred tax liability	**63,899.16**	**63,899.16**

Other Long Term Liabilities

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	As of 31 March 2017		As of 31 March 2018	
	Non Current	Current	Non Current	Current
	(Rs. millions		*(Rs. millions*	
Unamortised Portion of Securitisation Gain(1)	8.38	5.84	4.33	4.05
Forward Contracts	6,204.86	0.00	0.00	6,259.85
Derivative Liabilities	2,911.08	0.00	2,354.19	0.00
Interest Accrued but not due	8,287.70	30,429.94	18,144.35	38,422.85
Earnest Money Deposit	0.01	0.00	0.00	0.33
Total	**17,412.03**	**30,435.78**	**20,502.87**	**44,687.08**

Note (1): Out of the unamortised gain of Rs. 14.22 million, in respect of the securitisation transactions executed during the previous years, a sum of Rs. 5.84 million has been recognized during the year, leaving a balance of Rs. 8.38 million.

Long Term Provisions

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	As of 31 March 2017		As of 31 March 2018	
	Non Current	Current	Non Current	Current

	(Rs. millions		(Rs. millions	
Leave Encashment (net of funded amount)	2.28	1.47	2.28	1.12
Gratuity (net of funded amount)	0.00	0.00	0.02	0.41
Post-Retirement Medical & Pension Benefits	9.34	0.00	12.77	0.00
Total	**11.62**	**1.47**	**15.07**	**1.53**

Short term Borrowings

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	**As of 31 March 2017**	**As of 31 March 2018**
	(Rs. millions)	*(Rs. millions)*
Unsecured		
Rupee Term Loans from Banks	21.59	39,692.00
Commercial Paper	57,671.94	9,975.89
Total	**57,693.53**	**49,667.89**

Other Current Liabilities

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	**As of 31 March 2017**	**As of 31 March 2018**
	(Rs. millions)	*(Rs. millions)*
Current Maturities of Long Term Debt	39,152.40	151,316.50
Interest Accrued but not due	30,429.94	38,422.85
Unamortised Securitisation Gain	5.84	4.05
Liability for Matured and Unclaimed Bonds/Interest	65.74	58.16
Forward Contracts	0.00	6,259.86
Amount Payable to Ministry Of Railways on account of MTM- derivatives	0.00	98.17
Earnest Money Deposit	0.00	0.33
Other Payables:		
Statutory Dues	0.15	6,477.59
Tax Deducted at Source Payable	106.73	115.14
Dividend Tax	0.00	0.00
Others	35.07	87.15
Total	**69,795.87**	**202,839.80**

Short term provisions

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	**As of 31 March 2017**	**As of 31 March 2018**
	(Rs. millions)	*(Rs. millions)*
Interest Payable on Income Tax	1.55	12.82
Corporate Social Responsibility	78.93	78.94
Employee Benefits	1.47	1.53
Proposed Final Dividend	335.25	1,750.00
Dividend Tax on Proposed Final Dividend	68.24	359.78
Total	**485.44**	**2,203.07**

Fixed Assets

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

		GROSS BLOCK			DEPRECIATION					NET BLOCK	
S.no.	**Description**	**As of 31 March 2017**	**Additions during the year**	**Sale/Adjustment during the year**	**As of 31 March 2018**	**Up to 31 March 2017**	**For the year**	**Adjustments during the year**	**As of 31 March 2018**	**As of 31 March 2017**	**As of 31 March 2018**
	Tangible Assets					*(Rs.millions)*					
1	Office Building	152.42	0.00	0.00	152.42	40.11	2.55	0.00	42.66	112.32	109.77
2	Airconditioners, Room Coolers / Heaters	1.94	0.04	0.07	1.91	1.72	0.02	0.03	1.72	0.21	0.18
3	Office Equipments	3.33	0.49	0.18	3.64	2.64	0.23	0.08	2.79	0.69	0.85
4	Furniture & Fixtures	9.03	0.40	0.00	9.43	8.23	0.11	0.00	8.34	0.80	1.09
5	Franking Machine	0.12	0.00	0.00	0.12	0.09	0.03	0.00	0.12	0.03	0.00
6	Computer	6.15	0.33	0.18	6.30	5.47	0.42	0.18	5.71	0.68	0.59
7	Motor Car	1.02	0.00	0.00	1.02	0.77	0.09	0.00	0.85	0.25	0.17
8	Photo Copier	0.16	0.00	0.00	0.16	0.11	0.02	0.00	0.12	0.05	0.04
9	Water Cooler	0.03	0.00	0.00	0.03	0.03	0.00	0.00	0.03	0.00	0.00
10	Electric-Installation	0.18	0.00	0.00	0.18	0.18	0.00	0.00	0.18	0.00	0.00
	Total	**174.38**	**1.26**	**0.43**	**175.21**	**59.34**	**3.47**	**0.29**	**62.52**	**115.03**	**112.69**
	Intangible Assets										
1	**Computer Software/ website**	**0.43**	**0.22**	**0.00**	**0.65**	**0.32**	**0.07**	**0.00**	**0.39**	**0.12**	**0.26**
	Total	**0.43**	**0.22**	**0.00**	**0.65**	**0.32**	**0.07**	**0.00**	**0.39**	**0.12**	**0.26**
	Total fixed Assets	**174.81**	**1.48**	**0.43**	**175.86**	**59.66**	**3.54**	**0.29**	**62.91**	**115.15**	**112.95**
	Previous Year	174.04	1.37	0.59	174.81	56.45	3.50	0.29	59.66	117.59	115.15

Non Current Investments (At Cost)

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	As of 31 March 2017		As of 31 March 2018	
Investments (Unquoted Non-Trade)	**Non Current**	**Current**	**Non Current**	**Current**
	(Rs. millions)		*(Rs. millions)*	
Investments in Equity				
244,000 Equity Shares of Ircon.	19.99	0.00	19.99	0.00
Other Investments				
40 Senior Pass Through Certificates 'P' to 'W' Series of NOVO X Trust Locomotives	45.41	13.28	33.29	12.12
Total	**65.40**	**13.28**	**53.28**	**12.12**
Aggregate Amount of Unquoted Investments	**65.40**	**13.28**	**53.28**	**12.12**

Long Term Loans and Advances

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	As of 31 March 2017		As of 31 March 2018	
	Non Current	**Current**	**Non Current**	**Current**
	(Rs. millions)		*(Rs. millions)*	
Secured Considered Good				
House Building Advance(1)	1.01	0.37	0.79	0.22
Unsecured Considered Good				
Capital Advances				
- Advance to FA & CAO, Northern Railway	25.30	0.00	25.30	0.00
Advance against Lease of Rly Infrastructure Assets	226,000.00	0.00	373,598.90	0.00
Lease Receivables from Ministry of Railways	910,819.92	71,241.97	1,012,348.01	82,368.55
Amount Recoverable from Ministry of Railways on account of Exchange Rate Variation	7,636.77	4,109.97	4,626.73	3,594.78
Amount Recoverable from Ministry of Railways on account of MTM – Derivatives	2,225.30	0.00	1,483.89	0.00
Security Deposits	0.92	0.00	1.09	0.00
Loan to Rail Vikas Nigam Ltd.	19,454.55	2,185.75	17,966.30	2,413.25
Loan to Ircon	0.00	0.00	32,000.00	0.00
Advance to Employees	0.00	0.02	0.00	0.00
TDS & Advance Tax (Net)	106.57	0.00	258.44	0.00
Gratuity Funded Assets (Net)	0.06	0.46	0.00	0.00
Total	**1,166,270.41**	**77,538.54**	**1,442,309.45**	**88,376.80**

Note (1): Includes Rs. 0.11million to key managerial personnel and officers of the Issuer

Other Non Current Assets

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	As of 31 March 2017	As of 31 March 2018
	(Rs. millions)	*(Rs. millions)*
Unsecured Considered Good		
Interest Accrued but not due on Loans	5,301.69	4,581.29
Interest Accrued on Investment in Pass Through Certificates	33.36	29.99
Unabsorbed Forward Premium on Forward Contracts	1,682.61	0.00
Interest against construction of Railway Infrastructure asset accrued but not due	11,536.28	34,301.52
Interest Accrued on Advances to Employees(1)	0.92	0.59
Derivative Asset	618.74	870.30
Total	**19,173.60**	**39,783.68**

Note (1): includes Rs. 0.40 million to key managerial personnel and officers of the Issuer

Current Investments (at cost)

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	As of 31 March 2017	As of 31 March 2018
	(Rs. millions)	*(Rs. millions)*
Current Maturities of long term Investments		
40 Senior Pass Through Certificates 'P' to 'W' Series of NOVO X Trust Locomotives	13.28	12.12
Total	**13.28**	**12.12**
Aggregate Amount of unquoted Investments	**13.28**	**12.12**

Cash and Bank Balances

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	As of 31 March 2017	As of 31 March 2018
	(Rs. millions)	*(Rs. millions)*
Cash and cash equivalents		
Balance with Banks		
- In Current Accounts	9.33	11.18
- In Term Deposit Account	0.00	0.00
- In Interest / Redemption Accounts	65.74	58.16
-In Escrow Pool Account(1)	0.00	928.76
Deposit with Reserve Bank of India		
- In Public Deposit Account	0.10	0.10
Balance in Franking Machine	0.00	0.00
Total	**75.18**	**9,98.20**

Note (1): Pending allotment of 54 EC bonds (March 18 Series) amount lying in Escrow Pool Account of IRFC

Short Term Loans and Advances

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	As of 31 March 2017	As of 31 March 2018
	(Rs. millions)	*(Rs. millions)*
Unsecured Considered Good		
Deposit with NCRDC, New Delhi	0.44	0.00
Amount Recoverable from MOR	28,979.99	33,270.51
Tax Refund Receivable(1)	3.66	3.66
Amount Recoverable from Others	0.06	0.23
Gratuity Funded Assets (Net)	0.46	0.00
Prepaid Expenses	3.90	4.89
Advance to Others	2.10	1.67
Advance to Employees	0.07	0.08
Total	**28,990.68**	**33,281.03**

Note (1): Interest due on the same would be accounted for in the year of receipt / adjustment

Other Current Assets

The following table has been derived from our financial statements prepared in accordance with Indian GAAP:

Particulars	As of 31 March 2017	As of 31 March 2018
	(Rs. millions)	*(Rs. millions)*
Current Maturities of Long Term Loans and Advances		
Lease Receivables from Ministry of Railways	71,241.97	82,368.55
Loan to Rail Vikas Nigam Ltd	2,185.75	2,413.25
House Building Advance	0.37	0.22
Advance to Employees	0.02	0.00
Amount Recoverable from Ministry of Railways on account of Exchange Rate Variation	4,109.97	3,594.78
Interest Accrued but not due on Loans & Deposits	2,089.82	2,613.81
Interest Accrued but not due on 54 EC Bond Application Money	0.00	1.39
Unabsorbed Forward Premium on Forward Contracts	2,097.67	1,682.61
Derivative Assets	67.05	98.17
GST - Input Tax Credit	0.00	13,997.79
Total	**81,792.62**	**106,770.57**

Cash and cash equivalents

The following table has been derived from our financial statements prepared in accordance with Ind AS

Particulars	As of 31 March 2018	As of 31 March 2019	As of 30 September 2019
	(Rs. millions)	*(Rs. millions)*	*(Rs. millions)*
Balances with banks			
- in current accounts	11.18	36.97	12.93
Balances in franking machine	0.01	0.01	0.01
Deposits with Reserve Bank of India			
- in public deposit account	0.10	0.10	0.10
Total	**11.29**	**37.08**	**13.04**

Bank balances other than above

The following table has been derived from our financial statements prepared in accordance with Ind AS

Particulars	As of 31 March 2018	As of 31 March 2019	As of 30 September 2019
	(Rs. millions)	*(Rs. millions)*	*(Rs. millions)*
Balances with banks			
- in interest redemption accounts[(1)]	58.16	80.91	76.90
- in term deposits accounts[(2)]	—	—	95,550.00
- in escrow pool Account[(3)]	928.76	692.68	548.15
Total	**986.92**	**773.59**	**96,175.05**

[(1)] The Company discharges its obligation towards payment of interest and redemption of bonds for which warrants are issued, by depositing the respective amounts in the designated bank accounts.

[(2)].

[(3)] Related to allotment of 54EC bond – March 2019 series.

Derivative financial instruments

The following table has been derived from our financial statements prepared in accordance with Ind AS

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

	As of 31 March 2018			As of 31 March 2019			As of 30 September 2019		
PART I	**Notional amounts**	**Fair value -assets**	**Fair value -liabilities**	**Notional amounts**	**Fair value -assets**	**Fair value -liabilities**	**Notional amounts**	**Fair value -assets**	**Fair value -liabilities**
		(Rs. millions)			*(Rs. millions)*			*(Rs. millions)*	
(i) Currency derivatives									
-Spot and forwards	42,284.85	—	5,141.60	—	—	—	—	—	—
-Currency swaps	11,982.16	—	2,354.19	12,737.67	—	3,105.95	12,997.44	—	2,919.87
Subtotal	**54,267.01**	—	**7,495.79**	**12,737.67**	—	**3,105.95**	**12,997.44**		**2,919.87**
(ii) Interest rate derivatives									
-Forward rate agreements and interest rate swaps	25,082.16	968.47	—	12,737.67	466.90	—	12,997.44	—	182.62
Subtotal	**25,082.16**	**968.47**	—	**12,737.67**	**466.90**	—	**12,997.44**	—	**182.62**
Total derivatives instruments	**79,349.17**	**968.47**	**7,495.79**	**25,475.34**	**466.90**	**3,105.95**	**25,994.88**	—	**3,102.49**
PART II									
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:									
(i) Fair value hedging									
Currency derivatives	54,267.01	—	74,95.79	12,737.67	—	3,105.95	12,997.44	—	2,919.87
Interest rate derivatives	—	—	—	—	—	—	—	—	—
Subtotal (I)	**54,267.01**	**—**	**74,95.79**	**12,737.67**	**—**	**3,105.95**	**12,997.44**	**—**	**2,919.87**
(ii) Cash flow hedging									
Currency derivatives	—	—	—	—	—	—	—	—	—
Interest rate derivatives	25,082.16	968.47	—	12,737.67	466.90	—	12,997.44	—	182.62
Subtotal (ii)	**25,082.16**	**968.47**	—	**12,737.67**	**466.90**	—	**12,997.44**	**—**	**182.62**
Net Investment hedging									
Currency derivatives									
Interest rate derivatives									
Subtotal (iii)							1	1	1.1
(iii) Undesignated derivatives	—	—	—	—	—	—	—	—	—
Subtotal (iii)	—	—	—	—	—	—	—	—	—
Total derivative financial instruments (i+ii+iii)	**79,349.17**	**968.47**	**7,495.79**	**25,475.34**	**466.90**	**3,105.95**	**25,994.88**	—	**3,102.49**

Receivables

The following table has been derived from our financial statements prepared in accordance with Ind AS

Particulars	As of 31 March 2018	As of 31 March 2019	As of 30 September 2019
	(Rs. millions)	*(Rs. millions)*	*(Rs. millions)*
Trade receivables	—	—	—
Lease receivables[(1)]			
(Unsecured, considered good due from Ministry of Railways, Government of India)	1,094,716.56	1,250,265.12	1,349,225.35
Total	**1,094,716.56**	**1,250,265.12**	**1,349,225.35**

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

Loans

The following table has been derived from our financial statements prepared in accordance with Ind AS

	As of 31 March 2018						As of 31 March 2019						As of 30 September 2019					
		At Fair Value						At Fair Value						At Fair Value				
Particulars	**Amortised cost**	**Through Other Comprehensive Income**	**Through profit or loss**	**Designated at fair value through profit or loss**	**Subtotal**	**Total**	**Amortised cost**	**Through Other Comprehensive Income**	**Through profit or loss**	**Designated at fair value through profit or loss**	**Subtotal**	**Total**	**Amortised cost**	**Through Other Comprehensive Income**	**Through profit or loss**	**Designated at fair value through profit or loss**	**Subtotal**	**Total**
Loans																		
(A) Term Loans																		
-Loan to Rail Vikas Nigam Limited	20,379.55	—	—	—	—	20,379.55	28,426.30	—	—	—	—	28,426.30	32,109.80	—	—	—	—	32,109.80
-Loan to lrcon International Limited	32,000.00	—	—	—	—	32,000.00	30,765.34	—	—	—	—	30,765.34	24,612.30	—	—	—	—	24,612.30
Total (A) -Gross	**52,379.55**	—	—	—	—	**52,379.55**	**59,191.64**	—	—	—	—	**59,191.64**	**56,722.10**	—	—	—	—	**56,722.10**
Less: Impairment loss allowance[1]	—	—	—	—	—	—	236.77	—	—	—	—	236.77	226.89	—	—	—	—	226.89
Total (A) -Net	**52,379.55**	—	—	—	—	**52,379.55**	**58,954.87**	—	—	—	—	**58,954.87**	**56,495.21**	—	—	—	—	**56,495.21**
(B)(I) Secured by tangible assets	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—
(ii)Secured by intangible assets	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—
(iii)Covered by Bank/Government Guarantees	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—	—	—
(iv) Unsecured	52,379.55	—	—	—	—	52,379.55	59,191.64	—	—	—	—	59,191.64	56,722.10	—	—	—	—	56,722.10
Total (B)-Gross	**52,379.55**	—	—	—	—	**52,379.55**	**59,191.64**	—	—	—	—	**59,191.64**	**56,722.10**	—	—	—	—	**56,722.10**
Less:Impairment loss allowance	—	—	—	—	—	—	236.77	—	—	—	—	236.77	226.89	—	—	—	—	226.89
Total (B)-Net	**52,379.55**	—	—	—	—	**52,379.55**	**58,954.87**	—	—	—	—	**58,954.87**	**56,495.21**	—	—	—	—	**56,495.21**
(c) (I) Loans in India														—	—	—	—	
(I) Public Sector	52,379.55	—	—	—	—	52,379.55	59,191.64	—	—	—	—	59,191.64	56,722.10	—	—	—	—	56,722.10
(ii) Others (to be specified)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total (C)-Gross	**52,379.55**	—	—	—	—	**52,379.55**	**59,191.64**	—	—	—	—	**59,191.64**	**56,722.10**	—	—	—	—	**56,722.10**
Less: Impairment loss allowance	—	—	—	—	—	—	236.77	—	—	—	—	236.77	226.89	—	—	—	—	226.89
Total (c) (1)-Net	**52,379.55**	—	—	—	—	**52,379.55**	**58,954.87**	—	—	—	—	**58,954.87**	**56,495.21**	—	—	—	—	**56,495.21**
(C)(II)Loans outside India														—	—	—	—	
Less: Impairment loss allowance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total (C)(II)· Net	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total C(I)and C(II)	**52,379.55**	—	—	—	—	**52,379.55**	**58,954.87**	—	—	—	—	**58,954.87**	**56,495.21**	—	—	—	—	**56,495.21**
														—	—	—	—	

[1] Impairement loss allowance is recogonised as per Reserve Bank of India circular no. RB1/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31 May 2018 read with letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21 December 2018 which was earlier exempted vide notification DNBR.PD.008/03.10.119/2016-17 dated 1st September 2016 for all government NBFC company.

Investments

The following table has been derived from our financial statements prepared in accordance with Ind AS

	As of 31 March 2018						As of 31 March 2019						As of 30 September 2019					
							At Fair Value						At Fair Value					
	Amortised cost	Through other Comprehensive Income	Through Profit or loss	Designated at fair value through profit or loss	Subtotal	Total	Amortised cost	Through other Comprehensive Income	Through Profit or loss	Designated at fair value through profit or loss	Subtotal	Total	Amortised cost	Through other Comprehensive Income	Through Profit or loss	Designated at fair value through profit or loss	Subtotal	Total
	(Rs. millions)						*(Rs. millions)*						*(Rs. millions)*					
Debt securities[1]	45.42	—	—	—	—	45.42	33.30	—	—	—	—	33.30	27.64	—	—	—	—	27.64
Equity instruments[2]	94.36	—	—	—	—	94.36	—	98.15	—	—	98.15	98.15	—	91.60	—	—	91.60	91.60
Total (A)	**139.78**	—	—	—	—	**139.78**	**33.30**	**98.15**	—	—	**98.15**	**131.44**	**27.64**	**91.60**			**91.60**	**119.24**
Investments Outside India	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Investments in India	139.78	—	—	—	—	139.78	33.30	98.15	—	—	98.15	131.44	27.64	91.60			91.60	119.24
Total (B)	**139.78**	—	—	—	—	**139.78**	**33.30**	**98.15**	—	—	**98.15**	**131.44**	**27.64**	**91.60**			**91.60**	**119.24**
Less: Allowance for Impairment' (C)	—	—	—	—	—	—	—		—	—	—	—	—	—	—	—	—	—
Total (A)·- (C)	**139.78**	—	—	—	—	**139.78**	**33.30**	**98.15**	—	—	**98.15**	**131.44**	**27.64**	**91.60**			**91.60**	**119.24**

[1] Numbers of Senior Pass through Certificates of NOVO X Trust Locos	4.5	3.5	3.0
[1] Fair value of Senior Pass through Certificates of NOVO X Trust Locos	45.42	33.30	27.64
[2] Numbers of Equity Shares of Ircon International Limited	24,400.00	24,400.00	24,400.00
[2] Fair value of Equity Shares of Ircon International Limited	94.36	98.15	91.60

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

Other financial assets

The following table has been derived from our financial statements prepared in accordance with Ind AS

Particulars	As of 31 March 2018	As of 31 March 2019	As of 30 September 2019
	(Rs. millions)	*(Rs. millions)*	*(Rs. millions)*
Amount recoverable from Ministry of Railways on account of exchange rate variation / derivatives#	2,675.80	4,644.90	8,489.06
Amount recoverable from Ministry of Railways - Leased Assets	33,270.51	4,729.63	—
Advance against Railway Infrastructure Assets to be leased (Refer Note No. 45)	398,250.55	649,088.40	760,933.76
Advance Funding Against National Project	—	50,828.17	52,221.28
Interest accrued but not due on advance for railway project to be leased	9,649.87	21,340.11	32,438.85
Security deposits	1.09	0.96	0.91
House building advance (secured)(1)	1.01	3.26	3.11
Advance to employees	0.08	3.05	3.51
Interest accrued but not due on advance to employees(2)	0.83	0.51	0.62
Interest accrued but not due on loans & deposits	7,183.74	9,669.11	6,831.21
Interest accrued but not due on fixed deposits with bank	—	—	91.43
Interest accrued but not due on investment	40.90	36.04	32.67
Interest accrued but not due on 54 EC bond application money	1.39	1.33	2.67
Amount recoverable from others	0.23	0.47	0.67
Gross Total	**451,076.00**	**740,345.94**	**861,049.76**
Less: Impairment on interest accrued and due on loans & deposits(3)	—	38.67	27.33
Net Total	**451.076.00**	**740,307.27**	**861,022.43**

(1) Includes Rs.2.47 million for 31 March 2019, Rs.0.11 million for 31 March 2018, Rs. 1.38 million for 01 April 2017 to Key Managerial Personnel/Officers of the Company.
(2) Includes Rs. 0.01 million for 31 March 2019, Rs. 0.40 million for 31 March 2018, Rs. 0.86 million for 01 April 2017 to Key Managerial Personnel/Officers of the Company.
(3) Asper Reserve Bank of India Circular No. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31-May-2018.

Amount recoverable from Ministry of Railway on account of exchange rate variation / derivatives includes amount recoverable from Ministry of Railways on account of MTM derivatives of the respective year.

Current tax assets (net)

The following table has been derived from our financial statements prepared in accordance with Ind AS

Particulars	As of 31 March 2018	As of 31 March 2019	As of 30 September 2019
	(Rs. millions)	*(Rs. millions)*	*(Rs. millions)*
TDS & advance tax	23,415.73	25,447.76	31,284.61
Provision for tax	(23,157.29)	(25,477.45)	(25,477.45)
Total	**258.44**	**(29.69)**	**5,807.16**

Property, plant and equipment

The following table has been derived from our financial statements prepared in accordance with Ind AS

Particulars	Building	Office Equipment	Computer	Furniture and fixtures	Plant and equipment	Vehicles	Total
Deemed cost / Gross Block							
Balance at 1 April 2017	112.32	0.96	0.68	0.80	0.03	0.26	**115.04**
Additions	---	0.54	0.38	.040	---	---	**1.26**
Disposals	---	(0.26)	(0.18)	----	---	---	**(0.43)**
Balance at 31 March 2018	112.32	1.24	0.83	1.20	0.03	0.26	**115.87**
Additions	—	0.76	0.85	0.03	—	2.27	**3.90**
Disposals	—	(0.32)	(0.09)	—	—	—	**(0.42)**
Balance at 31 March 2019	**112.32**	**1.67**	**1.58**	**1.23**	**0.03**	**2.52**	**119.35**
Additions	—	0.41	0.60	—	—	—	**1.01**

Disposals	—	(0.04)	—	—	—	—	**(0.04)**
Balance at 30 September 2019	**112.32**	**2.04**	**2.18**	**1.23**	**0.03**	**2.52**	**120.32**
Accumulated depreciation							
Balance at 1 April 2017	---	---	---	---	---	---	---
Depreciation expense	2.55	0.27	0.42	0.11	0.03	0.09	**3.47**
Adjusments	---	---	---	---	---	---	**---**
Elimination on disposals of assets	---	(0.11)	(0.18)	---	---	---	**(0.29)**
Balance at 31 March 2018	**2.55**	**0.16**	**0.24**	**0.11**	**0.03**	**0.09**	**3.18**
Depreciation expense	3.05	0.35	0.35	0.14	—	0.21	**4.09**
Adjustments	—	—	—	—	—	—	—
Elimination on disposals of assets	—	(0.13)	(0.04)	—	—	—	**(0.17)**
Balance at 31 March 2019	**5.60**	**0.38**	**0.55**	**0.25**	**0.03**	**0.30**	**7.10**
Depreciation expense	1.53	0.14	0.15	0.07	—	0.18	**2.06**
Adjusments	—	—	—	—	—	—	—
Elimination on disposals of assets	—	(0.02)	—	—	—	—	**(0.02)**
Balance at 30 September 2019	**7.13**	**0.50**	**0.70**	**0.32**	**0.03**	**0.47**	**9.14**
Carrying amount							
Balance at 1 April 2017	112.32	0.96	0.68	0.79	0.03	0.26	115.04
Additions	---	0.54	0.33	0.40	---	---	**1.26**
Disposals	---	(0.15)	---	---	---	---	**(0.15)**
Depreciation expense	(2.55)	(0.27)	(0.42)	(0.11)	(0.03)	(0.09)	**(3.47)**
Balance at 31 March 2018	109.77	1.08	0.59	1.09	—	0.17	**112.69**
Additions	—	0.76	0.85	0.03	—	2.27	**3.90**
Disposals	—	(0.20)	(0.05)	—	—	—	**(0.25)**
Depreciation expense	(3.05)	(0.35)	(0.35)	(0.14)	—	(0.21)	**(4.09)**
Balance at 31 March 2019	**106.72**	**1.29**	**1.04**	**0.98**	—	**2.23**	**112.25**
Additions	—	0.41	0.60	—	—	—	**1.01**
Disposals	—	(0.01)	—	—	—	—	**(0.01)**
Depreciation expense	(1.53)	(0.14)	(0.15)	(0.07)	—	(0.18)	**(2.06)**
Balance at 30 September 2019	**105.19**	**1.55**	**1.49**	**0.91**	—	2.05	**111.18**

(1) Represents deemed cost being carrying value as per previous GAAP as per para D7 AA of Ind AS 101,'First time adoption Ind AS' on the date of transition to Ind AS. Gross block and accumulated depreciation as per the previous GAAP have been disclosed for the purpose of better understanding of the original cost of the assets.

Other Intangible assets	
Particulars	**Software**
Deemed cost/ Gross Block	
Balance at 1 April 2017	**0.12**
Additions	0.22
Disposals	-
Balance at 31 March 2018	**0.34**
Additions	0.32
Disposals	-
Balance at 31 March 2019	**0.66**
Additions	0.11
Disposals	-
Balance at 30 September 2019	**0.77**
Accumulated depreciation	
Balance at 1 April 2017	—
Depreciation expense	0.07
Adjusments	—
Elimination on disposals of assets	**-**
Balance at 31 March 2018	**0.07**
Depreciation expense	0.09
Adjusments	—
Elimination on disposals of assets	**-**
Balance at 31 March 2019	**0.16**
Depreciation expense	0.10
Elimination on disposals of assets	**-**
Balance at 30 September 2019	**0.26**
Carrying amount[(1)]	
Balance at 1 April 2017	0.12
Additions	0.22
Disposals	
Depreciation expense	(0.07)
Balance at 31 March 2018	**0.26**
Additions	0.33
Disposals	**-**
Depreciation expense	(0.09)
Balance at 31 March 2019	**0.50**
Additions	0.11
Disposals	-
Depreciation expense	(0.10)
Balance at 30 September 2019	**0.51**

[(1)] Represents deemed cost being carrying value as per previous GAAP as per para D7 AA of Ind AS 101, 'First time adoption of Ind AS' on the date of transition to Ind AS. Gross block and accumulated depreciation as per the previous GAAP have been disclosed for the purpose of better understanding of the original cost of the assets.

Other non-financial assets

The following table has been derived from our financial statements prepared in accordance with Ind AS

Particulars	**As of 31 March 2018**	**As of 31 March 2019**	**As of 30 September 2019**
	(Rs. millions)	*(Rs. millions)*	*(Rs. millions)*
Capital Advances			
Advance to FA & CAO, Northern Railway	25.30	25.30	25.30
Advances other than capital advances			
Advance to others	1.67	1.67	1.67
Others			
Gratuity funded assets	—	—	—
Prepaid expenses	4.89	4.18	0.03
Deposit with NCRDC, New Delhi	—	—	—
Tax refund receivable	3.67	249.71	3.66
GST (TDS) recoverable	—	41.50	—

GST recoverable	13,997.79	14,664.73	14,664.73
Total	**14,033.30**	**14,987.09**	**14,695.39**

Payables

The following table has been derived from our financial statements prepared in accordance with Ind AS

Particulars	**As of 31 March 2018**	**As of 31 March 2019**	**As of 30 September 2019**
	(Rs. millions)	*(Rs. millions)*	*(Rs. millions)*
(I) Trade payables			
(I) total outstanding dues of micro enterprises and small enterprises	—	—	—
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	—	—	—
(II) Other payables			
(I) total outstanding dues of micro enterprises and small enterprises	—	—	—
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	87.15	121.79	152.66
Total	**87.15**	**121.79**	**152.66**

Debit Securities

The following table has been derived from our financial statements prepared in accordance with Ind AS

	As of 31 March 2018				As of 31 March 2019				As of 30 September 2019			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
		(Rs. millions)				*(Rs. millions)*				*(Rs. millions)*		
Others												
Bonds from domestic capital market	1,035,886.91	—	—	1,035,886.91	1,136,548.03	—	—	1,136,548.03	1,257,309.65	—	—	1,257,309.65
Bonds from overseas capital market	62,579.67	—	—	62,579.67	69,571.19	—	—	69,571.19	70,996.38	—	—	70,996.38
Commercial Paper	9,975.89	—	—	9,975.89	29,859.77	—	—	29,859.77	23,589.50	—	—	23,589.50
Total (A)	**1,108,442.47**	—	—	**1,108,442.47**	**1,235,978.99**	—	—	**1,235,978.99**	**1,351,895.53**	—	—	**1,351,895.53**
Debt securities in India	1,045,862.79	—	—	1,045,862.79	1,166,407.79	—	—	1,166,407.79	1,280,899.15	—	—	1,280,899.15
Debt securities outside India	62,579.68	—	—	62,579.68	69,571.20	—	—	69,571.20	70,996.38	—	—	70,996.38
Total (B) to tally with (A)	**1,108,442.47**	—	—	**1,108,442.47**	**1,235,978.99**	—	—	**1,235,978.99**	**1,351,895.53**	—	—	**1,351,895.53**

Borrowings (other than debt securities)

The following table has been derived from our financial statements prepared in accordance with Ind AS

	As of 31 March 2018				As of 31 March 2019				As of 30 September 2019			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
		(Rs. millions)				*(Rs. millions)*				*(Rs. millions)*		
Term loans												
Secured Loans												
(I) from banks- Indian	42,000.00	—	—	42,000.00	277,905.00	—	—	277,905.00	222,250.00	—	—	222,250.00
(II) from bank-Foreign	784.35	—	—	784.35	625.44	—	—	625.44	531.85	—	—	531.85
(ii)from other parties- National small saving fund	100,000.00	—	—	100,000.00	175,000.00	—	—	175,000.00	175,000.00	—	—	175,000.00
Unsecured Loans												
(I) from banks (Indian)	39,692.00	—	—	39,692.00	24,198.97	—	—	24,198.97	—	—	—	—

(ii) from banks (Foreign)	49,136.46	—	—	49,136.46	25,618.35	—	—	25,618.35	48,319.15	—	—	48,319.15
Deferred payment liabilities	—	—	—	—	—	—	—	—	—	—	—	—
Loans from related parties	—	—	—	—	—	—	—	—	—	—	—	—
Finance lease obligations	—	—	—	—	—	—	—	—	—	—	—	—
Liability component of compound financial instruments	—	—	—	—	—	—	—	—	—	—	—	—
Loans repayable on demand	—	—	—	—	—	—	—	—	—	—	—	—
(i)from banks	—	—	—	—	—	—	—	—	—	—	—	—
(ii)from other parties	—	—	—	—	—	—	—	—	—	—	—	—
Other loans (specify nature)i0 Loan term against term deposits	—	—	—	—	—	—	—	—	48,320.00	—	—	48,320.00
Total (A)	**231,612.81**	—	—	**231,612.81**	**503,347.76**	—	—	**503,347.76**	**494,421.00**	—	—	**494,421.00**
Borrowings in India	181,692.00	—	—	181,692.00	477,103.97	—	—	477,103.97	445,570.00	—	—	445,570.00
Borrowings outside India	49,920.81	—	—	49,920.81	26,243.79	—	—	26,243.79	48,851.00	—	—	48,851.00
Total (B) to tally with (A)	**231,612.81**	—	—	**231,612.81**	**503,347.76**	—	—	**503,347.76**	**494,421.00**	—	—	**494,421.00**

Other financial liabilities

The following table has been derived from our financial statements prepared in accordance with Ind AS

Particulars	As of 31 March 2018	As of 31 March 2019	As of 30 September 2019
	(Rs. millions)	*(Rs. millions)*	*(Rs. millions)*
Interest accrued but not due	56,567.19	72,918.03	97,776.34
Unclaimed matured debentures and interest accrued there on	58.16	80.91	76.90
Dividend Payable	—	—	2,000.00
Dividend tax payable	—	—	411.11
Amount payable to Ministry of Railways – Leased Assets	—	—	168,656.47
Earnest money deposit	0.33	0.34	0.34
Total	**56,625.68**	**72,999.28**	**268,921.16**

Provisions

The following table has been derived from our financial statements prepared in accordance with Ind AS

Particulars	As of 31 March 2018	As of 31 March 2019	As of 30 September 2019
	(Rs. millions)	*(Rs. millions)*	*(Rs. millions)*
Provision for employee benefits	16.61	19.36	21.38
Provision for corporate social responsibility	78.93	78.93	78.93
Provision on interest payable on income tax	12.82	19.66	40.57
Total	**108.36**	**117.95**	**140.88**
Provision on asset as per Reserve Bank of India norms presented as a reduction being impairment loss allowance from			—
- Note 7Loans	—	236.77	226.89
-Note 9 Other financial assets	—	38.67	27.32
Total	—	**275.44**	**254.21**

Deferred tax liabilities (net)

The following table has been derived from our financial statements prepared in accordance with Ind AS

Particulars	As of 31 March 2018	As of 31 March 2019	As of 30 September 2019
	(Rs. millions)	*(Rs. millions)*	*(Rs. millions)*
Deferred tax liability (net) (Refer Note No. 2.7)	64,431.40	64,431.40	64,431.40
Total	**64,431.40**	**64,431.40**	**64,431.40**

Other non-financial liabilities

The following table has been derived from our financial statements prepared in accordance with Ind AS

Particulars	As of 31 March 2018	As of 31 March 2019	As of 30 September 2019
	(Rs. millions)	*(Rs. millions)*	*(Rs. millions)*
Statutory dues	6,477.59	1.05	0.40
Tax deducted at source payable	115.14	47.10	107.98
Total	**6,592.73**	**48.15**	**108.38**

MANAGEMENT

Board of Directors

As per the Articles of Association of the Issuer, the number of directors of the Issuer shall not be less than three and not more than 15. Presently, the Issuer's Board comprises eight Directors of which four are independent Directors, including one -woman Director. The appointment and the terms and conditions of whole-time Directors including part-time Chairman, Managing Director is approved by the Ministry of Railways.

The following table sets forth the details regarding the Board as of the date of this Offering Circular:

Sr. No.	Name, Designation, Occupation and DIN	Age (in years)	Address	Other Directorships
1	Ms. Manjula Rangarajan **Designation**: Part-time Chairperson **Occupartion:** Service **DIN**: 08607897	59	C-4, Block 7, New Moti Bagh New Dehli – 110 021	NRTU Foundation
2	Mr. Amitabh Banerjee **Designation**: Managing Director **Occupation**: Service **DIN**: 03315975	55	Flat No. 602, Vashishthi Konkan Rail Vihar, Sector-40, Near. Seawood Station, Nerul West, Navi Mumbai, Maharashtra 400 706	Nil
3	Mr. Niraj Kumar Chhabra **Designation**: Director (Finance) **Occupation**: Service **DIN**: 00795972	59	B-54, Modest Ketki C G H S Ltd, Plot No. 8B Sector-11, Dwarka, New Delhi - 110075	Nil
4	Mr. Kumar Vinay Pratap **Designation**: Part-time Government Director (Nominee Director)* **Occupation**: Service **DIN**: 07606296	55	Apartment No.-C-13, Kendriya Vihar, Sector 51, Noida, Gautam Budha Nagar-201307	• ONGC Videsh Limited. • India Infrastructure Finance Company Limited • Indian Railway Stations Development Corporation Limited
5	Mr. Kishor Jinabhai Devani **Designation**: Non-official Director and independent Director **Occupation**: Professional **DIN**: 07502684	68	Flat No. A-1402, Jupiter CHS Ltd, Suncity Complex near MTNL, Gandhinagar, Powai Mumbai - 400076	Nil
6	Ms. Aditi Sengupta Ray **Designation**: Non-official Director and independent Director **Occupation**: Service **DIN**: 00447385	63	Flat No.EH 1/602, ELDECO UTOPIA, Sector 93A, Noida	Nil
7	Mr. Chetan Venogopal **Designation**: Part-time non-official Director and independent Director **Occupation**: Professional **DIN**: 00317183	51	451, 6th Cross, 7th Block, West Jaya Nagar, Bengaluru, Karnataka- 560082	• E Analytics Partners (India) Pvt. Ltd. • Flat World Interactive Services Pvt. Ltd. • IKSHU Techonologies Bangalore Pvt. Ltd. • Pierian Digital Pvt. Ltd.

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Sr. No.	Name, Designation, Occupation and DIN	Age (in years)	Address	Other Directorships
				• Pierian Services Pvt. Ltd.
8	Mr. Ashok Kumar Singhal **Designation**: Non-official Director and independent Director **Occupation**: Service **DIN**: 08193963	63	D-11/89, Pandara Road, Lodhi Road H.O., New Delhi 110003	Nil

** As a nominee of Ministry of Finance.*

All the directors of the Issuer are Indian nationals and none of the Directors are related to each other.

Brief Biographies of the Directors

Ms. Manjula Rangarajan is the Part-time Chairperson of the Board of the Issuer. She holds a Master's degree in Sociology from Madras University. She is an officer of the Indian Railway Accounts Service. She currently serves as the financial commissioner (railways), and alongside is an additional member (finance) and additional member (budget) of the Railway Board. She has prior experience in railway management and general administration, having served as the principal financial adviser to the Southern Railways, additional member (finance) to the Railway Board, and divisional railway manager in Tiruchirappalli, among several others.

Mr. Amitabha Banerjee, aged 55 years, is the Managing Director of the Issuer since 12 October 2019. He belongs to the IRAS Cadre of 1888 Civil Service Exam batch. He holds a Masters in Commerce and is a fellow member of the Institute of Cost Accountants (ICWAI). He held various positions in the past including Director (Finance) of Konkan Railway Corporation Limited and Hindustan Paper Corporation Limited. He has held several portfolios in the Finance Department of Ministry of Railways since 1989 through 2003. He has also worked in the capacity of Director in the office of Comptroller and Auditor General of India for about 2 years as a representative of Ministry of Railways in an Autonomous Body – "Government Accounting Standards Advisory Board".

Mr. Niraj Kumar Chhabra, aged 59 years, is the Director (Finance) since 1 July 2015. He was appointed to the position of Director (Finance) by the Ministry of Railways, vide its order dated 1 April 2015. He holds a Bachelors' degree in Commerce (with honours) from Delhi University, and is an associate of the Institute of Chartered Accountants of India. He has over 33 years of experience across diverse sectors including the financial sector and fertiliser industry. Prior to his appointment to the Board, he has served in various capacities and lastly as General Manager in Power Finance Corporation Limited.

Mr. Kumar Vinay Pratap, aged 55 years, is a part-time Government Director as a Nominee of the Ministry of Finance. He was appointed to the board by MoF on 23 April 2018. He has a MBA from IIM, Lucknow and holds a Doctorate in Policies Studies from the University of Maryland. He is currently Joint Secretary in the Department of Economic Affairs, MoF. He has held various positions in the past including at the Indian prime minister's office, the World Bank, the Embassy of India at Washington D.C and at the Ministry of Finance. He was also a visiting faculty at the Indian School of Business, Mohali. He received a letter of appreciation from the Prime Minister of India in 2004 for his service to the Prime Minister's Office. Earlier, he has worked with the Urban Development, and Planning Commission, the World Bank and the Embassy of India. He is on the Board of Directors of India Infrastructure Finance Company Limited, Indian Railway Finance Corporation Limited, ONGC Videsh Limited and Asian Infrastructure Investment Bank (Beijing). Dr. Kumar V Pratap belongs to the 1992 batch of Indian Economic Service (IES).

Mr. Kishor Jinabhai Devani, aged 68 years, is a part-time non-official Director (an independent Director) since 1 April 2016. He holds a Bachelor's degree in Law from the University of Mumbai, and is a member of the Institute of Chartered Accountants of India. He also holds a diploma in financial management from the University of Mumbai. He was a member of the Bar Council of Maharashtra and Goa and has vast experience in academics, finance, taxation and legal matters. Prior to his appointment to the Board, he held the post of an assistant professor at the K. J. Somaiya College of Arts and Commerce. He also has experience in practicing independently as a chartered accountant.

Ms. Aditi Sengupta Ray, aged 63 years, is a part-time non-official Director (an independent Director) since 19 September 2017. She holds a Master of Arts degree in Economics from University of Calcutta. She is an Indian Economic Service Officer. She has a total 36 years of experience. She has prior experience as a practicing government economist. Prior to her appointment to the Board of the Issuer, she worked in advisory and functional positions in the Ministry of Economy handling industrial undertakings and policy / legislation matters in the Ministry of Industry, Ministry of Petroleum and Natural Gas and Ministry of Mines. Her areas of specialisation are Economics including Finance and Management. She has also served as a Government Nominee Director in Oil India Limited, Bharat Petroleum Company Limited and Bharat Goldmines Limited.

Mr. Chetan Venogopal, aged 51 years, is a part-time non-official Director and independent Director of the Issuer since 8 March 2018. He holds a Bachelor's Degree in Commerce from Bengaluru University. He has also participated in the Executive Education

Programme on "*International Financial Reporting*" conducted by the Indian Institute of Management, Bangalore and is admitted as an Associate of Institute of Chartered Accountants of India. He has prior experience in the fields of finance, and corporate governance. He is co-founder and a director on the Board of Pierian Services Private Limited and Pierian Digital Private Limited. Additionally he holds directorships in, Flat World Interactive Services Private Limited, lkshu Technologies Bangalore Private Limited and E Analytics Partners (India) Private Limited.

Mr. Ashok Kumar Singhal, aged 63 years, is a non-official Director and independent Director of the Issuer since 20 July 2018. He holds a Bachelor's degree in Arts and Bachelor's degree in Law from Dr. Bhimrao Ambedkar University (formerly Agra University). He also holds a Master's degree in Science specialising in Finance from the University of Strathclyde, UK. He is also a member of the Institute of Chartered Accountants of India. He has prior experience in the field of Finance, Law, Management, Administration and Corporate Governance. He has held various positions with the Government in the past, including those as additional chief advisor (cost) at the Ministry of Finance (department of expenditure), principal adviser at the Ministry of Defence, adviser (pricing) at the Ministry of Chemicals and Fertilisers, director (finance) at the Ministry of Finance (department of revenue), among several others.

Borrowing powers of the Board

Subject to the Memorandum and Articles of Association of the Issuer and pursuant to the shareholders' resolution dated 26 September 2019, the Board is authorised to borrow up to an aggregate amount of Rs. 4,000,000 million.for the purpose of the business of the Issuer, notwithstanding that the amount to be borrowed and the amount already borrowed by the Issuer may exceed the aggregate of the paid-up share capital and free reserves of the Issuer.

Corporate Governance

In addition to the applicable provisions of the Companies Act and the Department of Public Enterprises' Guidelines on Corporate Governance for Central Public-Sector Enterprises with respect to corporate governance, provisions of the SEBI Listing Regulations will also be applicable to the Issuer immediately upon the listing of the equity shares on the stock exchanges that is currently ongoing.

The Issuer currently has eight Directors, out of which three Directors are executive directors and the other five Directors are non-executive Directors. Out of the five non-executive Directors, one of the Issuer's Directors is a nominee of the MoF. One of the nominee executive Director is a female director on the Issuer's Board.

Pursuant to the Ministry of Corporate Affairs' notification dated 5 June 2015, the Government has exempted/ modified the applicability of certain provisions of the Companies Act in respect of Government companies. In accordance with this notification, the DPE Guidelines on Corporate Governance for Central Public-Sector Enterprises and pursuant to the Issuer's Articles, matters pertaining to, among others, appointment, remuneration and performance evaluation of the Issuer's directors are determined by the President of India. Further, the Issuer's statutory auditor is appointed by the Comptroller and Auditor General of India. Accordingly, in so far as the aforesaid matters are concerned, the terms of reference of the Issuer's Nomination and Remuneration Committee and Audit Committee only allow these committees to take on record the actions of the President of India or the Comptroller and Auditor General of India, as the case may be.

Other than as described above, the Issuer is in compliance with corporate governance norms prescribed under SEBI Listing Regulations, including in relation to the composition of its committees, such as the Audit Committee and the Stakeholders' Relationship Committee.

Committees of the Board

The Issuer has constituted the Audit Committee, the Stakeholders' Relationship Committee, the Nomination and Remuneration Committee and the Corporate Social Responsibility Committee for compliance with corporate governance requirements, in addition to other non-mandatory committees:

Audit Committee

The Audit Committee was originally constituted on 19 June 2001. It was re-constituted pursuant to the Board meeting held on 26 July 2019. The present terms of reference of the Audit Committee were adopted on 29 August 2017. It presently comprises the following members:

Name of the Directors	Designation
Mr. Kishor Jinabhai Devani	Chairman
Ms. Aditi Sengupta Ray	Member
Mr. Ashok Kumar Singhal	Member
Mr. Chetan Venugopal	Member
Mr. Amitabh Banerjee	Member

The Company Secretary is the secretary of the Audit Committee.

Scope and terms of reference:

Terms of reference for the Audit Committee are as follows:

- Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Taking on record the appointment of auditors of the Issuer by the Comptroller and Auditor General of India;
- Recommendation for remuneration and terms of appointment of auditors of the Issuer based on the order of Comptroller & Auditor General of India;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

  (a) Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-Section (3) of Section 134 of the Companies Act;

  (b) Changes, if any, in accounting policies and practices and reasons for the same;

  (c) Major accounting entries involving estimates based on the exercise of judgment by management;

  (d) Significant adjustments made in the financial statements arising out of audit findings;

  (e) Compliance with listing and other legal requirements relating to financial statements;

  (f) Disclosure of any related party transactions;

  (g) Modified opinion(s) in the draft audit report;
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Issuer with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Issuer, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the whistle blower mechanism;
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, *etc.* of the candidate;
- Review the following information:

  (a) Management discussion and analysis of financial condition and results of operations;

(b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;

(c) Management letters / letters of internal control weaknesses issued by the statutory auditors;

(d) Internal audit reports relating to internal control weaknesses;

(e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and

(f) Statement of deviations;

- Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI listing regulations;
- Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI listing regulations;
- To review the follow up action on the audit observations of the C&AG audit;
- Recommend the appointment, removal and fixing of remuneration of cost auditors and secretarial auditors; and
- Carrying out any other function as specified by the Board from time to time.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was originally constituted on 24 April 2014. The present committee was reconstituted in the board meeting held on 26 July 2019 and the present terms of reference were adopted pursuant to the Board resolution dated 29 August 2017. The Stakeholders' Relationship Committee presently comprises the following members:

Name of the Directors	Designation
Ms. Aditi Sengupta Ray	Chairperson
Mr. Chetan Venugopal	Member
Mr. Amitabh Banerjee	Member
Mr. Niraj Kumar Chhabra	Member

Scope and terms of reference:

Terms of reference for the Stakeholder Relationship Committee are as follows:

The Stakeholders' Relationship Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of securities, non-receipt of annual report, non-receipt of declared dividends, *etc.*;

Allotment or transfer of equity shares, approval of transfer or transmission of equity shares, debentures, or any other securities, of the Issuer;

Issue of duplicate certificates and new certificates on split/consolidation/renewal; and

Carrying out any other function contained in the SEBI listing regulations, as and when amended from time to time.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was originally constituted on 11 May 2016. The present committee was reconstituted in the board meeting held on 26 July 2019. The present terms of reference of the Nomination and Remuneration Committee were adopted on 29 August 2017. It presently comprises the following members:

Name of the Directors	Designation
Mr. Ashok Kumar Singhal	Chairman
Ms. Aditi Sengupta Ray	Member
Mr. Kishor Jinabhai Devani	Member
Mr. Kumar Vinay Pratap	Member

Scope and terms of reference:

Terms of reference for the Nomination and Remuneration Committee are as follows:

- Decide on the annual bonus/ performance pay/ variable pay pool and policy for its distribution across the executives and non-unionised supervisors of the Issuer;
- Formulation and modification of schemes for providing perks and allowances for officers and non-unionised supervisors;

- Any new scheme of compensation like medical scheme, pension etc. to officers, non-unionised supervisors and the employees as the case may be;
- Exercising such other roles assigned to it by the provisions of the SEBI listing regulations and any other laws and their amendments from time to time;
- Taking on record the appointment and removal of directors, including independent directors, by the President of India, acting through respective ministries;
- Taking on record the extension, if any, of the term of the independent directors of the Issuer, as may be directed by the President of India, acting through the respective ministries; and
- Taking on record the various policies, if any, promulgated by the Central Government including policy on diversity of Board of Directors and criteria for evaluation of performance of the directors.

Corporate Social Responsibility Committee

The Corporate Social Responsibility ("**CSR**") committee was originally constituted on 11 February 2013. The present committee was reconstituted in the board meeting held on 26 July 2019. The present terms of reference of the CSR Committee were adopted on 11 February 2013. It presently comprises the following members:

Name of the Directors	Designation
Mr. Chetan Venugopal	Chairman
Mr. Kishor Jinabhai Devani	Member
Mr. Ashok Kumar Singhal	Member
Mr. Niraj Kumar Chhabra	Member

Scope and terms of reference:

- Terms of reference for the CSR Committee are as follows:
- Recommend CSR and sustainability development policy to the Board;
- Recommend plan of action and projects to be initiated in the short, medium and long term for CSR and sustainability development;
- To recommend the annual CSR and sustainability development plan and budget; and
- Periodic review of CSR and sustainability development policy, plans and budgets.

Risk Management Committee

The Risk Management Committee was originally constituted on 13 September 2013. The present Risk Management Committee was re-constituted pursuant to the board meeting held on 29 August 2017 and the present terms of reference of the Risk Management Committee were adopted on 29 August 2017. It presently comprises the following members:

Name of the Directors	Designation
Mr. Amitabh Banerjee	Chairman
Mr. Niraj Kumar Chhabra	Member

Scope and terms of reference

Terms of reference for the Risk Management Committee are as follows:

- Carry out responsibilities as assigned by the Board;
- Monitor and review risk management plan as approved by the Board;
- Review and recommend risk assessment report and risk management report for approval of the Board;
- Ensure that appropriate system of risk management is in place;
- Oversee recent developments in the Issuer and periodic updating of Issuer's enterprise risk management programme for assessing, monitoring and mitigating the risks; and

Periodically, but not less than annually, review the adequacy of the Issuer's resources to perform its risk management responsibilities and achieve objectives.

Asset Liability Management Committee

The Asset Liability Management Committee was originally constituted on 29 August 2017. The present committee was reconstituted in the board meeting held on 8 August 2018 and the present terms of reference of the Asset Liability Management Committee, which are governed by the Company's asset liability management policy, were adopted on 29 August 2017. It presently comprises the following members:

Name of the Directors/KMPs	Designation
Mr. Amitabh Banerjee	Convenor
Mr. Niraj Kumar Chhabra	Member
Mr. N.H Kannan	Member
Mr. Ashutosh Samantaray	Member

Scope and terms of reference

Terms of reference for the Asset Liability Management Committee are as follows:

- Shall be responsible for balance sheet planning from risk return perspective including the strategic management of interest rate and liquidity risks;
- Shall ensure that IRFC operates within the limits/parameters set by Board;
- Shall consider, *inter alia*, product pricing for both borrowings and advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services/product, etc;
- Shall review the results of and progress in implementation of the decisions made in the previous meetings.
- Oversee recent developments in IRFC and periodically update IRFC's enterprise risk management program for assessing, monitoring and mitigating the risks;
- Shall articulate the current interest rate view and base its decisions for future business strategy on this view;
- Shall decide on source and mix of liabilities of IRFC; and
- Shall develop a view on future direction of interest rate movements and recommend on funding mixes between fixed versus floating rate funds, money market versus capital market funding, domestic versus foreign currency funding, etc.

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THE INDIAN RAILWAYS

Background

The Indian Railways is a departmental undertaking of the Government, which owns and operates India's rail transport, through the Ministry of Railways.

The Indian Railways is the largest rail network in Asia, and in Fiscal Year 2018 the Indian Railways operated approximately 13,452 trains every day to transport approximately 22.70 million passengers per day (*Source*: *http://indianrailways.gov.in/railwayboard/view_section_new.jsp?lang=0&id=0,1,261 and Indian Railways - Year Book 2017-18, Ministry of Railways*). As of 31 March , 2019, the total running track kilometres of Indian Railways was 96,552 kilometers and the total freight traffic per day was 3.19 million tonnes in Fiscal Year 2018 (*Source*: *Ministry of Railways and Indian Railways - Year Book 2017-18, Ministry of Railways*). As of 31 March 2019 the Indian Railways employed 1.27 million people (*Source*: *Ministry of Railways*) and in Fiscal Year 2018 the Indian Railways' revenue increased from approximately U.S.$23,614 million in Fiscal Year 2017 to U.S.$25,528 million in Fiscal Year 2018 (*Source*: *Indian Railways - Year Book 2017-18, Ministry of Railways*).

Furthermore, based on World Bank data, in 2018, India had one of the lowest rail route kilometre per million population internationally.

Country	Rail Route (km)	Population (in millions)
United States of America	150,462	327
Russia	85,626	144
Japan	16,852	127
France	28,241	67
China	67,515	1,393
India	68,443	1,353
Germany	33,440	83

(*Source: https://data.worldbank.org/indicator/SP.POP.TOTL?view=chart; https://data.worldbank.org/indicator/IS.RRS.TOTL.KM?most_recent_year_desc=true&view=chart)*

As of 31 March 2018, the Indian Railways deployed 11,764 locomotives, 65,326 passenger service vehicles, 279,308 wagons and 6,499 other vehicles, Furthermore, as of March 31, 2018, there were 7,318 railway stations in India (*Source: Indian Railways - Year Book 2017-18, Ministry of Railways*)The Indian Railways earns its internal revenue primarily from passenger and freight traffic. In Fiscal Year 2018, the Indian Railways earned approximately U.S.$16,214 million from freight traffic excluding demurrage or wharfage and approximately U.S.$6,943 million from passenger traffic (*Source*: *Indian Railways - Year Book 2017-18, Ministry of Railways*). The number of originating passengers on Indian Railways increased by 1.83% from approximately 8,286 million in Fiscal Year 2018 to approximately 8,438 million in Fiscal Year 2019 (*Source*: *Indian Railways, Annual Report & Accounts 2017-18*). Further, the passenger earnings also increased by approximately 4.98% or U.S.$343 million from Fiscal Year 2018 to Fiscal Year 2019, to U.S.$7,300 million in Fiscal Year 2019 (*Source*: *Indian Railways, Annual Report & Accounts 2017-18*). In addition, the total freight earnings, including 'other goods earnings', such as, wharfage and demurrage, also increased by approximately 8.86% or approximately U.S.$1,486 million from Fiscal Year 2018 to Fiscal Year 2019, to approximately U.S.$18,200 million in Fiscal Year 2019 (*Source*: *Indian Railways, Annual Report & Accounts 2017-18*).

Indian Railways has constantly expanded its network and has depicted an improvement and growth across various parameters including freight and passenger revenues as detailed below.

Freight Volumes

Indian Railways along with national highways and ports is the backbone of India's transportation infrastructure. Currently approximately 30% of total freight traffic (in terms of tonne kilometres) in India moves on rail. Freight business for Indian Railways is primarily supported by nine commodities including coal, iron, steel, iron ore, food grains, fertilisers and petroleum products. Freight remains the major revenue earning segment for Indian Railways, it utilises one-third of its capacity and generates two-thirds of its revenues (*Source: "Reform, Perform and Transform" – Report by Indian Railways, July 2017; http://www.indianrailways.gov.in/Reform-Perform-Transform%202022_v10%20(2).pdf*).

The table below sets out details of tonnage originated and earnings from freight carried in the periods indicated:

Particulars	Fiscal									
	2001	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tonnes originating (in million tonnes)	504	926	975	1014	1059	1101	1109	1111	1163	1216
Earnings from freight carried* (*U.S.$. million*)	3,286	8,671	9,657	11,929	13,086	14,729	15,271	14,571	16,214	17,429

**Excluding wharfage & demurrage charges #Figures are provisional*
(Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf; Integrated Budgetary Financial Figures for Western Railways for Fiscal 2019, Ministry of Railways (Railway Board) and Ministry of Railways)

In order to improve freight traffic, in Fiscal Year 2018, the Railways Ministry of Railways implemented several policies such as: (i) liberalising automatic freight rebate scheme in empty flow directions (routes with low freight traffic), (ii) entering into long term tariff contracts with key freight customers, and (iii) introducing double stack dwarf containers as a new delivery model to increase load-ability of trains and attract new traffic under wire. (*Source: Standing Committee on Railways, 'Ministry of Railways (Railway Board), Nineteenth Report Demand for Grants', 2018-2019; http://164.100.47.193/lsscommittee/Railways/16_Railways_19.pdf*)

Passenger Traffic

Train travel remains the preferred means for long-distance travel for the majority of Indians and with urbanisation, improving income standards and increasing population, passenger traffic is expected to grow further, which will entail major investments and capital outlay. Passenger trains utilise two-thirds of capacity, however, generate only one-third of revenues for Indian Railways. (*Source: "Reform, Perform and Transform" – Report by Indian Railways, July 2017*)

The table below sets out details of passengers originated and passenger earnings in the periods indicated.

Particulars	Fiscal									
	2001	2011	2012	2013	2014	2015	2016	2017	2018	2019
Passengers originating (million)	4,833	7,651	8,224	8,421	8,397	8,224	8,107	8,116	8,286	8,314#
Passenger earnings (*U.S.$.* million)	1,500	3,671	4,029	4,471	5,214	6,029	6,329	6,614	6,943	7,429#

 # Provisional figures
(Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf; Integrated Budgetary Financial Figures for Western Railways for Fiscal Year 2019, Ministry of Railways (Railway Board) and Ministry of Railways)

Number of tracks

Indian Railways has constantly added tracks to enable a wider reach and focus on connectivity throughout India. Capacity augmentation including electrification remains a focus area for the Indian Railways and the Government provides for a significant share in Indian Railways' budget for electrification every year. *(Source: Mission Electrification Report by Ministry of Railways)*

Particulars	Fiscal									
	2001	2011	2012	2013	2014	2015	2016	2017	2018	2019#
Total running track kilometres	81,865	87,114	89,801	89,236	89,919	90,803	92,081	93,902	94,735	96,552
Electrified running track kilometres	27,937	36,007	38,669	38,524	39,661	41,038	43,357	48,329	52,296	59,397
Route kilometres	63,028	64,460	64,600	65,436	65,808	66,030	66,687	67,368	68,442	68,885
Electrified route kilometres	14,856	19,607	20,276	20,884	21,614	22,224	23,555	25,367	29,367	34,035

 # Provisional figures
(*Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf and Ministry of Railways*)

** Provisional figures*

Number of stations

In line with improving connectivity, Indian Railways has added stations over a period of time. There is also significant focus on redevelopment of stations, wherein the Government is focussing on modernising stations. Contracts for two stations have already been awarded and over 25 contracts for stations are in various stages of bidding. (*Source: "Reform, Perform, Transform and now we Inform" – Report by Indian Railways dated August 2017*)

The number of stations has expanded from 6,843 as of 31 March, 2001 to 7,401 in as of 31 March, 2019. The following table provides the number of stations in India for the periods indicated:

Particulars	Fiscal									
	2001	2011	2012	2013	2014	2015	2016	2017	2018	2019#
Number of stations	6,843	7,133	7,146	7,172	7,112	7,137	7,216	7,309	7,318	7,401

#Provisional figures

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(*Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf; and Ministry of Railways*)

Capital Investments in Railways

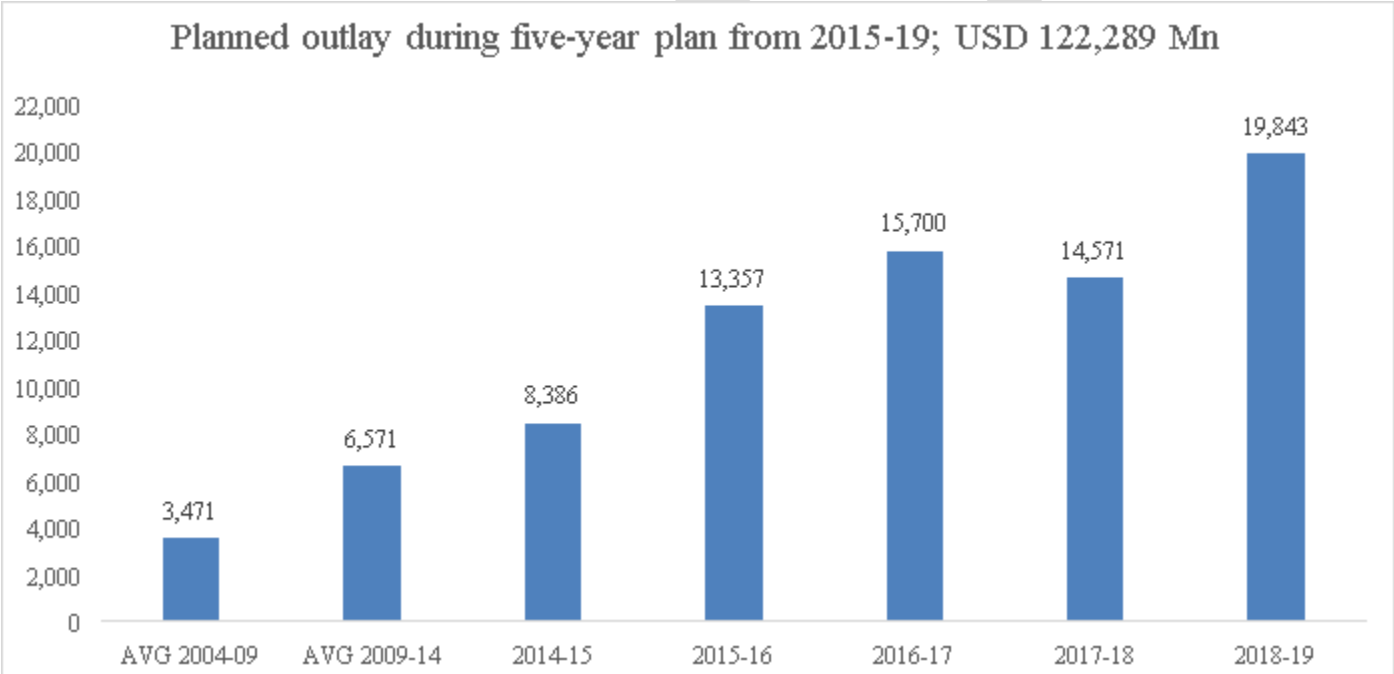
Historical background

While Indian Railways' network is gigantic, a significant proportion of the infrastructure was built during the British era. The British had made significant investments in building the railway infrastructure to facilitate fast movement of goods and troops. Post-Independence, a lack of investment in Indian Railways constrained network growth.

Indian Railways faces certain challenges owing to years of under investment leading to overstretched infrastructure, with approximately 60% of routes being more than 100% utilised and inadequate carrying capacity leading to decreasing modal share in freight and huge unmet passenger demand. Further, due to low passenger fares, passenger trains utilised two-third of the capacity and generated one-third of revenues, whereas high freight traffic meant railway freight was getting out-priced in the market. Hence, it was identified to ramp up investments in Indian Railways as the top priority area. In the last three Fiscal Years, the Ministry of Railways has made progress in initiating infrastructure creation. As stated below, the amount of investments made during the last three Fiscals Years, *i.e.* Fiscal Years 2015 – 2017, is almost 75% of the total investment made in Indian Railways during the past 10 years, i.e. Fiscal Year 2004 – 2014. (*Source: Indian Railways – Three Year Performance Report*)

Investments in Indian Railways:

Capital investments (U.S.$ billion)

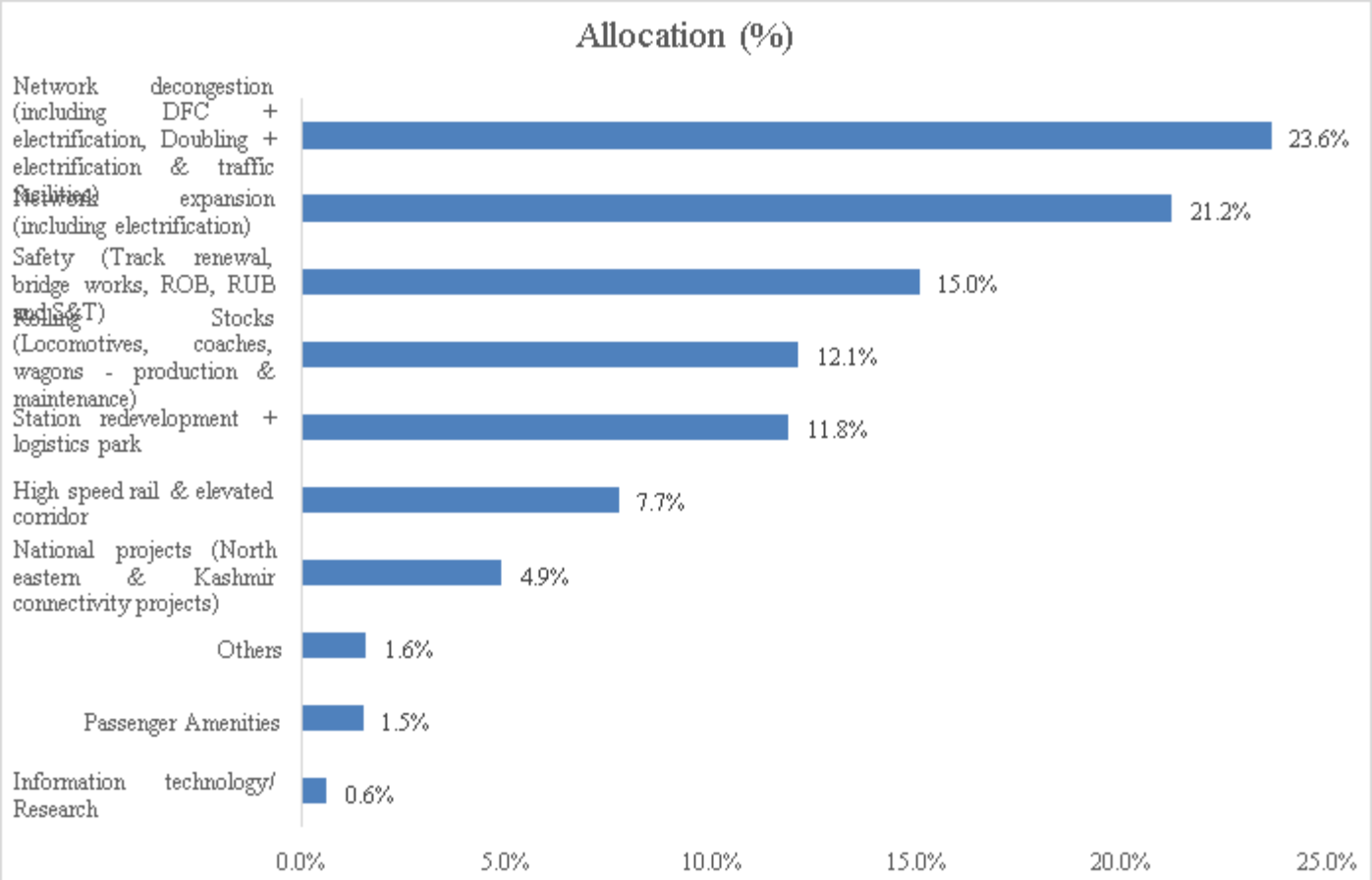


(Source: "Reform, Perform, Transform and now we Inform" – Report by Indian Railways dated August 2017)

Indian Railways has laid down a capital expenditure plan for the five years from 2015 – 2019 of U.S.$. 122,289 million. This capital expenditure plan differs from the previous investment plans by focussing on the following:

- Improving freight carrying capacity via capacity augmentation to achieve network decongestion. This will be done by enhancing the outlay for doubling/third/fourth line projects and through connectivity to logistic parks;
- Improving competitiveness of Indian Railways through cost optimisation via electrification; and
- Improving customer experience so that any future hike in passenger tariffs is accepted by increasing the outlay for safety, station redevelopment and passenger amenities

The table below shows the detailed break-up for the U.S.$. 122,289 million capital expenditure plan for the five years from 2015 – 2019:



(Source: "Reform, Perform, Transform and now we Inform" – Report by Indian Railways dated August 2017)

As a part of the investment reform agenda for Indian Railways, Indian Railways is setting up various joint ventures with state governments to ensure faster development of rail infrastructure. The focus was evident in the capital expenditure plan for the five years from 2015 – 2019 citing the key areas for investment as follows:

Network Decongestion

Network decongestion was a key area of concern wherein the following issues were identified:

- In the 64 years ending 2014, freight loading grew by 1,344%, passenger kilometres grew by 1,642%, however, the route kilometres grew by only 23%; and
- Approximately 161 sections out of the total 247 sections, *i.e.*, 65% of all sections, were running at 100% or above line capacity on high density network routes in 2014. *(Source: Indian Railways – Three Year Performance Report)*

The planned investments have placed high focus on improving freight and passenger carrying capacity via capacity augmentation to achieve network decongestion. (*Source: Reform, Perform and Transform" – Report by the Indian Railways, July 2017*). This is proposed to be done by:

- *enhancing outlay for doubling/third/fourth line projects*

During the period between 2009 and 2014, average broad gauge lines commissioned every year was 1,528 kilometres whereas the planned outlay for Fiscal Year 2018 was to more than double the average to 3,500 kilometres (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*). All meter gauge lines have been eliminated in the North East region of India and 481 kilometres of new broad gauge lines have been added in Fiscal Year 2017 while the average of broad gauge lines commissioned from Fiscal Year 2009 to Fiscal Year 2014 was 100 kilometres (*Source: Indian Railways – Three Year Performance Report*). Furthermore, the speed of infrastructure creation (doubling of tracks) has increased from four kilometres per day in 2014 to seven kilometres per day in July 2017. The Indian Railways is targeting to increase the doubling of tracks to 9.5 kilometres per day in Fiscal Year 2018 and to reach 19 kilometres per day by the Fiscal Year 2022. (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*)

- *developing dedicated freight corridors*.

The Golden Quadrilateral linking Delhi, Mumbai, Chennai and Howrah along with its two diagonals between Delhi and Chennai and Mumbai and Howrah, accounts for only 16% of the Indian Railways' route network, but more than 58% of revenue earning freight traffic. The existing routes between Howrah and Delhi on the eastern corridor and Mumbai and Delhi on the western corridor

are highly saturated. To address this issue, the Ministry of Railways decided to develop high speed Dedicated Freight Corridors ("**DFC**") for freight movement. These DFCs are expected to provide a cheaper and efficient means for transportation vis-à-vis rail freight. Accordingly, the Dedicated Freight Corridor Corporation of India ("**DFCCIL**"), a wholly-owned special purpose vehicle of the Indian Railways, was incorporated on 30 October 2006. (*Source: Dedicated Freight Corridor Corporation of India Ltd., Ministry of Railways - http://www.dfccil.com/Home/DynemicPages?MenuId=3*)

The Ministry of Railways has sanctioned implementation of DFCs, namely, the Western DFC (1,504 kilometres) and the Eastern DFC (1,856 kilometres). The commissioning of the Western DFC and the Eastern DFC (excluding a few sections) is targeted in phases by 2019 – 2020. The funding of the projects is being done by the World Bank, Japan International Cooperation Agency and through Gross Budgetary Support from the Government.

The projects, when commissioned, would take more than 70% of the Indian Railways freight traffic on to faster, longer and heavier trains. The total investment for the two freight corridors is envisaged at U.S.$11,637 million. (*Source: Dedicated Freight Corridor Corporation of India Ltd., Ministry of Railways - https://pib.gov.in/newsite/erelease.aspx?relid=91718*).

Decongestion of the network and the DFC commissioning is expected to release capacity which would lead to operational streamlining and hence higher punctuality. A predictive maintenance regime will be incorporated to further enhance asset reliability.

Network Expansion including electrification

Considering the economic as well as environmental benefits associated with electric traction, an action plan to electrify 90% of the existing broad gauge lines by Fiscal Year 2021 has been drawn up by the Government. This is a challenging task considering that the target is nearly 3.5 times the actual electrification of railway tracks carried out during previous years. During the period between Fiscal Year 2009 and Fiscal Year 2014, electrification was completed at an average of 1,184 route kilometres every year whereas the plan is to increase the pace of electrification to almost 4,000 route kilometres every year from Fiscal Year 2018. (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*)

Annual Railway Electrification (route kilometres)

Fiscal Year	Electrified kilometres (in route kilometres)
2014	1,350
2015	1,375
2016	1,730
2017	2,013
2018	4,087

(Source: Indian Railways - Year Book 2017-18, Ministry of Railways)

The detailed targets for each year are as follows:

Fiscal Year	Targets (in route kilometres)
2019	6,000
2020	6,200
2021	6,200

(Source: "Mission Electrification" report by Ministry of Railways)

In these directions, the Research Design and Standards Organisation has cleared mechanised foundation and all future railway electrification projects shall include a minimum of 50% of mechanised execution. This will reduce project execution time. Further, routes have been identified and targeted for commissioning on a yearly basis till Fiscal Year 2021 so as to set a clear direction to for electrification. (*Source: Mission Electrification Report by Ministry of Railways*)

Safety

Keeping in mind the thrust of improving customer experience, Indian Railways is showing renewed vigour on safety works. In the capital expenditure plan for the five years from 2015 – 2019, the planned outlay for safety has seen a significant increase. Also, safety works have received a big boost through higher allocation from the Central Road Fund. Indian Railways is targeting elimination of all unmanned level crossings since these lead to a large number of accidents every year. The elimination of unmanned crossings was accomplished at a yearly average of 1,139 during Fiscal Year 2009 to Fiscal Year 2014 which increased to 1,503 in Fiscal Year 2017 and the plan is to eliminate all unmanned level crossings on broad gauge in the next three Fiscal Years between Fiscal Year 2018 and Fiscal Year 2020. Indian Railways has also increased the number of new railway overbridges/under bridges being constructed from an average of 762 during Fiscal Year 2009 to 2014 to 1,354 in Fiscal Years 2017. (*Source: Indian Railways - Three Year Performance Report*)

Expenditure on safety has increased from U.S.$4,380 million in 2009-2010 to U.S.$10,438 million in Fiscal Year 2019 (*Source: Budget Estimates: Ministry of Railways)*. The Rashtriya Rail Sanraksha Kosh ("**RRSK**") has been introduced in Fiscal Year 2018 for financing critical safety related works under budget capital segment with an amount of U.S.$14,286 million over a period of five years having an annual outlay of U.S.$2857 million. Funds under RRSK are deployed to finance identified works under plan heads

track renewal, bridge works, signalling and telecommunication works, road safety works of level crossing and road over under bridges, rolling stock, traffic facilities, electrical works, machinery and plant, workshops, passenger amenities, training or human resource development and other specified works. (*Source: Initiatives for Railway Safety, Ministry of Railways, Press Information Bureau dated 2 January, 2019 - http://pib.nic.in/newsite/PrintRelease.aspx?relid=187095*)

The Indian Railways plans to move towards zero fatalities in five years. Accordingly, the Indian Railways has identified four sub-themes for improving the safety standards of the railways: infrastructural changes, technological interventions, root cause investigations and resource mobilisation.

(Source: Indian Railways - Vision & Plans – 2017 - 2019, January 2017, Indian Railways - http://www.indianrailways.gov.in/Railways%20Presentation.pdf)

Station Redevelopment

Indian Railways targets to modernise over 400 stations to world class standards. Indian Railways is planning to redevelop the stations to enable improvement in service as well as to provide opportunities for generating significant non-tariff revenues. This is the largest transit-oriented development programme with an overall targeted program cost of U.S.$.14,286 million. Pursuant to this programme, approximately 2,200 acres of prime real estate land available across the top 100 cities in India will be tapped in the first phase of redevelopment. (*Source: First Phase of the Station Redevelopment Program comprising 23 major Railway Stations of Indian Railways, Press Information Bureau dated 8 February, 2017 - https://pib.gov.in/newsite/mbErel.aspx?relid=158286*)

Redevelopment of railway stations is planned through leveraging of commercial development of vacant land/ or air space that is available in and around railway stations. Therefore, no funds have been earmarked for the purpose. Such projects shall generally be cost neutral to railways. (*Source: Redevelopment of Railway Stations, Ministry of Railways, Press Information Bureau dated 18 July 2018 - http://www.pib.gov.in/PressReleseDetail.aspx?PRID=1538991*)

Furthermore, Indian Railway Stations Development Corporation Limited has been entrusted with redevelopment of Anand Vihar, Bijwasan, Chandigarh, Gandhinagar, Habibganj (Bhopal), and Surat railway stations. An MoU between Rail Land Development Authority) and NBCC India Limited has been entered into for development of the 10 stations, including Tirupati, Delhi Sarai Rohilla, Nellore, Madgaon, Charbagh, Gomtinagar, Kota, Thane new, Ernakulam Junction and Puducherry. (*Source: Redevelopment of Railway Stations, Ministry of Railways, Press Information Bureau dated 18 July, 2018 - http://www.pib.gov.in/PressReleseDetail.aspx?PRID=1538991*)

Contracts have been finalised for Gomtinagar and bids have been invited for Charbagh (Lucknow) station and Tirupati stations. All the above work projects have been offered to indigenous companies/ firms. (*Source: Redevelopment of Railway Stations, Ministry of Railways, Press Information Bureau dated 18 July 2018 - http://www.pib.gov.in/PressReleseDetail.aspx?PRID=1538991*)

High Speed Railway ("HSR") and Elevated Corridors

Indian Railways has formulated a plan to develop an HSR network in India. These HSR services travels at speeds of approximately 250-300 kilometres per hour and have been developed in other countries which could likely change the face of Indian Railways. HSR could conceivably rival airlines when it comes to targeting those customers who have a commuting time of two – three hours.

The Mumbai-Ahmedabad rail corridor is a sanctioned high speed rail project in the country implemented with technical and financial assistance of the Japan Government. The estimated cost of the project is U.S.$15,429 million. The government of Japan has agreed to provide a soft loan for 81% of the total project cost with 0.1% rate of interest per annum. The time period for repayment of loan is 50 years with a 15 year grace period. (*Source: High Speed Rail Corridors, Ministry of Railways, Press Information Bureau dated March 27, 2018 - http://pib.nic.in/newsite/PrintRelease.aspx?relid=178068*)

Six corridors on the 'Diamond Quadrilateral' connecting metropolitan cities and growth centres of the country (Delhi, Mumbai, Chennai and Kolkata) have been identified for a feasibility study for high speed rail connectivity, comprising: (i) Delhi to Mumbai, (ii) Mumbai to Chennai, (iii) Chennai to Kolkata, (iv) Kolkata to Delhi and both diagonals i.e. (v) Delhi to Chennai and (vi) Mumbai to Kolkata routes. As high speed projects are highly capital and technology intensive, sanction of high speed projects are subject to its technical feasibility, financial viability and availability of resources. (*Source: High Speed Rail Corridors, Ministry of Railways, Press Information Bureau dated 27 March, 2018 - http://pib.nic.in/newsite/PrintRelease.aspx?relid=178068*)

Rolling Stock

With the expansion of the freight network and passenger demand, the requirement of rolling stock will increase substantially. The Issuer is responsible for financing the acquisition of majority of the rolling stock purchased by the IRFC and leased to the Ministry of Railways. In Fiscal Years 2017, 2018 and 2019 (revised estimate), IRFC was responsible for financing 73%, 92% and 82%, respectively, of the rolling stock purchased by IRFC and leased to the Ministry of Railways (*Source: Ministry of Railways*).

As of 31 March 2019, the total value of rolling stock assets financed by the Issuer since the Issuer first commenced such financing was U.S.$27.72 billion or more than 75%. The table below, provides further details of the Issuer's share in financing the rolling stock purchased by the Ministry of Railways, as of 31 March 2018.

Nature of Rolling Stock	Indian Railways Rolling Stock Requirement	IRFC's share in financing	Percentage
Locomotives	11,764	9,643	82%
Coaches	65,326	51,772	79%
Wagons	2,79,308	2,20,746	79%

The following table sets out the annual rolling stock acquired by the Ministry of Railways during the below mentioned periods:

Period	Number of Locomotives		Number of Coaches	Number of Wagons
	Electric	Diesel		
Fiscal Year 2016*	280	350	3,934	10,395
Fiscal Year 2017*	280	360	4,302	10,718
Fiscal Year 2018	350	254	4,684	8,000
Fiscal Year 2019	425	200	4,835	12,000

As per actuals
(*Source: Ministry of Railways*)

Locomotives

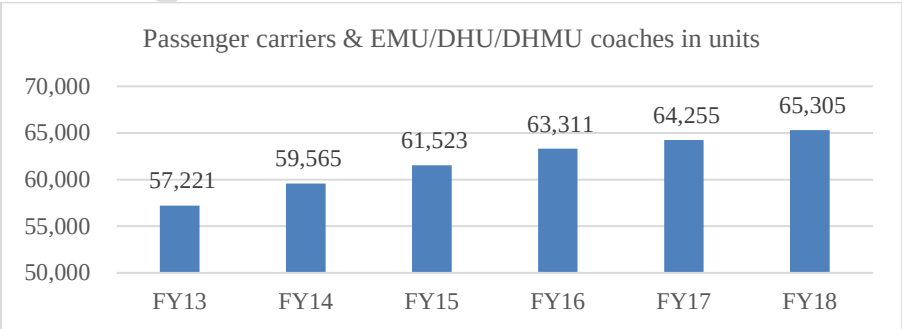
Indian Railway's locomotive fleet has seen significant changes over time. Dominated by steam locomotive at the time of independence, the shift was in favour of diesel locomotives gradually. Now, electric locomotives are likely to dominate the future of Indian Railways. The following charts show cumulative locomotives over the years across diesel and electric locomotive units:

(Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf and Indian Railways - Year Book 2017-18, Ministry of Railways)

Coaches

There has been an increase in demand for electric multiple units ("**EMU**") and diesel electric multiple units ("**DEMU**") driven by rising demand from suburban traffic as well as efficiency considerations. Passenger carriers are also expected to be in demand with increasing passenger traction. Over the medium term coach demand is expected to outstrip supply.

The following charts shows cumulative coaches deployed over the years – Passenger carriers and EMU/DMU/ diesel hydraulic multiple unit ("**DHMU**") coaches.



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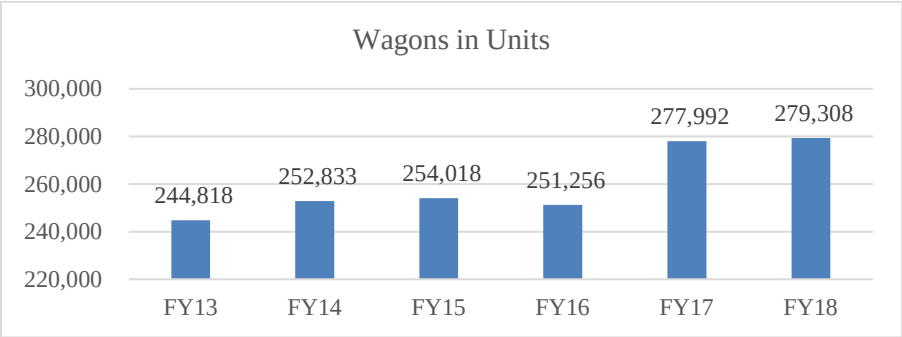
(Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf and Indian Railways - Year Book 2017-18, Ministry of Railways)

Wagons

Wagons manufacturing increased after the economic reforms in the early 1990s with annual production figures reaching as high as 26,000 units. The numbers remained fairly steady in the early part of the 2000s and improved with the economic recovery post 2009 on a lower base.

The following charts shows cumulative wagons during the below Fiscal Years:



(Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf and Indian Railways - Year Book 2017-18, Ministry of Railways)

Sources of Funding

The capital expenditure plan from Fiscal Year 2016 to Fiscal Year 2020 as laid above is funded via various sources of financing for the Indian Railways. The primary sources of funds for the planned capital outlay of the Indian Railways are gross budget internally generated funds, public private partnerships and market borrowings leasing through IRFC and other sources (EBR-IF) and railway safety funds.

The total annual outlay for capital expenditure for Fiscal Year 2020 has been budgeted at U.S.$22,886 million comprising gross budgetary support of U.S.$9,443 million, internal resources of U.S.$1,500 million and extra budgetary support resources of U.S.$11,943 million consisting of marketing borrowings, public private partnership and institutional financing (*Source: Ministry of Railways*).

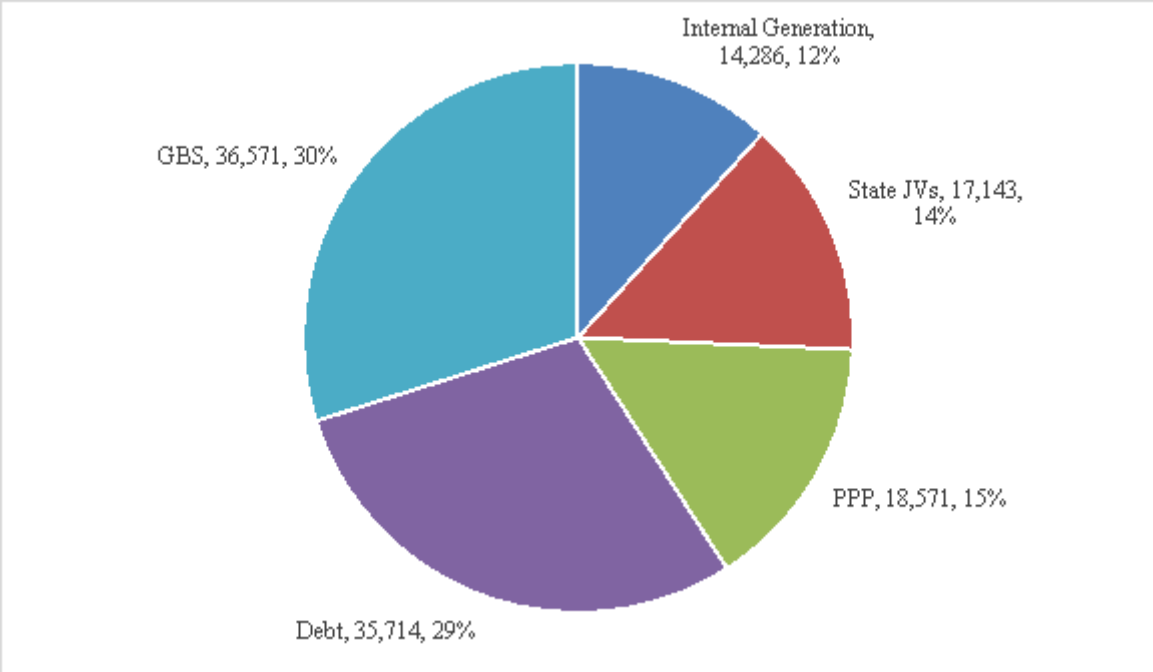
The following table provides for the details of the Indian Railways planned capital outlay and its sources of financing:

Period	Capital Outlay	Gross Budgetary Support	Internally Generated Funds	Public Private Partnership	Market Borrowings		Railway Safety Fund
					IRFC	EBR-IF through IRFC	
				(U.S.$ million)			
Fiscal Year 2019	19,057	7,114	671	3,471	3,386	3,986	429
Fiscal Year 2018	14,571	4,571	443	3,157	2,686	2,086	1,629
Fiscal Year 2017	15,471	4,929	1,500	3,829	2,043	1,643	1,529
Fiscal Year 2016	13,357	5,000	2,400	2,157	2,014	1,414	371
Fiscal Year 2015	8,386	4,300	2,186	–	1,571	–	314
Fiscal Year 2014	7,714	3,871	1,386	–	2,171	–	286
Fiscal Year 2013	7,186	3,443	1,357	–	2,157	–	229

(Source: Ministry of Railways)

The following diagram shows the break-up of the capital expenditure plan for the five years from 2015 to 2019 amounting to U.S.$122,289 million:

(U.S.$ billion)



(₹ billion. Source: Achievements and Plans of Indian Railways - http://www.indianrailways.gov.in/Presentation%20on%20Achievements%20&%20%20Plans%20of%20Indian%20Railways.pdf)

Debt Breakup	U.S.$ Million
Rolling Stock Lease	14,286
Institutional Financing (EBR – IF)	21,429

The total outlay plan for the Indian Railways during the years 2013-14 to 2019-20 was U.S.$78.56 billion and the Issuer's funding contribution towards such plan stood at U.S.$21.66 billion or 27.57%. The table below provides a further breakdown of the total outlay plans of the Indian Railways and the Issuer's funding contribution towards such plans in various years

Year	Indian Railways Outlay Plans (U.S.$ millions)	IRFC's Contribution (U.S.$ millions)
2013-2014	7,714	2,171
2014-2015	8,386	1,571
2015-2016	13,357	3,429
2016-2017	15,471	3,686
2017-2018	14,571	3,429
2018-2019	19,057	7,371

Gross Budgetary Support

The central Government supports Indian Railways in the form of a gross budgetary support in order to expand its network and invests in capital expenditure. In Fiscal Year 2020, the gross budgetary support from the central Government is proposed to be U. S.$ 9,443 million, which has increased from U.S.$7,543 million in Fiscal Year 2019 (*Source: Ministry of Railways*).

Internally Generated Funds

The Indian Railways' internal resources are primarily utilised for replacement, renewals, upgrades and modernisation of existing infrastructure i.e., track renewal, signalling replacement, other electrical works and safety (road over bridge ("**RoB**")/ road under bridge ("**RuB**")). The internal resource generation is significantly dependent on the economic growth which impacts freight revenues.

Flexi fare was introduced from 9 September, 2016. During the periods from September 2016 to March 2017, Fiscal Year 2018, and April 2018 to June 2018, the Indian Railways earned approximately U.S.$53 million, U.S.$123 million, and U.S.$37.43 million, respectively, as additional earnings from trains offering flexi fare. (*Source: Revenue Generation by Railways, Ministry of Railways, Press Information Bureau dated 30 July 2018 - http://www.pib.gov.in/PressReleseDetail.aspx?PRID=1540623*)

The Indian Railways is focussing on further enhancing the share of non-fare revenues through initiatives, such as, "Train branding" which includes internal and external advertising on trains; "Railway display network" which includes creating a new medium for advertising and information dissemination, sole advertising rights for the entire zonal railways and on-board entertainment. (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*)

Railway Safety Fund

The Union Budget 2018 introduced the fund 'Rashtriya Rail Sanraksha Kosh' for works relating to renewal, replacement, upgradation of critical safety assets under the capital segment of the union budget. The fund has an amount U.S.$14,286 million over a period of five years, with an annual outlay of U.S.$2857 million. The fund is intended to be utilised to finance track renewals, bridge works, signalling and telecommunication works, road safety works of level crossings and RoBs, RuBs rolling stock, traffic facilities, electrical works, machinery and plant, workshops, passenger amenities and training. In Fiscal Year 2018, expenses of U.S.$2,299 million was utilised in relation to this fund. (*Source: Railway Safety Fund, Ministry of Railways, Press Information Bureau dated July 25, 2018 - https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1540105*)

Public Private Partnerships

The Indian Railways has laid emphasis on public private partnerships to implement initiatives such as rail connectivity for ports, station redevelopment, rail-side logistics parks and warehousing as well as satellite terminals. The Indian Railways proposed a capital expenditure plan from Fiscal Year 2016 to Fiscal Year 2020 for an amount of U.S.$18,571 million to be invested in public private partnerships. This proposed investment of the Indian Railways in relation to public private partnerships will primarily be engaged in station development, logistic parks and *new* lines on build–operate–transfer basis. The Indian Railways has also approved two new locomotives factories in Bihar with a combined order book of U.S.$5,714 million over ten years. These projects are one of the largest foreign direct investment projects of the Indian Railways in India. (*Source: Standing Committee on Railways (2017 – 2018), Sixteenth Lok Sabha, Ministry of Railways (Railway Board), Nineteenth Report, Demands for Grants (2018 – 19) - http://164.100.47.193/lsscommittee/Railways/16_Railways_19.pdf and Indian Railways - Vision & Plans – 2017 - 2019, January 2017, Indian Railways - http://www.indianrailways.gov.in/Railways%20Presentation.pdf*) Public private partnerships contributed U.S.$3,857 million in Fiscal Year 2019 and is estimated to contribute U.S.$4,014 million in Fiscal Year 2020. (*Source: Ministry of Railways*)

Furthermore, a joint venture company has been formed with Pipava Port authorities to provide broad gauge connectivity to Pipava Port. MoUs have been signed between Ministry of Railways and the State governments of Andhra Pradesh, Karnataka, Maharashtra, West Bengal, Tamil Nadu and Jharkhand in developing rail infrastructure in these states. (*Source: http://www.indianrailways.gov.in/railwayboard/view_section.jsp?lang=0&id=0,1,261*)

Market Borrowings/ Debt

Indian Railway Finance Corporation

IRFC raises market borrowings which includes the Extra Budgetary Resources ("**EBR**") for the Indian Railways' planned investment of 25% to 30% of Indian Railways plan size. IRFC's target share of total EBR is 68%. The funds raised by IRFC are invested mainly in rolling stock assets which are leased for a period of 30 years to Indian Railways. IRFC also gives loans to RVNL for viable and bankable projects being executed by it (*Source: Indian Railways – Lifeline of the Nation, February 2015*).

IRFC also extends debt financing to other entities under the administrative control of the Ministry of Railways, including Railtel Corporation of India Limited, Konkan Railway Corporation Limited, Rail Land Development Authority and Pipavav Rail Corporation Limited.

In Fiscal Year 2020, extra budgetary resource support from the central Government is proposed to be U.S.$11,943 million which has increased from U.S.$7,371 million in Fiscal Year 2019 (*Source: Ministry of Railways*).

In this regard, the Standing Committee on Railways directed the Ministry of Railways to furnish reasons for emphasising on budgetary support and extra budgetary resource for funding the annual plan rather than increasing internal resources for capital funding and also to state the interest liability on Indian Railways for extra borrowings. The Ministry of Railways, in their written replies, submitted that higher outlays have been provided through budgetary support and extra budgetary resources to meet increasing requirement for project execution and procurement of rolling stock, as internal resource generation was not adequate for financing of plans, due to adverse impact of implementation of the Seventh Central Pay Commission recommendations, applicable since Fiscal Year 2017. However, a higher provision of U.S.$1,643 million has been made in Fiscal Year 2019 under internal resources, compared to U.S.$1,557 million of revised estimate Fiscal Year 2018. (*Source: Standing Committee on Railways (2017 – 2018), Sixteenth Lok Sabha, Ministry of Railways (Railway Board), Nineteenth Report, Demands for Grants (2018 – 19) - http://164.100.47.193/lsscommittee/Railways/16_Railways_19.pdf*)

In budget estimates for Fiscal Year 2019, outlay from extra budgetary resources was kept at U.S.$11,706 million (U.S.$4,071 million from market borrowings through bonds, U.S.$3,777 million from institutional financing and U.S.$3,857 million as investment under extra budgetary resource. The higher outlays were kept in order to meet increasing requirement for project execution and procurement of rolling stock.

The Indian Railways has planned to borrow U.S.$35,714 million from IRFC, including U.S.$21,429 million for rolling stock assets, to fund its proposed capital expenditure from Fiscal Years 2016 to 2020 (*Source: Ministry of Railways*). The Indian Railways and

RVNL has jointly borrowed an amount of U.S.$3,383 million, U.S.$3,927 million, U.S.$4,789 million and U.S.$7,505 million in Fiscal Years 2016, 2017, 2018 and 2019, respectively, from IRFC. The Ministry of Railways has indicated its intention to borrow U.S.$7,924 million from IRFC in Fiscal Year 2020. As of 31 March 2019, the cumulative funding by IRFC to the Ministry of Railways amounted to U.S.$38,410 million.

Furthermore, the Ministry of Railways signed a memorandum of understanding with LIC, for funding assistance of U.S.$21,429 million for financing railway projects over a period of five years (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*). As the LIC funding will be of for a tenor of 30 years, it matches the Indian Railways' requirement of long term funds for investment in projects. As LIC funds will carry low interest rates and are linked with government security with a small margin and with the lowering of interest rates, the cost of funds is expected to come down further over a period of time. These funds are flowing to the Indian Railways through IRFC. As of 31 March 2019, IRFC had raised U.S.$2,314 million from LIC for providing funding assistance to Indian Railways for its projects.

Foreign Direct Investment

The Government has permitted 100% Foreign Direct Investment on automatic route in the following activities/areas of railway infrastructure:

i. Suburban corridor projects through Public Private Partnership;

ii. High speed train projects;

iii. Dedicated freight lines;

iv. Rolling stock including train sets, and locomotives or coaches manufacturing and maintenance facilities;

v. Railway electrification;

vi. Signalling systems;

vii. Freight terminals;

viii. Passenger terminals;

ix. Infrastructure in industrial park pertaining to railway lines or sidings including electrified railway lines and connectivity to main railway line; and

x. Mass rapid transport systems.

(Source: Non-fare Revenue and FDI in Indian Railways, Press Information Bureau of India, Ministry of Railways dated 27 November 2019; https://pib.gov.in/PressReleseDetail.aspx?PRID=1540623)

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REGULATION AND SUPERVISION

This section provides an overview of the laws, regulations and policies which are relevant to the Issuer's business and infrastructure financing in India. The Issuer is registered with the RBI as an NBFC and operates as a "systemically important" non-deposit taking NBFC and is sub-classified as a NBFC-IFC. The regulations set out below may not be exhaustive, and are only intended to provide general information to potential investors and are neither designed nor intended to be a substitute for professional legal advice.

The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Potential investors should carefully consider the information described below together with the information set out in other sections of this Offering Circular, including the financial statements, before making an investment decision relating to the Notes, as any changes in these laws, regulations and policies could have a material adverse effect on the Issuer's business.

NBFC Regulations

The Reserve Bank of India Act, 1934 ("RBI Act")

The RBI is entrusted with the responsibility of regulating and supervising activities of NBFCs by virtue of the power vested in it under Chapter IIIB of the RBI Act. The RBI Act defines an NBFC under Section 45I (f) as:

(i) a financial institution which is a company;

(ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;

(iii) such other non-banking institution or class of such institutions, as the RBI may, with the previous approval of the Central Government and by notification in the official gazette, specify.

A financial institution and a non-banking institution have been defined under Sections 45I(c) and 45I(e) of the RBI Act, respectively.

The RBI through notification no. RBI/2006-07/158 DNBS (PD) C.C. No. 81/03.05.002/2006-07 dated 19 October 2006, as amended, stipulated that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide its principal business. The company will be treated as an NBFC: (a) if its financial assets are more than 50% of its total assets (netted off by intangible assets); and (b) if income from financial assets is more than 50% of the gross income. Both these tests are required to be satisfied as the determinant factor for the principal business of a company.

Subject to certain exceptions carved out pursuant to RBI notification no. RBI/DNBR/2016-17/40 Master Direction DNBR.PD. 001/03.10.119/2016-17 dated 25 August 2016, as amended, the RBI Act mandates that no NBFC shall commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration ("**CoR**") and having a minimum net owned fund of Rs.2.5 million or such other amount not exceeding Rs. 1000 million. In case an NBFC does not accept deposits from the public, it shall obtain a CoR without authorisation to accept public deposits. All NBFCs are required to submit a certificate from their statutory auditors every year to the effect that they continue to undertake the business of a non-banking financial institution, thereby requiring them to hold a CoR.

For a non-deposit taking NBFC to be classified as an NBFC-IFC, it should *inter alia* meet the following criteria:

(i) at least 75% of its total assets should be used in "infrastructure loans" as defined in the NBFC-ND-SI Directions; and

(ii) it should have (a) net owned funds of Rs.3,000 million or above; (b) a capital to risk assets ratio ("**CRAR**") of 15% (with a tier I capital of at least 10%); and (c) a minimum credit rating 'A' or equivalent of CRISIL, FITCH, CARE, ICRA, Brickwork Ratings India Pvt. Ltd. or any other credit rating agency accredited by the RBI.

Information to be furnished in relation to certain changes

In accordance with the NBFC-ND-SI Directions, all applicable are NBFCs are required to furnish the following information to the Regional Office of the Department of Non-Banking Supervision of the RBI within one month of the occurrence of any change in: (i) its complete postal address, telephone/fax number of the registered/corporate office, (ii) the name and residential address of the directors of the company, (iii) the names and official designations of its principal officers, (iv) names and office address of its auditors, and (v) the specimen signatures of the officers authorised to sign on its behalf.

Fair Practices Code

Pursuant to notification no. RBI / 2006-07 /138 DNBS (PD) CC No. 80 / 03.10.042 / 2005-06, dated 28 September 2006, RBI prescribed broad guidelines towards a fair practices code that was required to be adopted by all NBFCs for doing lending business. The guidelines *inter alia* covered general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method including but not limited to (i) information affecting the interest of the borrower; (ii) use of vernacular language for conveying terms and notices in relation to the loans; (iii) refraining from any undue harassment; and (iv) interfering in the affairs of borrowers except for the purposes provided in the terms and conditions of the loan agreement. NBFC-

ND-SI Directions require that the fair practices code of each NBFC is to be published and disseminated on its website. However the Issuer is currently exempted from these requirements pursuant to a specific exemption obtained from the RBI.

KYC Guidelines

The RBI has issued the Know Your Customer ("**KYC**") Direction, 2016 dated 25 February 2016 as amended, bearing reference no. RBI/DBR/2015-16/18 DBR.AML.BC.No.81/14.01.001/2015-16 ("**KYC AML Directions**"), directing all NBFCs to adopt the directions in order to ensure that proper policy framework for anti-money laundering measures is put in place. This policy is required to have certain key elements, including *inter alia* customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. No transaction or account based relationship between an NBFC and its customer shall be undertaken without the exercise of customer due diligence by the NBFC or persons authorised by the NBFC (including its brokers and agents). However, in case the customer is unable to provide information for due diligence procedure, the KYC AML Directions prescribe a simplified process for opening of a bank account by the NBFC. The identification for such customer must be completed within 12 months and the account balance should not exceed Rs. 50,000. The information procured pursuant to the KYC AML Directions must be uploaded by the NBFC on the Central KYC Records Registry maintained by the Central Registry of Securitisation, Asset Reconstruction and Security Interest of India.

Corporate Governance Guidelines

In order to enable NBFCs to adopt best practices and greater transparency in their operations, the RBI introduced corporate governance guidelines on 8 May 2007. The RBI consolidated the corporate governance guidelines issued by it from time to time in NBFC-ND-SI Directions which requires all applicable NBFCs-ND-SI to adhere to certain corporate governance norms, including:

(i) Constitution of an audit committee;

(ii) Constitution of a nomination committee to ensure the fit and proper status of the proposed and existing directors;

(iii) Constitution of an asset liability management committee to monitor the asset gap and strategise actions to mitigate the risk associated with NBFCs operations. In addition, a risk management committee may also be formed to manage the integrated risk;

(iv) Informing the board of directors, at regular intervals, the progress made in having a progressive risk management system, a risk management policy and the strategy being followed. The board of directors also needs to be informed about compliance with corporate governance standards, including in relation to the composition of various committees and their meetings. Certain fit and proper criteria in relation to the board of directors is applicable;

(v) Framing internal guidelines on corporate governance for enhancing the scope of the guidelines; and

(vi) Rotation of partners of audit firms appointed for auditing the NBFC every three years.

Guidelines for Asset Liability Management System

The RBI has prescribed the Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies ("**ALM Guidelines**") that are applicable to all NBFCs through NBFC-ND-SI Directions read with ALM Guidelines. As per the NBFC-ND-SI Directions, the non-deposit taking NBFCs meeting the criteria of an asset base of Rs. 1000 million or more, systemically important NBFC Core Investment Companies and deposit taking NBFC shall adhere to liquidity risk management guidelines given in the ALM Guidelines. The ALM Guidelines mainly address liquidity and interest rate risks. In the case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 7 days, 8 to 14 days and 15 to 30 days' time-bucket should not exceed the prudential limit of 10 per cent., 10 per cent. and 20 per cent. of cash out flows respectively and the cumulative gap of up to one year are expected to be monitored by establishing board-approved internal prudential limits on the cumulative cash outflows of up to one year. Further, the boards of the applicable NBFCs must adopt tools for internal monitoring of liquidity requirements to track critical ratios.

The ALM Guidelines also require NBFC-ND-SIs and deposit taking NBFC to maintain a minimum liquidity coverage ratio ("**LCR**") from 1 December 2020 in order to meet its liquidity needs under a significantly severe liquidity stress scenario. The LCR must be maintained by an adequate level of unencumbered high quality liquid assets ("**HQLA**") that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds. The LCR is the ratio of HQLAs to total net cash outflows over the next thirty (30) calendar days ("**Net Cash Outflow**"). The ALM Guidelines set out the various assets that may be considered as HQLA with or without a haircut. The LCR must be disclosed quarterly.

Rating of Financial Products

Pursuant to the NBFC-ND-SI, all NBFC-IFCs with an assets size of Rs.5,000 million and above are required to furnish information relating to the downgrading and upgrading of assigned rating of any financial products issued by them within 15 days of such change to the relevant regional office of the RBI, within whose jurisdiction the its registered office is functioning.

Norms for excessive interest rates

The RBI, through its circular dated 24 May 2007, directed all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the NBFC-ND-SI Directions regulate the rates of interest charged by the NBFCs. The board of each NBFC is required to adopt an interest rate model taking into

account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFC's website or published in newspapers and is required to be updated in the event of any change therein. Further, the rates of interest should be annualised rates so that borrowers are aware of the exact rates that would be charged to the account.

Government companies

Historically, the RBI had exempted a Government company as defined under Section 2 (45) of the Companies Act from the applicability of several sections of the RBI Act as well as, *inter alia*, the NBFC-ND-SI Directions. However, pursuant to a notification dated 31 May 2018, Government companies which were previously exempt from the NBFC-SI Directions and certain income recognition, asset classification, provision requirements, capital adequacy requirements, leverage ratios and concentration of credit and investments, corporate governance and deposit regulations will now have to comply in the same way as non-Government companies within the prescribed timelines ("**Withdrawal Notification**").

Under the Withdrawal Notification,

(i) income recognition as set out under the NBFC-ND-SI Directions has to be complied with by Government companies by 31 March 2019. Income recognition is required to be based on recognised accounting principles and guidance notes in India. Income including interest or discount or hire charges or lease rentals or any other charges on non-performing assets are recognised only when it is actually realised, and any income recognised before an asset became non-performing and remaining unrealised is reversed. Income from dividend on shares of corporate bodies and units of mutual funds is taken into account on cash basis. Income from bonds and debentures of corporate bodies and from Government securities or bonds is taken into account on accrual basis. Income on securities of corporate bodies or public sector undertakings, the payment of interest and repayment of principal of which have been guaranteed by the central Government or a state Government is taken into account on accrual basis;

(ii) asset classification has to be done within 120 days from 31 March 2019 and 90 days from 31 March 2020. Loans and other credit facilities and lease assets are classified into the following broad asset types: (a) Standard Assets: Standard asset refers to an asset in respect of which no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business; and (b) Non-performing Assets: An asset is considered as a non-performing asset and sub-categorised as sub-standard, doubtful and loss asset;

(iii) 100% of prescribed provisioning requirement needs to be met by 31 March 2019. This is 0.40% of the outstanding amount of the loans disbursed by the NBFC, which amount is not reckoned for arriving at net non-performing assets;

(iv) Government owned NBFCs are required to have a CRAR of 10% by 31 March 2019, which increases to a CRAR of 15% by 31 March 2022;

(v) leverage ratio will be applicable by 31 March 2022 with a roadmap for compliance to be prepared by Government owned non-deposit taking NBFCs;

(vi) credit and investment concentration norms be complied with by 31 March 2022. A NBFC IFC is permitted to: (a) lend to: (i) any single borrower exceeding 25% of its owned fund; and (ii) any single group of borrowers exceeding 40% of its owned fund; (b) invest in: (i) the shares of another company exceeding 15% of its owned fund; and (ii) the shares of a single group of companies exceeding 25% of its owned fund; or (c) lend and invest (loans/investments taken together) exceeding: (i) 30% of its owned fund to a single party; and (ii) 50% of its owned fund to a single group of parties;

(vii) corporate governance, conduct of business regulations, and the fair practices code have to be complied with by 31 March 2019;

(viii) the requirement under Section 45 IB of the RBI Act, 1934, in respect of maintaining a percentage of investments in unencumbered approved securities (central or state Government bonds, as well as bonds of whose principal and interest have been guaranteed by the Government) whose value does not exceed 15% of the deposits outstanding at the close of business on the last working day of the second preceding quarter is now applicable to Government NBFCs. This requirement is applicable in a phased manner, i.e. 5% of outstanding deposits by 31 March 2019, which increases to 15% by 31 March 2022; and

(ix) the requirement under Section 45 IC of the RBI Act, 1934, of creating a reserve fund and transferring a sum not less than 20% of its net profit every year as disclosed in the profit and loss account and before any dividend is declared, to such reserve fund, is now applicable to Government NBFCs from 31 March 2019.

The phased withdrawal of the exemptions applicable on Section 45 IB and Section 45 IC of the RBI Act are also listed in Master Direction - Exemptions from the provisions of RBI Act, 1934, Master Direction DNBR.PD. 001/03.10.119/2016 17 dated 25 August 2016, as amended.

Additionally, the Withdrawal Notification permits government companies set up to serve specific sectors to approach the RBI for exemptions. The Issuer is exempt from the Withdrawal Notification to the extent of the standard asset provisioning, exposure and income recognition and asset classification norms (insofar as they relate to direct exposure to the Government), pursuant to the exemption letter dated 21 December 2018, bearing reference no. DNBR (PD).CO.No.1271/03.10.001/2018-19, issued to it by RBI.

Supervisory Framework

In order to ensure adherence to the regulatory framework by NBFCs-ND-SI, the RBI, pursuant to the Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 dated 29 September 2016, bearing reference no. RBI/DNBS/2016-17/48 Master Direction DNBS. PPD.03/66.15.001/2016-17, as amended, has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. at the end of March every year, in a prescribed format. This return is to be submitted in electronic form on a quarterly basis from the close of every fiscal year, as prescribed under the Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 RBI/DNBS/2016-17/47 dated 29 September 2016. In addition, an NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of a non-banking financial institution requiring to hold a CoR under the RBI Act. This certificate is required to be submitted within one month of the date of finalisation of the balance sheet and in any other case not later than 30 December of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, the auditors are also required to make a separate report to the board of directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI.

Opening of Offices or Undertaking Investment Abroad by NBFCs

In accordance with NBFC-ND-SI Directions, no objection certificate and prior approval of the RBI must be obtained by an NBFC for opening of a branch, subsidiary, representative office or an undertaking investment abroad. These directions, *inter alia*, require every NBFC to obtain prior approval of the RBI for the opening of subsidiaries, joint ventures or representative offices abroad or for undertaking investment in foreign entities. NBFCs are also required to comply with certain conditions such as maintaining a minimum net owned fund as prescribed in the explanation to Section 45-IA of the RBI Act, complying with the regulations issued under FEMA, 1999 from time to time, complying with KYC norms, refraining from investing in non-financial sectors and submitting a statutory auditor's annual certificate to relevant Regional Office of Department of Non-Banking Supervision of the RBI.

Anti-Money Laundering

The KYC AML Directions set out the obligations of all regulated entities with respect to anti-money laundering laws, in order to secure compliance with the Prevention of Money Laundering Act, 2002 ("**PMLA**") and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005. The PMLA seeks to prevent money laundering and provide for confiscation of property derived from, or involved in money laundering and for other connected matters. It extends to all regulated entities, including NBFCs and their professional intermediaries. Hence, all NBFCs are advised to appoint a principal officer for ensuring compliance, monitoring transactions and reporting of, *inter alia*, (i) all cash transactions with a value of more than Rs.1 million or its equivalent foreign currency; and (ii) all series of cash transactions integrally connected to each other which have been valued below Rs.1 million or its equivalent foreign currency where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds Rs.1 million or its equivalent foreign currency, (iii) suspicious transactions, payment for which is made in cash or otherwise; and (iv) all cross border wire transfers exceeding Rs. 0.5 million or its equivalent in foreign currency. In addition, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. NBFCs are also required to maintain, for at least five years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic and international, which will permit reconstruction of individual transactions (including the nature, amount, date, currency and parties in respect of the transaction).

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained when the customer opens its account with the NBFC and during the course of the business relationship between the customer and the NBFC, and that the records are properly preserved for at least five years after the business relationship has ended. The identification records and transaction data must be made available by the NBFCs to the competent authorities upon request.

Information Technology Framework

Pursuant to the Master Direction - Information Technology Framework for the NBFC Sector dated 08 June 2017, bearing reference no. RBI/DNBS/2016-17/53 Master Direction DNBS.PPD.No.04/66.15.001/2016-17, NBFCs having an asset size of more than Rs. 5,000 million, need to form an information technology strategy committee and adopt the following policies: information technology policy, information security policy, information system audit policy, business continuity plan, and information technology service outsourcing policy.

Regulations relating to Sale of Assets to Asset Reconstruction Companies

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("**SARFAESI Act**") regulates the securitisation and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in the case of default. Further, the SARFAESI Act provides for the acquisition of financial assets by an asset reconstruction company from any bank or financial institution on such terms and conditions as may be agreed upon between them. An asset reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management

of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures, such as rescheduling of the payment of debts payable by the borrower and enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any asset reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fees or charges as may be mutually agreed between the parties. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as a non-performing asset in the books of account of the secured creditor, in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority.

The Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 ("Amendment Act")

The Amendment Act amends four laws: (i) the SARFAESI Act, (ii) Recovery of Debts due to Banks and Financial Institutions Act, 1993 ("**RDDBFI**"), (iii) the Indian Stamp Act, 1899 and (iv) the Depositories Act, 1996. Under the SARFAESI Act, secured creditors can take possession over collateral, against which a loan had been provided, upon a default in repayment, which can be done with the assistance of the District Magistrate. The Amendment Act provides that this process will have to be completed within 30 days by the District Magistrate. In addition, the Amendment Act (i) creates a central database to integrate records of property registered under various registration systems with this central registry and secured creditors will not be able to take possession over the collateral unless it is registered with the central registry; and (ii) provides that stamp duty will not be charged on transactions for transfer of financial assets in favour of asset reconstruction companies. In relation to the RDDBFI, the Amendment Act (i) allows banks to file cases in tribunals having jurisdiction in the location of the bank branch and where the debt is pending; and (ii) provides further details of procedures that the tribunals will follow in case of debt recovery proceedings.

In accordance with the Amendment Act, 2016, the definition of debt has been expanded to include fund raising through debt securities and consequently, the definition of a secured creditor under the SARFAESI Act has been expanded to include a debenture trustee appointed by the company for debt securities.

The SARFAESI Act also provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The financial assets can be sold to asset reconstruction companies in accordance with the extant guidelines and prudential norms issues by the RBI. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass through or pay through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets.

In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act.

Recovery of Debts Due to Banks and Financial Institutions Act, 1993

Any bank or any public financial institution or a consortium of banks and public financial institution as defined in Section 2 (72) of Companies Act is entitled to certain benefits under the RDDBFI Act which provides for establishment of a Debt Recovery Tribunal ("**DRT**"). The RDDBFI Act provides for expeditious adjudication and recovery of debts due to any bank or public financial institution which exceeds Rs. 10 million or to a consortium of banks and public financial institutions. Under the RDDBFI Act, the procedures for recovery of debt have been simplified and indicative timeframes have been fixed for speedy disposal of cases. Upon establishment of the DRT, no court or other authority can exercise jurisdiction in relation to matters covered by this Act, except the higher courts in India in certain circumstances.

The tribunals may pass orders for directions including (i) recovery of such dues by the bank as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective tribunal; (ii) attachment of the secured properties towards the dues to the bank: (iii) injunctive orders restraining the debtors from alienating, transferring or disposing of such secured properties; and (iv) appointment of receivers and/or local commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders before the debt recovery appellate tribunal, the appellate authority constituted under the RDDBFI Act.

Regulation of Foreign Investment

Foreign investment in India is governed by the provisions of the FEMA which relates to regulations primarily issued by the RBI and the rules, circulars, press notes and notifications issued thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion ("**DIPP**"), the Government of India which is regulated by the relevant ministries or departments of the Government of India. The RBI, in exercise of its powers under the FEMA, has notified Foreign Exchange Management (Debt Instruments) Regulations, 2019 dated 17 October 2019 (the "**Regulations**"). The Regulations lay down, for an investment made by a person resident outside India, the attendant conditionalities, the investment limits and the entry routes. Further, a person resident outside India may trade in all exchange trade derivative contracts approved by SEBI subject to the limits prescribed by SEBI and the conditions specified under the Regulations.

The Ministry of Finance, in exercise of its powers under the FEMA, has issued the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (the "**Rules**") to prohibit, restrict or regulate the transfer by or issue of security to a person resident outside

India. The Rules restrict persons resident outside India to make investments in India as well as Indian entities or mutual fund or a venture capital firm or an association of persons or a proprietary concern to receive such investment(s), without the prior approval of the RBI. The Rules define a set of instruments which constitute non-debt instruments. Further, rules have been prescribed for investment made in non-debt instruments by persons resident outside India, foreign portfolio investors, non-resident Indians or overseas citizens of India and other non-resident investors. Additionally, the RBI has also notified the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019, to regulate the mode of payment and reporting requirements for investment in India by persons resident outside India.

The Regulations and Rules supersede the Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2017 (the "**TISPRO**"). The Rules also supersede the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations, 2018.

No prior consent and approval is required from the RBI for foreign direct investments ("**FDI**") under the automatic route within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, or in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the respective administrative ministries of the Government for the relevant sector. Investors are urged to consult their own advisers in connection with the applicability of any Indian laws or regulations.

Under the Rules, the Foreign Portfolio Investment ("**FPI**") limits will stand revised to the relevant sectoral caps, with effect from April 1, 2020.

External Commercial Borrowings ("ECBs")

The FEMA (Borrowing and Lending) Regulations, 2018 notified by Reserve Bank of India on December 17, 2018 seek to streamline, regulate and consolidate the borrowings in foreign currency and Indian currency by (i) authorised dealer or its branch outside India (ii) persons other than authorized dealers ("**Borrowing and Lending Regulations**").

The ECB framework was revised by the RBI under the circular dated 16 January 2019 and is updated in the Master Direction on External Commercial Borrowings, Trade Credits and Structured Obligations dated 26 March 2019 (RBI/ FED/2018-19/67) ("**ECB Master Direction**").

The Master Direction on Reporting under Foreign Exchange Management Act, 1999, dated 1 January 2016, as amended and updated consolidates the various reports or forms required to be submitted under FEMA ("**Reporting Master Direction**", together with the ECB Master Direction and the Borrowing and Lending Regulations, the "**ECB Guidelines**")

ECBs are commercial loans raised by eligible resident borrowers from recognised non-resident entities. ECBs are principally governed by the ECB Guidelines issued by the RBI.

ECBs can be accessed under two routes, namely (i) the automatic route and (ii) the approval route. The automatic route does not require a borrower to obtain any RBI approvals, whereas the approval route refers to circumstances where prior RBI approval is mandatory before raising an ECB. The ECB Guidelines are subject to amendment from time to time. Investors are urged to consult their own advisers in connection with the applicability of any Indian laws or regulations.

Under the ECB Guidelines, an ECB may be availed in the form of, (i) foreign currency denominated commercial loans or bonds ("**FCNY ECBs**"), or (ii) Rupee denominated commercial loans or Rupee denominated bonds ("**Rupee ECBs**"), from non-resident lenders. ECBs can now be availed by all entities eligible to receive foreign direct investment. Additionally, port trusts, units in special economic zones, Small Industries Development Bank of India, and Export Import Bank of India are eligible borrowers for FCNY ECB and in addition registered micro-finance entities can raise Rupee ECBs. The ECB Guidelines set out that (i) any resident of Financial Action Task Force or International Organization of Securities Commission compliant country, (ii) multilateral and regional financial institutions, where India is a member country, (iii) individuals if they are foreign equity holders or subscribers to bonds or debentures listed abroad can provide ECBs to eligible Indian borrowers. Foreign branches or subsidiaries of Indian banks continue to be recognised lenders only for FCNY ECBs. Foreign branches or subsidiaries of Indian banks, subject to applicable prudential norms, can participate as arrangers, underwriters, market-makers or traders for Rupee ECBs issued overseas. However, underwriting by foreign branches or subsidiaries of Indian banks for issuances by Indian banks will not be allowed.

Automatic Route

The all-in cost (which includes rate of interest, other fees, charges and expenses, guarantees fees or export credit agency fees payable in foreign currency or Rupees but does not include commitment fees, or withholding tax in Rupees) ceilings for (i) FCNY ECBs is 450 basis points per annum over 6 month London interbank offered rate (or applicable benchmark for the respective currency) and (ii) for Rupee ECBs will be is 450 basis points per annum over the prevailing yield of the Government securities of corresponding maturity.

Foreign investors (including Noteholders) eligible to lend ECBs must be eligible under the ECB Guidelines. These requirements apply in respect of in respect of transfers of any ECB, including transfers of any of the Notes. For further information, please see section *"Subscription and Sale – India"*.

ECB proceeds cannot be utilised for (i) real estate activities; (ii) investment in the capital markets; or (iii) equity investment;

If the ECB is raised from foreign equity holders and utilised for working capital or general corporate purposes or repayment of Rupee loans, the ECB MAMP will be 5 years. If the eligible lender is not a foreign equity holder and ECB is raised for: (a) repayment of Rupee loans for capital expenditure purposes, the ECB MAMP is 7 years; or (b) working capital or general corporate purposes or repayment of Rupee loans utilised in India for purposes other than capital expenditure, the ECB MAMP is 10 years. On lending by an NBFC for the above is subject to the same restrictions. ECB by manufacturing companies up to 1 year can be raised up to U.S.$50 million. No call and put option, if any, can be exercised prior to the expiry of the MAMP.

Approval Route

All ECBs falling outside the automatic route limits are considered by the RBI under the approval route.

Creation of Security

Under the present ECB Guidelines, the choice of security to be provided is left to the borrower. ECBs may be secured, after approval by an authorised dealer bank ("**AD Bank**"), by creation of a charge on immovable assets, movable assets, financial securities and the issue of corporate and/or personal guarantees in favour of an overseas lender or a security trustee, to secure the ECB, subject to certain conditions.

Creation of Charge on Immovable Assets

In the event of enforcement of the charge over the immovable assets, the assets or properties will have to be sold to person resident of India and the sale proceeds shall be repatriated to liquidate the outstanding ECBs.

Creation of Charge on Movable Assets

In the event of enforcement of the charge over movable assets, the claim of the lender, whether the lender takes possession over the movable asset or otherwise, will be restricted to the outstanding claim against the ECB. Encumbered movable assets may also be taken out of the country subject to getting 'no objection certificate' from domestic lenders, if any.

Filing and regulatory requirements in relation to issuance of the Notes

An ECB borrower is required to obtain a loan registration number ("**LRN**") from the RBI before an issuance of Notes is effected. To obtain this, ECB borrowers are required to submit a completed form ECB certified by a company secretary or a chartered accountant to the AD Bank of the ECB borrower. The AD Bank is then required to forward a copy of the completed form ECB to the RBI. Any ECB borrower is required to submit a form ECB 2 filing on a monthly basis via its AD Bank to the RBI.

Procedure in relation to any change to the Terms and Conditions of the Notes

Any change in the terms and conditions of the Notes after obtaining the LRN are required to be reported to Department of Statistics and Information Management through a revised form ECB at the earliest, and in any case not later than 7 days from the changes effected. Further, the borrowers are required to report actual ECBs transactions through form ECB 2 filing through AD Bank on monthly basis so as to reach RBI within seven working days from the close of month to which it relates and the changes, if any, in ECB parameters should also be incorporated therein.

Further, any change in the terms and conditions of the Notes after obtaining the LRN may require prior approval of the RBI or AD Bank, as the case may be. Certain changes (such as change of AD Bank, cancellation of LRN, refinancing of existing of ECB, conversion of ECB into equity, security for ECB) may be approved by the AD Bank under a delegated authority from the RBI subject to certain conditions being complied with. Any redemption of the Notes prior to their stated maturity, including on occurrence of an event of Default or for taxation reasons (as further described in the Conditions) may require the prior approval of the RBI or the AD Bank, as the case may be.

Hedging

Indian companies raising FCNY ECB are required to follow guidelines for hedging if any, by relevant sectoral or prudential regulators in respect of foreign currency exposure. Infrastructure space companies (being companies in the infrastructure sector, NBFCs undertaking infrastructure financing, holding companies or core investment companies undertaking infrastructure financing, housing finance companies and port trusts) raising FCNY ECBs are required to (i) have a board approved risk management policy; and (ii) mandatorily hedge 70 per cent of their FCNY ECB exposure if the MAMP is less than 5 years. An AD Bank is required to confirm that the hedging requirement has been complied with during the currency of the ECB and report the position to the RBI by way of Form ECB 2 filing. ECB investors are eligible to hedge their exposure for Rupee ECBs through permitted derivative products with AD Banks in India or through branches or subsidiaries of Indian banks abroad or branches of foreign banks with Indian presence on a back to back basis.

The various reports and forms prescribed by the RBI and required to be submitted under FEMA are provided under the ECB Guidelines. Further, in accordance with the FEMA and the regulations framed thereunder, a person resident in India will be required to obtain the approval of the RBI for any payment in respect of any indemnities that may be required to be made by such person to, or for the credit of, any person resident outside India, in Rupees or foreign currency, before any such payment is made. Consequently, any indemnity payment by the Issuer to Noteholders will require RBI approval.

Labour laws

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 ("**Gratuity Act**") establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment in which ten or more persons are employed or were employed on any day of the preceding 12 months and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding 12 months, as the central government may, by notification, specify. Penalties are prescribed for non-compliance with statutory provisions.

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The amendment to the Gratuity Act dated 29 March 2018 has increased the ceiling on payable gratuity amount from Rs. 1.0 million to Rs. 2.0 million.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 provides for the institution of compulsory provident funds, pension funds and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions towards the funds mentioned above.

Shops and establishments legislations in various states

The provisions of various shops and establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Other Employee Legislation

There are other labour and employment related laws in India such as the Employees' Compensation Act, 1923, the Trade Unions Act, 1926, the Payment of Wages Act, 1936 (the "**PWA**"), the Industrial Disputes Act, 1947, the Minimum Wages Act, 1948 (the "**MWA**"), the Workmen Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Factories Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employment Exchange (Compulsory Notification of Vacancies) Act, 1959, the Maternity Benefit Act, 1961, the Payment of Bonus Act, 1965 ("**PBA**"), the Industrial Employment (Standing Orders) Act, 1946, the Contract Labour (Regulation and Abolition) Act, 1970, the Payment of Gratuity Act, 1972, the Equal Remuneration Act, 1976 (the "**ERA**"), the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979, the Child and Adolescent Labour (Prohibition and Regulation) Act, 1986, and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, all, as amended.

Amendments to Labour Laws

The Ministry of Labour & Employment, Government has taken steps for formulating four labour codes on (i) wages; (ii) industrial relations; (iii) social security and welfare; and (iv) occupational safety, health and working conditions, by amalgamating, simplifying, and rationalising the relevant provisions of the existing labour laws in India.

The Code on Wages Bill 2019 ("**Code on Wages**") was passed by both houses of the Parliament and received presidential assent on 08 August 2017 and subsumes the MWA, the PWA, the PBA and the ERA into one statute. However, the Code on Wages is yet to be notified. After the notification, the MWA, the PWA, the PBA and the ERA will be repealed. The primary aim of the Code on Wages is to remove multiplicity of definitions and authorities leading to ease of compliance, without compromising the wage security and social security of workers. A concept of statutory national minimum wage for different geographical areas has been introduced. It will ensure that no state government fixes the minimum wage below the national minimum wages for that particular area as notified by the Central Government.

Other codes formulated by the Ministry of Labour and Employment i.e., the code on industrial relations, social security and welfare, occupational safety health and working conditions are under various stages of consultations.

Taxation

The Government has implemented major reforms with respect to taxation, namely GST and provisions relating to GAAR. The Issuer is also eligible for benefits and subject to provisions of the Income Tax Act, 1961.

GST

The Government brought about significant transformation in Indian indirect tax regime by introducing GST, which came into force from 1 July 2017. Under the GST, unified structures have been introduced to expand the tax base, rationalise the input tax credit and harmonise the current multiple indirect taxation laws in India. GST has replaced the indirect taxes previously levied by the Central and state Governments on goods and services, such as, central excise duty, service tax, customs duty, central sales tax, state VAT, and other cesses and surcharges applicable to supply of goods and services. All these erstwhile taxes have been subsumed in a single indirect tax called GST, which is levied on supply of goods and/or services at each stage of the supply chain.

GAAR

The GAAR provisions became effective from 1 April 2017. The provisions of GAAR are contained in Sections 95 to 102 of the Income Tax Act, 1961. They apply to an arrangement declared as "impermissible avoidance arrangement" under the Act, which is defined to mean any arrangement, part or whole of the main purposes of which is to obtain a tax benefit notwithstanding that the main purpose of the arrangement is not to obtain a tax benefit. However it must satisfy at least one of the following tests, namely (i) create rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) result, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lack commercial substance or is deemed to lack commercial substance (whole or in part); or (iv) is entered into, or carried out, by means which are not employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty.

Income Tax Act, 1961 and Benefits

The Income Tax Act, 1961, is applicable to every domestic and foreign company whose income is taxable in India, conditional upon the residential status of such company and the kind of income deemed to accrue or arise in India. As an NBFC, the Issuer is entitled to certain tax benefits under the Income Tax Act, 1961. Corporate tax rates (including fixed surcharge, health and education cess) vary from time to time.

Corporate Law

The Issuer is a company incorporated and registered under the Companies Act, 1956. The Companies Act provides the legal framework for corporate laws governing Indian companies. Indian companies, including NBFCs such as the Issuer, in addition to the sector-specific statutes and the regulations and guidelines prescribed by the sectoral regulators, are required to comply with the relevant provisions of the Companies Act.

The Companies Act strengthens corporate regulation by increasing the robustness of the existing provisions and introducing new measures, such as (i) increasing accountability of management by making independent directors more accountable; (ii) improving corporate governance practices; (iii) enhancing disclosure norms in relation to capital raising; (iv) enhancing audit procedures and audit accountability including establishment of the National Financial Reporting Authority for dealing with matters relating to accounting and auditing policies and standards; (v) increasing investor protection and activism by way of provisions relating to class action suits; (vi) ensuring protection of minority rights including exit options; (vii) promoting e-governance initiatives; (viii) ensuring stricter enforcement standards including the establishment of the Serious Fraud Investigation Office for investigation of fraud relating to companies and special courts for summary trial of offences under the Companies Act; (ix) providing for a better framework for insolvency regulation; (x) making CSR mandatory for every company having a net worth of Rs.5,000 million or more, or turnover of Rs.10,000 million or more or a net profit of Rs.50 million or more during the preceding fiscal year; (xi) introducing the National Company Law Tribunal and its appellate authority, the National Company Law Appellate Tribunal which replaces the Company Law Board, the Board for Industrial and Financial Reconstruction and its appellate authority with the intention that all lawsuits relating to companies are made to one body; (xii) providing rules on insider dealing, forward contracts, related party transactions and acceptance of deposits; and (xiii) implementing a fixed and variable legislation model with various provisions of the Companies Act delegating rule-making power to Central Government. Additionally, the Ministry of Corporate Affairs has issued various rules, and orders under the Companies Act, including but not limited to the relevant CARO in force which requires the auditors of all other class or classes of companies are required to report on the matters specified in the relevant CARO.

Listing Regulations

Companies with securities listed on Indian stock exchanges are required to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("**Listing Regulations**"), which require periodic disclosure of certain financial parameters. The Listing Regulations were made to complement the corporate governance provisions of the Companies Act.

SEBI (International Financial Service Centres) Guidelines, 2015 ("SEBI (IFSC) Guidelines, 2015")

The SEBI (IFSC) Guidelines, 2015 as amended, were promulgated to regulate financial services relating to securities in an international financial services center ("**IFSC**") created under Section 18(1) of the Special Economic Zones Act, 2005. The guidelines apply to any entity intending to operate in an IFSC and render financial services relating to securities market and prescribe the eligibility and shareholding limit for stock exchanges, clearing corporations and depositories. The guidelines also prescribe conditions to be complied with for issuing capital in an IFSC.

Insolvency Laws

The Insolvency and Bankruptcy Code, 2016 (the "**Code**") was passed by the Parliament on 11 May 2016, with a view to creating a unified framework for resolving insolvency and bankruptcy in India. The Code seeks to repeal the Presidency Towns Insolvency Act, 1909, and Provincial Insolvency Act, 1920. The Code also amends 11 laws, including, *inter alia*, the New Companies Act, the RDDBFI Act and the Sick Industrial Companies (Special Provisions) Repeal Act, 2003. The Code aims to consolidate the laws relating to insolvency of companies and limited liability entities (including limited liability partnerships and other entities with limited liability), unlimited liability partnerships and individuals, currently contained in a number of legislations, into a single legislation. The Code classifies creditors into financial creditors and operational creditors which includes the financial loans for interest and loans arising from the operational nature of the debtor, respectively. According to the Code, the insolvency resolution

process may be initiated by either the debtor or the creditors. Some of the new concepts introduced by this Code include, *inter alia*, the Insolvency and Bankruptcy Board of India, the Insolvency and Bankruptcy Fund and two separate tribunals, namely the National Company Law Tribunal (which shall have jurisdiction over companies and limited liability partnerships) and the DRT (which shall have jurisdiction over individuals and partnership firms). The Code provides a 180-day timeline, which may be extended by 90 days, (in both cases excluding, time consumed in litigation and dispute resolution processes) for dealing with insolvency resolution applications. There is a maximum time limit of insolvency resolution of 330 days. Subsequently, the insolvency resolution plan prepared by the resolution professional has to be approved by 66% of the financial creditors and, if rejected, the adjudicating authority will order the liquidation. Additionally, the order of priority of repayment of outstanding dues from liquidated assets of the insolvent company is proposed to be changed via suitable amendments in tax laws. In a bid to boost the sentiment among lenders, even repayment of dues to unsecured creditors has been given a higher priority as against payment of taxes to the Government. The Parliament has further enacted the Insolvency and Bankruptcy Code (Second Amendment) Bill, 2018. This amendment has reviewed and revised the norms pertaining to enforcement of third party security which has to be provided by the corporate debtor. Further, in order to facilitate the corporate debtor to continue as a going concern during the corporate insolvency resolution process, the voting threshold for routine decisions has been reduced to 51%. This amendment provides relief to home buyers who are now to be treated as financial creditors and therefore will be able to decide the future of defaulting builders alongside their lenders.

Pursuant to the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 and Ministry of Corporate Affairs Notification S.O. 4139(E) dated 18 November 2019, the Code has now been made applicable to NBFCs. Only RBI can now commence CIRP against NBFCs with an asset size of at least Rs. 5 billion

Intellectual Property Laws

The Trade Marks Act, 1999 ("**Trademarks Act**"), the Copyright Act, 1957 and the Patents Act, 1970, among other enactments, govern the law in relation to intellectual property, including trade marks for goods and services, original literary, dramatic, musical and artistic works, and inventions.

The Trademarks Act seeks to amend and consolidate the law relating to trademarks, to provide for registration and better protection of goods and services trademarks and to prevent the use of fraudulent trademarks. A trademark registration is valid for a period of 10 years. The Trademarks Act prescribes the conditions, procedure and duration of trade mark registration. It governs the assignment, transmission and usage of trademarks and also provides for penalties arising from violation of the provisions of the Trademarks Act.

TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, the information does not consider any specific facts or circumstances that may apply to a particular purchaser. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws applicable in India and each country of which they are residents or the countries of purchase, holding or disposition of Notes. Additionally, in view of the number of different jurisdictions where local laws may apply, this Offering Circular does not discuss the local tax consequences applicable to a potential holder, purchaser or seller arising from the acquisition, holding or disposal of the Notes. Prospective investors must therefore inform themselves as to any tax, exchange control legislation or other laws and regulations in force relating to the subscription, holding or disposal of the Notes at their place of residence, and in the countries of which they are citizens or the countries of purchase, holding or disposal of the Notes.

Indian Taxation

The following is a summary of the principal existing Indian tax consequences for investors who are not tax residents of India ("**non-resident investor(s)**") subscribing to the Notes issued by the Issuer. The summary is based on existing Indian taxation law and practice in force at the date of this Offering Circular and is subject to change. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposal of the Notes. Prospective investors should, therefore, consult their own tax advisers regarding the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction of acquiring, owning and disposing of the Notes.

Payments through India

Any payments the Issuer makes on the Notes, including additional amounts, made through India will be subject to the regulations of the RBI.

Taxation of interest and withholding

Interest on the Notes may not be subject to taxes in India if the proceeds of the issuance of the Notes are used for the purposes of business carried on by the Issuer outside India. If, however, the proceeds are used for the purposes of the Issuer's business in India, non-resident investors will be liable to pay tax on the interest paid on the Notes. As of the date of this Offering Circular, the rate of tax for interest paid on Notes under the Income Tax Act, 1961 (the "**Income Tax Act**") is 5% (plus applicable surcharge and cess), provided the Notes are issued before 1 July 2020.

Since the interest payable on the Notes is subject to taxation in India, there is a requirement to withhold tax at the applicable rate being 5% plus applicable surcharge and cess) provided the Notes are issued before 1 July 2020, subject to any lower rate of tax provided by an applicable Tax Treaty (as defined later), depending on the legal status of the non-resident investor and its taxable income in India.

The rates of tax will stand reduced if the beneficial recipient is a resident of a country with which the Government has entered into an agreement for granting relief of tax or for avoidance of double taxation (a "**Tax Treaty**"), and the provisions of such Tax Treaty, which, provide for the taxation in India of income by way of interest at a rate lower than that stated above, and of the Income Tax Act, are fulfilled. The interest payable will be subject to withholding tax in India, subject to conditions as detailed below.

A non-resident investor will be obligated to pay such income tax, or will be entitled to a refund of, as the case may be, any difference between amounts withheld in respect of interest paid on the Notes through India and its ultimate Indian tax liability for such interest, subject to and in accordance with the provisions of the Income Tax Act. Pursuant to the Conditions, all payments of, or in respect of, principal and interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law, in which case, pursuant to Condition 8 (Taxation), the Issuer will pay additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction, subject to certain exceptions.

Taxation of gains arising on transfer of Notes

Any gains arising to a non-resident investor from disposition of the Notes held (or deemed to be held) as a capital asset will be chargeable to income tax in India if the Notes are regarded as property situated in India. A non-resident investor generally will not be chargeable to income tax in India from a disposition of the Notes held as a capital asset provided the Notes are regarded as being situated outside India. The issue as to where the Notes should properly be regarded as being situated is not free from doubt.

The ultimate decision, however, will depend on the view taken by Indian tax authorities on the position with respect to the situs of the rights being offered in respect of the Notes. There is a possibility that the Indian tax authorities may treat the Notes as being located in India as we are incorporated in and resident in India.

If the Notes are regarded as situated in India by the Indian tax authorities, upon disposition of a Note:

a) a non-resident investor, who has held the Notes for a period of more than 36 months immediately preceding the date of their dispositions, would be liable to pay capital gains tax at rate of 10% of the capital gains (plus applicable surcharge and cess). These rates are subject to any lower rate provided for by an applicable Tax Treaty;

b) a non-resident investor who has held the Notes for 36 months or less would be liable to pay capital gains tax at a rate of up to 40% of capital gains (plus applicable surcharge and cess), depending on the legal status of the non-resident investor, and his taxable income in India. These rates are subject to any lower rate provided for by an applicable Tax Treaty;

c) Any gains arising on account of appreciation of the Rupee against a foreign currency at the time of redemption of INR denominated Notes of an Indian company held by a non-resident investor, shall be ignored for the computation of full value of consideration and not subject to taxation

d) capital gains, if any, arising pursuant to any transfer, made outside India by a non-resident to another non-resident of a capital asset being INR denominated Notes of the Issuer (being an Indian company) issued outside India are not subject to tax in India.; and

e) capital gains on any transfer of an INR denominated Note by a non-resident, if such INR denominated Note is transferred on a recognised stock exchange located in an International Financial Services Centre (IFSC) and where consideration for such transaction is paid or payable in foreign currency are not subject to tax in India; and

f) any surplus realised by a non-resident investor from a disposition of the Notes held as stock-in-trade would be subject to income tax in India to the extent, if any, that the surplus are attributable to a "business connection in India" or, where a Tax Treaty applies, to a "permanent establishment" in India of the non-resident investor. A non-resident investor would be liable to pay Indian tax on the surplus which are so attributable at a rate of up to 40% of income as profits and gains of business or profession (plus applicable surcharge and cess,), depending on the legal status of the non-resident investor and his taxable income in India, subject to any lower rate provided for by a Tax Treaty.

If a non-resident investor earns any capital gains chargeable to tax in India, the Income Tax Act requires that such tax shall be withheld by the person making any payment to such non-resident investor at the rate of 10% (plus applicable surcharge and cess) on long term capital gains. Furthermore, tax at the rate of up to 40% (plus applicable surcharge and cess), shall be withheld depending on the legal status of the recipient of income on short term capital gains.

For the purpose of tax withholding, the non-resident Noteholders shall be obliged to provide permanent account number allotted by the tax authorities and all prescribed information/documents, including a tax residency certificate (issued by the tax authorities of the country in which the investor is resident) for claiming the tax treaty benefits. If the investor does not have a permanent account number allotted by Indian tax authorities, tax identification number issued by the authorities of the investor's country of residence, may be submitted along with other with certain other details like name, email address, contact number, address in the country of residence along with tax residency certificate.

Taxation of Deemed Income

As a measure to prevent laundering of unaccounted income, the Income Tax Act provides that any person receiving certain specified assets (including the Notes) at a price less than their fair market value, shall be subject to income tax in India on the benefit accruing to him. Tax shall be payable at the rates applicable for the regular income. However, it may be noted that this provision would not be applicable if the asset is received from a relative or under a will or by way of inheritance or any other specific instances provided under section 56(2)(x) of the IT Act.

In case a non-resident receives Notes as per the above mechanism, the taxability of the same shall also be subject to the provisions of the applicable Tax Treaty, assuming the non-resident is entitled to claim benefits of the Tax Treaty.

Anti-Avoidance Provisions

Under the Income Tax Act, there are both specific as well as generic anti-avoidance provisions relating to tax like transfer pricing provision and general anti-avoidance rules.

Wealth Tax

No wealth tax is payable in relation to the Notes.

Estate Duty

No estate duty is payable at present in India in relation to the Notes.

Gift Tax

There is no gift tax payable at present in India in relation to the Notes.

Stamp Duty

A transfer of the Notes outside India will not give rise to any Indian stamp duty liability unless brought into India. Stamp duty will be payable if the Notes are brought into India for enforcement or for any other purpose. The amount of stamp duty payable will depend on the applicable State Stamp Act and the duty will have to be paid within a period of three months from the date the Notes are first received in India.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

U.S. Federal Income Taxation

The following is a general summary of certain U.S. federal income tax consequences that may be relevant with respect to the purchase, ownership and disposition of the Notes. This summary does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Programme and the relevant Pricing Supplement may contain additional or modified disclosure concerning the U.S. federal income tax consequences relevant to such type of Note as appropriate. In general, this summary assumes that U.S. Holders (as defined below) acquire the Notes at original issuance at their issue price (as defined below under "*Taxation of U.S. Holders of the Notes—Original Issue Discount"*) and will hold the Notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase Notes. In particular, it does not discuss special tax considerations that may apply to certain types of taxpayers, including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, notional principal contracts or currencies; (iv) tax-exempt entities; (v) real estate investment trusts; (vi) regulated investment companies; (vii) persons that will hold the Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic security" or other integrated transaction for U.S. federal income tax purposes; (viii) persons that own (or are deemed to own) 10 percent or more of the equity of the Issuer (by vote or value); (ix) partnerships, pass-through entities, or persons that hold Notes through partnerships or pass-through entities; (x) U.S. Holders that have a "functional currency" other than the U.S. dollar; and (xi) certain U.S. expatriates and former long-term residents of the United States. In addition, this summary does not address alternative minimum tax or net investment income tax consequences or the indirect effects on the holders of interests in a holder of Notes. This summary also does not describe any tax consequences arising under the laws of any taxing jurisdiction other than the U.S. federal government.

Each prospective investor should consult its own tax advisers with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning or disposing of the Notes. This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury regulations and judicial and administrative interpretations thereof, in each case as in effect or available on the date of this Offering Circular. All of the foregoing is subject to change, and any such change may apply retroactively and could affect the tax consequences described below.

As used in this section, the term "**U.S. Holder**" means a beneficial owner of Notes that is for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); (iii) any estate the income of which is subject to U.S. federal income tax regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust. A "**Non-U.S. Holder**" is a beneficial owner of Notes that is not a U.S. Holder and is not a partnership for U.S. federal income tax purposes. If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Notes, the tax treatment of a partner in such

partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partners of entities or arrangements treated as partnerships for U.S. federal income tax purposes that hold Notes should consult their own tax advisers.

Under the Tax Cuts and Jobs Act of 2017 (the "**Tax Cuts and Jobs Act**"), a U.S. Holder that uses an accrual method of accounting for U.S. federal income tax purposes generally would be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. The application of this rule thus may require the accrual of income earlier than would otherwise be the case under the rules described below, although the precise application of this rule is not entirely clear at this time. However, recently released proposed regulations generally would exclude, among other items, original issue discount ("**OID**") (whether or not *de minimis*) from the applicability of this rule. Although the proposed regulations generally will not be effective until taxable years beginning after the date on which they are issued in final form, taxpayers generally are permitted to elect to rely on them currently. Prospective investors in the Notes that use an accrual method of accounting for tax purposes should consult with their own tax advisers regarding the potential applicability of the Tax Cuts and Jobs Act to their particular situation.

This discussion applies only to holders of Registered Notes. Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under U.S. federal income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

Characterization of the Notes

This summary should be read in conjunction with any discussion of U.S. federal income tax consequences to holders in the applicable Pricing Supplement. To the extent there is any inconsistency in the discussion of the U.S. federal income tax consequences to holders between this Offering Circular and the applicable Pricing Supplement, holders should rely on the tax consequences described in the applicable Pricing Supplement instead of this Offering Circular. Any special U.S. federal income tax consequences relevant to a particular issue of Notes, including Index Linked Notes, Dual Currency Notes, Installment Notes and Partly Paid Notes may be specified in the applicable Pricing Supplement. The balance of this discussion, unless otherwise specified, assumes that the Notes will be treated as debt and will not be treated as contingent payment debt instruments for U.S. federal income tax purposes. A prospective investor in the Notes should consult its tax adviser in determining the tax consequences of an investment in the Notes, including the application of state, local or other tax laws and the proper characterization of the Notes for tax purposes.

Taxation of U.S. Holders of the Notes

Payments of Interest

Interest paid on a Note, including the payment of any additional amounts whether payable in U.S. dollars or a currency other than U.S. dollars (a "**foreign currency**"), other than interest on a "Discount Note" that is not "qualified stated interest" (each as defined below under "*Original Issue Discount*"), will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes. Interest income on the Notes, and OID (if any), accrued with respect to the Notes (as described below under "*Original Issue Discount*") and payments of additional amounts will be treated as foreign source income for U.S. federal income tax purposes.

As discussed in "*Taxation—Indian Taxation—Withholding Tax*", under current law payments of interest and OID on the Notes to foreign investors may be subject to Indian withholding taxes. As discussed under "Terms and Conditions of the Notes—Taxation—Payment of Additional Amounts", in certain cases the Issuer is liable for the payment of additional amounts to U.S. Holders so that U.S. Holders receive the same amounts they would have received had no Indian withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders will be treated as having actually received the amount of Indian taxes withheld by the Issuer with respect to a Note, and as then having actually paid over the withheld taxes to the Indian taxing authorities. As a result of this rule, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest or OID may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Issuer with respect to the payment.

Subject to certain limitations, a U.S. Holder generally will be entitled to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for Indian income taxes withheld by the Issuer. The U.S. foreign tax credit limitation is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

Original Issue Discount

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with OID. In the event the Issuer issues contingent payment debt instruments, the applicable Pricing Supplement may describe the U.S. federal income tax consequences thereof.

A Note, other than a Note with a term of one year or less (a "**Short-Term Note**"), will be treated as issued with OID (a "**Discount Note**") if the excess of the Note's "stated redemption price at maturity" over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "**installment obligation**") will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity

of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest." A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "*Variable Interest Rate Notes*"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must generally include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period, and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant- yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realized on the sale, exchange or other disposition of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale, exchange or other disposition. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realized.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the Internal Revenue Service (the "**IRS**").

Variable Interest Rate Notes

Notes that provide for interest at variable rates ("**Variable Interest Rate Notes**") generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under U.S. Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified de minimis amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "qualified floating rate" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a

maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

Under proposed U.S. Treasury regulations, Notes referencing a benchmark rate that are treated as having a qualified floating rate for purposes of the above will not fail to be so treated merely because the terms of the Notes provide for a replacement of the benchmark rate in the case of a Benchmark Event. In particular, under such proposed regulations, the benchmark referencing rate and the replacement rate are treated as a single qualified rate. Taxpayers may rely on the proposed regulations until final regulations adopting these rules are published in the Federal Register. The Issuer may rely on these proposed regulations. U.S. Holders should consult their tax advisers regarding the consequences to them of the potential occurrence of a Benchmark Event.

An "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A "qualified inverse floating rate" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "current value" of a rate is the value of the rate on any day that is no earlier than 3 months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) in excess of a specified de minimis amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant- yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as at the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as at the Variable Interest Rate Note's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as at the Variable Interest Rate Note's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with

respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument", then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. The proper U.S. federal income tax treatment of Variable Interest Rate Notes that are treated as contingent payment debt obligations may be more fully described in the applicable Pricing Supplement.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under "Original Issue Discount", with certain modifications. For purposes of this election, interest includes stated interest, OID and *de minimis* OID. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. U.S. Holders should consult their own tax advisers concerning the propriety and consequences of this election.

Occurrence of a Benchmark Event for Notes Linked to or Referencing a Benchmark or Screen Rate

If a Benchmark Event occurs, the tax treatment of a U.S. Holder holding Notes linked to or referencing a benchmark or screen rate, including LIBOR, EURIBOR, and any other IBOR, will depend on whether a replacement of the Original Reference Rate with an alternative reference rate is treated as a "significant modification" that results in a deemed exchange of the existing Notes for "new" Notes. In general, for U.S. federal income tax purposes, a significant modification occurs if, based on all the facts and circumstances and taking into account all modifications of the debt instrument collectively, the legal rights or obligations that are altered and the degree to which they are altered are economically significant. A modification is generally any alteration, including any deletion or addition, in whole or in part, of a legal right or obligation of the issuer or a holder of a debt instrument. The applicable Treasury regulations provide, however, that alterations that occur as a result of the operation of the terms of the debt instrument are not considered modifications for U.S. federal income tax purposes.

The terms of the Notes generally provide for replacement of the Original Reference Rate in case of a Benchmark Event. Therefore, such replacement, if any, should occur as a result of the operation of the terms of the Notes and should not result in a modification of the Notes. Although the matter is not entirely free from doubt, the Issuer may take the position that the occurrence of a Benchmark Event should not constitute a modification of the terms of the Notes, and in which case U.S. Holders would not recognize any gain or loss for U.S. federal income tax purposes as a result of the occurrence of a Benchmark Event. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of the replacement of the Original Reference Rate upon occurrence of a Benchmark Event.

Sale, Exchange or Other Disposition

A U.S. Holder's adjusted tax basis in a Note will generally equal its cost, increased by the amount of any OID included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to de minimis OID included in the U.S. Holder's income with respect to the Note, and reduced by the amount of any payments that are not qualified stated interest payments. A U.S. Holder will generally recognize gain or loss on the sale, exchange or other disposition of a Note in an amount equal to the difference between the amount realized on the sale, exchange or other disposition and the U.S. Holder's adjusted tax basis in the Note. The amount realized does not include the amount attributable to accrued but unpaid qualified stated interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under "*Short-Term Notes*" or attributable to changes in exchange rates (as discussed below), gain or loss recognized on the sale, exchange or other disposition of a Note will be U.S.-source capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. Prospective investors should consult their own tax advisers with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that hold the Notes for more than one year) and capital losses (the deductibility of which is subject to limitations).

Foreign Currency Notes

Interest

If a qualified stated interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at

the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale, exchange or other disposition of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder will generally recognize U.S.-source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale, exchange or other disposition of the Note), a U.S. Holder may recognize U.S.-source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Sale or Retirement

As discussed above under "*Sale, Exchange or other Disposition*", a U.S. Holder will generally recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and its adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. The amount realized on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount. If the Notes are traded on an established securities market, as defined in the applicable U.S. Treasury regulations, the amount realized will be, in the case of a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), determined using the spot rate on the settlement date for the purchase. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognize U.S.-source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Note (or, if less, the principal amount of the Note) (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realized only to the extent of total gain or loss realized on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest). An accrual basis U.S. Holder that does not elect to determine its amount realized using the spot rate on the settlement date of the sale or retirement will also recognize U.S. source exchange rate gain or loss on the difference between the U.S. dollar amount realized and the U.S. dollar value of the foreign currency on the date of receipt.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S.-source ordinary income or loss.

Taxation of Non-U.S. Holders of the Notes

Subject to the discussion under "*Backup Withholding and Information Reporting*", and "*Foreign Account Tax Compliance Act*" below, a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on a Note or gain from the sale, exchange or other disposition of a Note unless: (i) that payment or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized on the sale, exchange or other disposition of a Note by an individual Non-U.S. Holder, that holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or other disposition and certain other conditions are met. Non-U.S. Holders should consult their own tax advisers regarding the U.S. federal income and other tax consequences of purchasing, owning and disposing of Notes.

IRS Disclosure Reporting Requirements

Certain U.S. Treasury regulations (the "**Disclosure Regulations**") meant to require the reporting of certain tax shelter transactions ("**Reportable Transactions**") could be interpreted to cover transactions generally not regarded as tax shelters. Under the Disclosure Regulations, it may be possible that certain transactions with respect to the Notes may be characterized as Reportable Transactions requiring a U.S. Holder of Notes to disclose such transaction, such as a sale, exchange, retirement or other taxable disposition of a Note that results in a loss that exceeds certain thresholds and other specified conditions are met. A penalty in the amount of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Accordingly, if a U.S. Holder realizes a loss on any Note (or, possibly, aggregate losses from the Notes) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to the penalties described above. In addition, the Issuer and its advisers may also be required to disclose the transaction to the IRS, and to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon

written request. Prospective investors in the Notes should consult their own tax advisers to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).

Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments on the Notes and proceeds of the sale, exchange or other disposition of the Notes to U.S. Holders. A U.S. Holder may be subject to backup withholding if it fails to furnish (usually on IRS Form W-9) the U.S. Holder's taxpayer identification number to certify that such U.S. Holder is not subject to backup withholding, or to otherwise comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders are not subject to the backup withholding and information reporting requirements. Non-U.S. Holders may be required to comply with applicable certification procedures (usually on IRS Form W-8BEN or W-8BEN-E) to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally may be claimed as a credit against such U.S. Holder's U.S. federal income tax liability or refunded, provided that the required information is timely furnished to the IRS. Prospective investors in the Notes should consult their own tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Foreign Financial Asset Reporting

Certain U.S. Holders that own "specified foreign financial assets" that meet certain U.S. dollar thresholds generally are required to file an information report with respect to such assets with their tax returns. The Notes generally will constitute specified foreign financial assets subject to these reporting requirements unless the Notes are held in an account at certain financial institutions. U.S. Holders should consult their own tax advisers regarding the application of these disclosure requirements to their ownership of the Notes.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. PROSPECTIVE INVESTORS IN THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the Code, commonly known as FATCA, withholding may be required on, among other things, certain payments made by "foreign financial institutions" ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including India) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or before the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. If additional notes (as described under "*Terms and Conditions of the Notes—Further Issues*") that are not distinguishable from such previously issued grandfathered Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream (the "**Common Depositary**").

Upon the initial deposit of a Global Note with the Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for The Depository Trust Company ("**DTC**") and delivery of the relevant Global Certificate to the Custodian for DTC, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, DTC or any other clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, DTC or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, DTC or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3 Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see *"Summary of the Programme — Selling Restrictions"*), in whole, but not in part, for Definitive Notes as defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

(i) if the permanent Global Note is held on behalf of Euroclear or Clearstream or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or

(ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Global Certificates

(A) Unrestricted Global Certificates

If the relevant Pricing Supplement states that the Notes are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in DTC, Euroclear, Clearstream or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

(i) if such Notes are held on behalf of Euroclear or Clearstream or an Alternative Clearing System (except for DTC) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Unrestricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and this Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

(iii) if principal in respect of any Notes is not paid when due;

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(A)(i) or 3.3(A)(ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

(B) Restricted Global Certificates

If the relevant Pricing Supplement states that the Restricted Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in DTC, Euroclear or Clearstream. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by that Restricted Global Certificate pursuant to Condition 2(b) may only be made in part:

(i) if such Notes are held by a nominee for either Euroclear or Clearstream and either Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so; or

(ii) if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and this Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

(iii) if principal in respect of any Note is not paid when due,

provided that, in the case of any transfer pursuant to paragraph 3.3(B)(i) or 3.3(B)(iv) above, the relevant Registered Noteholder has given the relevant Registrar not less than 30 days' notice at its specified office of the Registered Noteholder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out under *"Transfer Restrictions"*.

3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

3.5 Delivery of Notes

On or after any Exchange Date (as defined in paragraph 3.6 below) the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes and Definitive Notes will be delivered outside the United States and its possessions. In this Offering Circular, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

4 Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (Non-Business Days).

Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. Dollars will be made or procured to be made by the Fiscal Agent in the Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Fiscal Agent or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer by the Fiscal Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC business day after the DTC Record Date (as defined below) for the relevant payment of interest and, in the case of payments or principal, at least 12 DTC business days prior to the relevant payment date, to receive that payment in such Specified Currency. The Fiscal Agent, after the exchange agent appointed by the Issuer pursuant to the terms of the Agency Agreement (the "**Exchange Agent**") has converted amounts in such Specified Currency into U.S. Dollars, will cause the Exchange Agent to deliver such U.S. Dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made. "**DTC business day**" means any day on which DTC is open for business.

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be:

(i) except in the case of Registered Notes to be cleared through DTC, the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January; and

(ii) in the case of Registered Notes to be cleared through DTC, on the 15th DTC business day before the due date for payment thereof (the "**DTC Record Date**").

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9).

4.3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note or Notes represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, DTC or any other Alternative Clearing System (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

4.8 Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect that Direct Rights (as defined and set forth in Annex A of the Global Note or Global Certificate) to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of Direct Rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of

Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

4.9 Notices

So long as any Notes are represented by a Global Note or Global Certificate and such Global Note or global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading.

5 Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

6 Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

(a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Fiscal Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons, Talons and Receipts whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Fiscal Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer (i) by accountholders in the clearing system with entitlements to such Global Note or Global Certificate and/or, where (ii) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (i) above, Euroclear, Clearstream or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (ii) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

CLEARING AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear and Clearstream (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer or the Arranger takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer, any other party to the Agency Agreement, the Arrangers nor any Dealer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

The Clearing Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a member of the Federal Reserve System, a "banking organization" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (the "**Direct Participants**") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "**Indirect Participants**" and, together with Direct Participants, the "**Participants**"). More information about DTC can be found at www.dtcc.com and www.dtc.org but such information is not incorporated by reference in and does not form part of this Offering Circular.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**DTC Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (the "**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (the "**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (a "**Beneficial Owner**") is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to DTC Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the

Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the relevant agent (or such other nominee as may be requested by an authorized representative of DTC), on the relevant payment date in accordance with their respective holdings shown in DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under in *"Subscription and Sale"* and *"Transfer Restrictions"*.

A Beneficial Owner shall give notice to elect to have its DTC Notes purchased or tendered, through its Participant, to the relevant agent, and shall effect delivery of such DTC Notes by causing the Direct Participant to transfer the Participant's interest in the DTC Notes, on DTC's records, to the relevant agent. The requirement for physical delivery of DTC Notes in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the DTC Notes are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered DTC Notes to the relevant agent's DTC account.

DTC may discontinue providing its services as depositary with respect to the DTC Notes at any time by giving reasonable notice to the Issuer or the relevant agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Note certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, DTC Note certificates will be printed and delivered to DTC.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

Book-Entry Ownership

Bearer Notes

The Issuer may make applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with a common depositary for Euroclear and Clearstream. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of the Euroclear and Clearstream. Each Global Note will have an International Securities Identification Number ("**ISIN**") and Common Code.

Registered Notes

The Issuer may make applications to Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of the Registered Notes to be represented by an Unrestricted Global Certificate or a Restricted Global Certificate. Each Unrestricted Global Certificate or a Restricted Global Certificate deposited with a common depositary for, and registered in the name of, a nominee of Euroclear and/or Clearstream will have an ISIN and a Common Code.

The Issuer, and a relevant U.S. agent appointed for such purpose that is a Participant, may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes represented by an Unrestricted Global Certificate or a Restricted Global Certificate. Each such Global Certificate will have a CUSIP number. Each Global Certificate will be subject to restrictions on

transfer contained in a legend appearing on the front of such Global Certificate, as set out under *"Transfer Restrictions"*. In certain circumstances, as described below in *"Transfers of Registered Notes"*, transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the Custodian, with whom the Global Certificates are deposited, and DTC, will electronically record the nominal amount of the Notes held within the DTC system. Investors may hold their beneficial interests in a Global Certificate directly through DTC if they are Direct Participants, or indirectly through Indirect Participants.

Payments of the principal of, and interest on, each Global Certificate registered in the name of DTC's nominee will be to, or to the order of, its nominee as the registered owner of such Global Certificate. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit Direct Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Global Certificate as shown on the records of DTC or the nominee. The Issuer also expects that payments by Participants to owners of beneficial interests in such Global Certificate held through such Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such Participants. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating, to or payments made on account of, ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate, in amounts specified in the applicable Pricing Supplement, and, in the case of Notes initially represented by a Restricted Global Certificate, in minimum amounts of U.S.$200,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of U.S.$1,000, in certain limited circumstances described below.

Payments through DTC

Payments in U.S. dollars of principal and interest in respect of a Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. dollars in respect of Notes evidenced by a Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Paying Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Paying Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Issuer by the Paying Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those Participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the record date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Exchange Agent will convert amounts in such currency into U.S. dollars and deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those Participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

Transfers of Registered Notes

Transfers of interests in Global Certificates within Euroclear, Clearstream and DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Certificate to such persons may be limited. Because DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

In the case of Registered Notes to be cleared through Euroclear, Clearstream and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through a Restricted Global Certificate for the same Series of Notes, provided that any such transfer will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from the transferor of such interest to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request by the holder of an interest in the Unrestricted Global Certificate to the Fiscal Agent. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under "*Transfer Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Fiscal Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream and transfers of Notes of such Series between Participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream and Participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, on the other, transfers of interests in the relevant Global Certificates will be effected through the Fiscal Agent, the Custodian, the relevant Registrar receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Fiscal Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and Participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see *"Transfer Restrictions"*.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Global Certificates for exchange as described above) only at the direction of one or more Participants in whose account with DTC interests in Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Global Certificates as to which such Participant or Participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Global Certificates for exchange for individual Certificates (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

Although Euroclear, Clearstream and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by individual Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream or DTC.

Individual Certificates

Registration of title to Registered Notes in a name other than a depositary or its nominee for Clearstream and Euroclear or for DTC will be permitted only (i) in the case of Restricted Global Certificates in the circumstances set forth in *"Summary of Provisions Relating to the Notes while in Global Form—Exchange—Global Certificates—Restricted Global Certificates"* or (ii) in the case of Unrestricted Global Certificates in the circumstances set forth in *"Summary of Provisions Relating to the Notes while in Global Form—Exchange—Global Certificates—Unrestricted Global Certificates"*. In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

(i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual Certificates; and

(ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than two business days following the date of pricing. Under Rule 15c6-1 of the U.S. Securities and Exchange Commission under the Exchange Act, trades in the United States, secondary market generally are required to settle within two business days ("**T+2**"), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Registered Notes in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the relevant Issue Date should consult their own adviser.

CERTAIN ERISA AND RELATED CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain requirements on "employee benefit plans" within the meaning of Section 3(3) of ERISA that are subject to Title I of ERISA, such as pension plans, profit-sharing plans, collective investment funds, separate accounts and entities whose underlying assets include the assets of such employee benefit plans (collectively, "**ERISA Plans**"), and on those persons who are fiduciaries or service providers with respect to such ERISA Plans.

Fiduciaries of ERISA Plans and "plans" within the meaning of Section 4975(e) of the Code that are subject to Section 4975 of the Code, including individual retirement accounts and "Keogh" plans (together with ERISA Plans, "**Plans**"), should consider ERISA, the regulations and guidance thereunder and the issues described below in deciding whether to purchase a Note.

General Fiduciary Matters

Under ERISA, a person who exercises discretionary authority or control regarding the management or disposition of an ERISA Plan's assets is generally considered a fiduciary of such an ERISA Plan. An ERISA Plan's investments are subject to ERISA's fiduciary requirements, which should be considered in the context of each ERISA Plan's particular facts and circumstances. An ERISA Plan fiduciary deciding whether to purchase a Note should consider, among other factors, (i) whether the acquisition would satisfy the diversification requirements of Section 404 of ERISA, (ii) whether the acquisition would be prudent with respect to the Note's structure, potential risks and lack of liquidity, (iii) whether the investment would be consistent with the documents and instruments governing the ERISA Plan and (iv) whether the investment would constitute or result in a "prohibited transaction" under Section 406 of ERISA or Section 4975 of the Code (as discussed below).

In evaluating the prudence of purchasing a Note, an ERISA Plan fiduciary should consider the U.S. Department of Labor (the "**DOL**") regulation on investment duties located at 29 C.F.R. § 2550.404a-1. ERISA also requires that an ERISA Plan fiduciary maintain an indicia of ownership of the ERISA Plan's assets within the jurisdiction of the U.S. Federal District Courts.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan and certain persons and their affiliates who have certain specified relationships to the Plans (referred to as "parties in interest" under ERISA and "disqualified persons" under Section 4975 of the Code, and collectively, "**Parties in Interest**"). Whether or not the underlying assets of the Issuer are deemed to include assets of a Plan, a purchase of a Note by a Plan, to the extent it is permitted, may constitute or result in a direct or indirect "prohibited transaction" under Section 406 of ERISA and/or Section 4975 of the Code (collectively, "**prohibited transaction**") to the extent any of the Issuer, the Arrangers, the Dealers, the Trustee, the Agents or their respective affiliates (each, a "**Transaction Party**") is considered a Party in Interest. A non-exempt violation of these prohibited transaction rules may result in an imposition of excise taxes or other penalties and liabilities under ERISA and Section 4975 of the Code and a rescission or correction of any applicable transaction.

Although an administrative or statutory exemption may be applicable to a prohibited transaction in respect of a purchase of a Note, the applicability of such exemption will depend in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which such a decision is made. These exemptions include the administrative exemptions of Prohibited Transaction Class Exemption ("**PTCE**") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by "independent qualified professional asset managers"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 95-60 (relating to investments by insurance company general accounts), and PTCE 96-23 (relating to transactions effected by in-house asset managers) (Investor-Based Exemptions) and the statutory exemption of Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to the purchase and sale of securities and related lending transactions, *provided that*, neither the security's issuer nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the Plan involved in the transaction and *provided further that*, the Plan pays not more than adequate consideration in connection with the transaction).

The fiduciary of a Plan that proposes to purchase a Note should consider, without limitation, (i) whether the purchase would involve a direct or indirect extension of credit to a Party in Interest, (ii) whether the purchase would involve a sale or exchange of any property between a Plan and a Party in Interest and (iii) whether the purchase would involve a transfer to, or use by or for the benefit of, a Party in Interest of a Plan's assets. In this regard, there can be no assurance that any of these administrative and statutory exemptions will be available with respect to any particular transaction involving the Notes. Most of these exemptions do not provide relief from some or all of the self-dealing prohibitions of Section 406 of ERISA or Section 4975 of the Code. Each Plan fiduciary is responsible for ensuring that the purchase of a Note does not and will not constitute or result in a non-exempt prohibited transaction.

Plan Assets Regulation

Under the DOL regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Assets Regulation**"), when a Plan invests in an "equity interest" of an entity (which is defined as an interest in an entity other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features) that is neither a publicly offered security nor a security issued by an investment company registered under the U.S. Investment Company Act of 1940, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or equity participation by "Benefit Plan Investors" is deemed not to be "significant".

Equity participation by "Benefit Plan Investors" in an entity is deemed to be "significant" under the Plan Assets Regulation if, immediately after the most recent acquisition of any equity interest in the entity, twenty-five per cent (25%) or more of the value of any class of equity interests in the entity is held by "Benefit Plan Investors". "Benefit Plan Investor" means (i) a Plan or (ii) a person or entity whose underlying assets are deemed for purposes of Title I of ERISA or Section 4975 of the Code to include the assets of any such Plan by reason of the Plan Assets Regulation or otherwise. This test must be satisfied at each acquisition, transfer or disposition of a Note in order for the assets of the Issuer to not be treated as "plan assets". For these purposes, the value of any Note held by certain persons (other than Benefit Plan Investors) that have discretionary authority or "control" over the assets of the entity or that provide investment advice with respect to such assets for a fee, directly or indirectly, or "affiliates" of such persons (other than Benefit Plan Investors) are excluded. An "affiliate" of a person includes any person, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the person. "Control", with respect to a person other than an individual, means the power to exercise a controlling influence over the management or policies of such person.

Similar Plans

"Governmental plans" within the meaning of Section 3(32) of ERISA, "church plans" within the meaning of Section 3(33) of ERISA that have made no election under Section 410(d) of the Code, "non-U.S. plans" described in Section 4(b)(4) of ERISA and other benefit plans that are not Benefit Plan Investors (as defined below) (any such plan, a "**Similar Plan**"), while not subject to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the Code, may nevertheless be subject to a U.S. federal, state, local, non-U.S. or other law or regulation that contains one or more provisions that are substantially similar to the foregoing provisions of ERISA or the Code (any such law or regulation, a "**Similar Law**").

Representations and Further Considerations

The Notes issued under this Programme may generally be permitted to be held by a Benefit Plan Investor, so long as the particular Notes being acquired by a Benefit Plan Investor are treated as indebtedness without substantial equity characteristics for purposes of Title I of ERISA or Section 4975 of the Code (any permitted issuance of such Notes, an "**ERISA-Permitted Issuance**").

By its acquisition of the Notes, each purchaser and subsequent transferee thereof will be deemed to have represented and warranted, on each day from the date on which such purchaser or transferee, as applicable, acquires its interest in such Notes through and including the date on which such purchaser or transferee, as applicable, disposes of its interest in such Notes, either that (a) no portion of the assets used to purchase or hold the Notes (or any interest therein) constitutes assets of a Benefit Plan Investor or a Similar Plan that is subject to any Similar Law or, (b) provided that the Notes (or any interest therein) are purchased under an ERISA-Permitted Issuance, its purchase and holding of the Notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a non-exempt violation of any Similar Law. Any purported purchase or transfer in violation of these representations shall be null and void ab initio.

Moreover, each purchaser and subsequent transferee of the Notes (or any interest therein) that is a Benefit Plan Investor will be deemed to have represented by its acquisition of such Notes that (x) none of the Transaction Parties (i) have provided any investment recommendation or investment advice to the Benefit Plan Investor or any fiduciary or other person investing the assets of the Benefit Plan Investor (a "**Plan Fiduciary**"), on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to acquire the Notes (or any interest therein), and (ii) are acting as a "fiduciary" within the meaning of Section 3(21) of ERISA or Section 4975(e)(3) of the Code to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor's acquisition of the Notes (or any interest therein) and (y) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that any Plan fiduciary or other person who proposes to use assets of any Plan to acquire the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code, or any other applicable Similar Laws, to such an investment, and to confirm that such investment will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA, the Code or any other applicable Similar Laws.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an Amended and Restated Dealer Agreement dated 20 January 2020 (the "**Dealer Agreement**") between the Issuer and the Permanent Dealers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not the Permanent Dealer. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally or severally but not jointly underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers and Dealers for certain of their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuer has agreed to indemnify the Arrangers and Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Each of the Arrangers and the Dealers and their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer's or their business. The Arrangers and the Dealers or certain of their respective affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution.

The Arrangers, the Dealers or any of their respective affiliates may purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes).

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes within the United States, except as permitted by the Dealer Agreement.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

The Notes are being offered and sold outside the United States in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States, other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Offering Circular to any person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such qualified institutional buyer with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such person within the United States, other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, is prohibited.

Prohibition of Sales to EEA and UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any

Notes which are the subject of the offering contemplated by this Offering Circular, as completed by the Pricing Supplement, in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the United Kingdom (each, a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the pricing supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(a) if the pricing supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another RelevantState and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the pricing supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

United Kingdom

Each Dealer has represented and agreed that:

(i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of the Offering Circular or any other document relating to the Notes in Italy except:

(i) to qualified investors (investitori qualificati), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the "**Financial Services Act**") and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the "Issuers Regulation"), all as amended from time to time; or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in Italy under paragraphs (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the "**Banking Act**") and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;

(b) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and

(c) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Investors should note that, in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (i) and (ii) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and the Issuers Regulation. Furthermore, where no exemption from the rules on public offerings applies, the Notes which are initially offered and placed in Italy or abroad to professional investors only but in the following year are "systematically" distributed on the secondary market in Italy become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and Issuers Regulation. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the purchasers of Notes who are acting outside of the course of their business or profession.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, and will not circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the

conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired such Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise stated in the relevant Pricing Supplement in respect of each issue of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

India

Each Dealer acknowledged, represented and agreed, and each further Dealer appointed under the Programme will be required to acknowledge, represent and agree, that (a) the Offering Circular has not been and will not be registered, produced or published or made available as an offer document (whether as a prospectus or statement in lieu of a prospectus in respect of a public offer or information memorandum or private placement offer letter or other offering material in respect of any private placement under the Companies Act and the rules framed thereunder or any other applicable Indian laws), with the ROC, the SEBI or the RBI, any Indian stock exchanges or any other statutory or regulatory body of like nature in India save and except for any information from any part of this Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian laws, including, but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended, and under the listing agreements with any Indian stock exchanges pursuant to the Listing Regulations or pursuant to the sanction of a regulatory and adjudicatory body in India and (b) the Notes have not been and will not be offered or sold in India by means of this Offering Circular or any document other than to persons permitted to acquire the Notes under Indian law, whether as principal or agent, and (c) this Offering Circular or any other offering document or material relating to the Notes have not been and will not be circulated or distributed, directly or indirectly, to any person or to the public or any member of the public in India or otherwise generally distributed or circulated in India which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities in violation of Indian laws for the time being in force. The Notes have not been offered or sold and will not be offered or sold in India in circumstances which would constitute an offer of securities (whether to the public or by way of private placement) within the meaning of the Companies Act, or any other applicable Indian laws for the time being in force.

The Notes will not be offered, directly or indirectly, in Gujarat International Finance Tec-City IFSC, India ("**GIFT IFSC**") or to, or for the account or benefit of, any resident in GIFT IFSC.

This Offering Circular has not been and will not be reviewed or approved by the ROC, the SEBI, the RBI or any statutory or regulatory authority in India or by the Indian stock exchanges. If any person purchases any of the Notes, such person will be deemed to have acknowledged, represented and agreed that such person is eligible to purchase the Notes under applicable laws and regulations and that there is no prohibition under any applicable law or regulation from acquiring, owning or selling the Notes.

In accordance with applicable provisions of Indian regulations only (i) non-individual residents of a FATF Compliant Country or an IOSCO Compliant Country, (ii) multilateral and regional financial institutions where India is a member country; (iii) individuals who are from a FATF Compliant Country or an IOSCO Compliant Country if they are foreign equity holders or the Notes are listed; (iv) foreign branches or subsidiaries of Indian banks in the case of Notes denominated in foreign currency (and excluding Rupee denominated Notes) and subject to prudential guidelines issued by the Department of Banking Regulation of the RBI; or (v) foreign branches or subsidiaries of Indian banks (subject to applicable prudential norms guidelines issued by the Department of Banking Regulation of the RBI) in their capacity as arrangers, underwriters, market-makers or traders for Rupee denominated Notes issued overseas, in each case, other than as stated above, excluding any person resident in India, and in compliance with other requirements as may be specified by the RBI from time to time in relation to external commercial borrowings by Indian entities who are not otherwise prohibited under any applicable laws or regulations from acquiring, owning or selling the Notes, are eligible to subscribe for the Notes ("**ECB Investor Requirements**"). ECB Investor Requirements apply in respect of the transfer of any ECB, including the transfer of any of the Notes.

A "**FATF Compliant Country**" is a country that is a member of Financial Action Task Force ("**FATF**") or a member of a FATF style regional body and should not be a country identified in the public statement of the FATF as (a) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or (b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies. An "**IOSCO Compliant Country**" is a country whose securities market regulator is a signatory to the International Organisation of Securities Commission's (IOSCO's) Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with SEBI for information sharing arrangements.

Potential investors should seek independent advice and verify compliance with ECB Investor Requirements prior to any purchase of the Notes.

In respect of any Notes, each Dealer further represented and agreed:

(a) that the Offering Circular or any material relating to the Notes have not been and will not be circulated or distributed to any prospective investor who does not meet the ECB Investor Requirements; and

(b) that the Notes will not be offered, sold or transferred and have not been offered, sold or transferred as part of the primary issuance to any person who does not meet the ECB Investor Requirements.

Disclosure of information relating to holders of Notes

(a) Holders and beneficial owners shall be responsible for compliance with restrictions on the ownership of the Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of Notes shall be deemed to have acknowledged, represented, agreed and confirmed that such holders and beneficial owners meet the ECB Investor Requirements and are otherwise eligible to purchase the Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. The holders and beneficial owners of Notes shall be deemed to confirm that for so long as they hold any Notes, they will meet the ECB Investor Requirements. Further, all Noteholders are deemed to represent and agree that the Notes will not be offered or sold on the secondary market to any person who does not meet the ECB Investor Requirements.

(b) In relation to any issuance of Notes, the holder and beneficial owners represent and agree that they will provide all information and details about themselves to the Issuer, to enable the Issuer to provide such information to the RBI or any other statutory or regulatory authority in India as and when such information is required.

(c) To comply with applicable laws and regulations, the Issuer or its duly appointed agent may from time to time request Euroclear and/or Clearstream to provide them with details of the accountholders within Euroclear and/or Clearstream, as may be appropriate, that hold the Notes and the amount of Notes held by each such accountholder. Euroclear and/or Clearstream which are holders of the Notes or intermediaries acting on behalf of such Noteholders would be deemed to have hereby authorised Euroclear and/or Clearstream, as may be appropriate, to disclose such information to the Issuer or its duly appointed agent. The holders and beneficial owners will provide all information and details that they have or can procure about any subsequent transferee Noteholders (and shall provide all assistance in relation thereto) to the Issuer so as to enable the Issuer to obtain the details of the transferee Noteholders or any other information pertaining to such transferee Noteholders to enable the Issuer to provide such information to the RBI or any other statutory or regulatory authority in India as and when such information is required.

General

These selling restrictions may be supplemented or modified by the agreement of the Issuer and any Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer will be required to agree that, it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement thereof, in all cases at its own expense.

TRANSFER RESTRICTIONS

Restricted Notes

Each purchaser of Restricted Notes within the United States pursuant to Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

1. It is not an affiliate of the Issuer or acting on behalf of the Issuer, and it is (a) a QIB, (b) acquiring such Restricted Notes for its own account, or for the account of one or more QIBs, and (c) aware, and each beneficial owner of the Restricted Notes has been advised, that the sale of the Restricted Notes to it is being made in reliance on Rule 144A.

2. (i) The Restricted Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) in each case in accordance with any applicable securities laws of any State of the United States and (ii) it will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions on the Restricted Notes.

3. The Restricted Notes, unless the Issuer determines otherwise in accordance with applicable law, will bear a legend in or substantially in the following form:

THE NOTES IN RESPECT OF WHICH THIS CERTIFICATE IS ISSUED (THE "**NOTES**") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "**QIB**") THAT IS ACQUIRING THE NOTES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER RULE 144 UNDER THE SECURITIES ACT, IF AVAILABLE, OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE NOTES.

4. It understands that the Issuer, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

5. It acknowledges that neither the Issuer nor the Dealers, nor any person representing the Issuer, or the Dealers have made any representation to it with respect to the Issuer or the offering or sale of any Restricted Notes, other than the information contained in this Offering Circular, which Offering Circular has been delivered to it and upon which it is relying in making its investment decision with respect to the Restricted Notes. It also acknowledges it has had access to such financial and other information concerning the Issuer as it deemed necessary in connection with its decision to purchase any of the Restricted Notes, including an opportunity to ask questions of, and request information from the Issuer and the Dealers.

6. It is purchasing the Restricted Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state or other securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Restricted Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.

7. It understands that the Restricted Notes will be represented by a Restricted Global Certificate. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate or as the case may be, Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Unrestricted Notes

Each purchaser of Unrestricted Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Unrestricted Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Offering Circular and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time Unrestricted Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (a) it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

2. It understands that such Unrestricted Notes have not been and will not be registered under the Securities Act and that it will not offer, sell, pledge or otherwise transfer such Unrestricted Notes except pursuant to an exemption from registration under the Securities Act.

3. It understands that the Unrestricted Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend in or substantially in the following form:

   "THE NOTES IN RESPECT OF WHICH THIS UNRESTRICTED GLOBAL CERTIFICATE IS ISSUED (THE "NOTES") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.''

4. It understands that the Issuer, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

5. It understands that the Unrestricted Notes will be represented by an Unrestricted Global Certificate, or as the case may be, a Global Note.

SUMMARY OF CERTAIN DIFFERENCES AMONG INDIAN GAAP, IFRS AND IND AS

Certain differences exist between Indian GAAP, International Financial Reporting Standards ("**IFRS**") and IND AS which might be material to the financial information herein. The matters described below summarise certain differences between Indian GAAP, IFRS and IND AS that may be material. The Issuer is responsible for preparing the summary below. Accordingly, no assurance is provided that the following summary of differences between Indian GAAP, IFRS and IND AS is complete. In making an investment decision, investors must rely upon their own examination of the Issuer, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP, IFRS and IND AS, and how those differences might affect the financial information herein.

	Indian GAAP	**IFRS**	**IND AS**
Revenue definition	Revenue is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities. Revenue is measured by the charges made to customers for goods supplied and services rendered to them and by the charges and rewards arising from the use of resources by them.	Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Amounts collected on behalf of third parties such as sales and service taxes and value added taxes are excluded from revenues.	Similar to IFRS. As per Schedule III of the Companies Act revenue from operations shall be disclosed as under: Sale of products Sale of services Other operating revenue Less: Excise duty
Revenue measurement	Revenue is recognised at the nominal amount of consideration receivable.	Fair value of revenue from sale of goods and services when the inflow of cash and cash equivalents is deferred is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of consideration is recognised as interest revenue using the effective interest method.	Similar to IFRS
Revenue recognition	Revenue from sale of goods is recognised when (i) the seller of goods has transferred to the buyer the property in the goods for a price or all significant risks and rewards of ownership have been transferred to the buyer and the seller retains no effective control of the goods transferred to a degree usually associated with ownership; and (ii) (ii) no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods. In a transaction involving the rendering of services, performance should be	Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied: (i) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; (ii) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the entity; (v) the costs incurred or to be incurred in respect of	Similar to IFRS

	measured either under the completed service contract method or under the proportionate completion method, whichever relates the revenue to the work accomplished. Such performance should be regarded as being achieved when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service	the transaction can be measured reliably and (vi) In case of rendering of services; where revenue is recognised by reference to the transaction's stage of completion at the balance sheet date.	
Revenue – contract costs	Capitalisation of contract cost is not permitted.	IFRS 15 contains criteria for determining when to capitalise costs associated with obtaining and fulfilling a contract.	Similar to IFRS
Multiple elements contracts	There is no specific guidance.	To present the substance of a transaction appropriately, it may be necessary to apply the recognition criteria to the separately identifiable component of a single transaction.	Similar to IFRS
Accounting Treatment for Changes in Accounting Policies	The effect of a material change in accounting policies must be recorded in the income statement of the period in which the change is made, subject to certain limited exemptions. No restatement of past years' figures is required. If a change is made to a company's accounting policies that has no material effect on the financial statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted. Up to 31 March 2016, changes in the method of depreciation for existing assets is considered as a change in accounting policy and the cumulative effect thereof is accounted. For accounting period beginning 1 April 2016; any change in the method of depreciation will be accounted for as change in accounting estimate in accordance with AS-5.	Retrospective application of changes in accounting policies is done by adjusting the opening balance of the affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy were always applied. If retrospective application is impracticable for a particular prior period, or for a period before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied needs to be stated.	Similar to IFRS
Consolidation and Investment in Subsidiaries	Reporting date differences between the parent and the subsidiary cannot be more than six months. Adjustments should be made for effects of significant transactions occurring between two dates.	The difference between the reporting date of the subsidiary and that of the parent shall be no more than three months. Uniform accounting policies	Similar to IFRS Uniform accounting policies to be followed unless impracticable to do so

	Consolidated financial statements should be prepared using uniform accounting policies. If not practicable, the proportions of the items accounted for using the different accounting policies should be disclosed.	should be followed. No exception is provided.	
Control	Control exists if: the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an enterprise; or control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities.	(i) Investor controls an investee if the investor has following: Power over the investee; (ii) Exposure, or rights, to variable returns from its investment with the investee; or (iii) the ability to use power over the investee to affect the amount of investor's return.	Similar to IFRS
Consolidation-Investment in Associates and Joint Ventures	Significant influence is the power to participate in the financial and/ or operating policy decisions of the investee but not control over those policies.	Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.	Similar to IFRS
	Joint Control: It is the contractually agreed sharing of control over an economic activity.	Joint control: The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.	Similar to IFRS
	Potential voting rights are not considered in assessing significant influence.	The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing significant influence.	Similar to IFRS
	In consolidated financial statements, interest in jointly controlled entities is to be accounted for using proportionate consolidation.	A joint venture applies the equity method, as described in IAS 28.	Similar to IFRS
Impairment of assets	Goodwill and other intangibles are tested for impairment only when there is an indication that they may be impaired.	Goodwill, intangible assets not yet available for use and indefinite life intangible assets are required to be tested for impairment at least on an annual basis or earlier if there is an impairment indication.	Similar to IFRS
Financial instruments	No specific guidance	All financial instruments are initially measured at fair value plus or minus, in case of a financial asset or financial liability not at fair value through profit or loss,	Similar to IFRS

		transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not have a significant financing component should initially be measured at transaction price as defined in IFRS 15.	
	An enterprise should assess the provision for doubtful debts at each period end which, in practice, is based on relevant information such as past experience, actual financial position and cash flow of debtors. Different methods are used for making provision for bad debts including ageing analysis, individual assessment of recoverability. Impairment losses recognised in profit or loss for equity investments are reversed through profit or loss.	Impairment model in IFRS 9 is based on expected credit losses and it applies equally to debt instruments measured at amortised cost FVTOCI (the loss allowance is recognised in Other Comprehensive Income and not reduced from carrying amount of financial asset), lease receivables, contract assets within scope of IFRS 15 and certain written loan commitments and financial guarantee contracts. Expected credit losses (with the exception of purchased or original credit impaired financial assets) are required to be measured through a loss allowance at an amount equal to a) 12 months expected credit losses b) lifetime expected credit losses if credit risk has increased significantly since initial recognition of financial instrument. Trade receivables or contract assets within the scope of IFRS 15, loss allowance is measured at lifetime expected credit losses. For lease receivables within scope of IAS 17, an entity can elect to always measure loss allowances at an amount equal to lifetime expected credit losses.	Similar to IFRS
	Transaction costs incurred in connection with long term borrowings are charged to statement of profit and loss as no future economic benefits are envisaged.	The transaction costs are amortised to profit or loss using the effective interest method	Similar to IFRS
Property, Plant and Equipment	For accounting periods beginning 1 April 2016; Company has an option to select either 'Cost Model' or 'Revaluation Model' for an entire class of assets. Under Cost Model, an asset is carried at cost less accumulated depreciation and accumulated impairment losses. Under the Revaluation Model, an asset is carried at the revalued amount,	If an entity adopts there valuation model, revaluations are required to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. IFRS mandates entire class of assets to be revalued.	Similar to IFRS

	which is the fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. For periods up to 31 March 2016, historical cost is used. Revaluations are permitted, however, no requirement on frequency of revaluation.		
Intangible assets	No guidance on determining the cost of intangible asset when acquired with a group of other assets.	If an intangible asset is acquired with a group of other assets (but not those acquired in a business combination), the cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.	Similar to IFRS
	Measured only at cost.	Measured at cost or revalued amounts.	Similar to IFRS
Deferred Taxation	Deferred tax is generally recognised for all timing differences. Timing differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the enacted or the substantially enacted tax rate.	Deferred income taxes are recognised for all taxable temporary differences between accounting and tax base of assets and liabilities except to the extent they arise from (a) initial recognition of goodwill or (b) the initial recognition of asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither the accounting nor the tax profit.	Similar to IFRS
	A deferred tax asset should be recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets on unabsorbed depreciation and carried forward losses under tax laws should be recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.	Deferred tax asset is recognised for carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised.	Similar to IFRS
	Deferred tax assets and liabilities should be disclosed under a separate heading in the balance sheet of the enterprise,	Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised in the same or a different period, outside	

	separately from current assets and current liabilities.	profit or loss. Therefore the tax on items recognised in other comprehensive income, or directly in equity, is also recorded in other comprehensive income or in equity, as appropriate.	
	No exemptions are available for providing for deferred tax.		
Foreign Exchange Differences	All exchange difference relating to monetary assets and liabilities are required to be charged to profit and loss account with an option in respect of long term monetary items in relation to acquisition of fixed assets, where the exchange difference can be adjusted to the carrying value of such fixed assets or for other long term monetary items, in which case the exchange difference is transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortised by 31 March 2020 or settlement of such assets/liabilities, whichever is earlier.	Exchange differences arising on translation or settlement of foreign currency monetary items are recognised in profit or loss in the period in which they arise, except when hedge accounting is applied.	Similar to IFRS. However an entity may continue the policy adopted for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first IND AS financial reporting period as per previous GAAP.
First time adoption	There is no specific standard dealing with the preparation of the first Indian GAAP financial statements. Thus, full retrospective application of Indian GAAP is required.	IFRS 1 gives detailed guidance on preparation of the first IFRS financial statements. To help overcome a number of practical challenges for a first-time adopter, there are certain mandatory exemptions/voluntary exemptions from the full retrospective application.	IND AS 101 gives detailed guidance on preparation of the first IND AS financial statements. To help overcome a number of practical challenges for a first-time adopter, there are certain mandatory exemptions/voluntary exemptions from the full retrospective application. IND AS 101 gives few additional voluntary exemptions as compared to IFRS. For example, it gives an exemption whereby an entity can continue using its Indian GAAP carrying value of all its property, plant and equipment as deemed cost at transition date, provided that there is no change in functional currency. It also gives an exemption whereby a company can continue using its accounting policy under previous GAAP for capitalisation/deferral of exchange differences arising on long term foreign currency monetary items recognised in financial statements for the period ending immediately before the beginning of the first

			IND AS financial reporting period.
Presentation of financial statements	Financial statements in relation to a company, includes: 1. Balance sheet as of the end of the financial year; 2. Profit or loss account for the financial year; 3. Cash flow statement for the financial year; 4. Explanatory notes annexed to, or forming part of, any document referred to above.	A complete set of financial statements under IFRS comprises: (i) Statement of financial position as of the end of the financial year; (ii) Statement of profit or loss and other comprehensive income for the financial year – Either as single statement or two separate statements; (iii) Statement of changes in equity; (iv) Statement of cash flows for the financial year; and (v) Notes comprising significant accounting policies and other explanatory information.	Similar to IFRS
Comparative figures	Comparative figures are presented for one year as per the requirements of schedule III.	Comparative figures are presented for minimum one year. However, when a change in accounting policy has been applied retrospectively or items in financial statements have been restated/reclassified which has an impact beyond the comparative period, a statement of financial position is required as of the beginning of the earliest comparative period	Comparative figures are presented for minimum one year. However, when a change in accounting policy has been applied retrospectively or items in financial statements have been restated/reclassified which has an impact beyond the comparative period, a balance sheet is required as of the beginning of the earliest comparative period.
Formats for Presentation of financial statement	Schedule III of the Companies Act prescribes the minimum requirement for disclosure on the face of the balance sheet and profit and loss account and notes. AS 3 provides guidance on the line items to be presented in the statement of cash flows.	IAS 1 does not prescribe any rigid format for presentation of financial statement. However, it specifies the position, statement of profit or loss and other comprehensive income and statement of changes inequity. IAS 7 provides guidance on the line items to be presented in the cash flow statement.	IND AS 1 does not prescribe any rigid format for presentation of financial statement. However, it specifies the line items to be presented in the balance sheet, statement of profit and loss and statement of changes in equity. IND AS 7 provides guidance on the line items to be presented in cash flow statement. In addition to above, IND AS compliant Schedule III of the Companies Act prescribes the format for presentation of balance sheet and statement of profit and loss which companies need to follow.

Presentation of income statement	Schedule III of the Companies Act 2013 requires an analysis of expenses by nature.	An analysis of expenses is presented using a classification based either on the nature of expenses or their function whichever provides information that is reliable and more relevant. If presented by function, specific disclosure by nature are provided in the notes. When items of income or expense are material, their nature and amount are separately disclosed.	Entities should present an analysis of expenses recognised in profit or loss using a classification based only on the nature of expense. IND AS compliant Schedule III of the Companies Act also requires an analysis of expenses by nature.
Statement of other comprehensive income	No concept of other comprehensive income prevails.	Among other items, the components of other comprehensive income includes: 1. Changes in the revaluation surplus; 2. Foreign exchange translation differences; 3. Re-measurements of post-employment benefit obligations; 4. Gains or losses arising on fair valuation of financial assets; 5. Effective portion of gains or losses on hedging instruments in cash flow hedge; 6. Share of other comprehensive income of investments accounted for using the equity method; 7. Foreign currency exchange gains and losses arising on translation of net investment in a foreign operation. These components are grouped into those that, in accordance with other IFRSs (a) will not be reclassified subsequently to profit or loss, and (b) will be reclassified subsequently to profit or loss when specific conditions are met.	Similar to IFRS
Presentation of profit or loss attributable to non-controlling interests	Profit or loss attributable to the minority interests is disclosed as deduction from the profit or loss for the period as an item of income or expense.	Profit or loss attributable to non-controlling interest and equity holders of the parent are disclosed in the statement of profit or loss and other comprehensive income as allocations of profit or loss and total comprehensive income for the period.	Similar to IFRS

Extraordinary items	Extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period.	Presentation of any items of income or expense as extraordinary is prohibited.	Similar to IFRS
Correction of prior period items	These are reported as a prior period adjustment in the current year results. Comparative information of the earlier years is not restated.	Material prior period errors are corrected retrospectively in the first set of financial statements approved for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.	Similar to IFRS
Disclosure of critical judgements and capital disclosures	There is no such requirement in AS 1 or Schedule III.	IAS 1 requires disclosure of critical judgements made by the management in applying accounting policies and key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. It also requires disclosure of information that enables the users of financial statements to evaluate an entity's objectives, policies and processes for managing capital.	Similar to IFRS
Measurement of investments	Under Indian GAAP, current investments are measured at lower of cost or market value. Accordingly unrealised increase in the value is not recognised in Income statement, only the unrealised diminution in the value is recognised. Long term investments are measured at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long term investments.	Under IAS 39, the investments are categorised as financial assets and can be classified in following The Issuer's categories based on the conditions mentioned therein: (i) Fair value through profit or loss; (ii) Held to maturity; (iii) Loans and receivables; (iv) Available for sale. (v)	Under IND AS 109, the investments are categorised as financial assets and can be classified in the following three categories based on the conditions mentioned therein: 1. Amortised cost; 2. Fair value through profit or loss; 3. Fair value through other comprehensive income
Functional currency	Under Indian GAAP, there is no concept of functional currency. Generally, the books and records are maintained in the currency of the country in which the company is incorporated.	IAS 21 requires the assessment of functional currency basis the conditions specified therein. Functional currency is defined as the currency of the primary economic environment in which the entity operates. The functional currency could be different from the currency of	Similar to IFRS

		the country in which the company is incorporated.	
Employee benefits	Actuarial gains/ losses for net defined benefit liability (asset) are recognised in profit and loss.	IAS 19, Employee Benefits requires the impact of re-measurement in net defined benefit liability (asset) to be recognised in other comprehensive income (OCI). Re-measurement of net defined benefit liability (asset) comprises actuarial gains or losses, return on plan assets (excluding interest on net asset/liability). Further, the amount recognised in OCI is not reclassified to the Statement of Profit and Loss.	Similar to IFRS.
	Market yield at the balance sheet date on government bonds are used as discount rates.	Discount rate is determined by reference to market yields at the end of reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yield on government bonds denominated in that currency should be used.	Discount rate is determined by reference to market yield on market yields at the end of reporting period on government bonds. However, subsidiaries, associates, joint ventures and branches domiciled outside India should use rate determined by reference to market yields on high quality corporate bonds at the end of reporting period. In case such subsidiaries, associates, joint ventures and branches are domiciled in countries where there is no deep market in such bonds, market yield at the end of reporting period on government bonds of that country should be used. The currency and term of government bonds or corporate bonds should be consistent with the currency and estimated term of post-employment benefits.
Common control business combinations	Under Indian GAAP, none of the standards differentiate between common control and other business combinations. However, AS 14 requires the pooling of interest method to be applied to an “amalgamation in the nature of merger,” which is an amalgamation that satisfies five prescribed conditions. Under the pooling of interest method prescribed in AS 14, no goodwill or capital reserve is recognised in the financial statements. Also, if consideration paid through issuance of securities, AS 14 requires such securities to be recognised at fair value.	IFRS 3 does not prescribe any specific method for accounting of common control business combinations. Hence, either pooling or acquisition method may be possible.	IND AS 103 mandates the recording of common control transactions using pooling of interest method

	Excess of consideration over the value of net assets of transferor company acquired by the transferee company is recognised as goodwill in the financial statement of transferee company. If the amount of consideration is lower than value of net assets acquired, the difference is recognised as capital reserve.	Goodwill is measured as the difference between: Aggregate of (a) the acquisition-date fair value of the consideration transferred (b) amount of non-controlling interest (c) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquire and (d) net of acquisition date fair values of the identifiable assets acquired and the liabilities assumed. If the above difference is negative, resultant gain is recognised as bargain purchase in profit and loss.	Similar to IFRS. However, any gain on bargain purchase is recognised in other comprehensive income and accumulated in equity as capital reserve. If there is no clear evidence of the underlying reason for classification of the business combination as a bargain purchase, the resultant gain is recognised directly in equity as capital reserve.
	If two or more investments are made over a period of time, the equity of the subsidiary at date of investment is generally determined on a step by step basis.	For business combinations achieved in stages, if the acquirer increase an existing equity interest so as to achieve control of the acquire, the previously held equity interest is remeasured at acquisition date fair value and any resulting gain or loss is recognised in profit and loss.	Similar to IFRS
Dividend adjustment	As per the requirements of AS 4, dividends proposed or declared after the balance sheet date but before approval of the financial statements are recorded as a provision in the balance sheet.	Liability for dividends declared to holders of equity instruments is recognised in the period when declared. It is a non-adjusting event.	Similar to IFRS
Government Grant	Two broad approaches may be followed – the capital approach or the income approach. Government grants in the nature of promoters' contribution i.e. they are given with reference to the total investment in an undertaking or by way of contribution towards its total capital outlay and no repayment is ordinarily expected, are credited directly to shareholders' funds. Grants related to revenue are recognised in the statement of profit and loss on a systematic and rational basis over the periods necessary to match	Government grants are recognised as income to match them with expenses in respect of the related costs for which they are intended to compensate on a systematic basis. Government grants are not directly credited to shareholders' interests. Grants related to assets are presented in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of asset.	Grants related to assets, including non-monetary grants at fair value should be presented in the balance sheet only by setting up the grant as deferred income

	them with the related costs. Grants related to depreciable assets are either treated as deferred income and transferred to the statement of profit and loss in proportion to depreciation, or deducted from the cost of the asset.		
Inventories	No specific guidance in AS-2 for reversal of write down inventories. However, reversals may be permitted as AS-5 requires this to be disclosed as a separate lime item in the statement of profit and loss.	Write down of inventory is reversed if circumstances that previously caused inventories to be written down below cost no longer exist or where there is a clear evidence of increase in net realisable value because of change in economic conditions. The amount of reversal is limited to amount of original write down	Similar to IFRS
	Inventories to be classified as per the requirements of Schedule III as: Raw material work in progress finished goods stock in trade stores and spares loose tools others.	No specific classification requirements.	Inventories to be classified as per the requirements of Schedule III.
Borrowing costs	A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use or sale. A period of 12 months is considered a substantial period unless a shorter or longer period can be justified.	Similar to Indian GAAP. However, unlike Indian GAAP, there is no bright line for the term 'substantial period.	Similar to IFRS
	No such scope exception similar to IND AS.	Borrowing costs need not be capitalised in respect of i) qualifying assets measured at fair value (e.g. biological assets) ii) inventories that are manufactured, or otherwise produced, in large quantities on a repetitive basis. This is an option.	Similar to IFRS
Provisions	A provision shall be recognised when all of the following conditions are met: (i) an enterprise has a present obligation as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation	A provision is recognised only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably. A constructive obligation is an obligation that derives from an entity's actions where, by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and as a result, the entity has created a valid	Similar to IFRS

		expectation on the part of those other parties that it will discharge those responsibilities.	
	Discounting of liabilities is not permitted and provisions are carried at their full values except for decommissioning/ restructuring liabilities with effect from 1 April 2016.	When the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects the current market assessment of the time value of money and risks specific to the liability.	Similar to IFRS
Segment reporting	AS 17 requires an entity to two sets of segments (business and geographical), using a risk and rewards approach, with the enterprise's system of internal financial reporting to key management personnel serving only as the starting point for identification of such segments.	Operating segments are identified based on financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in accessing performance.	Similar to IFRS

GENERAL INFORMATION

Authorisation

1. The Issuer has obtained all necessary consents, approvals and authorisations as required in connection with the establishment and update of the Programme. The establishment and subsequent updates of the Programme were authorised by resolutions of the Board of Directors of the Issuer on 8 May 2018, 14 December 2018 and 26 July 2019. The Issuer has obtained and has agreed to obtain from time to time all necessary internal consents, approvals and authorisations for the issue of Notes under the Programme

No Potential Conflicts of Interest

2. There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

Listing

3. Approval in-principle has been received from the SGX-ST in connection with the Programme and application will be made to the SGX-ST for the listing and quotation of any Notes that may be issued under the Programme and which are agreed, at or prior to the time of issue thereof, to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted for listing and quotation on the SGX-ST. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies).

   The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in principle from, admission to the Official List of, and listing and quotation of any Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Programme or the Notes.

   For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Note is exchanged for definitive Notes, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Global Note is exchanged for definitive Notes, an announcement of such exchange shall be made by the Issuer or on the Issuer's behalf through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

   An application may be made for the Programme or any subsequent Notes issued under the Programme to be listed on the INX, which will comply with the SEBI (IFSC) Guidelines, 2015, as amended from time to time.

   In the event the Notes are listed on the INX, the Issuer will make an announcement on the INX that will include all material information with respect to the delivery of the Notes issued in definitive form.

Delisting of Notes

4. The Dealer Agreement provides that the Issuer will use its best endeavours to maintain the listing on the relevant Stock Exchange of those of the Notes which are listed on the relevant Stock Exchange or, if it is unable to do so having used its best endeavours or if the maintenance of such listings is unduly onerous, it may cease to maintain such listing, provided that it shall use its best endeavours promptly to obtain and maintain a quotation or listing of such Notes on such other stock exchange or exchanges or securities market or markets on which it is then accepted in the sphere of international issues of debt securities to list securities such as the Notes as it may (with the approval of the relevant Dealer(s) in respect of such Notes that such other stock exchange or exchanges or securities market or markets is so accepted) decide.

Clearing Systems

5. The Notes to be issued under the Programme have been accepted for clearance through Euroclear and Clearstream. The appropriate common code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream will be specified in the applicable Pricing Supplement. In addition, the Issuer may make an application for each series of Registered Notes intended to be eligible for sale pursuant to Rule 144A of such Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.

No significant change

6. Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Issuer since 30 September 2019 and no material adverse change in the financial position or prospects of the Issuer since 30 September 2019.

Litigation

7. Except for what has already been provided for in the contingent liability section of the relevant financial statements, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Circular which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer.

Accounts

8. The auditors of the Issuer in respect of the audited standalone and consolidated financial statements as of and for the fiscal years ended 31 March 2017 and 2018, prepared in accordance with Indian GAAP, were SPMG & Co. ("**SPMG**"). The auditors of the Issuer in respect of the audited financial statements as of and for the fiscal year ended 31 March 2019 and as of and for the six months ended 30 September 2019, prepared in accordance with Ind AS, were also SPMG. SPMG has issued audit opinions in connection with its audits and has issued a review opinion in connection with its review, in each case for the respective periods without any qualification.

Documents

9. For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Fiscal Agent or the registered office of the Issuer:

   (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Global Certificates, the Coupons, the Receipts and the Talons);

   (ii) the Memorandum and Articles of Association of the Issuer;

   (iv) copies of the most recent annual and interim reports (including financial statements) and audited accounts of the Issuer;

   (v) each Pricing Supplement, which however will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of Notes and identity; and

   (vi) a copy of this Offering Circular together with any Supplemental Offering Circular or further Offering Circular.

   Copies of the latest Annual Report and the accounts of the Issuer may be obtained, and copies of the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.

Third Party Information

10. Where information in this Offering Circular has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

U.S. Tax Legend

11. The following legend will appear on all Bearer Notes having a maturity of more than one year and to which TEFRA D applies, and all Receipts, Coupons and Talons related thereto:

   "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

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Independent Auditor's Report

To the Board of Directors of
Indian Railways Finance Corporation Limited
Report on the Financial Statements

OPINION

We have audited the standalone financial statements of **Indian Railway Finance Corporation Limited** ("the Company"), which comprise the balance sheet as at 30th September, 2019 and the statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity, and the Statement of Cash Flows for the half year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 30th September, 2019, and the profit and total comprehensive income, changes in equity, and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there-under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTERS

We draw attention to the Comptroller & Audit General (C&AG) of India Auditor's observations regarding the presentation/classification of the "Advance given against railway infrastructure assets to be Leased" out to the railways and advance funding against National projects into "Non financial Assets-Capital Advances" instead of "Other Financial Assets" as treated by the company. The total amount under observation is Rs. 69,99,165.75 Lakhs. As agreed with C & AG, the company has referred the matter to the Expert Advisory Committee of the Institute of Chartered Accountants of India for an expert opinion. The reply from ICAI is awaited.

As the company is still waiting for the Expert opinion from The Institute of Chartered Accountants of India, the same accounting treatment has been followed while preparing the financials as on 30th September, 2019. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

We have determined the matters described below to be the Key Audit Matters to be communicated:-

S.No.	Key Audit Matters	Auditor's Response
1.	The government has introduced new section 115BAA by the Taxation Law (Amendment) Ordinance, 2019 w.e.f F.Y 2019-20, which provides an option to opt for a income tax rate of 22%, Surcharge 10% & Health and Education Cess at 4% by any domestic company. By opting this total effective tax rate will be at 25.17% (under normal provision of income tax) as against earlier effective tax rate of 34.95% (under normal provision of income tax). However, the earlier effective tax rate under MAT was 21.55% which was applicable on the company.	• After adoption of Section 115BAA, the taxable income under the normal provision income tax may become NIL. Further after adoption of section 115BAA, the company will be outside the scope and applicability of MAT Provision under section 115JB of Income Tax Act, 1961. Hence, no tax liability may be there w.e.f F.Y 2019-20 on the company. • However, the accumulated MAT Credit of Rs. 375593.16 Lakhs as on 31.03.2019 by adoption of section 115BAA is not going to be claimable by the company against their future tax liability under normal provisions of Income Tax Act, 1961. As per the past records, the company was not able to adjust/claim MAT Credit against the normal tax liability. That is the reason the same has not been provided in the books of accounts. • In view of above, the company is not likely to loose any amount against the accumulated MAT credit of Rs. 375593.16 Lakhs. • Hence no tax provision has been created for the F.Y 2019-20.
2.	The Ministry of Corporate Affairs has notified the Companies (Share Capital and Debentures) Amendments Rules, 2019 on 16th August, 2019 which exempts NBFC listed companies registered with Reserve Bank of India under section 45-IA of the RBI Act, 1934 from creation of Debenture Redemption Reserve. However the Company is required to invest or deposit a sum of not less than fifteen percent of the amount of debentures maturing during the year ending on the 31st day of March of the next year as prescribed under these rules	• The Bond Redemption Reserve as on 31.03.2019 amounting to Rs. 5,71,455.92 Lakhs has been transferred to General Reserve as at 30th September, 2019.

SPMG & CO. CHARTERED ACCOUNTANTS New Delhi

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) Planning the scope of our audit work and in evaluating the results of our work: and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

These special purpose financial statements have been prepared by the Company to comply with the provisions of SEBI (Issue of Capital and Disclosure Requirement) 2009 in connection with the proposed Initial Public Offering of equity shares of the Company.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) There is no branch office of the company.

SPMG & CO. CHARTERED ACCOUNTANTS New Delhi

d) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of changes of Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

f) In terms of Notification No. GSR 463(E) dated 05.06.2015 issued by Ministry of Corporate Affairs, Government of India, provisions of Sub-section 2 of Section 164 of the Act, are not applicable to the Company, being a government company.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

h) The company being the government company wholly owned by the Central Govt., therefore section 197 (16) of the Companies Act 2013 shall not apply vide Notification no. GSR 463(E) dated 5th June 2015.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 to the financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 38 to the financial statements;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For SPMG & Co.
Chartered Accountants
Firm Reg. No. 509249C

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

CA Vinod Gupta
(Partner)
M. No. - 090687

Place: New Delhi
Dated: 11 NOV 2019
UDIN: 19090687AAAAHU1983

Annexure A to the Independent Auditor's Report on the financial statements

(Referred to in Para 1 under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of Indian Railway Finance Corporation Limited on the standalone financial statements for the year ended 30th September, 2019)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. **However these Records do not include the particulars of Fixed Assets leased to Ministry of Railways as the same are shown as lease receivables in the books of accounts.**

   b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased fixed assets. In accordance with this programme physical verification is reasonable having regard to the size of the Company and the nature of its assets. **However, Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.**

   c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of immovable properties are held in the name of the company except the title deed of office building is yet to be executed in favour of the company also the same has been disclosed in Note 46 of the financial statements.

   d) The company has given an amount of Rs. 9,25,160 Lakhs during the year ended 30th September, 2019 (P.Y Rs 22,35,540 Lakhs) to Ministry of Railways under leased arrangement for financing the Railway Infrastructure Projects and Rs. NIL during the year ended 30th September, 2019 (P.Y Rs. 5,07,870 Lakhs) to Ministry of Railways under leased arrangement for financing the National Project. However, agreement for the same is yet to be executed and list of the projects financed is yet to be received from Ministry of Railways. (Refer Note No. 45)

2. The Company is a Non-Banking Finance Company and not in the business of any trading, manufacturing, mining or processing. Accordingly, it does not hold any inventory. Therefore, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.

3. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under sec on 189 of the Act. Therefore, the provisions of paragraph 3 (iii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

4. According to information and explanations given to us and based on audit procedures performed, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities provided by the Company as specified under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of paragraph 3 (iv) of the Order are not applicable to the Company.

5. As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the companies (Acceptance of Deposit) Rules, 2015 and the rules framed there under.

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

6. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sec on 148(1) of the Act, for any of the services rendered by the Company. Accordingly, clauses 3(vi) of the Companies (Auditor's Report) Order are not applicable to the Company.

7. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. (Refer Note 34 of the financial Statement)

   b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax. Duty of Custom, Duty of excise, VAT, Cess and other material statutory dues were in arrears as at 30th September, 2019 for a period of more than six months from the date they became payable.

   c) According to the information and explanations given to us, there are no disputed dues in respect of Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax and Cess which have not been deposited with the appropriate authorities. However, the demands of Income tax which has not been deposited by the company on account of dispute as the company is confident that the demands will be either deleted or substantially reduced and proper disclosure regarding the same has been given in Note No. 34 of the financial Statement.

8. In our opinion, and according to information and explanations given by the management, the company has not defaulted in making repayment of loans or borrowing from a Financial Institution, Banks or dues to debenture holders/bond holders or government as at Balance Sheet date.

9. According to the information and explanations given by the management and based on our audit procedures performed we report that no monies raised by way of initial public offer or further public offer. However, the funds raised by way of issue of debt instruments and term Loans were applied for the purposes for which those funds were raised.

10. To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.

11. The company being the government company wholly owned by the Central Govt., therefore section 197 read with schedule V of the Companies Act 2013 shall not apply vide Notification no. GSR 463(E) dated 5th June 2015.

12. According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

13. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

14. According to the information and explanations given by the management, and based on our examination of records, the Company has not raised money through private placement of Equity Shares from Ministry of Railways during the year. Further, the company has not made any preferential or private placement of fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with him which are covered under Section 192 of Companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. According to the information and explanations given to us, the Company is a Non-Banking Finance Company and is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the registration has been obtained.

For SPMG & Co.
Chartered Accountants
FRN: 509249C

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

CA Vinod Gupta
(Partner)
M.No.: 090687

Place: Delhi
Date: 11 NOV 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-sec on 3 of Sec on 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Indian Railway Finance Corporation Limited** ("the Company") as of 30th September, 2019 in conjunction with our audit of the financial statements of the Company for the half year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting, issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sec on 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:-

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 30th September, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India.

For SPMG & Co.
Chartered Accountants
FRN: 509249C

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

CA Vinod Gupta
(Partner)
M.No.: 090687

Place: Delhi
Date: 11 NOV 2019

UDIN: 19090687AAAAHV6987

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
BALANCE SHEET AS AT 30 September 2019
(All amounts in lakhs of INR, unless stated otherwise)

Particulars	Notes	As at 30 September 2019	As at 31 March 2019
ASSETS			
Financial assets			
Cash and cash equivalents	3	130.36	370.76
Bank balance other than above	4	961,750.50	7,735.86
Derivative financial instruments	5	-	4,669.03
Receivables	6		
- Lease receivables		13,492,253.45	12,502,651.17
Loans	7	564,952.16	589,548.71
Investments	8	1,192.36	1,314.44
Other financial assets	9	8,610,224.33	7,403,072.67
Total financial assets		**23,630,503.16**	**20,509,362.64**
Non-financial assets			
Current tax assets (net)	10	58,071.59	-
Property, plant and equipment	11	1,111.81	1,122.48
Other Intangible assets	12	5.11	4.98
Other non-financial assets	13	146,953.89	149,870.86
Total non-financial assets		**206,142.40**	**150,998.32**
Total Assets		**23,836,645.56**	**20,660,360.96**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	5	31,024.94	31,059.54
Payables	14		
- Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
- Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,526.63	1,217.91
Debt securities	15	13,518,955.34	12,359,789.87
Borrowings (other than debt securities)	16	4,944,210.03	5,033,477.60
Other financial liabilities	17	2,689,211.55	729,992.81
Total financial liabilities		**21,184,928.49**	**18,155,537.73**
Non-financial liabilities			
Current tax liabilities (net)	10	-	296.89
Provisions	18	1,408.84	1,179.53
Deferred tax liabilities (net)	19	644,314.03	644,314.03
Other non-financial liabilities	20	1,083.81	481.50
Total non-financial liabilities		**646,806.68**	**646,271.95**
Total liabilities		**21,831,735.17**	**18,801,809.68**
EQUITY			
Equity share capital	21	938,046.00	938,046.00
Other equity	22	1,066,864.39	920,505.28
Total equity		**2,004,910.39**	**1,858,551.28**
Total Liabilities and Equity		**23,836,645.56**	**20,660,360.96**

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

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

(Vinod Gupta)
(Partner)
M.No. 090687

Place: New Delhi
Date: 11 November 2019

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

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Statement of profit and loss for the half year ended 30 September, 2019
(All amounts in lakhs of INR, unless stated otherwise)

Particulars	Notes	For the half year ended 30 September 2019	For the year ended 31 March 2019
Revenue from operations			
Interest income	23	140,156.74	172,179.86
Dividend income		-	51.38
Lease income	24	525,568.02	941,000.91
Total revenue from operations		**665,724.76**	**1,113,232.15**
Other income	25	404.57	127.35
Total income		**666,129.33**	**1,113,359.50**
Expenses			
Finance costs	26	493,639.87	818,306.08
Impairment on financial instruments	27	-	2,754.43
Employee benefit expense	28	225.22	625.05
Depreciation, amortization and impairment	29	21.62	41.79
Other expenses	30	763.05	1,473.67
Total expenses		**494,649.76**	**823,201.02**
Profit before exceptional items and tax		171,479.57	290,158.48
Exceptional items		-	-
Profit before tax		**171,479.57**	**290,158.48**
Tax expense	31		
Current tax			64,692.39
Deferred tax		-	-
Adjustment for earlier years		-	(8.78)
Total Tax Expenses		**-**	**64,683.61**
Profit for the period from continuing operations		**171,479.57**	**225,474.87**
Profit from discontinued operations		-	-
Tax expense of discontinued operations		-	-
Profit from discontinued operations (after tax)		-	-
Profit for the period		**171,479.57**	**225,474.87**
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(5.84)	(27.08)
- Remeasurement of Equity Instrument		(65.51)	37.87
(ii) Income tax relating to items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		-	5.84
- Remeasurement of Equity Instrument		-	-
Subtotal (A)		**(71.35)**	**16.63**
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Subtotal (B)		-	-
Other comprehensive income (A + B)		**(71.35)**	**16.63**
Total comprehensive income for the period (comprising profit (loss) and other comprehensive income for the period)		**171,408.22**	**225,491.50**
Earnings per equity share (for continuing operations)	32		
Basic (Rs.)		1.83	3.43
Diluted (Rs.)		1.83	3.43
Earnings per equity share (for discontinued operations)			
Basic (Rs.)		-	-
Diluted (Rs.)		-	-
Earnings per equity share (for continuing and discontinued operations)	32		
Basic (Rs.)		1.83	3.43
Diluted (Rs.)		1.83	3.43

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

For SPMG & Co.
Chartered Accountants
(FRN- 505346C)

(Vinod Gupta)
(Partner)
M.No. 090687

Place: New Delhi
Date: 11 November 2019

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

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Statement of cash flow
(All amounts in lakhs of INR, unless stated otherwise)

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	171,479.57	290,158.48
Adjustments for:		
Remeasurement of defined benefit plans	(5.84)	(27.08)
Depreciation and amortisation	21.62	41.79
Provision of interest on income tax	-	196.56
Loss on sale of fixed assets	0.10	1.59
Profit on sale of fixed assets	(0.01)	(0.11)
Discount of commercial paper	6,785.72	12,372.54
Stamp duty on equity shares	(938.05)	-
Adjustments towards effective interest rate	(2,889.21)	1,690.35
Dividend income received	-	(51.38)
Operating profit before working capital changes	**174,453.90**	**304,382.74**
Movements in working capital:		
Increase/(decrease) in trade payable	308.72	346.38
Increase/(decrease) in provisions	229.31	27.54
Increase/(decrease) in others non financial liabilities	602.31	(65,445.81)
Increase/(decrease) in other financial liabilities	1,935,107.68	163,735.96
Decrease/(increase) in receivables	(989,602.28)	(1,555,485.53)
Decrease/(increase) in loans and advances	24,596.56	(65,753.20)
Decrease/(increase) in bank balance other than cash and cash equivalents	(954,014.64)	2,133.36
Decrease/(increase) in other non financial assets	2,916.97	(9,537.85)
Decrease/(increase) in other financial assets	(1,200,656.43)	(2,887,297.03)
Cash generated from operations	**(1,006,057.90)**	**(4,112,893.44)**
Less: Direct taxes paid (net of refunds)	58,368.47	61,925.30
Net cash flow/(used) in operating activities (A)	**(1,064,426.37)**	**(4,174,818.74)**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property plant & equipement and intangible assets	(11.20)	(42.23)
Proceeds from sale of property plant & equipement	0.04	1.00
Proceeds from realization of pass through certificates / sale of investments	56.57	121.20
Dividend income received	-	51.38
Net cash flow/(used) in investing activities (B)	**45.41**	**131.35**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	-	285,400.00
Issue of Debt Securities (Net of redemptions)	1,221,368.00	1,046,559.50
Raising of Rupee Term Loans/ Foreign Currency Borrowings (net of repayments)	(87,739.00)	2,701,728.32
Issue of commercial paper (net of repayments)	(69,488.44)	186,466.28
Final dividend paid	-	(37,500.00)
Dividend tax paid	-	(7,708.83)
Net cash generated by/(used in) financing activities (C)	**1,064,140.56**	**4,174,945.27**
Net increase in Cash and cash equivalents (A+B+C)	**(240.40)**	**257.88**
Cash and cash equivalents at the beginning of the period	370.76	112.88
Cash and cash equivalents at the end of the period	**130.36**	**370.76**

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

For SPMG & Co.
Chartered Accountants
(Firm Registration No. 509248C)

SPMG & CO. New Delhi Chartered Accountants

Vinod Gupta
Partner
Membership No. 090687

Place: New Delhi
Date: 11 November 2019

Shirode

Vijay Babulal Shirode
Company Secretary & DGM (Law)

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

Niraj Kumar
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Statement of changes in equity
(All amounts in lakhs of INR, unless stated otherwise)

A. Equity share capital

Particulars	Notes	Amount
Balance as at 1 April 2018	21	652,646.00
Changes in equity share capital during the period		285,400.00
Balance at 31 March 2019	21	938,046.00
Changes in equity share capital during the period		-
Balance at 30 September 2019	21	938,046.00

For SPMG & Co.
Chartered Accountants
(FRN 509848C)

(Vinod Gupta)
(Partner)
M.No. 096587

SPMG & CO. New Delhi Chartered Accountants

Place: New Delhi
Date: 11 November 2019

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

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Statement of changes in equity
(All amounts in lakhs of INR, unless stated otherwise)

B. Other equity

Particulars	Share issue expenses	Reserve and surplus				Equity instruments through other comprehensive income	Total other equity
		General Reserve	Bond redemption reserve*	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	Retained Earnings		
Balance as at 1 April 2018	-	**173,978.97**	**529,474.92**	-	**36,125.80**	**642.93**	**740,222.62**
Total comprehensive income for the period	-	-	-	-	225,453.63	37.87	**225,491.50**
Transfer to bond redemption reserve	-	-	41,981.00	-	(41,981.00)	-	-
Transfer to general reserve	-	129,294.62	-	-	(129,294.62)	-	-
Transfer to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	-	-	-	45,094.97	(45,094.97)	-	-
Dividend	-	-	-	-	(37,500.00)	-	**(37,500.00)**
Dividend tax	-	-	-	-	(7,708.84)	-	**(7,708.84)**
Balance at 31 March 2019	-	**303,273.59**	**571,455.92**	**45,094.97**	-	**680.80**	**920,505.28**
Total comprehensive income for the period	-	-	-	-	171,473.73	(65.51)	**171,408.22**
Addition during the period	(938.05)	-	-	-	-	-	**(938.05)**
Transfer to retained earnings	-	-	(571,455.92)	-	571,455.92	-	-
Dividend	-	-	-	-	(20,000.00)	-	**(20,000.00)**
Dividend tax	-	-	-	-	(4,111.06)	-	**(4,111.06)**
Balance at 30 September 2019	**(938.05)**	**303,273.59**	-	**45,094.97**	**718,818.59**	**615.29**	**1,066,864.39**

* Refer Note 22.2

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

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

(Vinod Gupta)
(Partner)
M.No. 080687

Place: New Delhi
Date: 11 November 2019

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

(Niraj Kumar)
Director Finance
DIN: 00795972

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

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Indian Railway Finance Corporation Limited
Statement of significant accounting policies

1. Background

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

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

2. Significant Accounting Policies

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

2.1 Statement of Compliance

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

2.2 Basis for preparation of financial statements

These financial statements as at and for the six month period ended 30th September 2019 together with the comparatives for the year ended and as at 31stMarch 2019 are special purpose financial statements drawn up by the Company to facilitate raising of funds through public offering of equity shares, in India or abroad.

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

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

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

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

- Level 1 -Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 -Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3- inputs are unobservable inputs for the asset or liability.

2.3 Use of estimates

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

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

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

a) Formulation of accounting policies

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

b) Post-employment benefit plans

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The

Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

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

2.4 Revenue

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

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

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

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

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

2.5 Foreign Currency Transaction

Functional and presentation currency

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

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Transactions and Balances

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

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

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

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

Where the difference is a pass through the lessee, the amount is received/ reimbursed to the lessee.

2.6 Employee Benefits

Defined contribution plan

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

Defined benefit plan

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

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

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Other long-term employee benefits

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

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

Short-term employee benefits

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

2.7 Taxation

Tax expense comprises Current Tax and Deferred Tax.

Current Tax

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

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

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

Post 1st April 2019, the Company has elected to exercise the option permitted under section 115BAA of the Income – tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 on 20th September 2019. On adoption of section 115BAA of the Income – tax Act, 1961, the Company is outside the scope and applicability of MAT provisions under section 115JB of the Income – tax Act, 1961.

Deferred Tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are

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offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

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

Till 31.3.2017

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

After 31.3.2017

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

2.8 Property, Plant and Equipment (PPE)

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

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

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

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

De-recognition

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

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carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

Depreciation

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

2.9 Intangible assets

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

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

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

De-recognition

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

Amortization

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

2.10 Borrowing costs

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

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

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

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

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

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

2.11 Cash and cash equivalents

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

2.12 Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs.

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

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

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

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experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

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

2.13 Impairment of non-financial assets

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

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

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

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

2.14 Leases

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

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

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

Company as a lessor

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

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

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

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

Company as a lessee

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

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

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

2.15 Securitisation of Finance Lease Receivable

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

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

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

2.16 Leasing of Railway Infrastructure Assets

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

The commencement of the lease term is the date on which lessor makes an underlying asset available for use by the lessee.

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

2.17 Dividends

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

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2.18 Material Prior Period Errors

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

2.19 Earnings per share

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

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

2.20 Statement of Cash Flows

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

2.21 Operating Segments

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

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

2.22 Financial Instruments

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

2.22.1. Financial Assets

Initial recognition and measurement

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

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Subsequent measurement

Debt instruments at amortized cost

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

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

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

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

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss.

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

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

In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency

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(referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity investments

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

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

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

De-recognition

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

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

Impairment of financial assets

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

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and bank balance.

(b) Financial assets that are debt instruments and are measured as at FVTOCI.

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(c) Lease receivables under Ind AS 17.
(d) Loan commitments which are not measured as at FVTPL.
(e) Financial guarantee contracts which are not measured as at FVTPL.

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

2.22.2. Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

Financial liabilities at amortized cost

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative

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financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

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

De-recognition

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

Derivative financial instruments

Initial recognition and subsequent measurement

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

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Note 3: Cash and cash equivalents

Particulars	As at 30 September 2019	As at 31 March 2019
Balances with banks		
- in current accounts	129.30	369.70
Balances in franking machine	0.04	0.04
Deposits with Reserve Bank of India		
- in public deposit account	1.02	1.02
Total	**130.36**	**370.76**

Note 4: Bank balances other than above

Particulars	As at 30 September 2019	As at 31 March 2019
Balances with banks		
- in interest redemption accounts*	769.00	809.06
- in term deposits accounts**	955,500.00	-
- in escrow pool Account***	5,481.50	6,926.80
Total	**961,750.50**	**7,735.86**

* The Company discharges its obligation towards payment of interest and redemption of bonds for which warrants are issued, by depositing the respective amounts in the designated bank accounts

** The Company has taken Loan against these Term Deposits shown under Note 16

*** Related to allotment of 54EC bond- September 2019 series (previous year: March 2019 series)

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Note 5: Derivative financial instruments

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

	As at 30 September 2019			As at 31 March 2019		
PART I	Notional amounts	Fair value- assets	Fair value- liabilities	Notional amounts	Fair value- assets	Fair value- liabilities
(i) Currency derivatives						
-Currency swaps	129,974.39	-	29,198.74	127,376.73	-	31,059.54
Subtotal	**129,974.39**	-	**29,198.74**	**127,376.73**	-	**31,059.54**
(ii) Interest rate derivatives						
- Forward rate agreements and interest rate swaps	129,974.39		1,826.20	127,376.73	4,669.03	-
Subtotal	**129,974.39**	-	**1,826.20**	**127,376.73**	**4,669.03**	-
Total derivative financial instruments	**259,948.78**	-	**31,024.94**	**254,753.46**	**4,669.03**	**31,059.54**
PART II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging						
Currency derivatives	129,974.39	-	29,198.74	127,376.73	-	31,059.54
Interest rate derivatives	-	-	-	-	-	-
Subtotal	**129,974.39**	-	**29,198.74**	**127,376.73**	-	**31,059.54**
(ii) Cash flow hedging						
Currency derivatives	-	-	-	-	-	-
Interest rate derivatives	129,974.39	-	1,826.20	127,376.73	4,669.03	-
Subtotal	**129,974.39**	-	**1,826.20**	**127,376.73**	**4,669.03**	-
Total derivative financial instruments	**259,948.78**	-	**31,024.94**	**254,753.46**	**4,669.03**	**31,059.54**

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Note 6 : Receivables

Particulars	As at 30 September 2019	As at 31 March 2019
Trade receivables	-	-
Lease receivables* (Unsecured, considered good due from Ministry of Railways, Government of India)	13,492,253.45	12,502,651.17
Total	**13,492,253.45**	**12,502,651.17**

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

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Note 7 : Loans

	As at 30 September 2019						As at 31 March 2019					
		At Fair Value						At Fair Value				
	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total
Loans												
(A) Term Loans												
-Loan to Rail Vikas Nigam Limited	321,098.00	-	-	-	-	321,098.00	284,263.00	-	-	-	-	284,263.00
-Loan to Ircon International Limited	246,123.04	-	-	-	-	246,123.04	307,653.38	-	-	-	-	307,653.38
Total (A) -Gross	**567,221.04**	-	-	-	-	**567,221.04**	**591,916.38**	-	-	-	-	**591,916.38**
Less:Impairment loss allowance	2,268.88	-	-	-	-	2,268.88	2,367.67	-	-	-	-	2,367.67
Total (A) - Net	**564,952.16**	-	-	-	-	**564,952.16**	**589,548.71**	-	-	-	-	**589,548.71**
(B)(i) Secured by tangible assets	-	-	-	-	-	-	-	-	-	-	-	-
(ii)Secured by intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
(iii)Covered by Bank/ Government Guarantees	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Unsecured	567,221.04	-	-	-	-	567,221.04	591,916.38	-	-	-	-	591,916.38
Total (B)-Gross	**567,221.04**	-	-	-	-	**567,221.04**	**591,916.38**	-	-	-	-	**591,916.38**
Less:Impairment loss allowance	2,268.88	-	-	-	-	2,268.88	2,367.67	-	-	-	-	2,367.67
Total (B)-Net	**564,952.16**	-	-	-	-	**564,952.16**	**589,548.71**	-	-	-	-	**589,548.71**
(C) (I) Loans in India												
(i) Public Sector	567,221.04	-	-	-	-	567,221.04	591,916.38	-	-	-	-	591,916.38
(ii) Others (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-
Total (C)-Gross	**567,221.04**	-	-	-	-	**567,221.04**	**591,916.38**	-	-	-	-	**591,916.38**
Less: Impairment loss allowance	2,268.88	-	-	-	-	2,268.88	2,367.67	-	-	-	-	2,367.67
Total(C) (I)-Net	**564,952.16**	-	-	-	-	**564,952.16**	**589,548.71**	-	-	-	-	**589,548.71**
(C)(II)Loans outside India												
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	-	-	-
Total (C)(II)- Net	-	-	-	-	-	-	-	-	-	-	-	-
Total C(I)and C(II)	**564,952.16**	-	-	-	-	**564,952.16**	**589,548.71**	-	-	-	-	**589,548.71**

* Impairement loss allowance is recogonised as per Reserve Bank of India circular no. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31 May 2018 read with letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21 December 2018 which was earlier exempted vide notification DNBR.PD.008/03.10.119/2016-17 dated 1st September 2016 for all government NBFC company. (refer note-18)

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Note 8 : Investments

	As at 30 September 2019						As at 31 March 2019					
		At Fair Value						At Fair Value				
	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total
Debt securities	276.38	-	-	-	-	276.38	332.95	-	-	-	-	332.95
Equity instruments	-	915.98	-	-	915.98	915.98	-	981.49	-	-	981.49	981.49
Total (A)	**276.38**	**915.98**	-	-	**915.98**	**1,192.36**	**332.95**	**981.49**	-	-	**981.49**	**1,314.44**
Investments Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Investments in India	276.38	915.98	-	-	915.98	1,192.36	332.95	981.49	-	-	981.49	1,314.44
Total (B)	**276.38**	**915.98**	-	-	**915.98**	**1,192.36**	**332.95**	**981.49**	-	-	**981.49**	**1,314.44**
Less: Allowance for Impairment '(C)	-	-	-	-	-	-	-	-	-	-	-	-
Total (A)-(C)	**276.38**	**915.98**	-	-	**915.98**	**1,192.36**	**332.95**	**981.49**	-	-	**981.49**	**1,314.44**

Details of debt securities:		
Numbers of Senior Pass through Certificates of NOVO X Trust Locos	30	35
Fair value of Senior Pass through Certificates of NOVO X Trust Locos	276.38	332.95
Details of equity instruments:		
Numbers of Equity Shares of IRCON International Limited	244,000	244,000
Fair value of Equity Shares of IRCON International Limited	915.98	981.49

The Company holds nominal Equity (less than 0.26%) in IRCON International Limited. The Equity shares of IRCON International Limited were listed on National Stock Exchange with effect from 28 September 2018. The Company had elected to classify its investment in IRCON International Limited as fair value through other comprehensive income. The fair value as on 30 September 2019 & 31 March 2019 has been measured as per the quotation on National Stock Exchange Limited(Level 1 Input).

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Note 9 : Other financial assets

Particulars	As at 30 September 2019	As at 31 March 2019
Amount recoverable from Ministry of Railways on account of exchange rate variation / derivatives#	84,890.55	46,448.98
Amount recoverable from Ministry of Railways - Leased Assets	-	47,296.31
Advance against Railway Infrastructure Assets to be leased (Refer Note No. 45)	7,609,337.64	6,490,884.04
Advance Funding Against National Project (Refer Note No. 45)	522,212.84	508,281.71
Interest accrued but not due on advance for railway project to be leased	324,388.53	213,401.09
Security deposits	9.05	9.60
House building advance (secured)*	31.08	32.61
Advance to employees	35.14	30.53
Interest accrued but not due on advance to employees**	6.21	5.06
Interest accrued but not due on loans	68,312.11	96,691.13
Interest accrued but not due on fixed deposits with bank	914.34	-
Interest accrued but not due on investment	326.67	360.40
Interest accrued but not due on 54 EC bond application money	26.70	13.32
Amount recoverable from others	6.72	4.65
Gross Total	**8,610,497.58**	**7,403,459.43**
Less: Impairment on interest accrued and due on loans & deposits***	273.25	386.76
Net Total	**8,610,224.33**	**7,403,072.67**

*Includes 23.76 for 30 September 2019, 24.74 for 31 March 2019, to Key Managerial Personnel/Officers of the Company.
**Includes 0.66 for 30 September 2019, 0.11 for 31 March 2019 to Key Managerial Personnel/Officers of the Company.
*** As per Reserve Bank of India Circular No. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31-May-2018
# Amount recoverable from Ministry of Railway on account of exchange rate variation / derivatives includes amount recoverable from Ministry of Railways on account of MTM derivatives of the respective period.

Note 10 : Current tax assets (net)

Particulars	As at 30 September 2019	As at 31 March 2019
TDS & advance tax	312,846.10	254,477.62
Less: Provision for tax (Refer note no. 31)	(254,774.51)	(254,774.51)
Total	**58,071.59**	**(296.89)**

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Note 11 : Property, plant and equipment

Particulars	Building	Office Equipment	Computer	Furniture and fixtures	Plant and equipment	Vehicles	Total
Gross block							
Balance at 1 April 2018	**1,123.17**	**12.37**	**8.31**	**11.97**	**0.28**	**2.55**	**1,158.66**
Additions	-	7.55	8.47	0.29	-	22.69	**38.99**
Disposals	-	(3.24)	(0.94)	-	-	-	**(4.18)**
Balance at 31 March 2019	**1,123.17**	**16.68**	**15.84**	**12.26**	**0.28**	**25.24**	**1,193.47**
Additions	-	4.11	5.98	-	-	-	**10.09**
Disposals	-	(0.36)	-	-	-	-	**(0.36)**
Balance at 30 September 2019	**1,123.17**	**20.43**	**21.82**	**12.26**	**0.28**	**25.24**	**1,203.20**
Accumulated depreciation							
Balance at 1 April 2018	**25.52**	**1.62**	**2.41**	**1.12**	**0.28**	**0.85**	**31.81**
Depreciation expense	30.48	3.45	3.48	1.37	-	2.10	**40.88**
Adjusments	-	-	-	-	-	-	-
Elimination on disposals of assets	-	(1.27)	(0.43)	-	-	-	**(1.70)**
Balance at 31 March 2019	**56.00**	**3.80**	**5.46**	**2.49**	**0.28**	**2.95**	**70.99**
Depreciation expense	15.28	1.39	1.49	0.70	-	1.78	**20.64**
Adjusments	-	-	-	-	-	-	-
Elimination on disposals of assets	-	(0.24)	-	-	-	-	**(0.24)**
Balance at 30 September 2019	**71.28**	**4.95**	**6.95**	**3.19**	**0.28**	**4.73**	**91.39**
Carrying amount							
Balance at 1 April 2018	**1,097.65**	**10.75**	**5.90**	**10.85**	-	**1.70**	**1,126.85**
Additions	-	7.55	8.47	0.29	-	22.69	**38.99**
Disposals	-	(1.97)	(0.51)	-	-	-	**(2.48)**
Depreciation expense	(30.48)	(3.45)	(3.48)	(1.37)	-	(2.10)	**(40.88)**
Balance at 31 March 2019	**1,067.17**	**12.88**	**10.38**	**9.77**	-	**22.29**	**1,122.48**
Additions	-	4.11	5.98	-	-	-	**10.09**
Disposals	-	(0.13)	-	-	-	-	**(0.13)**
Depreciation expense	(15.28)	(1.39)	(1.49)	(0.70)	-	(1.78)	**(20.64)**
Balance at 30 September 2019	**1,051.89**	**15.47**	**14.87**	**9.07**	-	**20.51**	**1,111.81**

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Note 12 : Other intangible assets

Particulars	Software
Gross block	
Balance at 1 April 2018	**3.36**
Additions	3.25
Disposals	-
Balance at 31 March 2019	**6.61**
Additions	1.11
Disposals	-
Balance at 30 September 2019	**7.72**
Accumulated depreciation	
Balance at 1 April 2018	**0.72**
Depreciation expense	0.91
Elimination on disposals of assets	-
Balance at 31 March 2019	**1.63**
Depreciation expense	0.98
Elimination on disposals of assets	-
Balance at 30 September 2019	**2.61**
Carrying amount	
Balance at 1 April 2018	**2.64**
Additions	3.25
Disposals	-
Depreciation expense	(0.91)
Balance at 31 March 2019	**4.98**
Additions	1.11
Disposals	-
Depreciation expense	(0.98)
Balance at 30 September 2019	**5.11**

Note 13 : Other non-financial assets

Particulars	As at 30 September 2019	As at 31 March 2019
Capital Advances		
Advance to FA & CAO, Northern Railway	253.01	253.01
Advances other than capital advances		
Advance to others	16.65	16.65
Others		
Prepaid expenses	0.31	41.78
Tax refund receivable	36.61	2,497.11
GST (TDS) recoverable	-	415.00
GST recoverable	146,647.31	146,647.31
Total	**146,953.89**	**149,870.86**

Note 14 : Payables

Particulars	As at 30 September 2019	As at 31 March 2019
(I) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
(II) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,526.63	1,217.91
Total	**1,526.63**	**1,217.91**

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Note 15 : Debt Securities

	As at 30 September 2019				As at 31 March 2019			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Others								
Bonds from domestic capital market	12,573,096.56	-	-	12,573,096.56	11,365,480.27	-	-	11,365,480.27
Bonds from overseas capital market	709,963.82	-	-	709,963.82	695,711.93	-	-	695,711.93
Commercial Paper	235,894.96	-	-	235,894.96	298,597.67	-	-	298,597.67
Total (A)	**13,518,955.34**	-	-	**13,518,955.34**	**12,359,789.87**	-	-	**12,359,789.87**
Debt securities in India	12,808,991.52	-	-	12,808,991.52	11,664,077.94	-	-	11,664,077.94
Debt securities outside India	709,963.82	-	-	709,963.82	695,711.93	-	-	695,711.93
Total (B) to tally with (A)	**13,518,955.34**	-	-	**13,518,955.34**	**12,359,789.87**	-	-	**12,359,789.87**

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Secured bonds from domestic capital market

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

S.No	Series	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Bond	30 September 2019	31 March 2019
1	104th 'A' Series Tax Free Bonds Public Issue	7.50%	Annual	Bullet Repayment	21-Dec-35	36,963.42	36,963.42
2	104th Series Tax Free Bonds Public Issue	7.25%	Annual	Bullet Repayment	21-Dec-35	29,441.58	29,441.58
3	71st "E" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-35	22,000.00	22,000.00
4	70th "E" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-35	1,500.00	1,500.00
5	141th Taxable Non-Cum. Bonds	7.48%	Annual	Bullet Repayment	29-Aug-34	210,700.00	-
6	139th Taxable Non-Cum. Bonds	7.54%	Annual	Bullet Repayment	29-Jul-34	245,560.00	
7	138th Taxable Non-Cum. Bonds	7.85%	Annual	Bullet Repayment	01-Jul-34	212,000.00	
8	71st "D" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-34	22,000.00	22,000.00
9	70th "D" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-34	1,500.00	1,500.00
10	71st "C" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-33	22,000.00	22,000.00
11	70th "C" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-33	1,500.00	1,500.00
12	71st "B" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-32	22,000.00	22,000.00
13	70th "B" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-32	1,500.00	1,500.00
14	71st "A" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-31	22,000.00	22,000.00
15	76th "B" Taxable Non-Cum. Bonds	9.47%	Semi Annual	Bullet Repayment	10-May-31	99,500.00	99,500.00
16	70th "A" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-31	1,500.00	1,500.00
17	108th 'A' Series Tax Free Bonds Public Issue	7.64%	Annual	Bullet Repayment	22-Mar-31	119,431.30	119,431.30
18	108th Series Tax Free Bonds Public Issue	7.35%	Annual	Bullet Repayment	22-Mar-31	101,637.60	101,637.60
19	103rd 'A' Series Tax Free Bonds Public Issue	7.53%	Annual	Bullet Repayment	21-Dec-30	107,421.72	107,421.72
20	103rd Series Tax Free Bonds Public Issue	7.28%	Annual	Bullet Repayment	21-Dec-30	205,731.03	205,731.03
21	70th "AA" Taxable Non-Cum. Bonds	8.79%	Semi Annual	Bullet Repayment	04-May-30	141,000.00	141,000.00
22	67th "B" Taxable Non-Cum. Bonds	8.80%	Semi Annual	Bullet Repayment	03-Feb-30	38,500.00	38,500.00
23	142th Taxable Non-Cum. Bonds	7.50%	Annual	Bullet Repayment	09-Sep-29	270,700.00	-
24	140th Taxable Non-Cum. Bonds	7.48%	Annual	Bullet Repayment	13-Aug-29	259,200.00	
25	136th Series Taxable Bonds	7.95%	Annual	Bullet Repayment	12-Jun-29	300,000.00	
26	135 Series Taxable Bonds	8.23%	Annual	Bullet Repayment	29-Mar-29	250,000.00	250,000.00
27	96th Series Tax Free Bonds Public Issue	8.63%	Annual	Bullet Repayment	26-Mar-29	94,791.32	94,791.32
28	96th A Series Tax Free Bonds Public Issue	8.88%	Annual	Bullet Repayment	26-Mar-29	43,641.41	43,641.41
29	134 Series Taxable Bonds	8.30%	Annual	Bullet Repayment	25-Mar-29	300,000.00	300,000.00
30	133 Series Taxable Bonds	8.35%	Annual	Bullet Repayment	13-Mar-29	300,000.00	300,000.00
31	131St Series Taxable Bonds	8.55%	Annual	Bullet Repayment	21-Feb-29	223,650.00	223,650.00
32	92nd Series Tax Free Bonds Public Issue	8.40%	Annual	Bullet Repayment	18-Feb-29	109,018.68	109,018.68
33	92nd A Series Tax Free Bonds Public Issue	8.65%	Annual	Bullet Repayment	18-Feb-29	68,835.91	68,835.91
34	94th A Series Tax Free Non-Cum Bonds	8.55%	Annual	Bullet Repayment	12-Feb-29	1,300.00	1,300.00
35	93rd A Series Tax Free Non-Cum Bonds	8.55%	Annual	Bullet Repayment	10-Feb-29	165,000.00	165,000.00
36	130Th Series Taxable Bonds	8.40%	Annual	Bullet Repayment	08-Jan-29	284,540.00	284,540.00
37	129th Series Taxable Bonds	8.45%	Annual	Bullet Repayment	04-Dec-28	300,000.00	300,000.00
38	90th A Series Tax Free Non-Cum Bonds	8.48%	Annual	Bullet Repayment	27-Nov-28	5,500.00	5,500.00
39	89th A Series Tax Free Non-Cum Bonds	8.48%	Annual	Bullet Repayment	21-Nov-28	73,800.00	73,800.00
40	87th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.04%	Annual	Bullet Repayment	23-Mar-28	22,113.99	22,113.99
41	87th 'A' Series (Retail), Tax Free Bonds Public Issue	7.54%	Annual	Bullet Repayment	23-Mar-28	4,274.39	4,274.39
42	86th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.34%	Annual	Bullet Repayment	19-Feb-28	231,474.24	231,474.24
43	86th 'A' Series (Retail), Tax Free Bonds Public Issue	7.84%	Annual	Bullet Repayment	19-Feb-28	24,416.79	24,416.79
44	83rd 'A' Tax Free Non-Cum. Bonds	7.39%	Annual	Bullet Repayment	06-Dec-27	9,500.00	9,500.00
45	82nd 'A' Tax Free Non-Cum. Bonds	7.38%	Annual	Bullet Repayment	30-Nov-27	3,000.00	3,000.00
46	81st 'A' Tax Free Non-Cum. Bonds	7.38%	Annual	Bullet Repayment	26-Nov-27	6,670.00	6,670.00
47	124th Series Taxable Non-Cum Bonds	7.54%	Annual	Bullet Repayment	31-Oct-27	93,500.00	93,500.00
48	123rd Series Taxable Non-Cum Bonds	7.33%	Annual	Bullet Repayment	28-Aug-27	174,500.00	174,500.00
49	121st Taxable Non Cum - Bonds	7.27%	Annual	Bullet Repayment	15-Jun-27	205,000.00	205,000.00
50	54th "B" Taxable Non-Cum. Bonds	10.04%	Semi Annual	Bullet Repayment	07-Jun-27	32,000.00	32,000.00
51	120th Taxable Non Cum - Bonds	7.49%	Annual	Bullet Repayment	30-May-27	220,000.00	220,000.00

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52	118th Taxable Non Cum - Bonds	7.83%	Annual	Bullet Repayment	21-Mar-27	295,000.00	295,000.00
53	80th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	8.10%	Annual	Bullet Repayment	23-Feb-27	277,498.05	277,498.05
54	80th 'A' Series (Retail), Tax Free Bonds Public Issue	8.30%	Annual	Bullet Repayment	23-Feb-27	32,067.14	32,067.14
55	53rd "C" Taxable Non-Cum. Bonds	8.75%	Semi Annual	Bullet Repayment	29-Nov-26	41,000.00	41,000.00
56	79th "A" Tax Free Non-Cum. Bonds	7.77%	Annual	Bullet Repayment	08-Nov-26	19,151.00	19,151.00
57	76th "A" Taxable Non-Cum. Bonds	9.33%	Semi Annual	Bullet Repayment	10-May-26	25,500.00	25,500.00
58	75th Taxable Non-Cum. Bonds	9.09%	Semi Annual	Bullet Repayment	31-Mar-26	15,000.00	15,000.00
59	74th Taxable Non-Cum. Bonds	9.09%	Semi Annual	Bullet Repayment	29-Mar-26	107,600.00	107,600.00
60	107th 'A' Series Tax Free Bonds Public Issue	7.29%	Annual	Bullet Repayment	22-Mar-26	19,071.38	19,071.38
61	107th Series Tax Free Bonds Public Issue	7.04%	Annual	Bullet Repayment	22-Mar-26	4,859.72	4,859.72
62	106th Series Tax Free Bonds Public Issue	7.04%	Annual	Bullet Repayment	03-Mar-26	105,000.00	105,000.00
63	102nd 'A' Series Tax Free Bonds Public Issue	7.32%	Annual	Bullet Repayment	21-Dec-25	36,894.86	36,894.86
64	102nd Series Tax Free Bonds Public Issue	7.07%	Annual	Bullet Repayment	21-Dec-25	36,747.39	36,747.39
65	100th Series Tax Free Non-Cum Bonds	7.15%	Annual	Bullet Repayment	21-Aug-25	32,900.00	32,900.00
66	99th Series Tax Free Non-Cum Bonds	7.19%	Annual	Bullet Repayment	31-Jul-25	113,900.00	113,900.00
67	69th Taxable Non-Cum. Bonds	8.95%	Semi Annual	Bullet Repayment	10-Mar-25	60,000.00	60,000.00
68	67th "A" Taxable Non-Cum. Bonds	8.65%	Semi Annual	Bullet Repayment	03-Feb-25	20,000.00	20,000.00
69	65th "O" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-24	6,000.00	6,000.00
70	95th Series Tax Free Bonds Public Issue	8.19%	Annual	Bullet Repayment	26-Mar-24	23,115.20	23,115.20
71	95th A Series Tax Free Bonds Public Issue	8.44%	Annual	Bullet Repayment	26-Mar-24	12,973.84	12,973.84
72	132 Series Taxable Bonds	8.25%	Annual	Bullet Repayment	28-Feb-24	250,000.00	250,000.00
73	91st Series Tax Free Bonds Public Issue	8.23%	Annual	Bullet Repayment	18-Feb-24	177,832.10	177,832.10
74	91st A Series Tax Free Bonds Public Issue	8.48%	Annual	Bullet Repayment	18-Feb-24	52,625.46	52,625.46
75	63rd "B" Taxable Non-Cum. Bonds	8.65%	Semi Annual	Bullet Repayment	15-Jan-24	31,500.00	31,500.00
76	62nd "B" Taxable Non-Cum. Bonds	8.50%	Semi Annual	Bullet Repayment	26-Dec-23	28,500.00	28,500.00
77	90th Series Tax Free Non-Cum Bonds	8.35%	Annual	Bullet Repayment	27-Nov-23	5,700.00	5,700.00
78	89th Series Tax Free Non-Cum Bonds	8.35%	Annual	Bullet Repayment	21-Nov-23	48,700.00	48,700.00
79	61st "A" Taxable Non-Cum. Bonds	10.70%	Semi Annual	Bullet Repayment	11-Sep-23	61,500.00	61,500.00
80	65th "N" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-23	6,000.00	6,000.00
81	88th Taxable Non-Cum. Bonds	8.83%	Annual	Bullet Repayment	25-Mar-23	110,000.00	110,000.00
82	87th Series (Non-Retail), Tax Free Bonds Public Issue	6.88%	Annual	Bullet Repayment	23-Mar-23	13,661.69	13,661.69
83	87th Series (Retail), Tax Free Bonds Public Issue	7.38%	Annual	Bullet Repayment	23-Mar-23	2,855.31	2,855.31
84	86th Series (Non-Retail), Tax Free Bonds Public Issue	7.18%	Annual	Bullet Repayment	19-Feb-23	266,384.12	266,384.12
85	86th Series (Retail), Tax Free Bonds Public Issue	7.68%	Annual	Bullet Repayment	19-Feb-23	15,063.92	15,063.92
86	126th Taxable Non-Cum. Bonds*	7.63%	Annual	Bullet Repayment	25-Jan-23	300,000.00	300,000.00
87	85th Tax Free Non-Cum. Bonds	7.19%	Annual	Bullet Repayment	14-Dec-22	9,500.00	9,500.00
88	84th Tax Free Non-Cum. Bonds	7.22%	Annual	Bullet Repayment	07-Dec-22	49,990.00	49,990.00
89	83rd Tax Free Non-Cum. Bonds	7.22%	Annual	Bullet Repayment	06-Dec-22	3,000.00	3,000.00
90	82nd Tax Free Non-Cum. Bonds	7.22%	Annual	Bullet Repayment	30-Nov-22	4,100.00	4,100.00
91	81st Tax Free Non-Cum. Bonds	7.21%	Annual	Bullet Repayment	26-Nov-22	25,600.00	25,600.00
92	58th "A" Taxable Non-Cum. Bonds	9.20%	Semi Annual	Bullet Repayment	29-Oct-22	50,000.00	50,000.00
93	54th "A" Taxable Non-Cum. Bonds	9.95%	Semi Annual	Bullet Repayment	07-Jun-22	15,000.00	15,000.00
94	55th "O" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-22	3,300.00	3,300.00
95	65th "M" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-22	6,000.00	6,000.00
96	80th Series (Non-Retail) Tax Free Bonds Public Issue	8.00%	Annual	Bullet Repayment	23-Feb-22	283,010.99	283,010.99
97	80th Series (Retail) Tax Free Bonds Public Issue	8.15%	Annual	Bullet Repayment	23-Feb-22	34,312.82	34,312.82
98	53rd "B" Taxable Non-Cum. Bonds	8.68%	Semi Annual	Bullet Repayment	29-Nov-21	22,500.00	22,500.00
99	114th Taxable Non Cum - Bonds	6.70%	Annual	Bullet Repayment	24-Nov-21	200,000.00	200,000.00
100	113th Taxable Non Cum - Bonds	7.24%	Annual	Bullet Repayment	08-Nov-21	65,000.00	65,000.00

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101	79th Tax Free Non-Cum. Bonds	7.55%	Annual	Bullet Repayment	08-Nov-21	53,960.00	53,960.00
102	78th Taxable Non-Cum. Bonds	9.41%	Semi Annual	Bullet Repayment	28-Jul-21	150,000.00	150,000.00
103	55th "N" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-21	3,300.00	3,300.00
104	77th Taxable Non-Cum. Bonds	9.57%	Semi Annual	Bullet Repayment	31-May-21	124,500.00	124,500.00
105	52nd "B" Taxable Non-Cum. Bonds	8.64%	Semi Annual	Bullet Repayment	17-May-21	70,000.00	70,000.00
106	76th Taxable Non-Cum. Bonds	9.27%	Semi Annual	Bullet Repayment	10-May-21	39,000.00	39,000.00
107	65th "L" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-21	6,000.00	6,000.00
108	127th Taxable Non-Cum. Bonds	7.65%	Annual	Bullet Repayment	15-Mar-21	250,000.00	250,000.00
109	51st Taxable Non-Cum. Bonds	7.74%	Semi Annual	Bullet Repayment	22-Dec-20	45,000.00	45,000.00
110	73rd "B" Tax Free Non-Cum. Bonds	6.72%	Semi Annual	Bullet Repayment	20-Dec-20	83,591.00	83,591.00
111	57th Taxable Non-Cum. Bonds	9.66%	Semi Annual	Redeemable in three Equal installments commencing from 28-09-2020	28-Sep-20	60,000.00	80,000.00
112	49th "O" - FRB Taxable Non-Cum. Bonds	7.68%^	Semi Annual	Bullet Repayment	22-Jun-20	1,000.00	1,000.00
113	72nd Taxable Non-Cum. Bonds	8.50%	Semi Annual	Bullet Repayment	22-Jun-20	80,000.00	80,000.00
114	55th "M" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-20	3,300.00	3,300.00
115	119th Taxable Non - Cum Bonds	7.20%	Annual	Bullet Repayment	31-May-20	237,500.00	237,500.00
116	65th "K" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-20	6,000.00	6,000.00
117	115th Taxable Non Cum - Bonds	6.73%	Annual	Bullet Repayment	23-Mar-20	80,000.00	80,000.00
118	68th "B" Tax Free Non-Cum. Bonds	6.70%	Semi Annual	Bullet Repayment	08-Mar-20	92,721.00	92,721.00
119	67th Taxable Non-Cum. Bonds	8.55%	Semi Annual	Bullet Repayment	03-Feb-20	17,500.00	17,500.00
120	112th Taxable Non - Cum Bonds	6.92%	Annual	Bullet Repayment	10-Nov-19	150,000.00	150,000.00
121	48th "JJ" Taxable Non-Cum. Bonds	6.85%	Semi Annual	Bullet Repayment	17-Sep-19	-	5,000.00
122	111th Taxable Non Cum - Bonds	7.65%	Annual	Bullet Repayment	30-Jul-19	-	100,000.00
123	49th "N" - FRB Taxable Non-Cum. Bonds	7.53%^	Semi Annual	Bullet Repayment	22-Jun-19	-	1,000.00
124	66th Taxable Non-Cum. Bonds	8.60%	Semi Annual	Bullet Repayment	11-Jun-19	-	50,000.00
125	128th Taxable Non-Cum. Bonds	7.72%	Annual	Bullet Repayment	07-Jun-19	-	260,000.00
126	55th "L" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-19	-	3,300.00
127	65th "AA" Taxable Non-Cum. Bonds	8.19%	Semi Annual	Bullet Repayment	27-Apr-19	-	56,000.00
128	65th "J" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-19	-	6,000.00
129	105th Series Taxable Non-Cum Bonds	8.33%	Annual	Bullet Repayment	26-Mar-19	-	-
130	47th "O" Taxable Non-Cum. Bonds	5.99%	Semi Annual	Bullet Repayment	26-Mar-19	-	-
131	63rd "A" Taxable Non-Cum. Bonds	8.55%	Semi Annual	Bullet Repayment	15-Jan-19	-	-
132	62nd "A" Taxable Non-Cum. Bonds	8.45%	Semi Annual	Bullet Repayment	26-Dec-18	-	
	Total					10,721,100.37	9,724,240.37

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

^ Applicable interest rate as on 30 September 2019, interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half year rest. All other interest rates are fixed.

^^ Applicable interest rate as on 30 September 2018, interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half year rest. All other interest rates are fixed.

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54 EC Bonds Secured in markets

The 54 EC bonds issued in the domestic capital market are secured by first pari passu charge on the present/ future rolling stock assets/ lease receivables of the Company. Maturity Profile and Rate of Interest of the 54EC secured bonds issued in the domestic capital market and amount outstanding as on various dates is as set out below:-

S.No	Description	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Loan	30 September 2019	31 March 2019
1	54 EC, Sep 2019 Bond Series*	5.75%	Annual	Bullet Repayment	30-Sep-24	5,434.10	-
2	54 EC, August 2019 Bond Series*	5.75%	Annual	Bullet Repayment	31-Aug-24	5,711.50	-
3	54 EC, July 2019 Bond Series	5.75%	Annual	Bullet Repayment	31-Jul-24	6,339.90	-
4	54 EC, June 2019 Bond Series	5.75%	Annual	Bullet Repayment	30-Jun-24	5,961.40	-
5	54 EC, May 2019 Bond Series	5.75%	Annual	Bullet Repayment	31-May-24	4,366.00	-
6	54 EC, Apr 2019 Bond Series	5.75%	Annual	Bullet Repayment	30-Apr-24	2,495.10	-
7	54EC Bond Mar 2019 Series	5.75%	Annual	Bullet Repayment	31-Mar-24	6,926.80	6,926.80
8	54EC Bond Feb 2019 Series	5.75%	Annual	Bullet Repayment	29-Feb-24	1,453.10	1,453.10
9	54EC Bond Jan 2019 Series	5.75%	Annual	Bullet Repayment	31-Jan-24	1,333.50	1,333.50
10	54 EC, Dec 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Dec-23	1,351.20	1,351.20
11	54 EC, Nov 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Nov-23	986.90	986.90
12	54 EC, Oct 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Oct-23	1,169.40	1,169.40
13	54 EC, Sep 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Sep-23	710.10	710.10
14	54 EC, Aug 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Aug-23	811.70	811.70
15	54 EC, July 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Jul-23	1,370.20	1,370.20
16	54 EC, June 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Jun-23	1,275.60	1,275.60
17	54 EC, May 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-May-23	835.80	835.80
18	54 EC, Apr 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Apr-23	545.20	545.20
19	54 EC, Mar 2018 Bond Series	5.25%	Annual	Bullet Repayment	31-Mar-21	9,287.60	9,287.60
20	54 EC, Feb 2018 Bond Series	5.25%	Annual	Bullet Repayment	28-Apr-21	2,489.50	2,489.50
21	54 EC, Jan 2018 Bond Series	5.25%	Annual	Bullet Repayment	29-May-21	1,047.00	1,047.00
22	54 EC, Dec 2017 Bond Series	5.25%	Annual	Bullet Repayment	31-Dec-20	826.80	826.80
23	54 EC, Nov 2017 Bond Series	5.25%	Annual	Bullet Repayment	30-Nov-20	97.90	97.90
	Total					62,826.30	32,518.30

* Deemed Date of allotment as per resolution taken in Board Committee meeting held on 16th September 2019, 30th September 2019, 1st October 2019, 9th October 2019 and 4th November 2019.

Unsecured bonds from domestic capital market

The Unsecured bonds issued in the domestic capital market and outstanding as on various dates is as set out below:-

S.No	Series	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Loan	30 September 2019	31 March 2019
1	137th Series Taxable Bonds	7.30% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2030	18-Jun-49	180,000.00	-
2	125th Series Taxable Bonds	7.41% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2028	22-Dec-47	210,000.00	210,000.00
3	122nd Series Taxable Bonds	6.77% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2028	27-Jun-47	410,000.00	410,000.00
4	110th Series Taxable Bonds	7.80% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2027	22-Jun-46	300,000.00	300,000.00
5	109th Series Taxable Bonds	8.02% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2026	30-Mar-46	500,000.00	500,000.00
6	101st Series Taxable Bonds	7.87% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2026	27-Oct-45	200,000.00	200,000.00
	Total					1,800,000.00	1,620,000.00

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Reconciliation

Particulars	30 September 2019	31 March 2019
Secured Bonds from Domestic Capital Market	10,721,100.37	9,724,240.37
54EC Bonds Secured in Market	62,826.30	32,518.30
Unsecured Bonds from Domestic Capital Market	1,800,000.00	1,620,000.00
Bonds in Domestic Market as per IGAAP	**12,583,926.67**	**11,376,758.67**
Less: Unamortised transaction cost	(10,830.11)	(11,278.40)
Bonds in Domestic Market as per Ind AS	**12,573,096.56**	**11,365,480.27**

Unsecured bonds from overseas capital market

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

S.No	Series	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Loan	30 September 2019	31 March 2019
1	Reg-S Bonds Green Bond 1st Series (USD 500 Million)	3.835% p.a	Semi Annual	Bullet Repayment	13-Dec-27	355,250.00	348,150.00
2	Reg S Bonds USD 500M-EMTN	3.73% p.a	Semi Annual	Bullet Repayment	29-Mar-24	355,250.00	348,150.00
3	Reg-S Bonds 3rd Series (USD 500 Million)	3.92% p.a.	Semi Annual	Bullet Repayment	26-Feb-19	-	-
	Total Overseas bonds as per IGAAP					**710,500.00**	**696,300.00**
	Less: Unamortised transaction cost					(536.18)	(588.07)
	Less: Fair value hedge adjustment- recoverable from Ministry of Railways					-	-
	Total Overseas bonds as per IND AS					**709,963.82**	**695,711.93**

Commercial Paper (Unsecured)

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

S.No	Series	Discount Rate	Date of Maturity of Loan	30 September 2019	31 March 2019
1	CP Series- XIII	7.23%	25-Apr-19		300,000.00
2	Commercial Paper Series XVI	5.44%	04-Oct-19	236,000.00	-
	Less: Unexpired discount			(105.04)	(1,402.33)
	Total			**235,894.96**	**298,597.67**

Total Indian Bonds	12,573,096.56	11,365,480.27
Total Overseas Bonds	709,963.82	695,711.93
Commercial Paper	235,894.96	298,597.67
Total Debt Borrowings	**13,518,955.34**	**12,359,789.87**

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Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Notes to financial statements
(All amounts in lakhs of INR, unless stated otherwise)

Note 16: Borrowings (other than debt securities)

	As at 30 September 2019				As at 31 March 2019			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Term loans								
Secured Loans								
(i) from banks- Indian	2,222,500.00	-	-	2,222,500.00	2,779,050.00	-	-	2,779,050.00
(II) from bank-Foreign	5,318.48	-	-	5,318.48	6,254.37	-	-	6,254.37
(ii)from other parties- National small saving fund	1,750,000.00	-	-	1,750,000.00	1,750,000.00	-	-	1,750,000.00
Unsecured Loans								
(i) from banks (indian)	-	-	-	-	241,989.71	-	-	241,989.71
(ii) from banks (foreign)	483,191.55	-	-	483,191.55	256,183.52	-	-	256,183.52
Other loans								
(i) Loan against Term Deposits	483,200.00	-	-	483,200.00	-	-	-	-
Total (A)	**4,944,210.03**	-	-	**4,944,210.03**	**5,033,477.60**	-	-	**5,033,477.60**
Borrowings in India	4,455,700.00	-	-	4,455,700.00	4,771,039.71	-	-	4,771,039.71
Borrowings outside India	488,510.03	-	-	488,510.03	262,437.89	-	-	262,437.89
Total (B) to tally with (A)	**4,944,210.03**	-	-	**4,944,210.03**	**5,033,477.60**	-	-	**5,033,477.60**

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Indian Railway Finance Corporation

Secured Rupee Term Loan

Rupee Term Loans availed from banks are secured by first paripassu charge on the present/future rolling stock assets/ lease receivables of the Company. Terms of repayment of secured term loans and amount outstanding as on various dates is as set out below :-

S.No	Description	Interest rate	Interest Type	Terms of Repayment	Date of Maturity of Loan	30 September 2019	31 March 2019
1	Punjab National Bank	8.10%	Linked to MCLR	Bullet Repayment	29-Apr-20	100,000.00	100,000.00
2	Allahbad Bank	8.15%	Linked to MCLR	Bullet Repayment	28-Apr-20	130,000.00	130,000.00
3	Corporation Bank	8.20%	Linked to MCLR	Bullet Repayment	26-Apr-20	115,000.00	115,000.00
4	Corporation Bank	8.20%	Linked to MCLR	Bullet Repayment	19-Apr-20	62,500.00	75,000.00
5	State Bank of India	8.15%	Linked to MCLR	Bullet Repayment	02-Feb-20	100,000.00	100,000.00
6	State Bank of India	8.15%	Linked to MCLR	Bullet Repayment	29-Jan-20	200,000.00	200,000.00
7	State Bank of India	8.29%	Linked to MCLR	19 Equal Half Yearly installements Rs. 45,000 lakhs commencing from 3 Jan 2020	03-Jan-20	755,000.00	-
8	J&K Bank	8.15%	Linked to MCLR	Bullet Repayment	01-Dec-19	50,000.00	50,000.00
9	J&K Bank	8.15%	Linked to MCLR	Bullet Repayment	29-Nov-19	50,000.00	50,000.00
10	Bank of India	8.35%	Linked to MCLR	20 Equal Half Yearly installements of Rs.10,000 lakhs each commencing from 15 October 2019	15-Oct-19	200,000.00	
11	Bank of India	8.35%	Linked to MCLR	18 Equal Half Yearly installements of Rs.5,000 lakhs each commencing from 15 October 2019	15-Oct-19	90,000.00	-
12	State Bank of India	8.30%	Linked to MCLR	18 Equal Half Yearly installements of Rs.10,000 lakhs each commencing from 15 October 2019	15-Oct-19	180,000.00	-
13	State Bank of India	8.30%	Linked to MCLR	18 Equal Half Yearly installements of Rs.5,000 lakhs each commencing from 15 October 2019	15-Oct-19	90,000.00	-
14	HDFC	8.30%	3M TBILL+SPREAD	18 Equal Half Yearly installements of Rs.5,000 lakhs each commencing from 15 October 2019	15-Oct-19	100,000.00	-

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15	Punjab National Bank	8.10%	Linked to MCLR	Bullet Repayment	10-Sep-19	-	100,000.00
16	Andhra Bank	8.05%	Linked to MCLR	Bullet Repayment	10-Sep-19	-	149,050.00
17	State Bank of India	7.90%	Linked to MCLR	Bullet Repayment	22-Apr-19	-	280,000.00
18	Canara Bank	8.35%	Linked to MCLR	Bullet Repayment	29-Apr-20	-	50,000.00
19	Bank of India	8.30%	Linked to MCLR	(20 Equal Half Yearly installements of Rs.10,000 lakhs each) commencing from 28 September 2019	28-Sep-19	-	200,000.00
20	State Bank of India	8.29%	Linked to MCLR	20 Equal Half Yearly installements Rs. 40,000 lakhs commencing from 3 July 2019	03-Jul-19	-	800,000.00
21	Bank of India	8.15%	Linked to MCLR	19 Equal Half Yearly installements of Rs.5,000 lakhs each commencing from 15 April 2019	15-Apr-19	-	95,000.00
22	State Bank of India	8.35%	Linked to MCLR	19 Equal Half Yearly installements of Rs.10,000 lakhs each) commencing from 15 April 2019	15-Apr-19	-	190,000.00
23	State Bank of India	8.35%	Linked to MCLR	19 Equal Half Yearly installements of Rs.5,000 lakhs each) commencing from 15 April 2019	15-Apr-19	-	95,000.00
	Total					2,222,500.00	2,779,050.00

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

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Secured foreign currency term loan						
Foreign Currency Loan are secured by first paripassu charge on the present/ future rolling stock assets/ lease receivables of the Company. Terms of Repayment of the foreign currency term loan and amount outstanding as on various dates is as set out below:-						
S.No	Description	Interest rate	Interest payment frequency	Date of Maturity of Loan	30 September 2019	31 March 2019
1	Bank Of India	6M USD LIBOR+1.25%	Semi Annual	31-Oct-19	5,328.75	-
2	Bank Of India	6M USD LIBOR+1.25%	Semi Annual	30-Apr-19	-	6,266.70
Total as per IGAAP					**5,328.75**	**6,266.70**
Unamortised transaction cost					(10.27)	(12.33)
Secured Foreign Currency Term Loan as per Ind AS					**5,318.48**	**6,254.37**

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

Secured Rupee term loan from National Small Saving Fund (NSSF)							
Rupee term loan from National Small Saving fund is secured by the first pari passu charge on the present/ future rolling stock assets/ lease receivables of the Company. Terms of repayment and the amount outstanding as on various dates is as set out below:-							
S.No	Description	Interest rate (p.a.)	Interest payment frequency	Terms of Repayment	Date of Maturity of Loan	30 September 2019	31 March 2019
1	National Small Saving Fund (NSSF)-II*	8.11%	Semi Annual	Bullet Repayment	07-Feb-29	750,000.00	750,000.00
2	National Small Saving Fund (NSSF)-I	8.01%	Semi Annual	Bullet Repayment	28-Mar-28	1,000,000.00	1,000,000.00
Total						**1,750,000.00**	**1,750,000.00**

* Pending registration of charge with the Registrar of Companies ('ROC') as on 30 September 2019

Unsecured Rupee Term Loan							
Terms of repayment of the Unsecured Rupee Term Loans from banks and amount outstanding as on various dates is as set out below:-							
S.No	Description	Interest rate	Interest Type	Terms of Repayment	Date of Maturity of Loan	30 September 2019	31 March 2019
1	State Bank of India	8.25%	Linked to MCLR	Bullet Repayment	12-Apr-19	-	91,989.71
2	Karnataka Bank	8.14%	T-bill plus spread	Bullet Repayment	12-Apr-19	-	25,000.00
3	Karnataka Bank	8.19%	T-bill plus spread	Bullet Repayment	12-Apr-19	-	25,000.00
4	United Bank of India	8.15%	Linked to MCLR	Bullet Repayment	12-Apr-19	-	100,000.00
Total						-	**241,989.71**

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Unsecured foreign currency term loan							
Terms of repayment of the unsecured rupee term loan from banks and amount outstanding as on various dates is as set out below:							
S.No	**Description**	**Interest rate (p.a.)**	**Interest payment frequency**	**Terms of Repayment**	**Date of Maturity of Loan**	**30 September 2019**	**31 March 2019**
1	Syndicated Foreign Currency Loan-JPY 26231.25 Mio	6M JPY LIBOR+0.80%	Semi Annual	Bullet Repayment	28-Mar-28	174,018.11	166,043.81
2	Syndicated Foreign Currency Loan-JPY 32856 Mio FCL USD 300 Mio	0% LIBOR +0.90%	Semi Annual	Bullet Repayment	04-Jun-26	217,966.70	-
3	Loan From AFLAC-2	2.90%	Semi Annual	Bullet Repayment	30-Mar-26	26,314.81	25,788.89
4	Loan From AFLAC-1	2.85%	Semi Annual	Bullet Repayment	10-Mar-26	103,659.57	101,587.84
Total as per IGAAP						**521,959.21**	**293,420.54**
Less: Unamortised transaction cost						(9,568.91)	(6,177.48)
Less: Fair value hedge adjustment- recoverable from Ministry of Railways						(29,198.74)	(31,059.54)
Unsecured Foreign Currency Term Loan as per Ind AS						**483,191.55**	**256,183.52**

Loan against Term Deposits							
S.No	Description	Interest rate (p.a.)	Interest payment frequency	Terms of Repayment	Date of Maturity of Loan	30 September 2019	31 March 2019
1	Corporation Bank	5.30%	Linked to MCLR	Bullet Repayment	14-Oct-19	23,850.00	-
2	Corporation Bank	5.30%	Linked to MCLR	Bullet Repayment	04-Oct-19	156,150.00	-
3	Punjab National Bank	4.65%	Linked to MCLR	Bullet Repayment	01-Oct-19	164,600.00	-
4	Canara Bank	5.50%	Linked to MCLR	Bullet Repayment	01-Oct-19	55,400.00	-
5	Canara Bank	5.50%	Linked to MCLR	Bullet Repayment	01-Oct-19	44,100.00	-
6	Canara Bank	5.50%	Linked to MCLR	Bullet Repayment	01-Oct-19	27,500.00	-
7	Punjab National Bank	4.65%	Linked to MCLR	Bullet Repayment	01-Oct-19	11,600.00	-
	Total					**483,200.00**	**-**

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Note 17 : Other financial liabilities

Particulars	As at 30 September 2019	As at 31 March 2019
Interest accrued but not due	977,763.40	729,180.35
Unclaimed matured debentures and interest accrued there on	769.00	809.06
Dividend payable	20,000.00	-
Dividend tax payable	4,111.06	-
Amount payable to Ministry of Railways - Leased Assets	1,686,564.69	-
Earnest money deposit	3.40	3.40
Total	**2,689,211.55**	**729,992.81**

Note 18 : Provisions

Particulars	As at 30 September 2019	As at 31 March 2019
Provision for employee benefits	213.83	193.62
Provision for corporate social responsibility	789.35	789.35
Provision on interest payable on income tax	405.66	196.56
Total	**1,408.84**	**1,179.53**
Provision on asset as per Reserve Bank of India norms presented as a reduction being impairment loss allowance from		
- Note 7 - Loans	2,268.88	2,367.67
- Note 9 - Other financial assets	273.25	386.76
Total	**2,542.13**	**2,754.43**

Note 19 : Deferred tax liabilities (net)

Particulars	As at 30 September 2019	As at 31 March 2019
Deferred tax liability (net) (Refer accounting policy 2.7)	644,314.03	644,314.03
Total	**644,314.03**	**644,314.03**

Note 20 : Other non-financial liabilities

Particulars	As at 30 September 2019	As at 31 March 2019
Statutory dues	3.97	10.49
Tax deducted at source payable	1,079.84	471.01
Total	**1,083.81**	**481.50**

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Note 21: Share capital

Particulars	As at 30 September 2019	As at 31 March 2019
Authorised share capital		
No. of shares	15,000,000,000	15,000,000,000
Par value per share (Rs.)	10.00	10.00
Amount (in lakhs)	**1,500,000.00**	**1,500,000.00**
Issued, subscribed and fully paid-up		
No of Shares	9,380,460,000	6,526,460,000
Issued during the period	-	2,854,000,000
Total no of shares	9,380,460,000	9,380,460,000
Par value per share (Rs.)	10.00	10.00
Amount (in lakhs)	**938,046.00**	**938,046.00**

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

Particulars	As at 30 September 2019		As at 31 March 2019	
	Number of shares	Amount (in lakhs)	Number of shares	Amount (in lakhs)
Shares outstanding at the beginning of the period	9,380,460,000	938,046.00	6,526,460,000	652,646.00
Shares issued during the period	-	-	2,854,000,000	285,400.00
Shares outstanding at the end of the period	**9,380,460,000**	**938,046.00**	**9,380,460,000**	**938,046.00**

(ii) The Company has only one class of shares referred to as Equity Share having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share.

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

Particulars	As at 30 September 2019		As at 31 March 2019	
	Number of shares	% Holding	Number of shares	% Holding
The President of India and his nominees (through Ministry of Railways)	9,380,460,000	100%	9,380,460,000	100%

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Note 22 : Other Equity

Particulars	As at 30 September 2019	As at 31 March 2019
Share issue expenses	(938.05)	
Bond redemption reserve	-	571,455.92
General reserve	303,273.59	303,273.59
Retained earnings	718,818.59	-
Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	45,094.97	45,094.97
Equity instruments through other comprehensive income	615.29	680.80
Total	1,066,864.39	920,505.28

Note 22.1: Share issue expenses

Particulars	As at 30 September 2019	As at 31 March 2019
Balance at the beginning of the period	-	-
Addition during the period	(938.05)	-
Balance at the end of the period	**(938.05)**	**-**

Note 22.2: Bond redemption reserve

Particulars	As at 30 September 2019	As at 31 March 2019
Balance at the beginning of the period	571,455.92	529,474.92
Addition/(deletion) during the period	(571,455.92)	41,981.00
Balance at the end of the period	-	**571,455.92**

The Ministry of Corporate Affairs has notified the Companies (Share Capital and Debentures) Amendments Rules, 2019 on 16th August 2019 which exempts NBFC listed companies registered with Reserve Bank of India u/s 45-IA of the RBI Act, 1934 from creation of Debenture Redemption reserve. Accordingly, the balance outstanding against Bond Redemption Reserve as on 31-03-2019 amounting to Rs. 5,71,455.92 lakhs has been transferred to retained earnings.

Note 22.3: General reserve

Particulars	As at 30 September 2019	As at 31 March 2019
Balance at the beginning of the period	303,273.59	173,978.97
Addition during the period	-	129,294.62
Balance at the end of the period	**303,273.59**	**303,273.59**

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

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

Particulars	As at 30 September 2019	As at 31 March 2019
Balance at the beginning of the period	45,094.97	-
Addition during the period	-	45,094.97
Balance at the end of the period	**45,094.97**	**45,094.97**

The Company will transfer the appropriate amount at the end of financial year ending on 31 March, 2020.

Note 22.5: Retained earnings

Particulars	As at 30 September 2019	As at 31 March 2019
Balance at the beginning of the period	-	36,125.80
Profit for the year	171,473.73	225,453.63
Transfer from (to) bond redemption reserve.	571,455.92	(41,981.00)
Transfer from (to) general reserve.	-	(129,294.62)
Transfer to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	-	(45,094.97)
Dividend	(20,000.00)	(37,500.00)
Dividend tax	(4,111.06)	(7,708.84)
Balance at the end of the period	**718,818.59**	**-**

Note 22.6: Equity instruments through other comprehensive income

Particulars	As at 30 September 2019	As at 31 March 2019
Balance at the beginning of the period	680.80	642.93
Total comprehensive income for the period	(65.51)	37.87
Balance at the end of the period	**615.29**	**680.80**

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Note 23 : Interest income

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
On financial assets measured at amortised cost :		
- Interest on loans	27,099.20	52,510.54
- Interest income from deposits	2,378.84	2,025.52
- Interest income from investments	27.91	66.65
- Pre commencement lease - Interest Income	110,650.79	117,577.15
Total	**140,156.74**	**172,179.86**

Note 24 : Lease income

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Lease income	525,568.02	941,000.91
Total	**525,568.02**	**941,000.91**

Note 25 : Other income

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Profit on sale of fixed assets	0.01	0.11
Miscellaneous income	192.26	127.24
Impairment provison written back (Refer Note no. 27)	212.30	-
Total	**404.57**	**127.35**

Note 26: Finance cost

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Interest on debt securities	493,221.06	855,146.05
Interest on borrowings	184,791.08	192,763.31
Discount on commercial paper	6,785.72	12,372.54
Interest on delayed payments to Ministry of Railways	14,656.42	29,934.94
Interest to Income Tax Authorities	209.09	196.56
Other borrowing cost	1,201.23	1,142.94
Sub-Total	**700,864.60**	**1,091,556.34**
Less: Borrowing costs capitalized on Railway Infrastructure Assets	207,224.73	273,250.26
Total	**493,639.87**	**818,306.08**

Note 27: Impairment on financial instruments measured at amortised cost

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Loans & Interest accrued thereon (Refer Note no. 25)	-	2,754.43
Total	-	**2,754.43**

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Note 28 : Employee benefit expense

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Salaries and wages	167.41	547.75
Contribution to provident and others funds	51.86	73.21
Staff welfare expenses	5.95	4.09
Total	**225.22**	**625.05**

Note 29: Depreciation, amortisation and impairment

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Depreciation of property, plant and equipment	20.64	40.88
Amortisation of intangible assets	0.98	0.91
Total	**21.62**	**41.79**

Note 30 : Other expenses

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Bank charges	1.35	3.69
Adminstrative expenses	-	
Fee & subscription	14.72	20.10
Filing fees	0.02	0.17
Travelling	26.12	48.63
Conveyance	5.08	7.42
Ground rent	0.64	1.35
Printing & stationery	6.61	17.68
Postage, telegram & telephone	1.73	2.86
Transport hire charges	9.02	27.05
Insurance	0.35	0.19
Manpower Services	65.44	94.92
Vehicle expenses	0.81	0.90
Legal & professional charge	53.79	83.15
Loss on sale of fixed assets	0.10	1.59
Payment to auditors (refer note (i) below)	4.31	47.93
Property tax	2.77	2.77
Office maintenance charges	5.93	37.25
Office equipment maintenance	14.40	25.42
Advertisement & publicity	19.85	54.73
Sponsorship/Donation	6.04	6.18
Newspaper, books and periodicals	1.05	2.29
Electricity charges	13.39	21.85
Exchange rate variation	17.47	2.35
Miscellaneous expenses	133.88	115.44
Corporate social responsibility expenses	358.18	847.76
Total	**763.05**	**1,473.67**

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

(a) Annual Audit fees	-	10.00
(b) Nine months Audit fees	-	7.50
(c) Half yearly Audit fees	1.00	-
(d) Tax audit fees	-	3.25
(e) Quarterly Review fees	2.71	6.92
(f) Certification fees	0.60	18.76
(g) GST Audit Fees	-	1.50
Total	**4.31**	**47.93**

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Note 31: Income taxes

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Income taxes recognised in profit and loss		
Current tax		
In respect of the current period	-	64,692.39
Adjustments for prior periods	-	(8.78)
	-	64,683.61
Deferred tax		
In respect of the current period	-	-
	-	64,683.61
Total income tax expense recognised in the current period	-	64,683.61

The Company has decided to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 on 20th September, 2019. After exercising the option of Section 115BAA, the taxable income under the provisions of Income Tax Act, 1961 comes to nil. Further after adoption of Section 115BAA, the Company will be outside the scope and applicability of MAT provisions under Section 115JB of Income Tax Act, 1961. Hence, no provision for tax has been made in the financial statements for the half year ended 30th September, 2019.

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

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Profit before tax	**171,479.57**	290,158.48
Tax rate	25.63%	34.944%
Tax thereon	43,942.67	101,392.98
Tax impact on account of unabsorbed depreciation as per computation under normal provisions of the Income tax Act, 1961 under the head 'Profit and Gains of Business'	(43,942.67)	(101,392.98)
Minimum alternate tax on book profits as per section 115JB(1) of Income Tax Act, 1961 (see note 1 below) (Not applicable for half year ended 30th September 2019 as the Company has opted for the provisions of section 115BAA of the Income - tax Act, 1961.	-	63,147.77
Proportionate minimum alternate tax on accretion to	-	1,538.78
Tax on items recogonised in other comprehensive income	-	5.84
Tax on adjustment for earlier years on finalization of assesments by the assessing authorities	-	(8.78)
Total tax expense	-	64,683.61

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Note -1

Particulars	For the half year ended 30 September 2019	Year ended 31 March 2019
Profit for the period as per Ind AS		**290,158.48**
Less: Ind AS adjustments		27.08
Total (A)		**290,131.40**
Add:-		
Expenses u/s 14A of Income Tax Act	As the Company has opted for section 115BAA of the Income - tax Act, 1961, the MAT provisions of section 115JB of the Income - tax Act, 1961 are no longer applicable to the Company	2.00
Interest u/s 234 B & C		196.56
Provision for post retirement employee benefits		12.40
Standard asset provision		2,754.43
Interest payable to tax authority		-
Total (B)		2,965.39
Total (A+B)		**293,096.79**
Less:-		
Dividend income		51.38
Total (C)		**51.38**
Book Profit((A+B)-C)		**293,045.41**
Tax rate		**21.5488%**
Tax thereon		**63,147.77**

Note -2

Other equity as per Ind AS on date of conversion i.e, 01 April 2018	740,222.62
Adjustment on account of fair value change in the value of investments measured at FVTOCI	642.93
Total	**739,579.70**
Other equity as per AS on date of conversion i.e, 01 April 2018	703,874.98
Difference	**35,704.72**
Tax rate	**21.5488%**
Tax thereon	7,693.94
Proportionate amount for the year ended 31 March 2019	**1,538.78**

Income tax recognised in other comprehensive income

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Remeasurements of defined benefit obligation	-	5.84
Total income tax recognised in other comprehensive income	-	5.84

Note 32: Earning per share

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Net Profit	171,479.57	225,474.87
Weighted average number of equity shares outstanding		
Opening balance at the beginning of the period	9,380,460,000	6,526,460,000
Issued during the period	-	46,915,068
Brought back during the period	-	-
Add: Number of potential equity shares on account of receipt of share application money pending allotment	-	-
Weighted average number of equity shares [including diluted equity share] outstanding at the end of the period	9,380,460,000	6,573,375,068
Earning per share- Basic [Face value of Rs. 10/- per share]	1.83	3.43
Earning per share- Diluted [Face value of Rs. 10/- per share]	1.83	3.43

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Note 33: Leases

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

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

Reconciliation of the lease receivable amount on the gross value of leased assets worth Rs. 2,04,91,839.94 lakhs (31 March 2019: Rs. 1,90,26,667.44 lakhs) owned by the Company and leased to the Ministry of Railways(MoR) is as under:

Particulars	As at 30 September 2019	As at 31 March 2019
Gross value of assets acquired & leased upto the end of previous financial year	19,026,667.44	16,621,159.00
Less: Capital recovery provided upto last Year	(6,524,016.27)	(5,673,993.36)
Capital recovery outstanding on leased assets as at the end of last year	**12,502,651.17**	**10,947,165.64**
Add: Gross value of assets acquired and leased during the period	1,465,172.50	2,405,508.44
	13,967,823.67	**13,352,674.08**
Less: Capital recovery for the period	(475,570.22)	(850,022.91)
Net investment in Lease Receivables	**13,492,253.45**	**12,502,651.17**

The value of contractual maturity of leases as per Ind AS–116 is as under:-

Particulars	As at 30 September 2019	As at 31 March 2019
Gross investment in lease	19,869,117.75	18,425,690.07
Unearned finance income	6,376,864.30	5,923,038.90
Present value of minimum lease payment (MLP)	13,492,253.45	12,502,651.17

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

Gross investment in lease

Particulars	As at 30 September 2019	As at 31 March 2019
Not later than one year	1,986,849.36	1,902,280.15
Later than one year and not later than two years	2,003,655.63	1,865,676.78
Later than two years and not later than three years	1,956,735.67	1,819,384.33
Later than three years and not later than four years	1,897,035.44	1,771,836.87
Later than four years and not later than five years	1,810,449.44	1,699,983.86
Later than 5 years	10,214,392.21	9,366,528.08
Total	**19,869,117.75**	**18,425,690.07**

Present value of MLP

Particulars	As at 30 September 2019	As at 31 March 2019
Not later than one year	1,005,610.27	951,043.96
Later than one year and not later than two years	1,074,016.91	996,767.94
Later than two years and not later than three years	1,116,412.98	1,036,220.30
Later than three years and not later than four years	1,149,943.14	1,072,084.02
Later than four years and not later than five years	1,162,118.31	1,092,352.80
Later than 5 years	7,984,151.84	7,354,182.15
Total	**13,492,253.45**	**12,502,651.17**

Unearned Finance Income & Unguaranteed Residual Income

Particulars	As at 30 September 2019	As at 31 March 2019
Unearned finance income	6,376,864.30	5,923,038.90
Unguaranteed residual income	NIL	NIL

The Company has leased rolling stock assets to the Ministry of Railways (MOR). Besides, the Company has funded Railway projects during the year 2011-12, in respect of which the lease had commenced during the year 2015-16. A separate lease agreement for each year of lease has been executed and as per the terms of the lease agreements, lease rentals are received half yearly in advance. The leases are non-cancellable and shall remain in force until all amounts due under the lease agreements are received.

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Note 34: Contingent liabilities and Commitments
Contigent liabilities
a.

Particulars	As at 30 September 2019	As at 31 March 2019
Claims against the Company not acknowledged as debt – Claims by bondholders in the consumer / civil courts	42.71	42.71

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

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

d. Directorate General of GST Intelligence (DGGI), Chennai, Zonal Unit has served a show cause notice dated 16 April 2019 on the Company alleging contravention of provisions of Section 67, 68 and 70 of the Finance Act, 1994 by the Company and as to why service tax of Rs. 2,65,376.54 Lakhs along with interest and penalty be not demanded from the Company.
The Company has submitted reply against the Show Cause notice stating that there is no contravention of provisions of any of the above stated Sections of the Finance Act,1994 and the Company is not liable to pay the tax. However, if any liability arises that would be recoverable from the Ministry of Railways, India.

e.(i)
The Income Tax assessments of the Company have been completed up to the Assessment Year 2016-17. The disputed demand of tax including interest thereon amount to Rs. 94.79 Lakhs . The Company has already filed appeals against the said tax demands and the same are pending at various appellate levels. Based on decisions of the Appellate authorities in other similar matters and interpretation of relevant provisions, the Company is confident that the demands will be either deleted or substantially reduced and accordingly no provision is considered necessary.

e.(ii)
During the year 2015-16, the Income Tax Department had raised demand of Rs. 39,949.01 lakhs u/s 201(1) of the Income Tax Act, 1961 towards non-deduction of tax at source and interest theron for the Assessment Years 2011-12, 2012-13 and 2013-14. The Company filed appeals against the said assessment orders before the CIT (Appeals) on 28 April 2016. Further, rectification applications u/s 154 were also filed on 20 May 2016. As per the Appellate Order dated 25 January 2017 for the Assessment Year 2011-12, the Order passed by the Assessing Officer raising demand of Rs. 24,516.56 lakhs has been set aside. The remaining demand for Rs. 1,54,32.45 Lakhs has also been set aside vide order dated 28th December 2018 & 31st December, 2018.

Note 35: Expenditure in Foreign Currency

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
a) Interest/Swap Cost on foreign currency borrowings	20,014.25	46,412.04
b) Processing agent/ fiscal Agent/ admin fees	34.75	85.54
c) Underwriting/ arranger fees	-	-
d) International credit rating agencies fees	251.43	113.79
e) Others	2.59	44.64
Total	**20,303.02**	**46,656.01**

Note 36: Segment reporting
The Company has identified "Leasing and Finance"as its sole reporting segment. Thus there is no inter-segment revenue and the entire revenue is presented in the statement of profit and loss is derived from external customers all of whom is domiciled in India, the Company's country of domicile.

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

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

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Revenue from MOR & entities under the control of MOR		
- Lease Income	525,568.02	941,000.91
- Interest Income	27,099.20	52,510.54
- Pre Commencement lease interest income	110,650.79	117,577.15
Total	**663,318.01**	**1,111,088.60**

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Note 37: Employee benefits

37.1 Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Contribution to provident fund	12.88	24.15
Contribution to gratuity	4.65	6.58
Contribution to leave enchasement	20.67	30.08
Contribution to post retirement medical and pension	13.66	12.40

37.2 The Company operates a funded gratuity benefit plan.

A) Actuarial Assumptions

Particulars	As at 30 September 2019	As at 31 March 2019
Economic Assumptions		
Discount rate	6.85% p.a.	7.50% p.a
Salary escalation	6.00% p.a	6.00% p.a
Demographic Assumptions		
Retirement age	60	60
Attrition rate	0.00%	0.00%
Mortality table used	100% of IALM (2006-08)	100% of IALM (2006-08)

Notes:

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

B) Movements in present value of the defined benefit obligation

Particulars	As at 30 September 2019	As at 31 March 2019
Present value of obligation as at the beginning of the period	95.73	76.45
Acquisition adjustment out	-	-
Interest cost	3.58	5.79
Past service cost	-	-
Current service cost	4.13	6.50
Benefit paid	-	(20.00)
Components of actuarial gain/losses on obligations:		
Due to change in financial assumptions	4.80	0.71
Due to change in demographic assumption	(0.06)	-
Due to experience adjustments	0.95	26.28
Liability at the end of the period	109.13	95.73

C) Movements in the fair value of plan assets

Particulars	As at 30 September 2019	As at 31 March 2019
Fair value of plan assets at the beginning of the period	77.76	72.15
Interest income	3.05	5.71
Return on plan assets excluding amounts included in interest income	(0.14)	(0.10)
Assets distributed on settlements	-	-
Contribution by employer*	3.52	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Fair value of the plan assets for the period ending 30 September 2019	84.19	77.76

Note: Since the value of the interest is not known as at the report date, I have computed accrued interest of Rs. 2.91 lakhs for the current valuation period and I have adjusted the closing Fair Value of the assets accordingly.

* The amount of Rs. 3.52 lakhs is been considered as plan assets is contributed by the Company to PFC in respect of the deputed employee.

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D) Amount recognised in the Balance Sheet

Particulars	As at 30 September 2019	As at 31 March 2019
Present value of unfunded obligations	-	-
Present value of funded obligations	109.13	95.73
Fair value of plan assets	(84.19)	(77.76)
Net liability/ (asset) recognised in the Balance Sheet	**24.94**	**17.97**

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

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Current service cost	4.13	6.50
Past service cost	-	-
Net interest cost (Income)	0.52	0.08
Expected return on plan assets	-	-
Expense recognised in the Statement of Profit and Loss	**4.65**	**6.58**

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

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Components of actuarial gain/losses on obligations:		
Due to change in financial assumptions	4.80	0.70
Due to change in demographic assumption	(0.06)	-
Due to experience adjustments	0.96	26.28
Return on plan assets excluding amounts included in interest income	0.14	0.10
Unrecognised actuarial gain / (loss) for the period ending	**5.84**	**27.08**

G) Composition of the plan assets:

Particulars	As at 30 September 2019	As at 31 March 2019
Policy of insurance	100%	100%

H) Change in Net benefit obligations

Particulars	As at 30 September 2019	As at 31 March 2019
Net defined benefit liability at the start of the period	17.97	4.31
Acquisition adjustment	-	-
Total service cost	4.65	6.58
Net interest cost (income)	-	-
Re-measurements	5.84	27.08
Reimbursement paid by the insurer	-	-
Contribution to plan assets	(3.52)	-
Benefit paid directly by the enterprise	-	(20.00)
Net defined benefit liability for the period ending	**24.94**	**17.97**

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

Particluars	As at 30 September 2019	As at 31 March 2019
Current liability (Amount due within one year)	9.15	8.25
Non-Current liability (Amount due over one year)	15.79	9.72
Total PBO at the end of period	**24.94**	**17.97**

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J) Bifurcation of defined benefit obligation

Particluars	As at 30 September 2019	As at 31 March 2019
Vested	98.85	88.29
Non- Vested	10.28	7.44
	109.13	95.73

K) Sensitivity analysis of the defined benefit obligation

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

Particulars	As at 30 September 2019	As at 31 March 2019
a) Impact of the change in discount rate		
-Impact due to increase of 0.50 %	105.41	92.28
-Impact due to decrease of 0.50 %	113.07	99.38
b) Impact of the change in salary increase		
-Impact due to increase of 0.50 %	111.86	97.29
-Impact due to decrease of 0.50 %	106.65	92.66
c) Impact of the change in withdrawal rate		
-Impact due to increase of 0.50 %	109.13	95.73
-Impact due to decrease of 0.50 %	109.13	95.73

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

Particulars	As at 30 September 2019	As at 31 March 2019
Expected contribution of the next year	9.15	8.25

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

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

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37.3 Actuarial Assumptions for unfunded Post Retirement Medical Benefits:

Particulars	As at 30 September 2019	As at 31 March 2019
Compensated absences		
Discount rate	6.85%	7.50% p.a
Future salary increase	N/A	N/A
Medical inflation Rate	8.90%p.a	8.90%p.a
Retirement age	60 years	60 years
Mortality table	100% of IALM (2006-08)	100% of IALM (2006-08)

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

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

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37.4 The Company operates a funded leave benefit plan.

A) Actuarial Assumptions

Particulars	As at 30 September 2019	As at 31 March 2019
Economic Assumptions		
Discount rate	6.85% p.a.	7.50% p.a.
Salary escalation	6.00% p.a.	6.00% p.a.
Demographic Assumptions		
Retirement age	60 Years	60 Years
Attrition rate	0.00% p.a.	0.00% p.a.
Mortality table used	100% of IALM (2006-08)	100% of IALM (2006-08)
Leave Availment and Encashment Rate		
Leave Availment Rate	10% p.a.	10% p.a.
Encashment in service	0.00% p.a.	0.00% p.a.

B) Movements in present value of the defined benefit obligation

Particulars	As at 30 September 2019	As at 31 March 2019
Present value of obligation as at the beginning of the period	98.58	91.71
Acquisition adjustment out		
Interest cost	3.47	6.97
Past service cost		
Current service cost	6.10	11.21
Benefit paid	(14.24)	(27.50)
Actuarial (gain)/loss on obligations- due to change in financial assumptions	3.11	0.44
Actuarial (gain)/loss on obligations- due to change in demographic assumptions	0.01	-
Actuarial (gain)/loss on obligations- due to experience	10.24	15.75
Liability at the end of the period	**107.27**	**98.58**

C) Movements in the fair value of plan assets

Particulars	As at 30 September 2019	As at 31 March 2019
Fair value of plan assets at the beginning of the period	61.91	57.62
Contribution from the employer*	6.33	-
Interest income	2.33	4.81
Return on plan assets excluding amounts included in interest income	(0.07)	(0.52)
Benefits paid	-	-
Actuarial gain/(loss) for the year on asset	-	-
Fair value of the plan assets at the end of the period	**70.50**	**61.91**

Note: Since the insurer credits interest on an annual basis after March and the value of the same is not known as at the report date, I have computed accrued interest of Rs. 2.25 lakhs for the current valuation period and I have adjusted the closing Fair Value of the assets accordingly.

*The amount of Rs. 6.33 lakhs is been considered as plan assets as this amount is contributed by the company to PFC in respect of the deputed employee.

D) Amount recognised in the Balance Sheet

Particulars	As at 30 September 2019	As at 31 March 2019
Present value of funded obligation at the end of the period	107.27	98.58
Fair value of plan assets at the end of the period	70.50	61.91
Net liability recognised in the Balance Sheet	**36.77**	**36.67**

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

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Current service cost	6.10	11.21
Past service cost	-	-
Net interest cost (Income)	1.15	2.16
Net value of re measurements on the obligation and planned assets	13.42	16.71
Expense recognised in the Statement of Profit and Loss	**20.67**	**30.08**

F) Components of actuarial gain/loss on obligation

Particulars	For the half year ended 30 September 2019	For the year ended 31 March 2019
Due to change in financial assumptions	3.11	0.44
Due to change in demographic assumption	0.01	-
Due to experience adjustments	10.24	15.75
Return on plan assets excluding amounts included in interest income	0.07	0.52
	13.43	**16.71**

G) Composition of the plan assets:

Particulars	As at 30 September 2019	As at 31 March 2019
Policy of insurance	100%	100%

H) Change in Net benefit obligations

Particulars	As at 30 September 2019	As at 31 March 2019
Net defined benefit liability at the start of the period	36.67	34.09
Acquisition adjustment		
Total service cost	6.10	11.21
Net interest cost (Income)	1.15	2.16
Re-measurements	13.42	16.71
Contribution paid to the fund	(6.33)	-
Benefit paid directly by the enterprise	(14.24)	(27.50)
Net defined benefit liability at the end of the period	**36.77**	**36.67**

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

Particulars	As at 30 September 2019	As at 31 March 2019
Current liability (Amount due within one year)	12.62	12.19
Non-Current liability (Amount due over one year)	24.15	24.48
Total PBO at the end of period	**36.77**	**36.67**

K) Sensitivity analysis of the defined benefit obligation

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

Particulars	As at 30 September 2019	As at 31 March 2019
a) Impact of the change in discount rate		
-Impact due to increase of 0.50 %	104.86	96.40
-Impact due to decrease of 0.50 %	109.78	100.86
b) Impact of the change in salary increase		
-Impact due to increase of 0.50 %	109.79	100.89
-Impact due to decrease of 0.50 %	104.83	96.36
c) Impact of the change in withdrawal rate		
-Impact due to increase of 0.50 %	107.26	95.73
-Impact due to decrease of 0.50 %	107.26	95.73

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

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

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Note 38: Financial Instruments

38.1: Capital management

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

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

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

38.1.1 Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

Particulars	As at 30 September 2019	As at 31 March 2019
Debt (See note 'i' below)	18,463,165.37	17,393,267.47
Cash and cash equivalents	130.36	370.76
Net debt	18,463,035.01	17,392,896.71
Total equity	2,004,910.39	1,858,551.28
Net debt to equity ratio (in times)	9.21	9.36

38.1.2 Net Worth

Particulars	As at 30 September 2019	As at 31 March 2019
Total Assets	23,836,645.56	20,660,360.96
Total Liabilities	21,831,735.17	18,801,809.68
Net Worth	2,004,910.39	1,858,551.28

38.1.3 Debt Equity Ratio

Particulars	As at 30 September 2019	As at 31 March 2019
Debt	18,463,165.37	17,393,267.47
Equity	2,004,910.39	1,858,551.28
	9.21	9.36

Note:
i) Debt computed as under:

Particulars	As at 30 September 2019	As at 31 March 2019
Debt Securities (Note 15)	13,518,955.34	12,359,789.87
Borrowing(other than debt securities) (Note 16)	4,944,210.03	5,033,477.60
Total Debt	18,463,165.37	17,393,267.47

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38.2 Financial Instruments - Accounting classification and fair value measurement

38.2.1 Categories of financial instruments

Particulars	As at 30 September 2019	As at 31 March 2019
Financial assets		
Measured at amortised cost		
Cash and cash equivalents	130.36	370.76
Bank balance other than above	961,750.50	7,735.86
Investments (Pass through certificates)	276.38	332.95
Loans	564,952.16	589,548.71
Other financial assets	8,610,224.33	7,403,072.67
Receivables (Lease Receivables)	13,492,253.45	12,502,651.17
Measured at fair value through Profit and Loss		
Derivative financial instruments	-	4,669.03
Measured at fair value through Other Comprehensive Income		
Investments (IRCON)	915.98	981.49
Financial liabilities		
Measured at amortised cost		
Payables		
(I) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	
(II) Other payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,526.63	1,217.91
Debt securities	13,518,955.34	12,359,789.87
Borrowings (Other than debt securities)	4,944,210.03	5,033,477.60
Other financial liabilities (Interest accured but not due, amount payable to MoR etc.)	2,689,211.55	729,992.81
Measured at fair value through Profit and Loss		
Derivative financial instruments	31,024.94	31,059.54

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38.2.2: Fair value measurements

Fair value hierarchy
The fair value hierarchy reflects the significance of the inputs used in making the measurements and has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices in markets that are not active) or indirectly (i.e. quoted prices for similar assets or liabilities);

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 30 September 2019:

Particular	As at 30 September 2019	Fair Value measurement at end of the reporting period/ year using		
		Level 1	Level 2	Level 3
Investment in IRCON International Limited	915.98	915.98	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2019:

Particular	As at 31 March 2019	Fair Value measurement at end of the reporting period/ year using		
		Level 1	Level 2	Level 3
Investment in IRCON International Limited	981.49	981.49	-	

Valuation technique used to determine fair value
The Company maintains policies and procedures to value financials assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

The Company holds nominal Equity (less than 0.26%) in IRCON International Limited. The equity shares of IRCON International Limited were listed on National Stock Exchange (NSE) with effect from 28 September 2018. The Company had elected to classify its investment in IRCON International Limited as fair value through other comprehensive income(OCI). The fair value as on 30 September 2019 has been measured as per the quoted on National Stock Exchange (Level 1 Input). The fair market value in earlier year has been determined on the basis of book value computed as per the preceding year's annual financial statement of IRCON International Limited as available with the Company (Level 3 Input).

Dividend received

Particulars	As at 30 September 2019	As at 31 March 2019
Dividend received (IRCON International Limited)	-	51.38

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

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38.3 Financial risk management

The Company's activities expose it to a variety of financial risks which includes market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's focus is to ensure liquidity which is sufficient to meet the Company's operational requirements. The Company monitors and manages key financial risks so as to minimise potential adverse effects on its financial Proformance. The Company has a risk management policy which covers the risks associated with the financial assets and liabilities. The details for managing each of these risks are summarised ahead.

38.4: Market risk

Market risk is the risk that the expected cash flows or fair value of a financial instrument could change owing to changes in market prices.The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Company use derivative instruments to manage market risk against the volatility in foreign exchange rates and interest rates in order to minimize their impact on its results and financial position. Company policy is not to utilize any derivative financial instruments for trading or speculative purposes.

38.5: Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Liabilities as at		Assets as at	
	As at 30 September 2019	As at 31 March 2019	As at 30 September 2019	As at 31 March 2019
Secured foreign currency term loan	5,318.48	6,254.37	-	-
Unsecured bonds from overseas capital market	709,963.82	695,711.93	-	-
Unsecured foreign currency term loans	483,191.55	256,183.52	-	-
Total	1,198,473.85	958,149.82	-	-

Foreign currency sensitivity analysis

The following table details the company's sensitivity to a 10% increase and decrease in the INR against the relevant outstanding foreign currency denominated monetary items. 10% sensitivity indicates management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where Rupee appreciates 10% against the relevant currency. A negative number below indicates a decrease in profit or equity where the Rupee depreciates 10% against the relevant currency.

Particulars	As at 30 September 2019		As at 31 March 2019	
	INR strengthens by 10%	INR weakening by 10%	INR strengthens by 10%	INR weakening by 10%
Profit or (loss)	119,847.39	(119,847.39)	95,814.98	(95,814.98)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the period

38.6: Interest rate risk management

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Company use financial instruments to manage its exposure to changing interest rates and to adjust its mix of fixed and floating interest rate debt on long-term debt.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/ lower and all other variables were held constant, the Company's:

i) Profit for the period ended 30 September 2019 would decrease/increase by Rs. 64,696.86 lakhs (31 March 2019: decrease/increase Rs.58,610.52 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate debt securities;

ii) Profit for the period ended 30 September 2019 would decrease/increase by Rs. 24,944.24 lakhs (31 March 2019: decrease/increase Rs.18,374.01 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

38.7: Other price risks

The Company has a small amount of investment in equity instruments, price risk of which is not considered material.

38.8: Credit risk management

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company consider the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting peroid. To assess whether there is significant increase in credit risk, it considers reasonable and supportive forward looking information such as:

(i) Actual or expected significant adverse change in business.
(ii) Actual or expected significant changes in the operating results of the counterparty.
(iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation.
(iv) Significant increase in credit risk and other financial instruments of the same counterparty.
(v) Significant changes in the value of collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Credit risk is managed through approvals, establishing credit limits, continuous monitoring of creditworthiness of customers to which the company grants credit terms in the normal course of business. The company also assesses the financial reliability of customers taking into account the financial condition, current economic trends and historical bad debts and ageing of accounts receivables.

The Company's major exposure is from lease receivables from Ministry of Railways, Government of India and loans to Rail Vikas Nigam Limited and IRCON International Limited which are under the control of Ministry of Railways. There is no credit risk on lease receivables being due from sovereign. With respect to loan given to Rail Vikas Nigam Limited and IRCON International Limited, the company consider the Reserve Bank of India directions in terms of its circular no. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31-May-2018 read with letter no. DNBR (PD). CO.No.1271/03.10.001/2018-19 dated 21-December-2018, to be adequate compliance with the impairment norms as per Ind AS 109, Financial Instruments, as IRCON International Limited and Rail Vikas Nigam Limited, both, are under Ministry of Railways, Government of India and the Company do not expect any concern in the repayment of aforesaid loans.

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38.9: Liquidity risk management

Liquidity risk is defined as the potential risk that the Company cannot meet the cash obligations as they become due.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium, and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Besides, there is a provision in the lease agreements with the Ministry of Railways (MOR) whereby MOR undertakes to provide lease rentals in advance (to be adjusted from future payments) in case the Company doesn't have adequate liquidity to meet its debt service obligations.

Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the company may be required to pay.

Particulars	0-1 year	1-3 years	3-5 years	5+ years	Total	Recognition of borrowings at amortised cost using effective interest rate method	Fair value hedge adjustment-recoverable from Ministry of Railways	Carrying Amount(Balance Sheet amount as per IND AS
30 September 2019								
Trade Payables-Other Payables	1,526.63	-	-	-	1,526.63	-	-	1,526.63
Other Financial Liabilities								
-Interest accrued but not due	563,211.88	-	-	414,551.52	977,763.40	-	-	977,763.40
-Unclaimed mature debentures and interest accrued thereon	769.00	-	-	-	769.00	-	-	769.00
-Dividend payable	20,000.00	-	-	-	20,000.00	-	-	20,000.00
-Dividend tax payable	4,111.06	-	-	-	4,111.06	-	-	4,111.06
-Amount Payable to MOR	1,686,564.69	-	-	-	1,686,564.69	-	-	1,686,564.69
-Earnest Money Deposit	3.40	-	-	-	3.40	-	-	3.40
Debt Securities								
-Bonds in Domestic Market	588,021.00	1,588,223.62	1,623,679.13	8,784,002.92	12,583,926.67	(10,830.11)	-	12,573,096.56
-Commercial Paper	235,894.96	-	-	-	235,894.96	-	-	235,894.96
-Bonds in Overseas Market	-	-	355,250.00	355,250.00	710,500.00	(536.18)	-	709,963.82
Borrowing (Other than Debt Securities)								-
Borrowings in India	1,443,200.00	280,000.00	352,000.00	2,380,500.00	4,455,700.00	-	-	4,455,700.00
Borrowings outside India	2,131.50	3,197.25	-	521,959.21	527,287.96	(9,579.18)	(29,198.74)	488,510.03
31 March 2019								
Trade Payables-Other Payables	1,217.91	-	-	-	1,217.91	-	-	1,217.91
Other Financial Liabilities								-
-Interest accrued but not due	392,661.75	264,973.93	71,544.67	-	729,180.35	-	-	729,180.35
-Unclaimed mature debentures and interest accrued thereon	809.06	-	-	-	809.06	-	-	809.06
-Amount Payable to MOR	-	-	-	-	-	-	-	-
-Earnest Money Deposit	3.40	-	-	-	3.40	-	-	3.40
Debt Securities								-
-Bonds in Domestic Market	761,521.00	1,891,724.00	1,611,671.00	7,111,842.67	11,376,758.67	(11,278.40)	-	11,365,480.27
-Commercial Paper	298,597.67	-	-	-	298,597.67	-	-	298,597.67
-Bonds in Overseas Market	-	-	348,150.00	348,150.00	696,300.00	(588.07)	-	695,711.93
Borrowing (Other than Debt Securities)								
Borrowings in India	1,321,040.00	770,000.00	280,000.00	2,400,000.00	4,771,040.00	-	-	4,771,040.00
Borrowings outside India	2,088.90	4,177.80	-	293,420.54	299,687.24	(6,189.81)	(31,059.54)	262,437.89

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38.10: Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The objective of hedges is to minimize the volatility of INR cash flows of highly probable forecast transaction.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

As on 30 September 2019

Types of hedge and risks	Nominal value (Foreign Currency) USD		Carrying amount of hedging instruments	Maturity date	Hedge ratio	Weighted average strike price/rate USD
	No. of Outstanding Contracts	Amount				
Forward Contract						
1. Sell	-	-	-	-	-	-
2. Buy	-	-	-	-	-	-
Swap Contracts						
1. Buy	2	2,917.93	24,479.60	10-03-26	1:1	N/A
2. Buy	2	740.74	6,545.34	30-03-26	1:1	N/A

As on 31 March 2019

Types of hedge and risks	Nominal value (Foreign Currency) USD		Carrying amount of hedging instruments	Maturity date	Hedge ratio	Weighted average strike price/rate USD
	No. of Outstanding Contracts	Amount				
Forward Contract						
1. Sell	-	-	-	-	-	-
2. Buy	-	-	-	-	-	-
Swap Contracts						
1. Buy	2	2,917.93	20,802.77	10-03-26	1:1	N/A
2. Buy	2	740.74	5,587.74	30-03-26	1:1	N/A

Disclosure of effects of hedge accounting on financial performance

Cash Flow hedge	Opening	Changes during the period	Closing	Receivables/ (Payables) from MOR	Impact on financial performance
30-Sep-19	4,669.03	(6,495.23)	(1826.20)	6,495.23	-
31-Mar-19	9,684.72	(5,015.69)	4,669.03	5,015.69	-

Note 39: Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of Company are given below:

Particulars	As at 30 September 2019	As at 31 March 2019
Capital Fund-Tier I	2,004,904.97	1,858,504.53
Capital Fund-Tier II	-	-
Risk weighted assets along-with adjusted value of off balance sheet items	659,985.37	716,299.50
CRAR		
CRAR-Tier I Capital	303.78%	259.46%
CRAR-Tier II Capital	303.78%	259.46%
Amount of subordinated debt raised as Tier-II capital		-
Amount raised by issue of Perpetual Debt Instruments	-	-

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Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Notes to financial statements
(All amounts in lakhs of INR, unless stated otherwise)

Note 40: The particulars of loans given as required to be disclosed by section 186 (4) of Companies Act, 2013 are as below:

S.No.	Name of Party	As at 30 September 2019				As at 31 March 2019			
		Amount of loan outstanding	Loan Given during the period	Terms	Purpose of Utilization by Recipient	Amount of loan outstanding	Loan Given during the period	Terms	Purpose of Utilization by Recipient
1	Rail Vikas Nigam Limited (RVNL) -I	224,498.00	63,100.00	3 + 12 years	Regular project Work	187,663.00	8,000.00	3 + 12 years	Regular project Work
2	IRCON International Limited	246,123.04	-	5 years	Station Development	307,653.38	-	5 years	Station Development
3	Rail Vikas Nigam Limited (RVNL) -II	96,600.00	-	3 + 12 years	Regular project Work	96,600.00	96,600.00	3 + 12 years	Regular project Work
	Total	**567,221.04**	**63,100.00**			**591,916.38**	**104,600.00**		

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Note 41: Other Disclosures

(a) Lease rental is charged on the assets leased from the first day of the month in which the Rolling Stock assets have been identified and placed on line as per the Standard Lease Agreements executed between the Company and MOR from year to year.

(b) Ministry of Railways (MOR) charges interest on the value of the assets identified prior to the payments made by the Company, from the first day of the month in which the assets have been identified and placed on line to the first day of the month in which the money is paid to the MOR. However, no interest is charged from the MOR on the amount paid by the company prior to identification of Rolling stock by them.

(c) (i) Interest rate variation on the floating rate linked rupee borrowings and interest rate and exchange rate variations on interest payments in the case of foreign currency borrowings are adjusted against the lease income in terms of the variation clauses in the lease agreements executed with the Ministry of Railways. During the half year ended 30 September 2019, such differential has resulted in an amount of Rs. 2,463.97 lakhs accruing to the Company (31 March 19: Rs. 7,079.79 lakhs), which has been accounted for in the lease income.

(ii) In respect of foreign currency borrowings, which have not been hedged, variation clause have been incorporated in the lease agreements specifying notional hedging cost adopted for working out the cost of funds on the leases executed with MOR. Hedging cost in respect of these foreign currency borrowings is compared with the amount recovered by the company on such account on notional cost basis and accordingly, the same is adjusted against the lease income. During the half year ended 30 September 2019 in respect of these foreign currency borrowings, the Company has recovered a sum of Rs. 851.87 Lakhs (31 March 2019: Rs.6,993.85 Lakhs) on this account from MOR against a sum of Rs. Nil (31 March 2019: Rs.17,324.34 lakhs) incurred towards hedging cost and the balance amount of Rs. 851.87 Lakhs (31 March 2019: Rs.10,330.49 lakhs) is recoverable from MOR.

(d) For computing the Lease Rental in respect of the rolling stock assets acquired and leased to the Ministry of Railways amounting to Rs. 14,65,172.50 Lakhs during the half year ended 30th September 2019 (previous year Rs. 24,05,508.44 Lakhs), the Lease Rental Rate and the Internal Rate of Return have been worked out with reference to the average cost of incremental borrowings made during the current half year plus the margin equivalent to the previous year. The lease agreement in respect of these assets will be executed at the year end based on the lease rentals and IRR with reference to average cost of annual incremental borrowings during the year plus margin decided at that time. Any variation in the lease rental rate or the internal rate of return for the year will be accordingly adjusted at the year end.

(e) The Leases executed for Rolling Stock in the year 1987-88 & 1988-99 for Rs. 77,032.86 lakhs & 86,072.69 lakhs have expired on 31 March 2018 & 31 March 2019 respectively. During the primary and secondary lease periods full value of assets (including interest) has been recovered from the lessee (MOR). These assets have outlived their useful economic life. Formalities for the transfer of these assets to MOR are under progress and neccessary adjustments in the accounts if required, will be carried out on transfer of Rolling Stock to MOR.

Note 42:

(a) (i) The Reserve Bank of India has issued Master Direction – Non- Banking Financial Company- Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide notification DNBR.PD.008/03.10.119/2016-17 dated 1st September 2016 as amended from time to time have become mandatory with effect from 31 May 2018. The Reserve Bank of India has granted exemption to the Company in respect of classification of asset, provisioning norms and credit concentration norms to the extent of direct exposure to sovereign.

(a) (ii) Till the financial year 2017-18, the Company, being a government NBFC, was exempt from creation and maintenance of Reserve Fund as specified u/s 45-IC of Reserve Bank of India Act, 1934. However, the said exemption has been withdrawn by the Reserve Bank of India (RBI) vide Notification No. DNBR (PD) CC.NO.092/0310.001/2017-18 dated 31st May 2018. Accordingly, the Company is now creating the Reserve Fund as required u/s 45IC of RBI Act, 1934, wherein at least 20% of net profit every year will be transferred before the declaration of dividend. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Bank from time to time and further, any such appropriation is also required to be reported to the Bank within 21days from the date of such withdrawal. The Company created a reserve of Rs. 45,094.97 lakhs as on 31st March 2019 u/s 45IC. The reserve for the year 2019-20 will be created as on 31st March 2020 when profit for the year is determined.

(b) The Ministry of Corporate Affairs has notified the Companies (Share Capital and Debentures) Amendments Rules, 2019 on 16th August, 2019 which exempts NBFC listed companies registered with Reserve Bank of India u/s45-IA of the RBI Act, 1934 from creation of Debenture Redemption reserve. Accordingly, the balance outstanding against Bond Redemption Reserve as on 31st March 2019 amounting to Rs. 5,71,455.92 lakhs has been transferred to retained earnings.

(c) The Comptroller & Auditor General of India (C&AG) during the course of their supplementary review of accounts for the Financial year 2018-19 had made an observation that the 'Advance against the Railway infrastructure Assets to be leased.' should have been classified under other non financial assets. Based on the reply furnished by the Company, the C&AG had decided to drop the observation. However, as agreed, during the course of discussion with the C&AG, the matter has been referred to the Expert Advisory Committee of the Institute of Chartered Accountants of India for an expert opinion. Pending reply from the Institute, Company has classified the aforesaid advances as 'other financial assets.'

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Note 43:

i The Finance Act, 2001 provides for levy of service tax on the finance and interest charges recovered through lease rental installments on the Financial Leases entered on or after 16-07-2001. The Central Government vide Order No.1/1/2003-ST dated 30 April 2003 and subsequent clarification dated 15-12-2006 issued by Ministry of Finance has exempted the Lease Agreements entered between the Company and Ministry of Railways from levy of Service Tax thereon u/s 93(2) of Finance Act, 1994.

ii The GST Council in their meeting held on 19 May 2017 has exempted the services of leasing of assets (rolling stock assets including wagons, coaches, locos) by Indian Railways Finance Corporation to Indian Railways from the levy of Goods & Service Tax (GST), Notification No. 12/2017 (Heading 9973) which has been made applicable with effect from 1 July 2017.

Note 44:

Increase/Decrease in liability due to exchange rate variation on foreign currency loans for purchase of leased assets amounting to Rs.32,405.87 lakhs (31 March 2019 : Increase Rs.26,700.40 lakhs) has not been charged to the Statement of Profit and Loss as the same is recoverable from the Ministry of Railways (lessee) separately as per lease agreements. The crystallized exchange rate variation loss on foreign currency loans repaid during the year amounting to Rs. 459.53 lakhs (31 March 2019 : Rs.57,797.44 lakhs) has been recovered from the Lessee, leaving a balance of Rs. 83,064.36 lakhs recoverable from MOR as on 30 September 2019 (31 March 2019: Rs.51,118.01 lakhs).

Effective portion of (loss)/gain on account of decrease/increase in the fair value of the derivative assets (hedging instruments) amounting to (Rs.6,495.23) (31 March 2019:(Rs.5015.69 Lakhs)) classified as cash flow hedges has not been recognised in the other comprehensive income as the same is recoverable/refundable to the MOR (Lessee) since the derivatives have been contracted to hedge the financial risk of MOR (Lessee).

Note 45:

The Ministry of Railways (MOR) vide letter dated 23 July 2015 had authorized the Company to draw funds from LIC in consultation with MOR for funding of Railway Projects in line with leasing methodology adopted by Company for funding Railway Projects in past. Pending execution of the Lease Documents, the Company has entered into a Memorandum of Understanding with the Ministry of Railways on 23 May 2017 containing principal terms of the lease transactions. The total sum of Rs. 68,96,689.00 lakhs disbursed to MOR till the end of 30 September 2019 (31 March 2019 : Rs.59,71,529.00 lakhs) has been shown as 'Advance against Railway Infrastructure Assets to be leased'. A sum of Rs. 7,12,648.64 lakhs (31 March 2019 : Rs.5,19,355.04 lakhs) incurred by the Company on account of interest cost on the funds borrowed for the purpose of making aforesaid advances has been capitalised and added to the Advance paid against Infrastructure assets to be leased out to MoR. Under erstwhile Indian GAAP, the said amount was accounted for as Interest Income which under the Ind AS has now been reduced from interest expense. In respect of National Project, a total sum of Rs. 5,07,870 lakhs disbursed to MoR till the end of 30 September 2019 (31 March 2019: Rs.5,07,870 lakhs) has been shown as 'Advance Funding Against National Project' on which a sum of Rs. 14,342.84 lakhs (31 March 2019: Rs.411.71 lakhs) has been incurred by the Company on account of interest cost on the funds borrowed for the purpose of making aforesaid advances has been capitalised and added to the Advance funding against National Project to be leased out to MoR. The same would be recovered through lease rentals in future over the life of the leases. Details are as under:

Particulars	As at 30 September 2019	As at 31 March 2019
Advance paid against infrastructure assets to be leased	6,896,689.00	5,971,529.00
-Add: Borrowing cost capitalised on borrowed funds	712,648.64	519,355.04
Total	**7,609,337.64**	**6,490,884.04**

Particulars	As at 30 September 2019	As at 31 March 2019
Advance funding against National Project	507,870.00	507,870.00
-Add: Borrowing cost capitalised on borrowed funds	14,342.84	411.71
Total	**522,212.84**	**508,281.71**

Capitalisation rate used to determine the borrowing cost

Particulars	As at 30 September 2019	As at 31 March 2019
Capitalisation rate	7.49%	8.01%

Note 46:

(a) Office building including parking area has been capitalised from the date of taking possession. However, the sale/transfer deed is still pending for execution in favour of the Company. Stamp duty payable on the registration of office building works out to about Rs. 91.45 lakhs (as certified by approved valuer) (31 March 2019: Rs.91.45 lakhs), which will be accounted for on registration.

(b) During the period under review an amount of Rs. 724.46 Lakhs on account of the benefit accruing due to reduction in the interest rate pertaining to the financial year 2017-18 has been passed on to MOR during the current reporting half year by way of reduction of equivalent amount from the Lease Income instead of recognising the same as a prior period item.The amount involved is not considered material in terms of the extant policy of the Company and accordingly, the effect of the same has been considered in the current reporting period.

(c) The Company has made a provision of Rs.938.05 lakhs in the financial statements for the current reporting half year towards the stamp duty on account of increase in the Equity Capital infused by MOR from time to time in the earlier years. The aforesaid stamp duty has been computed at the basic rate. The Company is in the process of getting the stamp duty adjudicated by the Collector of Stamps. The actual liability will be known upon receipt of adjudication order and differential amount, if any, will be provided for and paid in the year of adjudication.

Note 47:

(a) The Company discharges its obligation towards payment of interest and redemption of bonds, for which warrants are issued, by depositing the respective amounts in the designated bank accounts. Reconciliation of such accounts is an ongoing process and has been completed upto 30 September 2019. The Company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 30 September 2019 is Rs. 769.00 Lakhs (31 March 2019 : Rs.809.06 lakhs).

(b) The Company is required to transfer any amount remaining unclaimed and unpaid in such interest and redemption accounts after completion of 7 years to Investor Education Protection Fund (IEPF) administered by the Ministry of Corporate Affairs, Government of India. During the half year ended 30 September 2019, a sum of Rs. Nil was deposited in IEPF (31 March 2019: Rs.0.69 lakhs).

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Note 48:

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

In terms of the Reserve Bank of India (RBI) Guidelines on Minimum Retention Requirement issued by the Reserve Bank of India as applicable to the Non-Banking Finance Companies, the company being the originator, had opted to retain a minimum of 5% of the book value of the receivables being securitised. Accordingly, the Company had invested Rs. 1,697.71 lakhs in the Pass Through Certificates (PTCs) issued by the 'Special Purpose Vehicle' towards Minimum Retention Requirement. Out of the amount invested in Pass Through Certificates (PTCs), Rs. 1,421.33 lakhs have matured till 30 September 2019, leaving a balance of Rs. 276.38. Details of the amount invested in Pass Through Certificates (PTCs) and outstanding as on 30 September 2019 is as follows:

As on 30 September 2019

Series	Date of Maturity	Nos of PTC	Face value per PTC	Total amount
R	15-Oct-19	5	10.81	54.04
S	15-Apr-20	5	10.32	51.62
T	15-Oct-20	5	9.86	49.32
U	15-Apr-21	5	9.42	47.10
V	15-Oct-21	5	9.00	45.00
W	15-Apr-22	5	5.86	29.30
Total		30		276.38

As on 31 March 2019

Series	Date of Maturity	Nos of PTC	Face value per PTC	Total amount
Q	15-Apr-19	5	11.31	56.57
R	15-Oct-19	5	10.81	54.04
S	15-Apr-20	5	10.32	51.62
T	15-Oct-20	5	9.86	49.32
U	15-Apr-21	5	9.42	47.10
V	15-Oct-21	5	9.00	45.00
W	15-Apr-22	5	5.86	29.30
Total		35		332.95

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Note 49: Corporate Social Responsibility

As per Section 135 of Companies Act 2013 a Corporate Social Responsibilty ("CSR") Committee has been formed by the Company. During the year the Company has undertaken Corporate Social Responsibility activities as approved by the CSR Committee which are specified in Schedule VII of the Companies Act 2013.

i) Gross amount required to be spent by the company for the current financial year is Rs 9,470.00 lakhs including unspent amount carried forward from the earlier years against which the Company has spent a sum of Rs 358.18 lakhs during the half year ended 30 September 2019.

ii) Amount spent during the year on:

As on 30 September 2019

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
i)	**Construction/Acquisitionof any assets**	-	-	-
ii)	**On Purpose other than (i) above**	358.18	-	358.18
iia)	Sanitation and safe drinking water (Item No. (i) of Schedule - VII)	184.46	-	184.46
iib)	Social Welfare (Item No.(iii) of Schedule-VII)	75.00	-	75.00
iic)	Forest & Environment,animal welfare etc. (Item No. (iv) of Schedule-VII)	-		-
iid)	Contribution to'Clean Ganga Fund' (Item No.(iv) of	-		-
iie)	Ensuring environment sustainability item No. (iv) of Schedule - (VII)	98.72	-	98.72
iif)	Measures for armed forces veterans,(Item No. (vi) of ScheduleVII)	-	-	-
	Grand Total (i+ii)	358.18	-	358.18

As on 31 March 2019

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
i)	**Construction/Acquisitionof any assets**	-	-	-
ii)	**On Purpose other than (i) above**	719.74	128.02	847.76
iia)	Contribution to 'Swachh bharat Kosh' (Item No. I of Schedule-VII)	295.38	-	295.38
iib)	Health Care (Item No.(i) of Schedule-VII)	-	-	-
iic)	Social Welfare (Item No.(iii) of Schedule-VII)	-	-	-
iid)	Forest & Environment,animal welfare etc. (Item No. (iv) of Schedule-VII)	-	-	-
iie)	Contribution to'Clean Ganga Fund' (Item No.(iv) of Schedule-VII)	324.36	128.02	452.38
iif)	Art & Culture, Public Libraries (Item No (v) of Schedule-VII)	100.00	-	100.00
	Grand Total (i+ii)	719.74	128.02	847.76

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Note 50: Interest on deposit & Investment include Tax Deducted at Source amounting to Rs. 18.49 lakhs for the half year ended 30 September 2019 (31 March 2019 :Rs.34.58 lakhs) Ministry of Railways has also deducted tax at source amounting to Rs. 40,013.04 lakhs (31 March 2019: Rs.37,051.24 lakhs)on lease rentals.

Note 51: The Company is in the process or compiling relevant information from its supplier about their coverage under the Micro, Small and Medium Enterprises development Act, 2006 (MSMED Act). As the Company has not received the relevant information till finalisation of accounts, disclosure in this regard could not be made.

Note 52: In respect of physical verification of assets given on lease, Ministry of Railways (Lessee) provides a certificate each year that the leased assets are maintained in good working condition as per laid down norms, procedures and standards. In the opinion of the management, the aforesaid system is satisfactory considering the fact that the assets are maintained and operated by the Central Government.

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53.1 Related party disclosures

a. Related parties and their relationships

i. The Company is a Government related entity as the entire equity shareholding of the Company is held by the President of India through Ministry of Railways, Government of India. The Company is also related to Rail Vikas Nigam Limited and IRCON International Limited which are also government related entities and with whom the Company has transactions. The Company has been exempted from disclosure in para 25 of Ind AS 24, 'Related Party Transactions' being a government related entity.

ii. Details of significant transactions and outstanding balances with Ministry of Railways are as under

Particulars	As at 30 September 2019	As at 31 March 2019
- Lease Receivables	13,492,253.45	12,502,651.17
- Advance for Railways Infrastructure Assets	7,609,337.64	6,490,884.04
- Advance for National Project	522,212.84	508,281.71
-Interest accrued but not due on advance for railway project to be leased	324,388.53	213,401.09
- Other Receivable/(Payables)	(1,601,674.14)	93,745.29

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019
- Lease Income	525,568.02	941,000.91
- Pre-commencement Lease-interest income	110,650.79	117,577.15

iii. Details of significant transactions with Rail Vikas Nigam Limited and IRCON International Limited

Particulars	As at 30 September 2019	As at 31 March 2019
- Closing Balances of Loan to Rail Vikas Nigam Ltd	321,098.00	284,263.00
- Closing Balances of Loan to IRCON International Ltd.	246,123.04	307,653.38
- Interest Income received thereon	27,099.20	52,510.54
- Interest Receivables	68,312.11	96,691.13

iv. **Key Management Personnel**

Relationship:

Managing Director	Sh. Vijay Kumar*	(From 26 July 2018)
Director - Finance	Sh. Niraj Kumar	(From 1 July 2015)
Company Secretary & Group General Manager (TL)	Sh. Vijay Babulal Shirode	(From 9 March 2018)

Transactions:

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019
Salary/Allowances	32.73	64.62
Reimbursments	0.12	3.00
Incentives	34.50	14.36
Totals	**67.35**	**81.98**

* Sh. Amitabh Banerjee has since taken over as the Managing Director of the Company with effect from 12 October, 2019

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Note 54: Additional disclosures in accordance with RBI directions on Corporate Governance

54.1: Investments

Particulars				Half year ended 30 September 2019	Year ended 31 March 2019
1	Value of investments				
	i	Gross value of investments			
		(a)	In India	1,192.36	1,314.44
		(b)	Outside India		
	ii	Provision for depreciation			
		(a)	In India	-	
		(b)	Outside India		
	iii	Net value of investments			
		(a)	In India	1,192.36	1,314.44
		(b)	Outside India	-	
2	Movement of provisions held towards depriciation on investments				
	i	Opening balance		-	-
	ii	Add: Provisions made during the period		-	-
	iii	Less: Write-off/ write-back of excess provisions during the period		-	
	iv	Closing balance		-	-

54.2: Derivatives

54.2.1: Forward rate agreement/ Interest rate swap

Particulars		Half year ended 30 September 2019	Year ended 31 March 2019
i	The notional principal of swap agreements	259,948.78	254,753.46
ii	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	4,669.03
iii	Collateral required by the NBFC upon entering into swaps	-	-
iv	Concentrationof credit risk arising from the swaps	-	-
v	The fair value of the swap book	(31,024.94)	(26,390.51)

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54.2.2: Disclosure of risk exposure in derivatives

Qualitative disclosure

The Company enters into derivatives for the purpose of hedging and not for trading/speculation purposes.

The Company has framed a risk management policy duly approved by the board in respect of its External Commercial Borrowings (ECBs). A risk management committee comprising the Managing Director and Director Finance has been formed to monitor, analyze and control the currency and interest rate risk in respect of ECBs.

The Company avails various derivative products like currency forwards, Cross Currency swap, Interest rate swap etc. for hedging the risks associated with its ECBs.

Quantitative disclosures

As at 30 September 2019

Particulars			Currency derivatives	Cross Currency & Interest Rate Derivatives	Interest rate derivatives
i	Derivatives (notional principal amount)		-	129,974.39	129,974.39
	For hedging				
ii	Marked to market positions				
	a)	Asset	-	-	-
	b)	Liability	-	31,024.94	-
iii	Credit exposure		-	19,496.16	3,899.23
iv	Unhedged exposure		-	-	1,107,813.57

As at 31 March 2019

Particulars			Currency derivatives	Cross Currency & Interest Rate Derivatives	Interest rate derivatives
i	Derivatives (notional principal amount)		-	127,376.73	127,376.73
	For hedging				
ii	Marked to market positions				
	a)	Asset	-	-	4,669.03
	b)	Liability	-	31,059.54	-
iii	Credit exposure		-	3,821.30	8,490.33
iv	Unhedged exposure		-	-	172,310.51

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54.2.3. Derivative Instruments

The Company judiciously contracts financial derivative instruments in order to hedge currency and / or interest rate risk. All derivative transactions contracted by the Company are in the nature of hedging instruments with a defined underlying liability. The Company does not deploy any financial derivative for speculative or trading purposes.

(a) The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations in respect its External Commercial Borrowings.

Outstanding foreign exchange forward contracts entered into by the Company which have been used for hedging the foreign currency risk on repayment of external commercial borrowings (principal portion):

Half year ended 30 September 2019			As at 31 March 2019		
No. of Contracts	Borrowing outstanding in foreign Currency (USD Million)	InR equivalent (lakhs)	No. of Contracts	Borrowing outstanding in foreign Currency (USD Million)	InR equivalent (lakhs)
-	-	-	-	-	-

(b) In respect of following External Commercial Borrowings, the Company has executed cross currency swap to hedge the foreign exchange exposure in respect of both principal outstanding and interest payments and converted its underlying liability from one foreign currency to another:

As at 30 September 2019			As at 31 March 2019			Remarks
No. of Contracts	Borrowing outstanding in foreign Currency	Notional USD equivalent	No. of Contracts	Borrowing outstanding in foreign Currency	Notional USD equivalent	
1	JPY 12 Billion	145.90 Million	1	JPY 12 Billion	145.90 Million	Back to back recovery of INR/USD exchange rate variation from MOR.
1	JPY 3 Billion	37.04 Million	1	JPY 3 Billion	37.04 Million	Back to back recovery of INR/USD exchange rate variation from MOR.

The foreign currency borrowings which have not been hedged, are as follows:

As at 30 September 2019		As at 31 March 2019		Remarks
No. of Contracts	Borrowing outstanding in foreign Currency	No. of Contracts	Borrowing outstanding in foreign Currency	
1	USD 7.50 Million	1	USD 9.00 Million	Back to back recovery of exchange rate variation from MOR.
1	USD 500 Million	1	USD 500 Million	
1	USD 500 Million	1	USD 500 Million	
1	JPY 26,231.25 Million (Equivalent to USD 250 Million)	1	JPY 26,231.25 Million (Equivalent to USD 250 Million)	
1	JPY 32,856 Million	-	-	

(c) Other than currency forward contracts, the Company also resorts to interest rate derivatives like Cross Currency Interest Rate Swap and Interest Rate Swap for hedging the interest rate risk associated with its external commercial borrowings.

No. of transaction	Description of Derivative	Notional Principal	Fair Value Asset / (liability) at 30 September 2019	Fair Value Asset / (liability) at 31 March 2019
2	Cross Currency Interest Rate Swap (JPY Fixed Interest Rate Liability to USD Floating Rate Liability)	JPY 12 Bn. / USD Mio 145.90; JPY 3 Bn. / USD Mio 37.04	(29,198.74)	(31,059.54)
2	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	JPY 12 Bn. / USD Mio 145.90; JPY 3 Bn. / USD Mio 37.04	(1,826.20)	4,669.03
1	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 200.00 Mio	-	-

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54.3: Disclosures relating to securitisation

The Company has not entered into any securitization transaction during the year. However, the Company had entered into two securitization transactions in respect of its lease receivables from MoR on 25 January 2010 and 24 March 2011. As per IND AS 109, financial instruments, the gain on these transactions was recognised in the year of transactions, itself.

54.3.1

In terms of the Minimum Retention Requirement (MRR) as contained in the draft guidelines issued by RBI in April 2010, the Company had invested 5% of the total securitized amount towards MMR in respect of its second securitization transaction executed in 2011. The present exposure on account of securitization transaction at 30 September 2019 is Rs. 276.38 lakhs (Previous year Rs.332.95 lakhs). The details are as below:

Particulars			Half year ended 30 September 2019	Year ended 31 March 2019
1	No. of SPVs sponsored by the NBFC for securitisation transactions		2	2
2	Total amount of securitised asset as per books of the SPVs sponsored		12,458.38	15,116.63
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		276.38	332.95
	a)	Off-balance sheet exposures		-
		First loss		-
		Others	276.38	332.95
	b)	On-balance sheet exposures		
		First loss		
		Others		
4	Amount of exposures to securitisation transactions other than MRR		NIL	NIL

54.3.2: Company has not sold any financial assets to Securitization / Reconstruction Company for asset construction during the half year ended on 30 September 2019. (31 March 2019: NIL).

54.3.3 : Company has not undertaken any assignment transaction during the half year ended on 30 September 2019. (31 March 2019: NIL).

54.3.4 : Company has neither purchased nor sold any non-performing financial assets during the half year ended on 30 September 2019. (31 March 2019: Rs.NIL)

54.4: Asset liability management maturity pattern of certain items of Assets and Liabilities

Refer financial instrument notes 38.9

54.5: Exposures

54.5.1: Exposure to real Estate sector

The Company does not have any exposure to real estate sector.

54.5.2: Exposure to capital market

	Particulars	Half year ended 30 September 2019	Year ended 31 March 2019
i	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt (includes investment in fully convertible preference shares		
	- At Cost	199.85	199.85
	- At Fair Value	915.98	981.49
ii	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds		
iii	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances (excluding loans where security creation is under process)		-
v	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
vi	Loans sanctioned to corporates against the security of shares/ bonds / debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources		-
vii	Bridge loans to companies against expected equity flows / issues		-
viii	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total exposure to capital market	915.98	981.49

54.5.4: Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Reserve Bank of India has issued Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 vide notification no.DNBR.009/CGM(CDS)-2015 dated 27th March 2015. The Company, being a Government Company, these Directions, except the provisions contained in Paragraph 25 thereof, are not applicable to the Company.

54.5.5: Unsecured advances

The outstanding amounts against unsecured loans, advances & lease receivables are as under:

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019
Ministry of Railways, Government of India		
- Lease receivables	13,492,253.45	12,502,651.17
- Other receivables/(payables)	-	-
Rail Vikas Nigam Limited, a wholly owned entity of Ministry of Railways, Govt. of India	321,098.00	284,263.00
IRCON International Limited	246,123.04	307,653.38
Interest accrued thereon(RVNL & IRCON)	68,312.11	96,691.13
Total	14,127,786.60	13,191,258.68

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54.6: Miscellaneous

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019
54.6.1: Registration obtained from other financial sector regulators	NIL	NIL

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019
54.6.2: Disclosure of Penalties imposed by RBI and other regulators	NIL	NIL

54.6.3: Ratings assigned by credit rating agencies and migration of ratings during the period

a. **Rating assigned by credit rating agencies and migration of ratings during the period:**

S.No	Rating Agencies	Half year ended 30 September 2019	Year ended 31 March 2019
	Long Term Rating		
1	CRISIL	CRISIL AAA	CRISIL AAA
2	ICRA	ICRA AAA	ICRA AAA
3	CARE	CARE AAA	CARE AAA
	Short Term Rating		
1	CRISIL	CRISIL A1+	CRISIL A1+
2	ICRA	ICRA A1+	ICRA A1+
3	CARE	CARE A1+	CARE A1+

b. **Long term foreign currency issuer rating assigned to the Company as at 30.09.2018**

S.No	Rating Agencies	Half year ended 30 September 2019	Year ended 31 March 2019
	Long Term Rating		
1	Fitch Rating	BBB-/Stable	BBB-/Stable
2	Standard & Poor	BBB-/Stable	BBB-/Stable
3	Moody's	Baa2/Stable	Baa2/Stable
4	Japanese Credit Rating Agency	BBB+/Stable	BBB+/Stable

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019
54.6.4: Net Profit or Loss for the period, prior period items and changes in accounting policies	NIL	NIL

Note 54.7

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019
54.7.1: Provisions and Contigencies	Refer Note 34	Refer Note 34
54.7.2: Drawn down from reserves	NIL	NIL

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019
54.7.3: Concentration of Deposits, Advances, Exposures and NPAs 54.7.3.1: Concentration of Deposits (for deposit taking NBFCs)	Company is a non deposit accepting NBFC	Company is a non deposit accepting NBFC

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54.7.3.2: Concentration of advances

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019
Total advances to twenty largest borrowers	22,188,756.09	20,091,365.63
Percentage of advances to twenty largest borrowers to total advances of the NBFC	100%	100%

54.7.3.3: Concentration of exposures

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019
Total exposure to twenty largest borrowers/ customers	22,189,672.07	20,092,347.12
Percentage of exposure to twenty largest borrowers/ customers to total exposure of the NBFC on borrowers/customers	100%	100%

54.7.3.4: Concentration of NPAs	NIL	NIL
54.7.3.5: Sector-wise NPAs	NIL	NIL
54.7.4: Movement of NPAs	NIL	NIL
54.7.5: Overseas Assets	NIL	NIL
54.7.6: Off-balance sheet SPVs sponsored	NIL	NIL

54.8: Disclosure of complaints

54.8.1: Investor complaints

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019
(a) No. of complaints pending at the beginning of the period	-	-
(b) No. of complaints received during the period	303	1,073
(c) No. of complaints redressed during the period	303	1,073
(d) No. of complaints pending at the end of the period	-	-

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Note 55: Current and non current classification

As required by the paragraph 61 of Ind AS 1, Presentation of financial statements, the classification into current and non current of line item of assets and liabilities as in the balance sheet is as under :

a) Classification of balance sheet as at 30 September 2019

	As at 30 September 2019		
Line Item	**Amount**	**Current**	**Non-current**
Assets			
Financial Assets			
Cash and cash equivalents	130.36	130.36	-
Bank balance other than (a) above	961,750.50	961,750.50	-
Derivative financial instruments	-	-	-
Receivables		-	
- Lease receivables	13,492,253.45	1,005,610.27	12,486,643.18
Loans	564,952.16	88,105.09	476,847.07
Investments	1,192.36	105.66	1,086.70
Other financial assets	8,610,224.33	27,419.39	8,582,804.94
Total financial assets	**23,630,503.16**	**2,083,121.27**	**21,547,381.89**
Non-financial assets			
Current tax assets (net)	58,071.59	58,071.59	-
Property, plant and equipment	1,111.81	-	1,111.81
Other Intangible assets	5.11	-	5.11
Other non-financial assets	146,953.89	146,700.88	253.01
Total non-financial assets	**206,142.40**	**204,772.47**	**1,369.93**
Total Assets	**23,836,645.56**	**2,287,893.74**	**21,548,751.82**
Liabilities			
Financial liabilities			
Derivative financial instruments	31,024.94	-	31,024.94
Trade payable	1,526.63	1,526.63	-
Debt securities	13,518,955.34	923,902.71	12,595,052.63
Borrowings (other than debt securities)	4,944,210.03	1,372,827.39	3,571,382.64
Other financial liabilities	2,689,211.55	2,274,440.31	414,771.24
Total financial liabilities	**21,184,928.49**	**4,572,697.04**	**16,612,231.45**
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	1,408.84	1,216.78	192.06
Deferred tax liabilities (net)	644,314.03	-	644,314.03
Other non-financial liabilities	1,083.81	1,083.81	-
Total non-financial liabilities	**646,806.68**	**2,300.59**	**644,506.09**
Total liabilities	**21,831,735.17**	**4,574,997.63**	**17,256,737.54**
Equity			
Equity share capital	938,046.00	-	938,046.00
Other equity	1,066,864.39	-	1,066,864.39
Total equity	**2,004,910.39**	-	**2,004,910.39**
Total Liabilities and Equity	**23,836,645.56**	**4,574,997.63**	**19,261,647.93**

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b) Classification of balance sheet as at 31 March 2019

	As at 31 March 2019		
Line Item	Amount	Current	Non-current
Assets			
Financial Assets			
Cash and cash equivalents	370.76	370.76	-
Bank balance other than (a) above	7,735.86	7,735.86	-
Derivative financial instruments	4,669.03	-	4,669.03
Receivables			
- Trade receivables	-	-	-
- Lease receivables	12,502,651.17	951,043.96	11,551,607.21
Loans	589,548.71	87,795.67	501,753.04
Investments	1,314.44	110.61	1,203.83
Other financial assets	7,403,072.67	102,678.90	7,300,393.77
Total financial assets	**20,509,362.64**	**1,149,735.76**	**19,359,626.88**
Non-financial assets			
Current tax assets (net)	-	-	-
Deferred tax assets (net)	-	-	-
Property, plant and equipment	1,122.48	-	1,122.48
Other Intangible assets	4.98	-	4.98
Other non-financial assets	149,870.86	149,617.85	253.01
Total non-financial assets	**150,998.32**	**149,617.85**	**1,380.47**
Total Assets	**20,660,360.96**	**1,299,353.61**	**19,361,007.35**
Liabilities			
Financial liabilities			
Derivative financial instruments	31,059.54	-	31,059.54
Trade payable	1,217.91	1,217.91	-
Debt securities	12,359,789.87	1,060,113.61	11,299,676.26
Borrowings (other than debt securities)	5,033,477.60	1,243,124.50	3,790,353.10
Other financial liabilities	729,992.81	385,109.09	344,883.72
Total financial liabilities	**18,155,537.73**	**2,689,565.11**	**15,465,972.62**
Non-financial liabilities			
Current tax liabilities (net)	296.89	296.89	-
Provisions	1,179.53	809.80	369.73
Deferred tax liabilities (net)	644,314.03	-	644,314.03
Other non-financial liabilities	481.50	481.50	-
Total non-financial liabilities	**646,271.95**	**1,588.19**	**644,683.76**
Total liabilities	**18,801,809.68**	**2,691,153.30**	**16,110,656.38**
Equity			
Equity share capital	938,046.00	-	938,046.00
Other equity	920,505.28	-	920,505.28
Total equity	**1,858,551.28**	-	**1,858,551.28**
Total Liabilities and Equity	**20,660,360.96**	**2,691,153.30**	**17,969,207.66**

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For the purpose of this note:-

i) The Company classify an assets as current when,

-It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

-It holds the asset primarily for the purpose of trading;

-It expects to realise the asset within twelve months after the reporting period or;

-The asset is cash or a cash equivalents (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non current.

ii) The Company classify a liability as current when,

-It expects to settle the liability in its normal operating cycle;

-It holds the liability primarily for the purpose of trading;

-The liability is due to be settled within twelve months after the reporting period or;

-It does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting period (see paragraph 73). Terms of a liability that could at the option of the counterparty, result in its settlement by the issue of equity instruments do not affects its classification.

All other liabilities are classified as non current .

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

Note 56:

a) Previous period figures have been regrouped/ rearranged, whenever necessary, in order to make them comparable with those of the current period.

Note 57: Approval of financial statements

a) The financial statements for the half year ended 30 September 2019 were approved by the Board of Directors on 11 November 2019

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

(Vinod Gupta)
(Partner)
M.No. 090688

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

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Place: New Delhi
Date: 11 November 2019

Independent Auditor's Report

To the Members of
Indian Railways Finance Corporation Limited
Report on the Financial Statements

OPINION

We have audited the standalone financial statements of **Indian Railway Finance Corporation Limited** ("the Company"), which comprise the balance sheet as at 31st March, 2019 and the statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2019, and the profit and total comprehensive income, changes in equity, and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there-under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the Key Audit Matters to be communicated:-

S. No.	Key Audit Matters	Auditor's Response
1.	The Company has adopted Ind AS from 1 April 2018 with an effective date of 1 April 2017 for such transition. For	• Read the Ind-AS impact assessment performed by the Management and the resultant

	periods up to and including the year ended 31 March 2018, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind-AS, these financial statements for the year ended 31 March 2019, together with the comparative financial information for the previous year ended 31 March 2018 and the transition date Balance Sheet as at 1 April 2017 have been prepared under Ind AS. The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting and disclosure requirements prescribed under extant Reserve Bank of India (RBI) directions. In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.	changes made to the accounting policies considering the requirements of the new framework. • Evaluated the exemptions and exceptions allowed by Ind-AS and applied by the Management in applying the first-time adoption principles of Ind-AS 101 in respect of fair valuation of assets and liabilities existing as at transition date. • Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Tested the disclosures prescribed under Ind AS. • Reliance has been placed on the external expert appointed by the company to look into the Ind-AS Compliance.
2.	As per the Master direction issued by Reserve Bank of India circular no. RB1/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31st May, 2018 read with letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21st December 2018, the company has to follow the Income recognition, asset classification and provisioning norms on the loans/advances to non sovereign bodies, which was earlier exempted vide notification DNBR.PD.008/03 .10.119/2016-17 dated 1st September 2016 for all government owned NBFC's.	• As stated in Note 27 of the financial statements, the Company has made a provision of 0.40% amounting to Rs. 2,754.43 Lakhs as at 31st March, 2019.
3.	As per the Master direction issued by Reserve Bank of India circular	As stated in Note 22.4 of the financial statements the company has transferred

	no. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31st May, 2018 read with letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21st December 2018, for all government owned NBFC's required to transfer 20% of the net profit after tax.	20% of the net profit after tax amounting to Rs. 45,094.97 Lakhs in reserve fund as per Section 45-IC of RBI Act, 1934 as at 31st March, 2019.
4	Company enters into derivative contracts in accordance with RBI guidelines to manage its currency and interest rate risk. The company has applied Hedge Accounting and accounted for the derivatives either as fair value hedges or cash flow hedges. We consider the valuation of the derivative financial instruments and hedge accounting as a key audit matter due to material exposure and the fact that the inappropriate application of these requirements could lead to a material effect on the financial statement.	Company obtains fair value of derivative contracts from the counter party banks. Our procedure include review of the fair value obtained using observable market inputs like prevailing exchange rate, interest rate curves and other volatility index subsequent thereto. We did not find any material misstatement in measuring derivative contracts at fair value obtained from counter party banks while considering other inputs.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Board's Report and annexures to Board Report but does not include the standalone Ind AS financial statements and our auditor's report thereon. The Board's Report and annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Board's Report and annexures to the Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) Planning the scope of our audit work and in evaluating the results of our work: and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) There is no branch office of the company.

   d) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of changes of Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   f) In terms of Notification No: GSR 463(E) dated 05.06.2015 issued by Ministry of Corporate Affairs, Government of India, provisions of Sub-section 2 of Section 164 of the Act, are not applicable to the Company, being a government company.

   g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   h) The company being the government company wholly owned by the Central Govt., therefore section 197 (16) of the Companies Act 2013 shall not apply vide Notification no. GSR 463(E) dated 5th June 2015.

   i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 to the financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term

contracts including derivative contracts – Refer Note 38 to the financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

3. As required by section 143(5) Of the Companies Act, 2013, we have considered the directions/sub-directions issued by the Comptroller and Audit General of India, the action taken and its impact to the Financial Statements to the company given in "Annexure-C"

For SPMG & Co.
Chartered Accountants
Firm Reg. No. 509249C

CA Vinod Gupta
(Partner)
M. No. – 090687

Place: New Delhi
Dated: 5th September, 2019

Annexure A to the Independent Auditor's Report on the financial statements

(Referred to in Para 1 under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of Indian Railway Finance Corporation Limited on the standalone financial statements for the year ended 31st March, 2019)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. **However these Records do not include the particulars of Fixed Assets leased to Ministry of Railways as the same are shown as lease receivables in the books of accounts.**

   b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased fixed assets. In accordance with this programme physical verification is reasonable having regard to the size of the Company and the nature of its assets. **However, Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.**

   c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of immovable properties are held in the name of the company except the title deed of office building is yet to be executed in favour of the company also the same has been disclosed in Note 46 of the financial statements.

   d) The company has given an amount of Rs. 22,35,540 Lakhs during the year ended 31st March, 2019 (P.Y Rs 14,75,989 Lakhs) to Ministry of Railways under leased arrangement for financing the Railway Infrastructure Projects and Rs. 5,07,870 Lakhs during the year ended 31st March, 2019 (P.Y NIL) to Ministry of Railways under leased arrangement for financing the National Project. However, agreement for the same is yet to be executed and list of the projects financed is yet to be received from Ministry of Railways. (Refer Note No. 45)

2. The Company is a Non-Banking Finance Company and not in the business of any trading, manufacturing, mining or processing. Accordingly, it does not hold any inventory. Therefore, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.

3. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under sec on 189 of the Act. Therefore, the provisions of paragraph 3 (iii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

4. According to information and explanations given to us and based on audit procedures performed, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities provided by the Company as specified under section 185 and 186 of the Companies Act, 2013.

Therefore, the provisions of paragraph 3 (iv) of the Order are not applicable to the Company.

5. As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the companies (Acceptance of Deposit) Rules, 2015 and the rules framed there under.

6. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sec on 148(1) of the Act, for any of the services rendered by the Company. Accordingly, clauses 3(vi) of the Companies (Auditor's Report) Order are not applicable to the Company.

7. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. (Refer Note 34 of the financial Statement)

   b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax. Duty of Custom, Duty of excise, VAT, Cess and other material statutory dues were in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable.

   c) According to the information and explanations given to us, there are no disputed dues in respect of Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax and Cess which have not been deposited with the appropriate authorities. However, the demands of Income tax which has not been deposited by the company on account of dispute as the company is confident that the demands will be either deleted or substantially reduced and proper disclosure regarding the same has been given in Note No. 34 of the financial Statement.

8. In our opinion, and according to information and explanations given by the management, the company has not defaulted in making repayment of loans or borrowing from a Financial Institution, Banks or dues to debenture holders/bond holders or government as at Balance Sheet date.

9. According to the information and explanations given by the management and based on our audit procedures performed we report that no monies raised by way of initial public offer or further public offer. However, the funds raised by way of issue of debt instruments and term Loans were applied for the purposes for which those funds were raised.

10. To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.

11. The company being the government company wholly owned by the Central Govt., therefore section 197 read with schedule V of the Companies Act 2013 shall not apply vide Notification no. GSR 463(E) dated 5th June 2015.

12. According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements; as required by the applicable accounting standards.

14. According to the information and explanations given by the management, and based on our examination of records, the Company has not raised money through private placement of Equity Shares from Ministry of Railways during the year. Further, the company has not made any preferential or private placement of fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with him which are covered under Section 192 of Companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. According to the information and explanations given to us, the Company is a Non-Banking Finance Company and is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the registration has been obtained.

For SPMG & Co.
Chartered Accountants
Firm Reg. No. 509249C

CA Vinod Gupta
(Partner)
M. No. – 090687

Place: New Delhi
Dated: 5th September, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-sec on 3 of Sec on 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Indian Railway Finance Corporation Limited** ("the Company") as of 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting, issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and effcient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sec on 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India.

For SPMG & Co.
Chartered Accountants
Firm Reg. No. 509249C

CA Vinod Gupta
(Partner)
M. No. – 090687

Place: New Delhi
Dated: 5th September, 2019

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

Directions u/s 143(5) of Companies Act, 2013

S. No.	Key Audit Matters	Auditor's Response
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated	According to the information and explanations given to us and on the basis of our examination of the IT system of the company, the company has adequate IT controls to process all the accounting transactions through IT system.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated.	According to the information and explanations given to us and on the basis of our examinations of the records of the Company, there is no restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company.
3	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation	According to the information and explanations given to us and on the basis of our examinations of the records of the Company, no such funds is received or receivable for specific schemes from central/state agencies.

For SPMG & Co.
Chartered Accountants
Firm Reg. No. 509249C

CA Vinod Gupta
(Partner)
M. No. – 090687

Place: New Delhi
Dated: 5th September, 2019

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
BALANCE SHEET AS AT 31 MARCH 2019
(All amounts in lakhs of INR, unless stated otherwise)

Particulars	Notes	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	**3**	370.76	112.88	94.39
Bank balance other than above	**4**	7,735.86	**9,869.22**	657.36
Derivative financial instruments	**5**	4,669.03	9,684.72	6,857.84
Receivables	**6**	-	-	-
- Lease receivables		1,25,02,651.17	**1,09,47,165.64**	98,20,618.96
Loans	**7**	5,89,548.71	5,23,795.50	2,16,403.00
Investments	**8**	1,314.44	1,397.77	1,457.20
Other financial assets	**9**	74,03,072.67	45,10,759.95	28,25,807.17
Total financial assets		**2,05,09,362.64**	**1,60,02,785.68**	**1,28,71,895.92**
Non-financial assets				
Current tax assets (net)	**10**	-	2,584.38	1,065.76
Property, plant and equipment	**11**	1,122.48	1,126.85	1,150.35
Other Intangible assets	**12**	4.98	2.64	1.18
Other non-financial assets	**13**	1,49,870.86	1,40,333.01	359.13
Total non-financial assets		**1,50,998.32**	**1,44,046.88**	**2,576.42**
Total Assets		**2,06,60,360.96**	**1,61,46,832.56**	**1,28,74,472.34**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Derivative financial instruments	**5**	31,059.54	74,957.89	65,612.14
Payables	**14**			
- Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-
- Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,217.91	871.52	350.70
Debt securities	**15**	1,23,59,789.87	1,10,84,424.60	94,94,462.22
Borrowings (other than debt securities)	**16**	50,33,477.60	23,16,128.13	10,64,466.40
Other financial liabilities	**17**	7,29,992.81	**5,66,256.84**	3,87,833.78
Total financial liabilities		**1,81,55,537.73**	**1,40,42,638.98**	**1,10,12,725.24**
Non-financial liabilities				
Current tax liabilities (net)	**10**	296.89	-	-
Provisions	**18**	1,179.53	1,083.62	935.72
Deferred tax liabilities (net)	**19**	6,44,314.03	6,44,314.03	6,44,314.03
Other non-financial liabilities	**20**	481.50	65,927.31	1,068.88
Total non-financial liabilities		**6,46,271.95**	**7,11,324.96**	**6,46,318.63**
Total liabilities		**1,88,01,809.68**	**1,47,53,963.94**	**1,16,59,043.87**
EQUITY				
Equity share capital	**21**	9,38,046.00	6,52,646.00	6,52,646.00
Other equity	**22**	9,20,505.28	**7,40,222.62**	5,62,782.47
Total equity		**18,58,551.28**	**13,92,868.62**	**12,15,428.47**
Total Liabilities and Equity		**2,06,60,360.96**	**1,61,46,832.56**	**1,28,74,472.34**

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

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

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

Sd/-
(Vinod Gupta)
(Partner)
M.No. 090687

Sd/-
(Vijay Babulal Shirode)
Company Secretary & DGM (Law)

Sd/-
(Niraj Kumar)
Director Finance
DIN: 00795972

Sd/-
(Vijay Kumar)
Managing Director
DIN: 08189249

Place: New Delhi
Date: 5 September 2019

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Statement of profit and loss for the year ended 31 March, 2019
(All amounts in lakhs of INR, unless stated otherwise)

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations			
Interest income	**23**	1,72,179.86	98,820.93
Dividend income		51.38	48.66
Lease income	**24**	9,41,000.91	8,27,844.84
Total revenue from operations		**11,13,232.15**	**9,26,714.43**
Other income	**25**	127.35	123.68
Total income		**11,13,359.50**	**9,26,838.11**
Expenses			
Finance costs	**26**	8,18,306.08	6,63,757.27
Impairment on financial instruments	**27**	2,754.43	-
Employee benefit expense	**28**	625.05	552.62
Depreciation, amortization and impairment	**29**	41.79	35.40
Other expenses	**30**	1,473.67	3,243.76
Total expenses		**8,23,201.02**	**6,67,589.05**
Profit before exceptional items and tax		2,90,158.48	2,59,249.06
Exceptional items		-	-
Profit before tax		**2,90,158.48**	**2,59,249.06**
Tax expense	**31**		
Current tax		64,692.39	54,340.47
Deferred tax		-	-
Adjustment for earlier years		(8.78)	(557.84)
Total Tax Expenses		**64,683.61**	**53,782.63**
Profit for the period from continuing operations		**2,25,474.87**	**2,05,466.43**
Profit from discontinued operations		-	-
Tax expense of discontinued operations		-	-
Profit from discontinued operations (after tax)		-	-
Profit for the period		**2,25,474.87**	**2,05,466.43**
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(27.08)	8.68
- Remeasurement of Equity Instrument		37.87	73.36
(ii) Income tax relating to items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		5.84	(1.85)
- Remeasurement of Equity Instrument		-	-
Subtotal (A)		**16.63**	**80.19**
(B) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Subtotal (B)		-	-
Other comprehensive income (A + B)		**16.63**	**80.19**
Total comprehensive income for the period (comprising profit (loss) and other comprehensive income for the period)		**2,25,491.50**	**2,05,546.62**
Earnings per equity share (for continuing operations)	**32**		
Basic (Rs.)		3.43	3.15
Diluted (Rs.)		3.43	3.15
Earnings per equity share (for discontinued operations)			
Basic (Rs.)		-	-
Diluted (Rs.)		-	-
Earnings per equity share (for continuing and discontinued operations)	**32**		
Basic (Rs.)		3.43	3.15
Diluted (Rs.)		3.43	3.15

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

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

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

Sd/-
(Vinod Gupta)
(Partner)
M.No. 090687

Sd/-
(Vijay Babulal Shirode)
Company Secretary & DGM (Law)

Sd/-
(Niraj Kumar)
Director Finance
DIN: 00795972

Sd/-
(Vijay Kumar)
Managing Director
DIN: 08189249

Place: New Delhi
Date: 5 September 2019

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Statement of cash flow
(All amounts in lakhs of INR, unless stated otherwise)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxes	2,90,158.48	2,59,249.06
Adjustments for:		
Remeasurement of defined benefit plans	(27.08)	8.68
Depreciation and amortisation	41.79	35.40
Provision of interest on income tax	196.56	128.22
Loss on sale of fixed assets	1.59	0.65
Profit on sale of fixed assets	(0.11)	-
Discount of commercial paper	12,372.54	20,201.18
Adjustments towards effective interest rate	1,690.35	(4,801.24)
Dividend income received	(51.38)	(48.66)
Operating profit before working capital changes	**3,04,382.74**	**2,74,773.29**
Movements in working capital:		
Increase/(decrease) in trade payable	346.38	520.82
Increase/(decrease) in provisions	27.54	35.15
Increase/(decrease) in others non financial liabilities	(65,445.81)	64,858.43
Increase/(decrease) in other financial liabilities	1,63,735.96	1,78,423.06
Decrease/(increase) in receivables	(15,55,485.53)	(11,26,546.68)
Decrease/(increase) in loans and advances	(65,753.20)	(3,07,392.50)
Decrease/(increase) in bank balance other than cash and cash equivalents	2,133.36	(9,211.86)
Decrease/(increase) in other non financial assets	(9,537.85)	(1,39,973.88)
Decrease/(increase) in other financial assets	(28,87,297.03)	(16,87,779.67)
Cash generated from operations	**(41,12,893.44)**	**(27,52,293.84)**
Less: Direct taxes paid (net of refunds)	61,925.30	55,318.56
Net cash flow/(used) in operating activities (A)	**(41,74,818.74)**	**(28,07,612.40)**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property plant & equipement and intangible assets	(42.23)	(14.81)
Proceeds from sale of property plant & equipement	1.00	0.80
Proceeds from realization of pass through certificates / sale of investments	121.20	132.79
Dividend income received	51.38	48.66
Net cash flow/(used) in investing activities (B)	**131.35**	**167.44**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	2,85,400.00	-
Issue of Debt Securities (Net of redemptions)	10,46,559.50	20,74,192.80
Raising of Rupee Term Loans/ Foreign Currency Borrowings (net of repayments)	27,01,728.32	12,58,538.84
Issue of commercial paper (net of repayments)	1,86,466.28	(4,97,161.72)
Final dividend paid	(37,500.00)	(23,352.46)
Dividend tax paid	(7,708.83)	(4,754.01)
Net cash generated by/(used in) financing activities (C)	**41,74,945.27**	**28,07,463.45**
Net increase in Cash and cash equivalents (A+B+C)	**257.88**	**18.49**
Cash and cash equivalents at the beginning of the year	112.88	94.39
Cash and cash equivalents at the end of year end	**370.76**	**112.88**

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

For SPMG & Co.
Chartered Accountants
(Firm Registration No. 509249C)

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

Sd/-
Vinod Gupta
Partner
Membership No. 090687

Sd/-
Vijay Babulal Shirode
Company Secretary & DGM (Law)

Sd/-
Niraj Kumar
Director Finance
DIN: 00795972

Sd/-
Vijay Kumar
Managing Director
DIN: 08189249

Place: New Delhi
Date: 5 September 2019

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Statement of changes in equity
(All amounts in lakhs of INR, unless stated otherwise)

A. Equity share capital

Particulars	Notes	Amount
Balance as at 1 April 2017	**21**	**6,52,646.00**
Changes in equity share capital during the year		-
Balance at 31 March 2018	**21**	**6,52,646.00**
Changes in equity share capital during the year		2,85,400.00
Balance at 31 March 2019	**21**	**9,38,046.00**

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

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

Sd/-
(Vinod Gupta)
(Partner)
M.No. 090687

Sd/-
(Vijay Babulal Shirode)
Company Secretary & DGM (Law)

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Director Finance
DIN: 00795972

Sd/-
(Vijay Kumar)
Managing Director
DIN: 08189249

Place: New Delhi
Date: 5 September 2019

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Statement of changes in equity
(All amounts in lakhs of INR, unless stated otherwise)

B. Other equity

Particulars	Reseves and surplus				Equity instruments through other comprehensive income	Total other equity
	General Reserve	Bond redemption reserve	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	Retained Earnings		
Balance as at 1 April 2017	**60,398.70**	**4,87,493.92**	**-**	**14,320.28**	**569.57**	**5,62,782.48**
Total comprehensive income for the year	-	-	-	2,05,473.26	73.36	**2,05,546.61**
Transfer to bond redemption reserve	-	41,981.00	-	(41,981.00)	-	**-**
Transfer to general reserve	1,13,580.27	-	-	(1,13,580.27)	-	**-**
Dividend	-	-	-	(23,352.46)	-	**(23,352.46)**
Dividend tax	-	-	-	(4,754.01)	-	**(4,754.01)**
Balance at 31 March 2018	**1,73,978.97**	**5,29,474.92**	**-**	**36,125.80**	**642.93**	**7,40,222.62**
Total comprehensive income for the year	-	-	-	2,25,453.63	37.87	**2,25,491.50**
Transfer to bond redemption reserve	-	41,981.00	-	(41,981.00)	-	**-**
Transfer to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	-	-	45,094.97	(45,094.97)	-	**-**
Transfer to general reserve	1,29,294.62	-	-	(1,29,294.62)	-	**-**
Dividend	-	-	-	(37,500.00)	-	**(37,500.00)**
Dividend tax	-	-	-	(7,708.83)	-	**(7,708.83)**
Balance at 31 March 2019	**3,03,273.59**	**5,71,455.92**	**45,094.97**	**-**	**680.80**	**9,20,505.28**

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

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

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

Sd/-
(Vinod Gupta)
(Partner)
M.No. 090687

Sd/-
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Director Finance
DIN: 00795972

Sd/-
(Vijay Kumar)
Managing Director
DIN: 08189249

Place: New Delhi
Date: 5 September 2019

Indian Railway Finance Corporation Limited
Statement of significant accounting policies

1. Background

Indian Railway Finance Corporation Ltd., referred to as "the Company" or "IRFC" was incorporated by the Government of India, Ministry of Railways, as a financing arm of Indian Railways, for the purpose of raising the necessary resources for meeting the developmental needs of Indian Railways. The Company's principal business is to borrow funds from the financial markets to finance the acquisition / creation of assets which are then leased out to the Indian Railways as finance lease. IRFC is a Schedule 'A' Public Sector Enterprise under the administrative control of the Ministry of Railways, Govt. of India. It is also registered as Systemically Important Non-Deposit taking Non Banking Financial Company (NBFC - ND-SI) and Infrastructure Finance Company (NBFC- IFC) with Reserve Bank of India (RBI). The President of India along with his nominees holds 100% of the equity share capital.

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

2. Significant Accounting Policies

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

2.1 Statement of Compliance

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

Up to the year ended 31 March, 2018, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. As notified by Ministry of Corporate Affairs vide Companies (Indian Accounting Standards) (Amendment) Rules 2016, the Company is required to comply with Ind AS in preparation of their financial statements for accounting periods beginning on 1 April, 2018 with comparative for the year ended 31 March, 2018, also in accordance with Ind AS, with date of transition to Ind AS being 1 April, 2017.

2.2 Basis for preparation of financial statements

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

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

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

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

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

2.3 Use of estimates

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

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

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that

have the most significant effect on the amounts recognized in the financial statements is as under:

a) Formulation of accounting policies

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

b) Post-employment benefit plans

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

c) Provisions and contingencies

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

d) Income taxes

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

2.4 Revenue

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

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

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

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

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

2.5 Foreign Currency Transaction

Functional and presentation currency

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

Transactions and Balances

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

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

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

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

Where the difference is a pass through the lessee, the amount is received/ reimbursed to the lessee.

2.6 Employee Benefits

Defined contribution plan

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

Defined benefit plan

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

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

Other long-term employee benefits

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

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

Short-term employee benefits

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

2.7 Taxation

Tax expense comprises Current Tax and Deferred Tax.

Current Tax

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

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

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

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as Current Tax in the Statement of Profit and Loss. Current Tax computed as per the normal provision of Income Tax Act, 1961 is lower than the MAT. Minimum Alternate Tax (MAT) credit is recognized as an asset only where and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

Deferred Tax

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

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

Till 31.3.2017
Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in Other Comprehensive Income or equity, in which case it is recognized in Other Comprehensive Income or equity.

After 31.3.2017
The Company does not recognize deferred tax asset or deferred tax liability because as per Gazette Notification no. S.O. 529(E] dated 5th February 2018 as amended by notification no. S.O. 1465 dated 2 April 2018 issued by Ministry of Corporate Affairs, Government of India, the provision of Indian Accounting Standards 12 relating to Deferred Tax Assets (DTA) or Deferred Tax Liability (DTL) does not apply to the Company w.e.f. 1 April 2017.

2.8 Property, Plant and Equipment (PPE)

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

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

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

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

De-recognition

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

Depreciation

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

2.9 Intangible assets

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

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

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

De-recognition

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

Amortization

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

2.10 Borrowing costs

Borrowing costs consist of interest expense calculated using the effective interest method as described in Ind AS 109 ‘Financial Instruments’ and exchange differences arising from

foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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

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

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

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

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

2.11 Cash and cash equivalents

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

2.12 Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs.

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured

reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

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

2.13 Impairment of non-financial assets

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

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

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

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

2.14 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to the date of transition, the entity has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

A lease is classified at the inception date as a finance lease or an operating lease.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

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

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

Company as a lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

2.15 Securitisation of Finance Lease Receivable

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

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

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

2.16 Leasing of Railway Infrastructure Assets

In terms of Indian Accounting Standard-17, the inception of lease takes place at the earlier of the date of the lease agreement and the date of a commitment by the parties to the principal provisions of the lease.

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

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

2.17 Dividends

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

2.18 Material Prior Period Errors

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

2.19 Earnings per share

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

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

2.20 Statement of Cash Flows

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

2.21 Operating Segments

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

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

2.22 Financial Instruments

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

2.22.1 Financial Assets

Initial recognition and measurement

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

Subsequent measurement

Debt instruments at amortized cost

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

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss.

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

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

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

Equity investments

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

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

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

De-recognition

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

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

Impairment of financial assets

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

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and bank balance.
(b) Financial assets that are debt instruments and are measured as at FVTOCI.
(c) Lease receivables under Ind AS 17.
(d) Loan commitments which are not measured as at FVTPL.
(e) Financial guarantee contracts which are not measured as at FVTPL.

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

2.22.2 **Financial liabilities**

Initial recognition and measurement

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

borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at amortized cost

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

Financial liabilities at fair value through profit or loss

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

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

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

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of

the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Derivative financial instruments

Initial recognition and subsequent measurement

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

2.23 Standards issued but not yet effective :

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

Ind AS 116 Leases

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

Key Amendments to other Ind AS:

Ind AS 12, Income Taxes

Recognition of income tax consequences of dividends:

Clarifies that the income tax consequences of distribution of profits (i.e. dividends), should be recognized when a liability to pay dividend is recognized. The income tax consequences should be recognized in the statement of profit and loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognized. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

Ind AS 19, Employee Benefits

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

The updated actuarial assumptions used in remeasuring the plan are applied to determine the current service cost and net interest for the remainder of the annual reporting period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in Other Comprehensive Income. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

Ind AS 109, Financial Instruments

Prepayment Features with Negative Compensation:

It allows particular financial assets with prepayment features that may result in negative compensation - e.g. the lender receives less than the par-amount and accrued interest and effectively compensates the borrower for the borrower's early termination of the contract - to be measured at amortized cost or at Fair Value through Other Comprehensive Income (FVOCI] (subject to the business model assessment). Before the amendments, these instruments were measured at Fair Value through Profit and Loss (FVTPL] because the solely payment of principal and interest (SPPI) criterion would not be met when the party that chooses to terminate the contract early may receive compensation for doing so. The amendments clarify that irrespective of the event or circumstance that causes the early termination of the contract, either party may pay or receive reasonable compensation for that early termination. The amendments remove the requirement for the compensation to be 'additional'. Accordingly, a prepayment amount that is less than the unpaid amounts of principal and interest (or Tess than the contractual par amount plus accrued interest) may meet the SPPI criterion if it is determined to include reasonable compensation for early termination. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

Ind AS 12, Income Tax

Uncertainty over Income Tax treatments:

Appendix C in Ind AS 12 is effective from 1st April 2019 and it set out the principles on recognition and measurement principle when there is uncertainty over income tax treatments. An entity shall evaluate whether it is probable that the tax authority shall accept an uncertain tax treatment. If it is probable, the tax base shall be consistent with that of the items used in its income tax filings. If not probable, the Company shall reflect the effect of uncertainty by using either the most likely amount method or expected value method. If the uncertain tax treatment affects current and deferred tax, the entity shall make consistent judgement and estimates for current and deferred tax, The interpretation is effective for annual reporting periods beginning on or after 1st April 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. The Company is in the process of evaluating the changes and reliable estimate of the quantitative impact will be possible on completion of the study.

Ind AS 23, Borrowing Costs

Computation of capitalization cost:

The amendment clarifies that in computing the capitalization rate for funds borrowed generally, an entity should exclude borrowing costs applicable to borrowings made

specifically for obtaining a qualifying asset, only until the asset is ready for its intended use or sale. Borrowing costs related to specific borrowings that remain outstanding after the related qualifying asset is ready for intended use or for sale would subsequently be considered as part of the general borrowing costs of the entity. The amendment is applicable to borrowing costs incurred on or after the beginning of the annual reporting period beginning on or after 1 April 2019. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

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

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

Step 1 *: Apply Ind AS 109 independently:*
Apply Ind AS 109 (such as impairment, fair value adjustments, etc.) ignoring any adjustments to carrying amount of long-term interests under Ind AS 28 (such as allocation of losses, impairment

Step 2 *: True-up past allocations:*
If necessary, prior years' Ind AS 28 loss allocation is trued up in the current year, because Ind AS 109 carrying value may have changed. This may involve recognizing more prior year's losses, reversing these losses or re-allocating them between different long-term interests.

Step 3 *: Book current year equity share:*
Any current year Ind AS 28 losses are allocated to the extent that the remaining long-term interest years' losses and then allocations are made against long-term interests.

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

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Note 3: Cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Balances with banks			
- in current accounts	369.70	111.82	93.33
Balances in franking machine	0.04	0.04	0.04
Deposits with Reserve Bank of India			
- in public deposit account	1.02	1.02	1.02
Total	**370.76**	**112.88**	**94.39**

Note 4: Bank balances other than above

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Balances with banks			
- in interest redemption accounts*	809.06	581.62	657.36
- in escrow pool Account**	6,926.80	9,287.60	-
Total	**7,735.86**	**9,869.22**	**657.36**

* The Company discharges its obligation towards payment of interest and redemption of bonds for which warrants are issued, by depositing the respective amounts in the designated bank accounts
** Related to allotment of 54EC bond- March 2019 series

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Note 5: Derivative financial instruments

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

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
PART I	**Notional amounts**	**Fair value- assets**	**Fair value- liabilities**	**Notional amounts**	**Fair value- assets**	**Fair value- liabilities**	**Notional amounts**	**Fair value- assets**	**Fair value- liabilities**
(i) Currency derivatives									
-Spot and forwards	-	-	-	4,22,848.55	-	51,415.99	4,22,848.55	-	36,501.30
-Currency swaps	1,27,376.73	-	31,059.54	1,19,821.57	-	23,541.90	1,20,004.50	-	29,110.84
Subtotal	**1,27,376.73**	**-**	**31,059.54**	**5,42,670.12**	**-**	**74,957.89**	**5,42,853.05**	**-**	**65,612.14**
(ii) Interest rate derivatives									
- Forward rate agreements and interest rate swaps	1,27,376.73	4,669.03	-	2,50,821.57	9,684.72	-	2,51,004.50	6,857.84	-
Subtotal	**1,27,376.73**	**4,669.03**	**-**	**2,50,821.57**	**9,684.72**	**-**	**2,51,004.50**	**6,857.84**	**-**
Total derivatives instruments	**2,54,753.46**	**4,669.03**	**31,059.54**	**7,93,491.69**	**9,684.72**	**74,957.89**	**7,93,857.55**	**6,857.84**	**65,612.14**
PART II									
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:									
(i) Fair value hedging									
Currency derivatives	1,27,376.73	-	31,059.54	5,42,670.12	-	74,957.89	5,42,853.05	-	65,612.14
Interest rate derivatives	-	-	-	-	-	-	-	-	-
Subtotal (i)	1,27,376.73	-	31,059.54	5,42,670.12	-	74,957.89	5,42,853.05	-	65,612.14
(ii) Cash flow hedging									
Currency derivatives	-	-	-	-	-	-	-	-	-
Interest rate derivatives	1,27,376.73	4,669.03	-	2,50,821.57	9,684.72	-	2,51,004.50	6,857.84	-
Subtotal (ii)	1,27,376.73	4,669.03	-	2,50,821.57	9,684.72	-	2,51,004.50	6,857.84	-
Net Investment hedging									
Currency derivatives									
Interest rate derivatives									
Subtotal (iii)									
(iii) Undesignated derivatives	-	-	-	-	-	-	-	-	-
Subtotal (iii)	-	-	-	-	-	-	-	-	-
Total derivative financial instruments (i+ii+iii)	**2,54,753.46**	**4,669.03**	**31,059.54**	**7,93,491.69**	**9,684.72**	**74,957.89**	**7,93,857.55**	**6,857.84**	**65,612.14**

Refer note 38.5 & 38.6 for currency and interest rate risk management

Note 6 : Receivables

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Trade receivables	-	-	-
Lease receivables*	1,25,02,651.17	1,09,47,165.64	98,20,618.96
(Unsecured, considered good due from Ministry of Railways, Government of India)			
Total	**1,25,02,651.17**	**1,09,47,165.64**	**98,20,618.96**

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

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Note 7 : Loans

	As at 31 March 2019						As at 31 March 2018						As at 1 April 2017					
		At Fair Value						At Fair Value						At Fair Value				
	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total
Loans																		
(A) Term Loans																		
-Loan to Rail Vikas Nigam Limited	2,84,263.00	-	-	-	-	2,84,263.00	2,03,795.50	-	-	-	-	2,03,795.50	2,16,403.00	-	-	-	-	2,16,403.00
-Loan to Ircon International Limited	3,07,653.38	-	-	-	-	3,07,653.38	3,20,000.00	-	-	-	-	3,20,000.00	-	-	-	-	-	-
Total (A) -Gross	**5,91,916.38**	**-**	**-**	**-**	**-**	**5,91,916.38**	**5,23,795.50**	**-**	**-**	**-**	**-**	**5,23,795.50**	**2,16,403.00**	**-**	**-**	**-**	**-**	**2,16,403.00**
Less:Impairment loss allowance	2,367.67	-	-	-	-	2,367.67	-	-	-	-	-	-	-	-	-	-	-	-
Total (A) - Net	**5,89,548.71**	**-**	**-**	**-**	**-**	**5,89,548.71**	**5,23,795.50**	**-**	**-**	**-**	**-**	**5,23,795.50**	**2,16,403.00**	**-**	**-**	**-**	**-**	**2,16,403.00**
(B)(i) Secured by tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii)Secured by intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii)Covered by Bank/Government Guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Unsecured	5,91,916.38	-	-	-	-	5,91,916.38	5,23,795.50	-	-	-	-	5,23,795.50	2,16,403.00	-	-	-	-	2,16,403.00
Total (B)-Gross	**5,91,916.38**	**-**	**-**	**-**	**-**	**5,91,916.38**	**5,23,795.50**	**-**	**-**	**-**	**-**	**5,23,795.50**	**2,16,403.00**	**-**	**-**	**-**	**-**	**2,16,403.00**
Less:Impairment loss allowance	2,367.67	-	-	-	-	2,367.67	-	-	-	-	-	-	-	-	-	-	-	-
Total (B)-Net	**5,89,548.71**	**-**	**-**	**-**	**-**	**5,89,548.71**	**5,23,795.50**	**-**	**-**	**-**	**-**	**5,23,795.50**	**2,16,403.00**	**-**	**-**	**-**	**-**	**2,16,403.00**
(C) (I) Loans in India																		
(i) Public Sector	5,91,916.38	-	-	-	-	5,91,916.38	5,23,795.50	-	-	-	-	5,23,795.50	2,16,403.00	-	-	-	-	2,16,403.00
(ii) Others (to be specified)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (C)-Gross	**5,91,916.38**	**-**	**-**	**-**	**-**	**5,91,916.38**	**5,23,795.50**	**-**	**-**	**-**	**-**	**5,23,795.50**	**2,16,403.00**	**-**	**-**	**-**	**-**	**2,16,403.00**
Less: Impairment loss allowance	2,367.67	-	-	-	-	2,367.67	-	-	-	-	-	-	-	-	-	-	-	-
Total(C) (I)-Net	**5,89,548.71**	**-**	**-**	**-**	**-**	**5,89,548.71**	**5,23,795.50**	**-**	**-**	**-**	**-**	**5,23,795.50**	**2,16,403.00**	**-**	**-**	**-**	**-**	**2,16,403.00**
(C)(II)Loans outside India																		
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (C)(II)- Net	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total C(I)and C(II)	**5,89,548.71**	**-**	**-**	**-**	**-**	**5,89,548.71**	**5,23,795.50**	**-**	**-**	**-**	**-**	**5,23,795.50**	**2,16,403.00**	**-**	**-**	**-**	**-**	**2,16,403.00**

* Impairement loss allowance is recogonised as per Reserve Bank of India circular no. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31 May 2018 read with letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21 December 2018 which was earlier exempted vide notification DNBR.PD.008/03.10.119/2016-17 dated 1st September 2016 for all government NBFC company. (refer note-18)

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Note 8 : Investments

	As at 31 March 2019				As at 31 March 2018				As at 1 April 2017			
	At amortised cost #	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost #	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost #	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Debt securities*	332.95	-	-	332.95	454.15	-	-	454.15	586.94	-	-	586.94
Equity instruments #	981.49	-	-	981.49	943.62	-	-	943.62	870.26	-	-	870.26
Total (A)	**1,314.44**	**-**	**-**	**1,314.44**	**1,397.77**	**-**	**-**	**1,397.77**	**1,457.20**	**-**	**-**	**1,457.20**
Investments Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Investments in India	1,314.44	-	-	1,314.44	1,397.77	-	-	1,397.77	1,457.20	-	-	1,457.20
Total (B)	**1,314.44**	**-**	**-**	**1,314.44**	**1,397.77**	**-**	**-**	**1,397.77**	**1,457.20**	**-**	**-**	**1,457.20**
Less: Allowance for Impairment '(C)	-	-	-			-	-					
Total (A)-(C)	**1,314.44**	**-**	**-**	**1,314.44**	**1,397.77**	**-**	**-**	**1,397.77**	**1,457.20**	**-**	**-**	**1,457.20**

* Numbers of Senior Pass through Certificates of NOVO X Trust Locos	35	45	55
* Fair value of Senior Pass through Certificates of NOVO X Trust Locos	332.95	454.15	586.94
# Numbers of Equity Shares of IRCON International Limited	2,44,000	2,44,000	2,44,000
# Fair value of Equity Shares of IRCON International Limited	981.49	943.62	870.26

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

Note 9 : Other financial assets

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Amount recoverable from Ministry of Railways on account of exchange rate variation / derivatives#	46,448.98	26,757.90	86,363.82
Amount recoverable from Ministry of Railways - Leased Assets	47,296.31	3,32,705.13	2,89,799.87
Advance against Railway Infrastructure Assets to be leased (Refer Note No. 45)	64,90,884.04	39,82,505.49	23,52,778.69
Advance Funding Against National Project	5,08,281.71	-	-
Interest accrued but not due on advance for railway project to be leased	2,13,401.09	96,498.71	22,584.09
Security deposits	9.60	10.94	9.19
House building advance (secured)*	32.61	10.09	13.82
Advance to employees	30.53	0.83	0.88
Interest accrued but not due on advance to employees**	5.06	8.27	7.66
Interest accrued but not due on loans & deposits	96,691.13	71,837.43	73,817.34
Interest accrued but not due on investment	360.40	409.00	431.18
Interest accrued but not due on 54 EC bond application money	13.32	13.93	-
Amount recoverable from others	4.65	2.25	0.63
Gross Total	**74,03,459.43**	**45,10,759.95**	**28,25,807.17**
Less: Impairment on interest accrued and due on loans & deposits***	386.76	-	-
Net Total	**74,03,072.67**	**45,10,759.95**	**28,25,807.17**

*Includes 24.74 for 31 March 2019, 1.08 Lakh for 31 March 2018, 13.82 Lakh for 01 April 2017 to Key Managerial Personnel/Officers of the Company.

**Includes 0.11 for 31 March 2019, 4.03 Lakh for 31 March 2018, 8.58 Lakh for 01 April 2017 to Key Managerial Personnel/Officers of the Company.

*** As per Reserve Bank of India Circular No. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31-May-2018
# Amount recoverable from Ministry of Railway on account of exchange rate variation / derivatives includes amount recoverable from Ministry of Railways on account of MTM derivatives of the respective year. (Refer Note 44)

Note 10 : Current tax assets (net)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
TDS & advance tax	2,54,477.62	2,34,157.27	1,79,806.93
Provision for tax	(2,54,774.51)	(2,31,572.89)	(1,78,741.17)
Total	**(296.89)**	**2,584.38**	**1,065.76**

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Note 11 : Property, plant and equipment

Particulars	Building	Office Equipment	Computer	Furniture and fixtures	Plant and equipment	Vehicles	Total
Deemed cost/ Gross Block							
Balance at 1 April 2017	1,123.17	9.55	6.81	7.98	0.28	2.55	**1,150.35**
Additions	-	5.37	3.27	3.99	-	-	**12.63**
Disposals	-	(2.55)	(1.77)	-	-	-	**(4.32)**
Balance at 31 March 2018	**1,123.17**	**12.37**	**8.31**	**11.97**	**0.28**	**2.55**	**1,158.66**
Additions	-	7.55	8.47	0.29	-	22.69	**38.99**
Disposals	-	(3.24)	(0.94)	-	-	-	**(4.18)**
Balance at 31 March 2019	**1,123.17**	**16.68**	**15.84**	**12.26**	**0.28**	**25.24**	**1,193.47**
Accumulated depreciation							
Balance at 1 April 2017	-	-	-	-	-	-	**-**
Depreciation expense	25.52	2.72	4.18	1.12	0.28	0.85	**34.68**
Adjusments	-	-	-	-	-	-	**-**
Elimination on disposals of assets	-	(1.10)	(1.77)	-	-	-	**(2.87)**
Balance at 31 March 2018	**25.52**	**1.62**	**2.41**	**1.12**	**0.28**	**0.85**	**31.81**
Depreciation expense	30.48	3.45	3.48	1.37	-	2.10	**40.88**
Adjusments	-	-	-	-	-	-	**-**
Elimination on disposals of assets	-	(1.27)	(0.43)	-	-	-	**(1.70)**
Balance at 31 March 2019	**56.00**	**3.80**	**5.46**	**2.49**	**0.28**	**2.95**	**70.99**
Carrying amount*							
Balance at 1 April 2017	**1,123.17**	**9.55**	**6.81**	**7.98**	**0.28**	**2.55**	**1,150.35**
Additions	-	5.37	3.27	3.99	-	-	**12.63**
Disposals	-	(1.45)	-	-	-	-	**(1.45)**
Depreciation expense	(25.52)	(2.72)	(4.18)	(1.12)	(0.28)	(0.85)	**(34.68)**
Balance at 31 March 2018	**1,097.65**	**10.75**	**5.90**	**10.85**	**-**	**1.70**	**1,126.85**
Additions	-	7.55	8.47	0.29	-	22.69	**38.99**
Disposals	-	(1.97)	(0.51)	-	-	-	**(2.48)**
Depreciation expense	(30.48)	(3.45)	(3.48)	(1.37)	-	(2.10)	**(40.88)**
Balance at 31 March 2019	**1,067.17**	**12.88**	**10.38**	**9.77**	**-**	**22.29**	**1,122.48**

*Represents deemed cost being carrying value as per previous GAAP as per para D7AA of Ind AS 101,'First time adoption Ind AS' on the date of transition to Ind AS. Gross block and accmulated depreciation as per the previous GAAP have been disclosed for the purpose of better understanding of the original cost of the assets.

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Note 12 : Other intangible assets

Particulars	Software
Deemed cost/ Gross Block	
Balance at 1 April 2017	**1.18**
Additions	2.18
Disposals	-
Balance at 31 March 2018	**3.36**
Additions	3.25
Disposals	-
Balance at 31 March 2019	**6.61**
Accumulated depreciation	
Balance at 1 April 2017	
Depreciation expense	0.72
Elimination on disposals of assets	
Balance at 31 March 2018	**0.72**
Depreciation expense	0.91
Elimination on disposals of assets	-
Balance at 31 March 2019	**1.63**
Carrying amount*	
Balance at 1 April 2017	1.18
Additions	2.18
Disposals	-
Depreciation expense	(0.72)
Balance at 31 March 2018	**2.64**
Additions	3.25
Disposals	-
Depreciation expense	(0.91)
Balance at 31 March 2019	**4.98**

Represents deemed cost being carrying value as per previous GAAP as per para D7AA of Ind AS 101,'First time adoption Ind AS' on the date of transition to Ind AS. Gross block and accmulated depreciation as per the previous GAAP have been disclosed for the purpose of better understanding of the original cost of the assets.

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Note 13 : Other non-financial assets

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital Advances			
Advance to FA & CAO, Northern Railway	253.01	253.01	253.01
Advances other than capital advances			
Advance to others	16.65	16.65	21.01
Others			
Gratuity funded assets	-	-	5.11
Prepaid expenses	41.78	48.85	39.01
Deposit with NCRDC, New Delhi	-	-	4.38
Tax refund receivable	2,497.11	36.61	36.61
GST (TDS) recoverable	415.00	-	-
GST recoverable	1,46,647.31	1,39,977.89	-
Total	**1,49,870.86**	**1,40,333.01**	**359.13**

Note 14 : Payables

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,217.91	871.52	350.70
Total	**1,217.91**	**871.52**	**350.70**

Note 15 : Debt Securities

	As at 31 March 2019				As at 31 March 2018				As at 1 April 2017			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Others												
Bonds from domestic capital market	1,13,65,480.27	-	-	1,13,65,480.27	1,03,58,869.08	-	-	1,03,58,869.08	84,13,613.78	-	-	84,13,613.78
Bonds from overseas capital market	6,95,711.93	-	-	6,95,711.93	6,25,796.67	-	-	6,25,796.67	5,04,129.05	-	-	5,04,129.05
Commercial Paper	2,98,597.67	-	-	2,98,597.67	99,758.85	-	-	99,758.85	5,76,719.39	-	-	5,76,719.39
Total (A)	**1,23,59,789.87**	**-**	**-**	**1,23,59,789.87**	**1,10,84,424.60**	**-**	**-**	**1,10,84,424.60**	**94,94,462.22**	**-**	**-**	**94,94,462.22**
Debt securities in India	1,16,64,077.94	-	-	1,16,64,077.94	1,04,58,627.93	-	-	1,04,58,627.93	89,90,333.17	-	-	89,90,333.17
Debt securities outside India	6,95,711.93	-	-	6,95,711.93	6,25,796.67	-	-	6,25,796.67	5,04,129.05	-	-	5,04,129.05
Total (B) to tally with (A)	**1,23,59,789.87**	**-**	**-**	**1,23,59,789.87**	**1,10,84,424.60**	**-**	**-**	**1,10,84,424.60**	**94,94,462.22**	**-**	**-**	**94,94,462.22**

Also, refer note 38.2

Indian Railway Finance Corporation Limited

Secured bonds from domestic capital market

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

S.No	Series	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Bond	31 March 2019	31 March 2018	1 April 2017
1	104th 'A' Series Tax Free Bonds Public Issue	7.50%	Annual	Bullet Repayment	21-Dec-35	36,963.42	36,963.42	36,963.42
2	104th Series Tax Free Bonds Public Issue	7.25%	Annual	Bullet Repayment	21-Dec-35	29,441.58	29,441.58	29,441.58
3	71st "E" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-35	22,000.00	22,000.00	22,000.00
4	70th "E" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-35	1,500.00	1,500.00	1,500.00
5	71st "D" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-34	22,000.00	22,000.00	22,000.00
6	70th "D" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-34	1,500.00	1,500.00	1,500.00
7	71st "C" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-33	22,000.00	22,000.00	22,000.00
8	70th "C" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-33	1,500.00	1,500.00	1,500.00
9	71st "B" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-32	22,000.00	22,000.00	22,000.00
10	70th "B" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-32	1,500.00	1,500.00	1,500.00
11	71st "A" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-31	22,000.00	22,000.00	22,000.00
12	76th "B" Taxable Non-Cum. Bonds	9.47%	Semi Annual	Bullet Repayment	10-May-31	99,500.00	99,500.00	99,500.00
13	70th "A" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-31	1,500.00	1,500.00	1,500.00
14	108th 'A' Series Tax Free Bonds Public Issue	7.64%	Annual	Bullet Repayment	22-Mar-31	1,19,431.30	1,19,431.30	1,19,431.30
15	108th Series Tax Free Bonds Public Issue	7.35%	Annual	Bullet Repayment	22-Mar-31	1,01,637.60	1,01,637.60	1,01,637.60
16	103rd 'A' Series Tax Free Bonds Public Issue	7.53%	Annual	Bullet Repayment	21-Dec-30	1,07,421.72	1,07,421.72	1,07,421.72
17	103rd Series Tax Free Bonds Public Issue	7.28%	Annual	Bullet Repayment	21-Dec-30	2,05,731.03	2,05,731.03	2,05,731.03
18	70th "AA" Taxable Non-Cum. Bonds	8.79%	Semi Annual	Bullet Repayment	04-May-30	1,41,000.00	1,41,000.00	1,41,000.00
19	67th "B" Taxable Non-Cum. Bonds	8.80%	Semi Annual	Bullet Repayment	03-Feb-30	38,500.00	38,500.00	38,500.00
20	135 Series Taxable Bonds	8.23%	Annual	Bullet Repayment	29-Mar-29	2,50,000.00		
21	96th Series Tax Free Bonds Public Issue	8.63%	Annual	Bullet Repayment	26-Mar-29	94,791.32	94,791.32	94,791.32
22	96th A Series Tax Free Bonds Public Issue	8.88%	Annual	Bullet Repayment	26-Mar-29	43,641.41	43,641.41	43,641.41
23	134 Series Taxable Bonds	8.30%	Annual	Bullet Repayment	25-Mar-29	3,00,000.00		
24	133 Series Taxable Bonds	8.35%	Annual	Bullet Repayment	13-Mar-29	3,00,000.00		
25	131St Series Taxable Bonds	8.55%	Annual	Bullet Repayment	21-Feb-29	2,23,650.00		
26	92nd Series Tax Free Bonds Public Issue	8.40%	Annual	Bullet Repayment	18-Feb-29	1,09,018.68	1,09,018.68	1,09,018.68
27	92nd A Series Tax Free Bonds Public Issue	8.65%	Annual	Bullet Repayment	18-Feb-29	68,835.91	68,835.91	68,835.91
28	94th A Series Tax Free Non-Cum Bonds	8.55%	Annual	Bullet Repayment	12-Feb-29	1,300.00	1,300.00	1,300.00
29	93rd A Series Tax Free Non-Cum Bonds	8.55%	Annual	Bullet Repayment	10-Feb-29	1,65,000.00	1,65,000.00	1,65,000.00
30	129th Series Taxable Bonds	8.45%	Annual	Bullet Repayment	04-Dec-28	3,00,000.00	-	-
31	130Th Series Taxable Bonds	8.40%	Annual	Bullet Repayment	08-Jan-29	2,84,540.00		
32	90th A Series Tax Free Non-Cum Bonds	8.48%	Annual	Bullet Repayment	27-Nov-28	5,500.00	5,500.00	5,500.00
33	89th A Series Tax Free Non-Cum Bonds	8.48%	Annual	Bullet Repayment	21-Nov-28	73,800.00	73,800.00	73,800.00
34	87th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.04%	Annual	Bullet Repayment	23-Mar-28	22,113.99	22,035.64	21,867.42
35	87th 'A' Series (Retail), Tax Free Bonds Public Issue	7.54%	Annual	Bullet Repayment	23-Mar-28	4,274.39	4,352.74	4,520.96
36	86th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.34%	Annual	Bullet Repayment	19-Feb-28	2,31,474.24	2,30,824.28	2,29,705.93
37	86th 'A' Series (Retail), Tax Free Bonds Public Issue	7.84%	Annual	Bullet Repayment	19-Feb-28	24,416.79	25,066.75	26,185.10
38	83rd 'A' Tax Free Non-Cum. Bonds	7.39%	Annual	Bullet Repayment	06-Dec-27	9,500.00	9,500.00	9,500.00
39	82nd 'A' Tax Free Non-Cum. Bonds	7.38%	Annual	Bullet Repayment	30-Nov-27	3,000.00	3,000.00	3,000.00
40	81st 'A' Tax Free Non-Cum. Bonds	7.38%	Annual	Bullet Repayment	26-Nov-27	6,670.00	6,670.00	6,670.00
41	124th Series Taxable Non-Cum Bonds	7.54%	Annual	Bullet Repayment	31-Oct-27	93,500.00	93,500.00	-
42	123rd Series Taxable Non-Cum Bonds	7.33%	Annual	Bullet Repayment	28-Aug-27	1,74,500.00	1,74,500.00	-
43	121st Taxable Non Cum - Bonds	7.27%	Annual	Bullet Repayment	15-Jun-27	2,05,000.00	2,05,000.00	-
44	54th "B" Taxable Non-Cum. Bonds	10.04%	Semi Annual	Bullet Repayment	07-Jun-27	32,000.00	32,000.00	32,000.00
45	120th Taxable Non Cum - Bonds	7.49%	Annual	Bullet Repayment	30-May-27	2,20,000.00	2,20,000.00	-
46	118th Taxable Non Cum - Bonds	7.83%	Annual	Bullet Repayment	21-Mar-27	2,95,000.00	2,95,000.00	2,95,000.00
47	80th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	8.10%	Annual	Bullet Repayment	23-Feb-27	2,77,498.05	2,76,651.43	2,74,635.39
48	80th 'A' Series (Retail), Tax Free Bonds Public Issue	8.30%	Annual	Bullet Repayment	23-Feb-27	32,067.14	32,913.76	34,929.80
49	53rd "C" Taxable Non-Cum. Bonds	8.75%	Semi Annual	Bullet Repayment	29-Nov-26	41,000.00	41,000.00	41,000.00
50	79th "A" Tax Free Non-Cum. Bonds	7.77%	Annual	Bullet Repayment	08-Nov-26	19,151.00	19,151.00	19,151.00

51	76th "A" Taxable Non-Cum. Bonds	9.33%	Semi Annual	Bullet Repayment	10-May-26	25,500.00	25,500.00	25,500.00
52	75th Taxable Non-Cum. Bonds	9.09%	Semi Annual	Bullet Repayment	31-Mar-26	15,000.00	15,000.00	15,000.00
53	74th Taxable Non-Cum. Bonds	9.09%	Semi Annual	Bullet Repayment	29-Mar-26	1,07,600.00	1,07,600.00	1,07,600.00
54	107th 'A' Series Tax Free Bonds Public Issue	7.29%	Annual	Bullet Repayment	22-Mar-26	19,071.38	19,071.38	19,071.38
55	107th Series Tax Free Bonds Public Issue	7.04%	Annual	Bullet Repayment	22-Mar-26	4,859.72	4,859.72	4,859.72
56	106th Series Tax Free Bonds Public Issue	7.04%	Annual	Bullet Repayment	03-Mar-26	1,05,000.00	1,05,000.00	1,05,000.00
57	102nd 'A' Series Tax Free Bonds Public Issue	7.32%	Annual	Bullet Repayment	21-Dec-25	36,894.86	36,894.86	36,894.86
58	102nd Series Tax Free Bonds Public Issue	7.07%	Annual	Bullet Repayment	21-Dec-25	36,747.39	36,747.39	36,747.39
59	100th Series Tax Free Non-Cum Bonds	7.15%	Annual	Bullet Repayment	21-Aug-25	32,900.00	32,900.00	32,900.00
60	99th Series Tax Free Non-Cum Bonds	7.19%	Annual	Bullet Repayment	31-Jul-25	1,13,900.00	1,13,900.00	1,13,900.00
61	69th Taxable Non-Cum. Bonds	8.95%	Semi Annual	Bullet Repayment	10-Mar-25	60,000.00	60,000.00	60,000.00
62	67th "A" Taxable Non-Cum. Bonds	8.65%	Semi Annual	Bullet Repayment	03-Feb-25	20,000.00	20,000.00	20,000.00
63	65th "O" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-24	6,000.00	6,000.00	6,000.00
64	95th Series Tax Free Bonds Public Issue	8.19%	Annual	Bullet Repayment	26-Mar-24	23,115.20	23,115.20	23,115.20
65	95th A Series Tax Free Bonds Public Issue	8.44%	Annual	Bullet Repayment	26-Mar-24	12,973.84	12,973.84	12,973.84
66	132 Series Taxable Bonds	8.25%	Annual	Bullet Repayment	28-Feb-24	2,50,000.00		
67	91st Series Tax Free Bonds Public Issue	8.23%	Annual	Bullet Repayment	18-Feb-24	1,77,832.10	1,77,832.10	1,77,832.10
68	91st A Series Tax Free Bonds Public Issue	8.48%	Annual	Bullet Repayment	18-Feb-24	52,625.46	52,625.46	52,625.46
69	63rd "B" Taxable Non-Cum. Bonds	8.65%	Semi Annual	Bullet Repayment	15-Jan-24	31,500.00	31,500.00	31,500.00
70	62nd "B" Taxable Non-Cum. Bonds	8.50%	Semi Annual	Bullet Repayment	26-Dec-23	28,500.00	28,500.00	28,500.00
71	90th Series Tax Free Non-Cum Bonds	8.35%	Annual	Bullet Repayment	27-Nov-23	5,700.00	5,700.00	5,700.00
72	89th Series Tax Free Non-Cum Bonds	8.35%	Annual	Bullet Repayment	21-Nov-23	48,700.00	48,700.00	48,700.00
73	61st "A" Taxable Non-Cum. Bonds	10.70%	Semi Annual	Bullet Repayment	11-Sep-23	61,500.00	61,500.00	61,500.00
74	65th "N" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-23	6,000.00	6,000.00	6,000.00
75	88th Taxable Non-Cum. Bonds	8.83%	Annual	Bullet Repayment	25-Mar-23	1,10,000.00	1,10,000.00	1,10,000.00
76	87th Series (Non-Retail), Tax Free Bonds Public Issue	6.88%	Annual	Bullet Repayment	23-Mar-23	13,661.69	13,610.92	13,487.78
77	87th Series (Retail), Tax Free Bonds Public Issue	7.38%	Annual	Bullet Repayment	23-Mar-23	2,855.31	2,906.08	3,029.22
78	86th Series (Non-Retail), Tax Free Bonds Public Issue	7.18%	Annual	Bullet Repayment	19-Feb-23	2,66,384.12	2,66,095.49	2,65,518.43
79	86th Series (Retail), Tax Free Bonds Public Issue	7.68%	Annual	Bullet Repayment	19-Feb-23	15,063.92	15,352.55	15,929.61
80	126th Taxable Non-Cum. Bonds*	7.63%	Annual	Bullet Repayment	25-Jan-23	3,00,000.00	3,00,000.00	-
81	85th Tax Free Non-Cum. Bonds	7.19%	Annual	Bullet Repayment	14-Dec-22	9,500.00	9,500.00	9,500.00
82	84th Tax Free Non-Cum. Bonds	7.22%	Annual	Bullet Repayment	07-Dec-22	49,990.00	49,990.00	49,990.00
83	83rd Tax Free Non-Cum. Bonds	7.22%	Annual	Bullet Repayment	06-Dec-22	3,000.00	3,000.00	3,000.00
84	82nd Tax Free Non-Cum. Bonds	7.22%	Annual	Bullet Repayment	30-Nov-22	4,100.00	4,100.00	4,100.00
85	81st Tax Free Non-Cum. Bonds	7.21%	Annual	Bullet Repayment	26-Nov-22	25,600.00	25,600.00	25,600.00
86	58th "A" Taxable Non-Cum. Bonds	9.20%	Semi Annual	Bullet Repayment	29-Oct-22	50,000.00	50,000.00	50,000.00
87	54th "A" Taxable Non-Cum. Bonds	9.95%	Semi Annual	Bullet Repayment	07-Jun-22	15,000.00	15,000.00	15,000.00
88	55th "O" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-22	3,300.00	3,300.00	3,300.00
89	65th "M" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-22	6,000.00	6,000.00	6,000.00
90	80th Series (Non-Retail) Tax Free Bonds Public Issue	8.00%	Annual	Bullet Repayment	23-Feb-22	2,83,010.99	2,82,159.11	2,80,820.04
91	80th Series (Retail) Tax Free Bonds Public Issue	8.15%	Annual	Bullet Repayment	23-Feb-22	34,312.82	35,164.70	36,503.77
93	53rd "B" Taxable Non-Cum. Bonds	8.68%	Semi Annual	Bullet Repayment	29-Nov-21	22,500.00	22,500.00	22,500.00
94	114th Taxable Non Cum - Bonds	6.70%	Annual	Bullet Repayment	24-Nov-21	2,00,000.00	2,00,000.00	2,00,000.00
95	113th Taxable Non Cum - Bonds	7.24%	Annual	Bullet Repayment	08-Nov-21	65,000.00	65,000.00	65,000.00
96	79th Tax Free Non-Cum. Bonds	7.55%	Annual	Bullet Repayment	08-Nov-21	53,960.00	53,960.00	53,960.00
97	78th Taxable Non-Cum. Bonds	9.41%	Semi Annual	Bullet Repayment	28-Jul-21	1,50,000.00	1,50,000.00	1,50,000.00
98	55th "N" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-21	3,300.00	3,300.00	3,300.00
99	77th Taxable Non-Cum. Bonds	9.57%	Semi Annual	Bullet Repayment	31-May-21	1,24,500.00	1,24,500.00	1,24,500.00
100	52nd "B" Taxable Non-Cum. Bonds	8.64%	Semi Annual	Bullet Repayment	17-May-21	70,000.00	70,000.00	70,000.00

101	76th Taxable Non-Cum. Bonds	9.27%	Semi Annual	Bullet Repayment	10-May-21	39,000.00	39,000.00	39,000.00
102	65th "L" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-21	6,000.00	6,000.00	6,000.00
103	127th Taxable Non-Cum. Bonds	7.65%	Annual	Bullet Repayment	15-Mar-21	2,50,000.00	2,50,000.00	-
104	51st Taxable Non-Cum. Bonds	7.74%	Semi Annual	Bullet Repayment	22-Dec-20	45,000.00	45,000.00	45,000.00
105	73rd "B" Tax Free Non-Cum. Bonds	6.72%	Semi Annual	Bullet Repayment	20-Dec-20	83,591.00	83,591.00	83,591.00
106	49th "O" - FRB Taxable Non-Cum. Bonds	8.18%^	Semi Annual	Bullet Repayment	22-Jun-20	1,000.00	1,000.00	1,000.00
107	72nd Taxable Non-Cum. Bonds	8.50%	Semi Annual	Bullet Repayment	22-Jun-20	80,000.00	80,000.00	80,000.00
108	55th "M" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-20	3,300.00	3,300.00	3,300.00
109	119th Taxable Non - Cum Bonds	7.20%	Annual	Bullet Repayment	31-May-20	2,37,500.00	2,37,500.00	2,37,500.00
110	65th "K" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-20	6,000.00	6,000.00	6,000.00
92	115th Taxable Non Cum - Bonds	6.73%	Annual	Bullet Repayment	23-Mar-20	80,000.00	80,000.00	80,000.00
111	68th "B" Tax Free Non-Cum. Bonds	6.70%	Semi Annual	Bullet Repayment	08-Mar-20	92,721.00	92,721.00	92,721.00
112	67th Taxable Non-Cum. Bonds	8.55%	Semi Annual	Bullet Repayment	03-Feb-20	17,500.00	17,500.00	17,500.00
113	112th Taxable Non - Cum Bonds	6.92%	Annual	Bullet Repayment	10-Nov-19	1,50,000.00	1,50,000.00	1,50,000.00
114	48th "JJ" Taxable Non-Cum. Bonds	6.85%	Semi Annual	Bullet Repayment	17-Sep-19	5,000.00	5,000.00	5,000.00
115	111th Taxable Non Cum - Bonds	7.65%	Annual	Bullet Repayment	30-Jul-19	1,00,000.00	1,00,000.00	1,00,000.00
116	49th "N" - FRB Taxable Non-Cum. Bonds	8.13%^	Semi Annual	Bullet Repayment	22-Jun-19	1,000.00	1,000.00	1,000.00
117	66th Taxable Non-Cum. Bonds	8.60%	Semi Annual	Bullet Repayment	11-Jun-19	50,000.00	50,000.00	50,000.00
118	128th Taxable Non-Cum. Bonds	7.72%	Annual	Bullet Repayment	07-Jun-19	2,60,000.00	2,60,000.00	-
119	55th "L" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-19	3,300.00	3,300.00	3,300.00
120	65th "AA" Taxable Non-Cum. Bonds	8.19%	Semi Annual	Bullet Repayment	27-Apr-19	56,000.00	56,000.00	56,000.00
121	65th "J" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-19	6,000.00	6,000.00	6,000.00
122	105th Series Taxable Non-Cum Bonds	8.33%	Annual	Bullet Repayment	26-Mar-19	-	1,50,000.00	1,50,000.00
123	47th "O" Taxable Non-Cum. Bonds	5.99%	Semi Annual	Bullet Repayment	26-Mar-19	-	1,000.00	1,000.00
124	63rd "A" Taxable Non-Cum. Bonds	8.55%	Semi Annual	Bullet Repayment	15-Jan-19	-	1,70,500.00	1,70,500.00
125	62nd "A" Taxable Non-Cum. Bonds	8.45%	Semi Annual	Bullet Repayment	26-Dec-18	-	50,000.00	50,000.00
126	57th Taxable Non-Cum. Bonds	9.66%	Semi Annual	Redeemable in four Equal installments commencing from 28-09-2019	28-Sep-18	80,000.00	1,00,000.00	1,00,000.00
127	48th "II" Taxable Non-Cum. Bonds	6.85%	Semi Annual	Bullet Repayment	17-Sep-18	-	5,000.00	5,000.00
128	117th Taxable Non Cum - Bonds	7.15%	Annual	Bullet Repayment	16-Sep-18	-	1,48,000.00	1,48,000.00
129	61st Taxable Non-Cum. Bonds	10.60%	Semi Annual	Bullet Repayment	11-Sep-18	-	85,500.00	85,500.00
130	116th Taxable Non Cum - Bonds	7.00%	Annual	Bullet Repayment	10-Sep-18	-	2,16,500.00	2,16,500.00
131	46th "EE" Taxable Non-Cum. Bonds	6.20%	Semi Annual	Bullet Repayment	12-Aug-18	-	2,500.00	2,500.00
132	46th "O" Taxable Non-Cum. Bonds	6.25%	Semi Annual	Bullet Repayment	12-Aug-18	-	1,300.00	1,300.00
133	49th "M" - FRB Taxable Non-Cum. Bonds	7.11%^^	Semi Annual	Bullet Repayment	22-Jun-18	-	1,000.00	1,000.00
134	55th "K" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-18	-	3,300.00	3,300.00
135	60th Taxable Non-Cum. Bonds	9.43%	Semi Annual	Bullet Repayment	23-May-18	-	60,400.00	60,400.00
136	45th "OO" Taxable Non-Cum. Bonds	6.39%	Semi Annual	Bullet Repayment	13-May-18	-	700.00	700.00
137	65th "I" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-18	-	6,000.00	6,000.00
138	47th "N" Taxable Non-Cum. Bonds	5.99%	Semi Annual	Bullet Repayment	26-Mar-18	-	-	1,000.00
139	73rd "A" Tax Free Non-Cum. Bonds	6.32%	Semi Annual	Bullet Repayment	20-Dec-17	-	-	28,456.00
140	43rd "OO" Taxable Non-Cum. Bonds	7.63%	Semi Annual	Bullet Repayment	29-Oct-17	-	-	3,000.00
141	48th "HH" Taxable Non-Cum. Bonds	6.85%	Semi Annual	Bullet Repayment	17-Sep-17	-	-	5,000.00
142	42nd "O" Taxable Non-Cum. Bonds	8.00%	Semi Annual	Bullet Repayment	29-Aug-17	-	-	1,000.00
143	46th "N" Taxable Non-Cum. Bonds	6.25%	Semi Annual	Bullet Repayment	12-Aug-17	-	-	1,300.00
144	49th "L" -FRB Taxable Non-Cum. Bonds	7.71%^^^	Semi Annual	Bullet Repayment	22-Jun-17	-	-	1,000.00
145	54th Taxable Non-Cum. Bonds	9.81%	Semi Annual	Bullet Repayment	07-Jun-17	-	-	22,000.00
146	55th "J" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-17	-	-	3,300.00
147	45th "NN" Taxable Non-Cum. Bonds	6.39%	Semi Annual	Bullet Repayment	13-May-17	-	-	700.00
148	65th "H" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-17	-	-	6,000.00
149	98th Series Taxable Non-Cum Bonds	7.95%	Annual	Bullet Repayment	10-Apr-17	-	-	1,20,000.00
	Total					**97,24,240.37**	**87,37,750.37**	**74,27,506.37**

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

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

^^ Applicable interest rate as on 31 March 2018, interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half year rest. All other interest rates are fixed.

^^^ Applicable interest rate as on 1 April 2017, interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half year rest. All other interest rates are fixed.

54 EC Bonds Secured in markets

The 54 EC bonds issued in the domestic capital market are secured by first pari passu charge on the present/ future rolling stock assets/ lease receivables of the Company. Maturity Profile and Rate of Interest of the 54EC secured bonds issued in the domestic capital market and amount outstanding as on various dates is as set out below:-

S.No	Description	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Loan	31 March 2019	31 March 2018	1 April 2017
1	54EC Bond Mar 2019 Series*	5.75%	Annual	Bullet Repayment	31-Mar-24	6,926.80	-	-
2	54EC Bond Feb 2019 Series	5.75%	Annual	Bullet Repayment	29-Feb-24	1,453.10	-	-
3	54EC Bond Jan 2019 Series	5.75%	Annual	Bullet Repayment	31-Jan-24	1,333.50	-	-
4	54 EC, Dec 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Dec-23	1,351.20	-	-
5	54 EC, Nov 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Nov-23	986.90	-	-
6	54 EC, Oct 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Oct-23	1,169.40	-	-
7	54 EC, Sep 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Sep-23	710.10	-	-
8	54 EC, Aug 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Aug-23	811.70	-	-
9	54 EC, July 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Jul-23	1,370.20	-	-
10	54 EC, June 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Jun-23	1,275.60	-	-
11	54 EC, May 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-May-23	835.80	-	-
12	54 EC, Apr 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Apr-23	545.20	-	-
13	54 EC, Mar 2018 Bond Series	5.25%	Annual	Bullet Repayment	31-Mar-21	9,287.60	9,287.60	-
14	54 EC, Feb 2018 Bond Series	5.25%	Annual	Bullet Repayment	28-Apr-21	2,489.50	2,489.50	-
15	54 EC, Jan 2018 Bond Series	5.25%	Annual	Bullet Repayment	29-May-21	1,047.00	1,047.00	-
16	54 EC, Dec 2017 Bond Series	5.25%	Annual	Bullet Repayment	31-Dec-20	826.80	826.80	-
17	54 EC, Nov 2017 Bond Series	5.25%	Annual	Bullet Repayment	30-Nov-20	97.90	97.90	-
	Total					**32,518.30**	**13,748.80**	**-**

* Deemed Date of allotment as per resolution taken in Board Committee meeting held on 16 April 2019.

Unsecured bonds from domestic capital market

The Unsecured bonds issued in the domestic capital market and outstanding as on various dates is as set out below:-

S.No	Series	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Loan	31 March 2019	31 March 2018	1 April 2017
1	125th Series Taxable Bonds	7.41% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2028	22-Dec-47	2,10,000.00	2,10,000.00	-
2	122nd Series Taxable Bonds	6.77% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2028	27-Jun-47	4,10,000.00	4,10,000.00	-
3	110th Series Taxable Bonds	7.80% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2027	22-Jun-46	3,00,000.00	3,00,000.00	3,00,000.00
4	109th Series Taxable Bonds	8.02% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2026	30-Mar-46	5,00,000.00	5,00,000.00	5,00,000.00
5	101st Series Taxable Bonds	7.87% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2026	27-Oct-45	2,00,000.00	2,00,000.00	2,00,000.00
	Total					**16,20,000.00**	**16,20,000.00**	**10,00,000.00**

Reconciliation

Particulars	31 March 2019	31 March 2018	1 April 2017
Secured Bonds from Domestic Capital Market	97,24,240.37	87,37,750.37	74,27,506.37
54EC Bonds Secured in Market	32,518.30	13,748.80	-
Unsecured Bonds from Domestic Capital Market	16,20,000.00	16,20,000.00	10,00,000.00
Bonds in Domestic Market as per IGAAP	**1,13,76,758.67**	**1,03,71,499.17**	**84,27,506.37**
Less: Unamortised transaction cost	(11,278.40)	(12,630.09)	(13,892.59)
Bonds in Domestic Market as per Ind AS	**1,13,65,480.27**	**1,03,58,869.08**	**84,13,613.78**

Unsecured bonds from overseas capital market

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

S.No	Series	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Loan	31 March 2019	31 March 2018	1 April 2017
1	Reg-S Bonds Green Bond 1st Series (USD 500 Million)	3.835% p.a	Semi Annual	Bullet Repayment	13-Dec-27	3,48,150.00	3,27,500.00	-
2	Reg S Bonds USD 500M-EMTN	3.73% p.a	Semi Annual	Bullet Repayment	29-Mar-24	3,48,150.00	-	-
3	Reg-S Bonds 3rd Series (USD 500 Million)	3.92% p.a.	Semi Annual	Bullet Repayment	26-Feb-19	-	3,27,500.00	3,28,000.00
4	Reg-S Bonds 2nd Series (USD 300 Million)	3.42 % p.a.	Semi Annual	Bullet Repayment	10-Oct-17	-	-	1,96,800.00
	Total Overseas bonds as per IGAAP					**6,96,300.00**	**6,55,000.00**	**5,24,800.00**
	Less: Unamortised transaction cost					(588.07)	(211.81)	(100.86)
	Less: Fair value hedge adjustment- recoverable from Ministry of Railways					-	(28,991.52)	(20,570.09)
	Total Overseas bonds as per IND AS					**6,95,711.93**	**6,25,796.67**	**5,04,129.05**

Commercial Paper (Unsecured)

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

S.No	Series	Discount Rate	Date of Maturity of Loan	31 March 2019	31 March 2018	1 April 2017
1	CP Series- XIII	7.23%	25-Apr-19	3,00,000.00	-	-
2	CP series -X	7.40%	13-Apr-18	-	1,00,000.00	-
3	CP series -V	6.33%	15-Jun-17	-	-	2,00,000.00
4	CP series -IV	6.39%	12-Apr-17	-	-	3,80,000.00
	Less: Unexpired discount			(1,402.33)	(241.15)	(3,280.61)
	Total			**2,98,597.67**	**99,758.85**	**5,76,719.39**

Total Indian Bonds	1,13,65,480.27	1,03,58,869.08	84,13,613.78
Total Overseas Bonds	6,95,711.93	6,25,796.67	5,04,129.05
Commercial Paper	2,98,597.67	99,758.85	5,76,719.39
Total Debt Borrowings	**1,23,59,789.87**	**1,10,84,424.60**	**94,94,462.22**

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Note 16: Borrowings (other than debt securities)

	As at 31 March 2019				As at 31 March 2018				As at 1 April 2017			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Term loans												
Secured Loans												
(i) from banks- Indian	27,79,050.00	-	-	27,79,050.00	4,20,000.00	-	-	4,20,000.00	10,000.00	-	-	10,000.00
(II) from bank-Foreign	6,254.37	-	-	6,254.37	7,843.56			7,843.56	9,819.46			9,819.46
(ii)from other parties- National small saving fund	17,50,000.00	-	-	17,50,000.00	10,00,000.00	-	-	10,00,000.00	-	-	-	-
Unsecured Loans												
(i) from banks (indian)	2,41,989.71	-	-	2,41,989.71	3,96,920.00	-	-	3,96,920.00	7,08,215.90	-	-	7,08,215.90
(ii) from banks (foreign)	2,56,183.52	-	-	2,56,183.52	4,91,364.57	-	-	4,91,364.57	3,36,431.04	-	-	3,36,431.04
Deferred payment liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Loans from related parties	-	-	-	-	-	-	-	-	-	-	-	-
Finance lease obligations	-	-	-	-	-	-	-	-	-	-	-	-
Liability component of compound financial instruments	-	-	-	-	-	-	-	-	-	-	-	-
Loans repayable on demand	-	-	-	-	-	-	-	-	-	-	-	-
(i)from banks	-	-	-	-	-	-	-	-	-	-	-	-
(ii)from other parties	-	-	-	-	-	-	-	-	-	-	-	-
Other loans (specify nature)	-	-	-	-	-	-	-	-	-	-	-	-
Total (A)	**50,33,477.60**	**-**	**-**	**50,33,477.60**	**23,16,128.13**	**-**	**-**	**23,16,128.13**	**10,64,466.40**	**-**	**-**	**10,64,466.40**
Borrowings in India	47,71,039.71	-	-	47,71,039.71	18,16,920.00	-	-	18,16,920.00	7,18,215.90	-	-	7,18,215.90
Borrowings outside India	2,62,437.89	-	-	2,62,437.89	4,99,208.13	-	-	4,99,208.13	3,46,250.50	-	-	3,46,250.50
Total (B) to tally with (A)	**50,33,477.60**	**-**	**-**	**50,33,477.60**	**23,16,128.13**	**-**	**-**	**23,16,128.13**	**10,64,466.40**	**-**	**-**	**10,64,466.40**

Indian Railway Finance Corporation

Working of Secured Rupee Term Loan

Rupee Term Loans availed from banks are secured by first paripassu charge on the present/future rolling stock assets/ lease receivables of the Company. Terms of repayment of secured term loans and amount outstanding as on various dates is as set out below :-

S.No	Description	Interest rate	Interest Type	Terms of Repayment	Date of Maturity of Loan	31 March 2019	31 March 2018	1 April 2017
1	Canara Bank	8.35%	Linked to MCLR	Bullet Repayment	29-Apr-20	50,000.00	1,20,000.00	10,000.00
2	Punjab National Bank	8.10%	Linked to MCLR	Bullet Repayment	29-Apr-20	1,00,000.00		
3	Allahbad Bank	8.25%	Linked to MCLR	Bullet Repayment	28-Apr-20	1,30,000.00		
4	Corporation Bank	8.20%	Linked to MCLR	Bullet Repayment	26-Apr-20	1,15,000.00		
5	Corporation Bank	8.20%	Linked to MCLR	Bullet Repayment	19-Apr-20	75,000.00	-	-
6	State Bank of India	8.25%	Linked to MCLR	Bullet Repayment	02-Feb-20	1,00,000.00		
7	State Bank of India	8.25%	Linked to MCLR	Bullet Repayment	29-Jan-20	2,00,000.00		
8	J&K Bank	8.15%	Linked to MCLR	Bullet Repayment	01-Dec-19	50,000.00		
9	J&K Bank	8.15%	Linked to MCLR	Bullet Repayment	29-Nov-19	50,000.00	-	-
10	Bank of India	8.30%	Linked to MCLR	(20 Equal Half Yearly installements of Rs.10,000 lakhs each) commencing from 28 September 2019	28-Sep-19	2,00,000.00		
11	Andhra Bank	8.20%	Linked to MCLR	Bullet Repayment	10-Sep-19	1,49,050.00	-	-
12	Punjab National Bank	8.15%	Linked to MCLR	Bullet Repayment	10-Sep-19	1,00,000.00	-	-
13	State Bank of India	8.29%	Linked to MCLR	20 Equal Half Yearly installements Rs. 40,000 lakhs commencing from 3 July 2019	03-Jul-19	8,00,000.00		
14	State Bank of India	8.15%	Linked to MCLR	Bullet Repayment	22-Apr-19	2,80,000.00	3,00,000.00	-
15	Bank of India	8.15%	Linked to MCLR	19 Equal Half Yearly installements of Rs.5,000 lakhs each commencing from 15 April 2019	15-Apr-19	95,000.00	-	-
16	State Bank of India	8.35%	Linked to MCLR	19 Equal Half Yearly installements of Rs.10,000 lakhs each) commencing from 15 April 2019	15-Apr-19	1,90,000.00	-	-
17	State Bank of India	8.35%	Linked to MCLR	19 Equal Half Yearly installements of Rs.5,000 lakhs each) commencing from 15 April 2019	15-Apr-19	95,000.00		
	Total					**27,79,050.00**	**4,20,000.00**	**10,000.00**

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

Working of Secured foreign currency term loan

Foreign Currency Loan are secured by first paripassu charge on the present/ future rolling stock assets/ lease receivables of the Company. Terms of Repayment of the foreign currency term loan and amount outstanding as on various dates is as set out below:-

S.No	Description	Interest rate	Interest payment frequency	Date of Maturity of Loan	31 March 2019	31 March 2018	1 April 2017
1	Bank Of India	6M USD LIBOR+1.25%	Semi Annual	30-Apr-19	6,266.70	-	-
2	Bank Of India	6M USD LIBOR+1.25%	Semi Annual	30-Apr-18	-	7,860.00	-
3	Bank Of India	6M USD LIBOR+1.25%	Semi Annual	30-Apr-17	-	-	9,840.00
	Total as per IGAAP				**6,266.70**	**7,860.00**	**9,840.00**
	Unamortised transaction cost				(12.33)	(16.44)	(20.54)
	Secured Foreign Currency Term Loan as per Ind AS				**6,254.37**	**7,843.56**	**9,819.46**

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

Working of Secured Rupee term loan from National Small Saving Fund (NSSF)

Rupee term loan from National Small Saving fund is secured by the first pari passu charge on the present/ future rolling stock assets/ lease receivables of the Company. Terms of repayment and the amount outstanding as on various dates is as set out below:-

S.No	Description	Interest rate (p.a.)	Interest payment frequency	Terms of Repayment	Date of Maturity of Loan	31 March 2019	31 March 2018	1 April 2017
1	National Small Saving Fund (NSSF)-II*	8.11%	Semi Annual	Bullet Repayment	07-Feb-29	7,50,000.00	-	-
2	National Small Saving Fund (NSSF)-I	8.01%	Semi Annual	Bullet Repayment	28-Mar-28	10,00,000.00	10,00,000.00	-
	Total					**17,50,000.00**	**10,00,000.00**	**-**

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

Working of Unsecured Rupee Term Loan

Terms of repayment of the Unsecured Rupee Term Loans from banks and amount outstanding as on various dates is as set out below:-

S.No	Description	Interest rate	Interest Type	Terms of Repayment	Date of Maturity of Loan	31 March 2019	31 March 2018	1 April 2017
1	State Bank of India	8.25%	Linked to MCLR	Bullet Repayment	12-Apr-19	91,989.71	-	-
2	Karnataka Bank	8.14%	T-bill plus spread	Bullet Repayment	12-Apr-19	25,000.00		
3	Karnataka Bank	8.19%	T-bill plus spread	Bullet Repayment	12-Apr-19	25,000.00	-	-
4	United Bank of India	8.15%	Linked to MCLR	Bullet Repayment	12-Apr-19	1,00,000.00		
5	Allahabad Bank	8.15%	Linked to MCLR	Bullet Repayment	30-Jun-18	-	-	50,000.00
6	Allahabad Bank	7.85%	Linked to MCLR	Bullet Repayment	02-May-18	-	1,29,840.00	-
7	Bank of India	8.15%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	2,00,000.00
8	HDFC Bank	7.85%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	1,50,000.00
9	ICICI Bank	7.85%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	2,50,000.00
10	J&K Bank	8.10%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	30,000.00
11	Punjab National Bank	8.25%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	10,000.00
12	Union Bank Of India	8.20%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	10,000.00
13	Corporation Bank	8.25%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	8,000.00
14	Vijaya Bank	7.90%	Linked to MCLR	Bullet Repayment	13-Apr-18	-	7,080.00	
15	Bank of Baroda	7.85%	Linked to MCLR	Bullet Repayment	11-Apr-18	-	2,00,000.00	-
16	J&K Bank	7.60%	Linked to MCLR	Bullet Repayment	01-Apr-18	-	60,000.00	-
17	CTBC Bank Ltd	7.80%	Linked to MCLR	Bullet Repayment	27-Mar-18	-	-	215.90
	Total					**2,41,989.71**	**3,96,920.00**	**7,08,215.90**

Unsecured foreign currency term loan								
Terms of repayment of the unsecured rupee term loan from banks and amount outstanding as on various dates is as set out below:								
S.No	**Description**	**Interest rate (p.a.)**	**Interest payment frequency**	**Terms of Repayment**	**Date of Maturity of Loan**	**31 March 2019**	**31 March 2018**	**1 April 2017**
1	Syndicated Foreign Currency Loan-JPY 26231.25 Mio	6M JPY LIBOR+0.80%	Semi Annual	Bullet Repayment	28-Mar-28	1,66,043.81	1,62,397.67	-
2	Loan From AFLAC-2	2.90%	Semi Annual	Bullet Repayment	30-Mar-26	25,788.89	24,259.26	24,296.30
3	Loan From AFLAC-1	2.85%	Semi Annual	Bullet Repayment	10-Mar-26	1,01,587.84	95,562.31	95,708.20
4	Syndicated Foreign Currency Loan-USD 400 Mio	6M USD LIBOR+0.60%	Semi Annual	Bullet Repayment	03-Dec-18	-	2,62,000.00	2,62,400.00
5	Syndicated Foreign Currency Loan-USD 200 Mio	6M USD LIBOR+1.25%	Semi Annual	Bullet Repayment	28-Sep-16	-	-	-
Total as per IGAAP						**2,93,420.54**	**5,44,219.24**	**3,82,404.50**
Less: Unamortised transaction cost						(6,177.48)	(6,888.30)	(931.40)
Less: Fair value hedge adjustment- recoverable from Ministry of Railways						(31,059.54)	(45,966.37)	(45,042.06)
Unsecured Foreign Currency Term Loan as per Ind AS						**2,56,183.52**	**4,91,364.57**	**3,36,431.04**

Note 17 : Other financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Interest accrued but not due	7,29,180.35	5,65,671.92	3,87,176.37
Unclaimed matured debentures and interest accrued there on	809.06	581.62	657.36
Earnest money deposit	3.40	3.30	0.05
Total	**7,29,992.81**	**5,66,256.84**	**3,87,833.78**

Note 18 : Provisions

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for employee benefits	193.62	166.07	130.92
Provision for corporate social responsibility	789.35	789.35	789.35
Provision on interest payable on income tax	196.56	128.20	15.45
Total	**1,179.53**	**1,083.62**	**935.72**
Provision on asset as per Reserve Bank of India norms presented as a reduction being impairment loss allowance from	2,754.43		
- Note 7 - Loans	2,367.67	-	-
- Note 9 - Other financial assets	386.76	-	-
Total	**2,754.43**	**-**	**-**

Note 19 : Deferred tax liabilities (net)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Deferred tax liability (net) (Refer Note No. 2.7)	6,44,314.03	6,44,314.03	6,44,314.03
Total	**6,44,314.03**	**6,44,314.03**	**6,44,314.03**

Note 20 : Other non-financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Statutory dues	10.49	64,775.93	1.56
Tax deducted at source payable	471.01	1,151.38	1,067.32
Total	**481.50**	**65,927.31**	**1,068.88**

Note 21: Share capital

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Authorised share capital			
No. of shares (in lakhs)	1,50,000	1,50,000	1,500
Par value per share (Rs.)	10.00	10.00*	1,000.00
Amount	**15,00,000.00**	**15,00,000.00**	**15,00,000.00**

* The face value of equity shares was subdivided from Rs 1000 to Rs 10 in the Annual General Meeting held on 12 September, 2017.

Issued, subscribed and fully paid-up			
No of Shares	6,52,64,60,000	6,52,64,600	6,52,64,600
Issued during the year	2,85,40,00,000	-	-
Total no of shares	9,38,04,60,000	6,52,64,600	6,52,64,600
Par value per share (Rs.)	10.00	10.00	1,000.00
Amount (in lakhs)	**9,38,046.00**	**6,52,646.00**	**6,52,646.00**
On sub-division of face value from Rs 1000 to Rs 10 each in Annual General Meeting held on 12 September 2017-No of shares	-	6,52,64,60,000	-
Par value per share (Rs.)	-	10.00	-
Amount (in lakhs)	-	**6,52,646.00**	-
Total	**9,38,046.00**	**6,52,646.00**	**6,52,646.00**

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

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares*	Amount (in lakhs)	Number of shares*	Amount (in lakhs)	Number of shares*	Amount (in lakhs)
Shares outstanding at the beginning of the year	6,52,64,60,000	6,52,646.00	6,52,64,60,000	6,52,646.00	6,52,64,600	6,52,646.00
Shares issued during the year	2,85,40,00,000	2,85,400.00	-	-	-	-
Shares outstanding at the end of the year	**9,38,04,60,000**	**9,38,046.00**	**6,52,64,60,000**	**6,52,646.00**	**6,52,64,600**	**6,52,646.00**

* The face value of equity shares was subdivided from Rs 1000 to Rs 10 in the Annual General Meeting held on 12 September 2017.

(ii) The Company has only one class of shares referred to as Equity Share having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share.

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

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares	% Holding	Number of shares	% Holding	Number of shares	% Holding
The President of India and his nominees (through Ministry of Railways)	9,38,04,60,000	100%	6,52,64,60,000	100%	6,52,64,600	100%

Note 22 : Other Equity

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Security premium reserve	-	-	-
Bond redemption reserve	5,71,455.92	5,29,474.92	4,87,493.92
General reserve	3,03,273.59	1,73,978.97	60,398.70
Retained earnings	-	36,125.80	14,320.28
Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	45,094.97	-	-
Equity instruments through other comprehensive income	680.80	642.93	569.57
Total	**9,20,505.28**	**7,40,222.62**	**5,62,782.47**

Note 22.1: Securities premium reserve

The Company had as on 1 April 2017 (as per earlier GAAP), Rs. 421.09 lakh being premium on issue of certain debt securities which has been considered in determination of effective interest cost of these bonds as per Ind AS 109 "Financial Instruments".

Note 22.2: Bond redemption reserve

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Balance at the beginning of year	5,29,474.92	4,87,493.92	4,87,493.92
Addition during the year	41,981.00	41,981.00	-
Balance at the end of year	**5,71,455.92**	**5,29,474.92**	**4,87,493.92**

In terms of the Ministry of Corporate Affairs circular dated 18th April, 2002, the Company, being a Non-Banking Finance Company registered with RBI, is required to create Bond Redemption Reserve equivalent to 50% of the value of the bonds raised through Public issue by the redemption date of such Bonds. Subsequently, the requirement for creation of Bond Redemption Reserve in case of Public Issue of bonds by Non-Banking Finance Company registered with RBI was brought down to 25% by MCA vide their circular dated 11th Feb, 2013. Further, the Companies (Share Capital and Debentures) Rules, 2014 dated 3rd April, 2014 also mandates the Non- Banking Finance Companies registered with RBI to create Bond Redemption Reserve equivalent to 25% of the value of the Bonds raised through public issue by the redemption dates of such bonds. Accordingly, the Company is required to transfer 50% of the value of the bonds raised through public issue during FY 2011-12 and 25% of the value of Bonds raised through Public Issue during 2012-13, FY 2013-14 and FY 2015-16 to Bond Redemption Reserve by the redemption dates of such Bonds. The Company has raised Rs. 24,88,167.37 Lakhs through public issue of bonds in FY 2011-12, FY 2012-13, FY 2013-14 and FY 2015-16. The average residual maturity of the above mentioned bonds is more than 7 years as on 31st March 2019. The Company has transferred an amount of Rs. 41,981 lakhs to the Bond Redemption Reserve during FY 2018-19

Note 22.3: General reserve

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Balance at the beginning of year	1,73,978.97	60,398.70	60,398.70
Addition during the year	1,29,294.62	1,13,580.27	-
Balance at the end of year	**3,03,273.59**	**1,73,978.97**	**60,398.70**

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

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Balance at the beginning of year	-	-	-
Addition during the year	45,094.97	-	-
Balance at the end of year	**45,094.97**	**-**	**-**

Note 22.5: Retained earnings

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Balance at the beginning of year	36,125.80	14,320.28	14,320.28
Profit for the year	2,25,453.63	2,05,473.26	-
Transfer to bond redemption reserve	(41,981.00)	(41,981.00)	-
Transfer to general reserve	(1,29,294.62)	(1,13,580.27)	-
Transfer to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	(45,094.97)	-	-
Dividend	(37,500.00)	(23,352.46)	-
Dividend tax	(7,708.83)	(4,754.01)	-
Balance at the end of year	**-**	**36,125.80**	**14,320.28**

The Board of Directors of the Company have proposed a final dividend of Rs. 20,000.00 lakhs(Previous year Rs. 17,500.00 lakhs) subject to Corporate Dividend Tax in the board meeting held on 5 September 2019 (Previous year 10 September 2018) subject to approval of shareholders in the forthcoming Annual General Meeting.

Note 22.6: Equity instruments through other comprehensive income

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April, 2017
Balance at the beginning of year	642.93	569.57	-
Total comprehensive income for the year	37.87	73.36	569.57
Balance at the end of year	**680.80**	**642.93**	**569.57**

Note 23 : Interest income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
On financial assets measured at amortised cost :		
- Interest on loans	52,510.54	23,432.76
- Interest income from deposits	2,025.52	1,392.07
- Interest income from investments	66.65	81.48
- Pre commencement lease - Interest Income	1,17,577.15	73,914.62
Total	**1,72,179.86**	**98,820.93**

Note 24 : Lease income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Lease income	9,41,000.91	8,27,844.84
Total	**9,41,000.91**	**8,27,844.84**

Note 25 : Other income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit on sale of fixed assets	0.11	-
Miscellaneous income	127.24	123.68
Total	**127.35**	**123.68**

Note 26: Finance cost

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest on debt securities	8,55,146.05	7,61,571.16
Interest on borrowings	1,92,763.31	26,397.62
Discount on commercial paper	12,372.54	20,201.18
Interest on delayed payments to Ministry of Railways	29,934.94	7,869.89
Interest to Income Tax Authorities	196.56	128.22
Other borrowing cost	1,142.94	1,327.00
Sub-Total	**10,91,556.34**	**8,17,495.07**
Less: Borrowing costs capitalized on Railway Infrastructure Assets	2,73,250.26	1,53,737.80
Total	**8,18,306.08**	**6,63,757.27**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Loans & Interest accrued thereon	2,754.43	-
Total	**2,754.43**	**-**

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

Loan to IRCON International Limited	3,07,653.38
Loan to Rail Vikas Nigam Limited	2,84,263.00
Interest accrued on above	96,691.13
Total	**6,88,607.51**

Provision @ 0.4%	**2,754.43**

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

Note 28 : Employee benefit expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	547.75	442.39
Contribution to provident and others funds	73.21	106.70
Staff welfare expenses	4.09	3.53
Total	**625.05**	**552.62**

Note 29: Depreciation, amortisation and impairment

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment	40.88	34.68
Amortisation of intangible assets	0.91	0.72
Total	**41.79**	**35.40**

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Note 30 : Other expenses

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Bank charges	3.69	1.76
Fee & subscription	20.10	23.57
Filing fees	0.17	0.46
Travelling	48.63	49.17
Conveyance	7.42	7.07
Ground rent	1.35	1.29
Printing & stationery	17.68	16.51
Postage, telegram & telephone	2.86	2.94
Transport hire charges	27.05	37.15
Insurance	0.19	0.25
Manpower Services	94.92	74.62
Vehicle expenses	0.90	2.09
Legal & professional charge	83.15	349.69
Loss on sale of fixed assets	1.59	0.65
Payment to auditors (refer note (i) below)	47.93	20.59
Property tax	2.77	2.62
Office maintenance charges	37.25	42.07
Office equipment maintenance	25.42	24.95
Advertisement & publicity	54.73	37.54
Sponsorship/Donation	6.18	31.29
Newspaper, books and periodicals	2.29	1.53
Electricity charges	21.85	23.78
Exchange rate variation	2.35	16.62
Miscellaneous expenses	115.44	97.58
Corporate social responsibility expenses (refer note 49)	847.76	2,377.97
Total	**1,473.67**	**3,243.76**

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

(a) Annual Audit fees	10.00	7.50
(b) Nine months Audit fees	7.50	-
(c) Tax audit fees	3.25	2.49
(d) Quarterly Review fees	6.92	6.29
(e) Certification fees	18.76	4.31
(f) GST Audit Fees	1.50	-
Total	**47.93**	**20.59**

Note 31: Income taxes

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Income taxes recognised in profit and loss		
Current tax		
In respect of the current year	64,692.39	54,340.47
Adjustments for prior periods	(8.78)	(557.84)
	64,683.61	**53,782.63**
Deferred tax		
In respect of the current year	-	-
	64,683.61	**53,782.63**
Total income tax expense recognised in the current year	**64,683.61**	**53,782.63**

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit before tax	2,90,158.48	2,59,249.06
Tax rate	34.944%	34.608%
Tax thereon	1,01,392.98	89,720.91
Tax impact on account of unabsorbed depreciation as per computation under normal provisions of the Income tax Act, 1961 under the head 'Profit and Gains of Business'	(1,01,392.98)	(89,720.91)
Minimum alternate tax on book profits as per section 115JB(1) of Income Tax Act, 1961 (see note 1 below)	63,147.77	54,342.32
Proportionate minimum alternate tax on accretion to other equity on date of transition to Ind AS as per Section 115JB (2C) of the Income Tax Act, 1961 (see note 2 below)	1,538.78	-
Tax on items recogonised in other comprehensive income	5.84	(1.85)
Tax on adjustment for earlier years on finalization of assesments by the assessing authorities	(8.78)	(557.84)
Total tax expense	**64,683.61**	**53,782.63**

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

Note -1

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit for the period as per Ind AS	**2,90,158.48**	**2,59,249.06**
Less: Ind AS adjustments	27.08	4,733.91
Total (A)	**2,90,131.40**	**2,54,515.15**
Add:-		
Expenses u/s 14A of Income Tax Act	2.00	2.00
Interest u/s 234 B & C	196.56	
Provision for post retirement employee benefits	12.40	34.27
Standard asset provision	2,754.43	-
Interest payable to tax authority	-	128.21
Total (B)	2,965.39	164.48
Total (A+B)	**2,93,096.79**	**2,54,679.63**
Less:-		
Dividend income	51.38	48.66
Total (C)	51.38	48.66
Book Profit((A+B)-C)	**2,93,045.41**	**2,54,630.97**
Tax rate	**21.5488%**	**21.3416%**
Tax thereon	**63,147.77**	**54,342.32**

Note -2

Other equity as per Ind AS on date of conversion i.e, 01 April 2018	7,40,222.62	-
Adjustment on account of fair value change in the value of investments measured at FVTOCI	642.93	-
Total	**7,39,579.70**	**-**
Other equity as per AS on date of conversion i.e, 01 April 2018	7,03,874.98	-
Difference	**35,704.72**	**-**
Tax rate	**21.5488%**	**21.3416%**
Tax thereon	7,693.94	-
Proportionate amount for the year ended 31 March 2019	**1,538.78**	**-**

Income tax recognised in other comprehensive income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Remeasurements of defined benefit obligation	5.84	(1.85)
Total income tax recognised in other comprehensive income	**5.84**	**(1.85)**

Note 32: Earning per share

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Net Profit	2,25,474.87	2,05,466.43
Weighted average number of equity shares outstanding		
Opening balance at the beginning of the year	6,52,64,60,000	6,52,64,60,000
Issued during the year	4,69,15,068	-
Brought back during the year	-	-
Add: Number of potential equity shares on account of receipt of share application money	-	-

Weighted average number of equity shares [including diluted equity share] outstanding at the end of the year	6,57,33,75,068	6,52,64,60,000
Earning per share- Basic [Face value of Rs. 10/- per share]	3.43	3.15
Earning per share- Diluted [Face value of Rs. 10/- per share]	3.43	3.15

Note 33: Leases

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

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

Reconciliation of the lease receivable amount on the gross value of leased assets worth Rs. 1,90,26,667.44 lakhs (31 March 2018: Rs. 1,66,21,159.00 lakhs, 1 April 2017: Rs. 1,47,54,173.00 lakhs) owned by the Company and leased to the Ministry of Railways(MoR) is as under:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Gross value of assets acquired & leased upto the end of previous financial year	1,66,21,159.00	1,47,54,173.00	1,33,26,089.00
Less: Capital recovery provided upto last Year	(56,73,993.36)	(49,33,554.04)	(42,76,755.00)
Capital recovery outstanding on leased assets as at the end of last year	**1,09,47,165.64**	**98,20,618.96**	**90,49,334.00**
Add: Gross value of assets acquired and leased during the period	24,05,508.44	18,66,986.00	14,28,084.00
	1,33,52,674.08	**1,16,87,604.96**	**1,04,77,418.00**
Less: Capital recovery for the period	(8,50,022.91)	(7,40,439.32)	(6,56,799.04)
Net investment in Lease Receivables	**1,25,02,651.17**	**1,09,47,165.64**	**98,20,618.96**

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Gross investment in lease	1,84,25,690.07	1,60,93,270.00	1,45,48,332.00
Unearned finance income	59,23,038.90	51,46,104.36	47,27,713.04
Present value of minimum lease payment (MLP)	1,25,02,651.17	1,09,47,165.64	98,20,618.96

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

Gross investment in lease

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Not later than one year	19,02,280.15	16,58,213.00	14,77,428.00
Later than one year and not later than five years	71,56,881.84	62,59,588.00	55,88,036.00
Later than five years	93,66,528.08	81,75,469.00	74,82,868.00
Total	**1,84,25,690.07**	**1,60,93,270.00**	**1,45,48,332.00**

Present value of MLP

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Not later than one year	9,51,043.96	8,23,685.00	7,12,419.00
Later than one year and not later than five years	41,97,425.06	36,54,790.00	31,84,071.00
Later than five years	73,54,182.15	64,68,690.64	59,24,128.96
Total	**1,25,02,651.17**	**1,09,47,165.64**	**98,20,618.96**

Unearned Finance Income & Unguaranteed Residual Income

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Unearned finance income	59,23,038.90	51,46,104.36	47,27,713.04
Unguaranteed residual income	NIL	NIL	NIL

The Company has leased rolling stock assets to the Ministry of Railways (MOR). Besides, the Company has funded Railway projects during the year 2011-12, in respect of which the lease had commenced during the year 2015-16. A separate lease agreement for each year of lease has been executed and as per the terms of the lease agreements, lease rentals are received half yearly in advance. The leases are non-cancellable and shall remain in force until all amounts due under the lease agreements are received.

Note 34: Contingent liabilities and Commitments

Contigent liabilities

a.

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Claims against the Company not acknowledged as debt – Claims by bondholders in the consumer / civil courts	42.71	8.69	8.72

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

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

d. Directorate General of GST Intelligence (DGGI), Chennai, Zonal Unit has served a show cause notice dated 16 April 2019 on the Company alleging contravention of provisions of Section 67, 68 and 70 of the Finance Act, 1994 by the Company and as to why service tax of Rs. 2,65,376.54 Lakhs along with interest and penalty be not demanded from the Company.
The Company has submitted reply against the Show Cause notice stating that there is no contravention of provisions of any of the above stated Sections of the Finance Act,1994 and the Company is not liable to pay the tax. However, if any liability arises that would be recoverable from the Ministry of Railways, India.

e.(i)
The Income Tax assessments of the Company have been completed up to the Assessment Year 2015-16. The disputed demand of tax including interest thereon amount to Rs. 94.79 Lakhs . The Company has already filed appeals against the said tax demands and the same are pending at various appellate levels. Based on decisions of the Appellate authorities in other similar matters and interpretation of relevant provisions, the Company is confident that the demands will be either deleted or substantially reduced and accordingly no provision is considered necessary.

e.(ii)
During the year 2015-16, the Income Tax Department had raised demand of Rs. 39,949.01 lakhs u/s 201(1) of the Income Tax Act, 1961 towards non-deduction of tax at source and interest theron for the Assessment Years 2011-12, 2012-13 and 2013-14. The Company filed appeals against the said assessment orders before the CIT (Appeals) on 28 April 2016. Further, rectification applications u/s 154 were also filed on 20 May 2016. As per the Appellate Order dated 25 January 2017 for the Assessment Year 2011-12, the Order passed by the Assessing Officer raising demand of Rs. 24,516.56 lakhs has been set aside. The remaining demand for Rs. 1,54,432.45 Lakhs has also been set aside vide order dated 28th December 2018 & 31st December, 2018.

Note 35: Expenditure in Foreign Currency

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
a) Interest/Swap Cost on foreign currency borrowings	46,412.04	32,325.68	37,644.50
b) Processing agent/ fiscal Agent/ admin fees	85.54	28.98	17.73
c) Underwriting/ arranger fees	-	4,862.14	-
d) International credit rating agencies fees	113.79	289.00	110.51
e) Others	44.64	146.73	19.28
Total	**46,656.01**	**37,652.53**	**37,792.02**

Note 36: Segment reporting

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

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

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

Particulars	As at 31 March 2019	As at 31 March 2018
Revenue from MOR & entities under the control of MOR		
- Lease Income	9,41,000.91	8,27,844.84
- Interest Income	52,510.54	23,432.76
- Pre Commencement lease interest income	1,17,577.15	73,914.62
Total	**11,11,088.60**	**9,25,192.22**

Note 37: Employee benefits

37.1

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Contribution to provident fund	24.15	25.01	16.54
Contribution to gratuity	6.58	21.30	4.99
Contribution to leave enchasement	30.08	26.11	14.61
Contribution to post retirement medical and pension	12.40	34.28	10.15

37.2 The Company operates a funded gratuity benefit plan.

A) Actuarial Assumptions

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Economic Assumptions			
Discount rate	7.50% p.a	7.60% p.a	7.15% p.a
Salary escalation	6.00% p.a	6.00% p.a	6.00% p.a
Demographic Assumptions			
Retirement age	60	60	60
Attrition rate	0.00%	0.00%	0.00%
Mortality table used	100% of IALM (2006-08)	100% of IALM (2006-08)	100% of IALM (2006-08)

Notes:

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

B) Movements in present value of the defined benefit obligation

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Present value of obligation as at the beginning of the year	76.45	59.00	67.65
Acquisition adjustment out	-	-	-
Interest cost	5.79	4.20	4.51
Past service cost	-	17.27	-
Current service cost	6.50	4.56	4.51
Benefit paid	(20.00)	-	(10.00)
Actuarial (gain)/loss on obligations due to change in financial assumptions	0.71	(2.75)	2.38
Actuarial (gain)/loss on obligations- due to experience	26.28	(5.83)	(10.00)
Liability at the end of the year	**95.73**	**76.45**	**59.05**

C) Movements in the fair value of plan assets

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Fair value of plan assets at the beginning of the year	72.15	64.11	59.22
Contribution from the employer	-	3.21	-
Interest income	5.71	4.73	4.03
Return on plan assets excluding amounts included in interest income	(0.10)	0.10	0.86
Benefits paid	-	-	-
Reimbursement paid by the insurer	-	-	-
Actuarial gain/(loss) for the year on asset	-	-	-
Fair value of the plan assets for the period ending	**77.76**	**72.15**	**64.11**

D) Amount recognised in the Balance Sheet

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Present value of funded obligation at the end of the year	95.73	76.45	59.05
Fair value of plan assets at the end of the year	77.76	72.15	64.11
Net liability recognised in the Balance Sheet	**17.97**	**4.30**	**(5.06)**

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Current service cost	6.50	4.56	4.51
Past service cost	-	17.27	-
Net interest cost (Income)	0.08	(0.53)	0.48
Expected return on plan assets		-	-
Expense recognised in the Statement of Profit and Loss	**6.58**	**21.30**	**4.99**

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net cumulative unrecognised actuarial gain/(loss) opening			
Actuarial (gain) / loss for the year on PBO	26.99	(8.58)	(7.67)
Actuarial (gain) / loss for the year on Asset	0.09	(0.10)	(0.86)
Unrecognised actuarial gain / (loss) for the period ending	**27.08**	**(8.68)**	**(8.53)**

G) Composition of the plan assets:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Policy of insurance	100%	100%	100%

H) Change in Net benefit obligations

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net defined benefit liability at the start of the year	4.31	(5.11)	8.43
Acquisition adjustment	-	-	-
Total service cost	6.58	21.83	4.51
Net interest cost (income)	-	(0.53)	0.48
Re-measurements	27.08	(8.68)	(8.53)
Reimbursement paid by the insurer			
Contribution paid to the fund		(3.21)	-
Benefit paid directly by the enterprise	(20.00)	-	(10.00)
Net defined benefit liability for the period ending	**17.97**	**4.30**	**(5.11)**

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

Particluars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Current liability (Amount due within one year)	8.25	4.12	(4.56)
Non-Current liability (Amount due over one year)	9.72	0.18	(0.55)
Total PBO at the end of year	**17.97**	**4.30**	**(5.11)**

J) Bifurcation of defined benefit obligation

Particluars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Vested	88.29	74.63	58.62
Non- Vested	7.44	1.82	0.38
	95.73	**76.45**	**59.00**

K) Sensitivity analysis of the defined benefit obligation

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
a) Impact of the change in discount rate			
-Impact due to increase of 0.50 %	92.28	73.56	56.83
-Impact due to decrease of 0.50 %	99.38	79.52	61.29
b) Impact of the change in salary increase			
-Impact due to increase of 0.50 %	97.29	78.78	59.61
-Impact due to decrease of 0.50 %	92.66	74.17	58.64

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

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

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Expected contribution of the next year	8.25	4.12	4.63

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

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

37.3 Actuarial Assumptions for unfunded Post Retirement Medical Benefits:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Compensated absences			
Discount rate	7.50% p.a	7.60% p.a	7.15% p.a
Future salary increase	N/A	N/A	N/A
Medical inflation Rate	8.90%p.a	8.90%p.a	8.90%p.a
Retirement age	60 years	60 years	60 years
Mortality table	100% of IALM (2006-08)	100% of IALM (2006-08)	100% of IALM (2006-08)

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

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

37.4 The Company operates a funded leave benefit plan.

A) Actuarial Assumptions

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Economic Assumptions			
Discount rate	7.50% p.a.	7.60% p.a.	7.15% p.a.
Salary escalation	6.00% p.a.	6.00% p.a.	6.00% p.a.
Demographic Assumptions			
Retirement age	60 Years	60 Years	60 Years
Attrition rate	0.00% p.a.	0.00% p.a.	0.00% p.a.
Mortality table used	100% of IALM (2006-08)	100% of IALM (2006-08)	100% of IALM (2006-08)
Leave Availment and Encashment Rate			
Leave Availment Rate	10% p.a.	10% p.a.	10% p.a.
Encashment in service	0.00% p.a.	0.00% p.a.	0.00% p.a.

B) Movements in present value of the defined benefit obligation

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Present value of obligation as at the beginning of the year	91.71	71.60	82.54
Acquisition adjustment out		-	-
Interest cost	6.97	5.12	6.36
Past service cost		13.77	-
Current service cost	11.21	14.73	13.93
Benefit paid	(27.50)	(9.66)	(28.15)
Actuarial (gain)/loss on obligations- due to change in financial assumptions	0.44	(1.91)	1.32
Actuarial (gain)/loss on obligations- due to experience	15.75	(1.94)	(4.40)
Liability at the end of the year	**98.58**	**91.71**	**71.60**

C) Movements in the fair value of plan assets

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Fair value of plan assets at the beginning of the year	57.62	34.08	31.48
Contribution from the employer	-	19.88	-
Interest income	4.81	2.96	2.96
Return on plan assets excluding amounts included in interest	(0.52)	0.70	(0.36)
Benefits paid	-	-	-
Actuarial gain/(loss) for the year on asset	-	-	-
Fair value of the plan assets at the end of the year	**61.91**	**57.62**	**34.08**

D) Amount recognised in the Balance Sheet

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Present value of funded obligation at the end of the year	98.58	91.71	71.60
Fair value of plan assets at the end of the year	61.91	57.62	34.08
Net liability recognised in the Balance Sheet	**36.67**	**34.09**	**37.52**

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Current service cost	11.21	14.73	13.93
Past service cost		13.77	-
Net interest cost (Income)	2.16	2.16	3.40
Net value of re measurements on the obligation and planned assets	16.71	(4.55)	(2.72)
Expense recognised in the Statement of Profit and Loss	**30.08**	**26.11**	**14.61**

F) Components of actuarial gain/loss on obligation

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Due to change in financial assumptions	0.44	(1.91)	1.32
Due to change in demographic assumption	-	-	-
Due to experience adjustments	15.75	(1.94)	(4.40)
Return on plan assets excluding amounts included in interest income	0.52	(0.70)	0.36
	16.71	**(4.55)**	**(2.72)**

G) Composition of the plan assets:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Policy of insurance	100%	100%	100%

H) Change in Net benefit obligations

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net defined benefit liability at the start of the year	34.09	37.52	51.06
Acquisition adjustment		-	-
Total service cost	11.21	28.50	13.93
Net interest cost (Income)	2.16	2.16	3.40
Re-measurements	16.71	(4.55)	(2.72)
Contribution paid to the fund	-	(19.88)	-
Benefit paid directly by the enterprise	(27.50)	(9.66)	(28.15)
Net defined benefit liability at the end of the year	**36.67**	**34.09**	**37.52**

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Current liability (Amount due within one year)	12.19	11.21	14.73
Non-Current liability (Amount due over one year)	24.48	22.88	22.79
Total PBO at the end of year	**36.67**	**34.09**	**37.52**

K) Sensitivity analysis of the defined benefit obligation

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
a) Impact of the change in discount rate			
-Impact due to increase of 0.50 %	96.40	89.68	70.45
-Impact due to decrease of 0.50 %	100.86	93.84	73.83
b) Impact of the change in salary increase			
-Impact due to increase of 0.50 %	100.89	93.86	73.84
-Impact due to decrease of 0.50 %	96.36	89.64	70.42

Sensitivities due to mortality and withdrawals are not material and hence impact of change not calculated.
Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

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

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

Note 38: Financial Instruments

38.1: Capital management

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

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

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

38.1.1 Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Debt (See note 'i' below)	1,73,93,267.47	1,34,00,552.73	1,05,58,928.62
Cash and cash equivalents	370.76	112.88	94.39
Net debt	1,73,92,896.71	1,34,00,439.85	1,05,58,834.23
Total equity	18,58,551.28	13,92,868.62	12,15,428.47
Net debt to equity ratio (in times)	**9.36**	**9.62**	**8.69**

38.1.2 Net Worth

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Total Assets	2,06,60,360.96	1,61,46,832.56	1,28,74,472.34
Total Liabilities	1,88,01,809.68	1,47,53,963.94	1,16,59,043.87
Net Worth	**18,58,551.28**	**13,92,868.62**	**12,15,428.47**

38.1.3 Debt Equity Ratio

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Debt	1,73,93,267.47	1,34,00,552.73	1,05,58,928.62
Equity	18,58,551.28	13,92,868.62	12,15,428.47
	9.36	**9.62**	**8.69**

Note:
i) Debt computed as under:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Debt Securities (Note 15)	1,23,59,789.87	1,10,84,424.60	94,94,462.22
Borrowing(other than debt securities) (Note 16)	50,33,477.60	23,16,128.13	10,64,466.40
Total Debt	**1,73,93,267.47**	**1,34,00,552.73**	**1,05,58,928.62**

38.2 Financial Instruments - Accounting classification and fair value measurement

38.2.1 Categories of financial instruments

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Financial assets			
Measured at amortised cost			
Cash and cash equivalents	370.76	112.88	94.39
Bank balance other than above	7,735.86	9,869.22	657.36
Investments (Pass through certificates)	332.95	454.15	586.94
Loans	5,89,548.71	5,23,795.50	2,16,403.00
Other financial assets	74,03,072.67	45,10,759.95	28,25,807.17
Receivables (Lease Receivables)	1,25,02,651.17	1,09,47,165.64	98,20,618.96
Measured at fair value through Profit and Loss			
Derivative financial instruments	4,669.03	9,684.72	6,857.84
Measured at fair value through Other Comprehensive Income			
Investments (IRCON)	981.49	943.62	870.26
Financial liabilities			
Measured at amortised cost			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1,217.91	871.52	350.70
Debt securities	1,23,59,789.87	1,10,84,424.60	94,94,462.22
Borrowings (Other than debt securities)	50,33,477.60	23,16,128.13	10,64,466.40
Other financial liabilities (Interest accured but not due, amount payable to MoR etc.)	7,29,992.81	5,66,256.84	3,87,833.78
		-	-
Measured at fair value through Profit and Loss		-	-
Derivative financial instruments	31,059.54	74,957.89	65,612.14

38.2.2: Fair value measurements

Fair value hierarchy
The fair value hierarchy reflects the significance of the inputs used in making the measurements and has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices in markets that are not active) or indirectly (i.e. quoted prices for similar assets or liabilities);

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2019:

Particular	As at 31 March 2019	Fair Value measurement at end of the reporting period/ year using		
		Level 1	Level 2	Level 3
Investment in IRCON International Limited	981.49	981.49	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018:

Particular	As at 31 March 2018	Fair Value measurement at end of the reporting period/ year using		
		Level 1	Level 2	Level 3
Investment in IRCON International Limited	943.62	-	-	943.62

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 1 April 2017:

Particular	As at 1 April 2017	Fair Value measurement at end of the reporting period/ year using		
		Level 1	Level 2	Level 3
Investment in IRCON International Limited	870.26	-	-	870.26

Valuation technique used to determine fair value
The Company maintains policies and procedures to value financials assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

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

Dividend received

Particulars	As at 31 March 2019	As at 31 March 2018
Dividend received (IRCON International Limited)	51.38	48.66

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

38.3 Financial risk management

The Company's activities expose it to a variety of financial risks which includes market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's focus is to ensure liquidity which is sufficient to meet the Company's operational requirements. The Company monitors and manages key financial risks so as to minimise potential adverse effects on its financial Proformance. The Company has a risk management policy which covers the risks associated with the financial assets and liabilities. The details for managing each of these risks are summarised ahead.

38.4: Market risk

Market risk is the risk that the expected cash flows or fair value of a financial instrument could change owing to changes in market prices.The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Company use derivative instruments to manage market risk against the volatility in foreign exchange rates and interest rates in order to minimize their impact on its results and financial position. Company policy is not to utilize any derivative financial instruments for trading or speculative purposes.

38.5: Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Liabilities as at			Assets as at		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Secured foreign currency term loan	6,254.37	7,843.56	9,819.46	-	-	-
Unsecured bonds from overseas capital market	6,95,711.93	6,25,796.67	5,04,129.05	-	-	-
Unsecured foreign currency term loans	2,56,183.52	4,91,364.57	3,36,431.04	-	-	-
Total	**9,58,149.82**	**11,25,004.80**	**8,50,379.55**	**-**	**-**	**-**

Foreign currency sensitivity analysis

The following table details the company's sensitivity to a 10% increase and decrease in the INR against the relevant outstanding foreign currency denominated monetary items. 10% sensitivity indicates management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where Rupee appreciates 10% against the relevant currency. A negative number below indicates a decrease in profit or equity where the Rupee depreciates 10% against the relevant currency.

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	INR strengthens by 10%	INR weakening by 10%	INR strengthens by 10%	INR weakening by 10%	INR strengthens by 10%	INR weakening by 10%
Profit or (loss)	95,814.98	(95,814.98)	1,12,500.48	(1,12,500.48)	85,037.95	(85,037.95)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

38.6: Interest rate risk management

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Company use financial instruments to manage its exposure to changing interest rates and to adjust its mix of fixed and floating interest rate debt on long-term debt.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/ lower and all other variables were held constant, the Company's:

i) Profit for the year ended 31 March 2019 would decrease/increase by Rs. 58,610.52 lakhs (31 March 2018: decrease/increase Rs. 51,447.15 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate debt securities;

ii) Profit for the year ended 31 March 2019 would decrease/increase by Rs. 18,374.01 lakhs (31 March 2018: decrease/increase Rs. 8,451.49 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

38.7: Other price risks

The Company has a small amount of investment in equity instruments, price risk of which is not considered material.

38.8: Credit risk management

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company consider the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting peroid. To assess whether there is significant increase in credit risk, it considers reasonable and supportive forward looking information such as:

(i) Actual or expected significant adverse change in business.
(ii) Actual or expected significant changes in the operating results of the counterparty.
(iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation.
(iv) Significant increase in credit risk and other financial instruments of the same counterparty.
(v) Significant changes in the value of collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Credit risk is managed through approvals, establishing credit limits, continuous monitoring of creditworthiness of customers to which the company grants credit terms in the normal course of business. The company also assesses the financial reliability of customers taking into account the financial condition, current economic trends and historical bad debts and ageing of accounts receivables.

The Company's major exposure is from lease receivables from Ministry of Railways, Government of India and loans to Rail Vikas Nigam Limited and IRCON International Limited which are under the control of Ministry of Railways. There is no credit risk on lease receivables being due from sovereign. With respect to loan given to Rail Vikas Nigam Limited and IRCON International Limited, the company consider the Reserve Bank of India directions in terms of its circular no. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31-May-2018 read with letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21-December-2018, to be adequate compliance with the impairment norms as per Ind AS 109, Financial Instruments, as IRCON International Limited and Rail Vikas Nigam Limited, both, are under Ministry of Railways, Government of India and the Company do not expect any concern in the repayment of aforesaid loans.

38.9: Liquidity risk management

Liquidity risk is defined as the potential risk that the Company cannot meet the cash obligations as they become due.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium, and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Besides, there is a provision in the lease agreements with the Ministry of Railways (MOR) whereby MOR undertakes to provide lease rentals in advance (to be adjusted from future payments) in case the Company doesn't have adequate liquidity to meet its debt service obligations.

Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the company may be required to pay.

Particulars	0-1 year	1-3 years	3-5 years	5+ years	Total	Recognition of borrowings at amortised cost using effective interest rate method	Fair value hedge adjustment- recoverable from Ministry of Railways	Carrying Amount(Balance Sheet amount as per IND AS
31 March 2019								
Trade Payables-Other Payables	1,217.91				1,217.91	-	-	1,217.91
Other Financial Liabilities								-
-Interest accrued but not due	3,92,661.75	2,64,973.93	71,544.67		7,29,180.35	-	-	7,29,180.35
-Unclaimed mature debentures and interest accrued thereon	809.06				809.06	-	-	809.06
-Amount Payable to MOR					-			-
-Earnest Money Deposit	3.40				3.40	-	-	3.40
Debt Securities								-
-Bonds in Domestic Market	7,61,521.00	18,91,724.00	16,11,671.00	71,11,842.67	1,13,76,758.67	(11,278.40)	-	1,13,65,480.27
-Commercial Paper	2,98,597.67				2,98,597.67		-	2,98,597.67
-Bonds in Overseas Market	-	-	3,48,150.00	3,48,150.00	6,96,300.00	(588.07)		6,95,711.93
Borrowing (Other than Debt Securities)								
Borrowings in India	13,21,040.00	7,70,000.00	2,80,000.00	24,00,000.00	47,71,040.00			47,71,040.00
Borrowings outside India	2,088.90	4,177.80	-	2,93,420.54	2,99,687.24	(6,189.81)	(31,059.54)	2,62,437.89
31 March 2018								
Trade Payables-Other Payables	871.52	-	-	-	871.52	-	-	871.52
Other Financial Liabilities								-
-Interest accrued but not due	3,84,228	-	-	1,81,443.47	5,65,671.92	-	-	5,65,671.92
-Unclaimed mature debentures and interest accrued thereon	581.62	-	-	-	581.62	-	-	581.62
-Amount Payable to MOR	-	-	-	-	-	-	-	-
-Earnest Money Deposit	3.30	-	-	-	3.30	-	-	3.30
Debt Securities					-			-
-Bonds in Domestic Market	9,21,700.00	15,01,660.81	20,46,038.85	59,02,099.52	1,03,71,499.17	(12,630.09)	-	1,03,58,869.08
-Commercial Paper	99,758.85	-	-	-	99,758.85	-	-	99,758.85
-Bonds in Overseas Market	3,27,500.00	-	-	3,27,500.00	6,55,000.00	(211.82)	(28,991.52)	6,25,796.67
Borrowing (Other than Debt Securities)					-			-
Borrowings in India	3,96,920.00	4,20,000.00	-	10,00,000.00	18,16,920.00	-	-	18,16,920.00
Borrowings outside India	2,63,965.00	3,930.00	1,965.00	2,82,219.24	5,52,079.24	(6,904.74)	(45,966.37)	4,99,208.13
1 April 2017								
Trade Payables-Other Payables	350.70	-	-	-	350.71	-	-	350.70
Other Financial Liabilities								
-Interest accrued but not due	3,04,299.37	-	-	82,877.00	3,87,176.37	-	-	3,87,176.37
-Unclaimed mature debentures and interest accrued thereon	657.36	-	-	-	657.36	-	-	657.36
-Amount Payable to MOR	-	-	-	-	-	-	-	-
-Earnest Money Deposit	0.05	-	-	-	0.05	-	-	0.05
Debt Securities								
-Bonds in Domestic Market	1,92,756.00	14,03,221.00	15,87,974.81	52,43,554.56	84,27,506.37	(13,892.59)	-	84,13,613.78
-Commercial Paper	5,76,719.39	-	-	-	5,76,719.39	-	-	5,76,719.39
-Bonds in Overseas Market	1,96,800.00	-	-	3,28,000.00	5,24,800.00	(100.86)	(20,570.09)	5,04,129.05
Borrowing (Other than Debt Securities)								
Borrowings in India	7,18,215.90	-	-	-	7,18,215.90	-	-	7,18,215.90
Borrowings outside India	1,968.00	2,66,336.00	3,936.00	1,20,004.50	3,92,244.50	(951.95)	(45,042.05)	3,46,250.50
					-			

38.10: Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The objective of hedges is to minimize the volatility of INR cash flows of highly probable forecast transaction.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

As on 31 March 2019

Types of hedge and risks	Nominal value (Foreign Currency) USD		Carrying amount of hedging instruments	Maturity date	Hedge ratio	Weighted average strike price/rate USD
	No. of Outstanding Contracts	Amount				
Forward Contract						
1. Sell	-	-	-	-	-	-
2. Buy	-	-	-	-	-	-
Swap Contracts						
1. Buy	2	2,917.93	20,802.77	10-03-2026	1:1	N/A
2. Buy	2	740.74	5,587.74	30-03-2026	1:1	N/A

As on 31 March 2018

Types of hedge and risks	Nominal value (Foreign Currency) USD		Carrying amount of hedging instruments	Maturity date	Hedge ratio	Weighted average strike price/rate USD
	No. of Outstanding Contracts	Amount				
Forward Contract						
1. Sell						
2. Buy	6	3,000.00	28,991.52	26-02-2019	1:1	77.47
3. Buy	3	2,500.00	22,424.47	03-12-2018	1:1	76.18
Swap Contracts						
1. Buy	2	2,917.93	11,631.85	10-03-2026	1:1	N/A
2. Buy	2	740.74	3,207.08	30-03-2026	1:1	N/A
3. Buy	1	2,000.00	981.74	03-12-2018	1:1	N/A

As on 1 April 2017

Types of hedge and risks	Nominal value (Foreign Currency) USD		Carrying amount of hedging instruments	Maturity date	Hedge ratio	Weighted average strike price/rate USD
	No. of Outstanding Contracts	Amount				
Forward Contract						
1. Sell						
2. Buy	6	3,000.00	20,570.09	26-02-2019	1:1	77.47
3. Buy	3	2,500.00	15,931.22	03-12-2018	1:1	76.18
Swap Contracts						
1. Buy	2	2,917.93	18,080.35	10-03-2026	1:1	N/A
2. Buy	2	740.74	4,843.13	30-03-2026	1:1	N/A
3. Buy	1	2,000.00	670.48	03-12-2018	1:1	N/A

Disclosure of effects of hedge accounting on financial performance

Cash Flow hedge	Opening	Changes during the year	Closing	Receivables/ (Payables) from MOR	Impact on financial performance
31-Mar-19	9,684.72	(5,015.69)	4,669.03	5,015.69	-
31-Mar-18	6,857.84	2,826.88	9,684.72	(2,826.88)	-
01-Apr-17	-	6,857.84	6,857.84	(6,857.84)	-

Note 39: Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of Company are given below:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital Fund-Tier I	18,58,504.53	13,92,817.13	12,15,388.28
Capital Fund-Tier II	-	-	-
Risk weighted assets along-with adjusted value of off balance sheet items	7,01,045.94	6,19,585.57	3,18,358.44
CRAR			
CRAR-Tier I Capital	265.10%	224.80%	380.57%
CRAR-Tier II Capital	265.10%	224.80%	380.57%
Amount of subordinated debt raised as Tier-II capital	-	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-	-

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Notes to financial statements
(All amounts in lakhs of INR, unless stated otherwise)

Note 40: The particulars of loans given as required to be disclosed by section 186 (4) of Companies Act, 2013 are as below:

S.No.	Name of Party	As at 31 March 2019				As at 31 March, 2018				As at 1 April, 2017			
		Amount of loan outstanding	Loan Given during the year	Terms	Purpose of Utilization by Recipient	Amount of loan outstanding	Loan Given during the year	Terms	Purpose of Utilization by Recipient	Amount of loan outstanding	Loan Given during the year	Terms	Purpose of Utilization by Recipient
1	Rail Vikas Nigam Limited (RVNL) -I	1,87,663.00	8,000.00	3 + 12 years	Regular project Work	2,03,795.50	9,250.00	3 + 12 years	Regular project Work	2,16,403.00	3,713.00	3 + 12 years	Regular project Work
2	IRCON International Limited	3,07,653.38	-	5 years	Station Development	3,20,000.00	3,20,000.00	5 years	Station Development	-	-	-	-
3	Rail Vikas Nigam Limited (RVNL) -II	96,600.00	96,600.00	3 + 12 years	Regular project Work	-	-	-	-	-	-	-	-
	Total	**5,91,916.38**	**1,04,600.00**			**5,23,795.50**	**3,29,250.00**			**2,16,403.00**	**3,713.00**		

Note 41: Other Disclosures

(a) Lease rental is charged on the assets leased from the first day of the month in which the Rolling Stock assets have been identified and placed on line as per the Standard Lease Agreements executed between the Company and MOR from year to year.

(b) Ministry of Railways (MOR) charges interest on the value of the assets identified prior to the payments made by the Company, from the first day of the month in which the assets have been identified and placed on line to the first day of the month in which the money is paid to the MOR. However, no interest is charged from the MOR on the amount paid by the company prior to identification of Rolling stock by them.

(c) (i) Interest rate variation on the floating rate linked rupee borrowings and interest rate and exchange rate variations on interest payments in the case of foreign currency borrowings are adjusted against the lease income in terms of the variation clauses in the lease agreements executed with the Ministry of Railways. During the year ended 31 March 2019, such differential has resulted in an amount of Rs. 7,079.79 lakhs accruing to the Company (31 March 2018: Rs. 4,774.16 lakhs (accruing to MOR), 1 April 2017:Rs.7,046.00 lakhs), which has been accounted for in the lease income.

(ii) In respect of foreign currency borrowings, which have not been hedged, variation clause have been incorporated in the lease agreements specifying notional hedging cost adopted for working out the cost of funds on the leases executed with MOR. Hedging cost in respect of these foreign currency borrowings is compared with the amount recovered by the company on such account on notional cost basis and accordingly, the same is adjusted against the lease income. During the year ended 31st March 2019 in respect of these foreign currency borrowings, the Company has recovered a sum of Rs.6,993.85 Lakhs (31 March 2018: Rs. 14,232.11 lakhs, 01 April 2017:Rs. 17,433 lakhs) on this account from MOR against a sum of Rs. 17,324.34 lakhs (31 March 2018:Rs. 20,976.66 lakhs, 1 April 2017: Rs 19,713 lakhs) incurred towards hedging cost and the balance amount of Rs.10,330.49 lakhs (31 March 2018: Rs. 6,744.55 lakhs (Reecoverable) ,01 April 2017: Rs 2,280.00 lakhs (Reecoverable)) is recoverable from MOR.

(d) The Leases executed for Rolling Stock in the year 1987-88 & 1988-99 for Rs. 77,032.86 lakhs & 86,072.69 lakhs have expired on 31 March 2018 & 31 March 2019 respectively. During the primary and secondary lease periods full value of assets (including interest) has been recovered from the lessee (MOR). These assets have outlived their useful economic life. Formalities for the transfer of these assets to MOR are under progress and neccessary adjustments in the accounts if required, will be carried out on transfer of Rolling Stock to MOR.

Note 42:

(a) (i) The Reserve Bank of India has issued Master Direction – Non- Banking Financial Company- Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide notification DNBR.PD.008/03.10.119/2016-17 dated 1st September 2016 as amended from time to time have become mandatory with effect from 31 May, 2018. The Reserve Bank of India has granted exemption to the Company in respect of classification of asset, provisioning norms and credit concentration norms to the extent of direct exposure to sovereign.

(a) (ii) Till the financial year 2017-18, the Company, being a Govt. NBFC, was exempt from creation and maintainence of Reserve Fund as specified u/s 45-IC of Reserve Bank of India Act, 1934. However, the said exemption has been withdrawn by the Reserve Bank of India (RBI) vide Notification No. DNBR (PD) CC.No.092/03.10.001/2017-18 dated 31st May 2018. Accordingly, the Company is now creating the Reserve Fund as required u/s 45IC of RBI Act, 1934, wherein at least 20% of net profit every year will be transferred before the declaration of dividend. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Bank from time to time and further, any such appropriation is also required to be reported to the Bank within 21 days from the date of such withdrawal.

(b) In terms of the Ministry of Corporate Affairs circular dated 18th April, 2002, the Company, being a Non-Banking Finance Company registered with RBI, is required to create Bond Redemption Reserve equivalent to 50% of the value of the bonds raised through Public issue by the redemption date of such Bonds. Subsequently, the requirement for creation of Bond Redemption Reserve in case of Public Issue of bonds by Non-Banking Finance Company registered with RBI was brought down to 25% by MCA vide their circular dated 11th Feb, 2013. Further, the Companies (Share Capital and Debentures) Rules, 2014 dated 3rd April, 2014 also mandates the Non- Banking Finance Companies registered with RBI to create Bond Redemption Reserve equivalent to 25% of the value of the Bonds raised through public issue by the redemption dates of such bonds. Accordingly, the Company is required to transfer 50% of the value of the bonds raised through public issue during FY 2011-12 and 25% of the value of Bonds raised through Public Issue during 2012-13, FY 2013-14 and FY 2015-16 to Bond Redemption Reserve by the redemption dates of such Bonds. The Company has raised Rs. 24,88,167.37 Lakhs through public issue of bonds in FY 2011-12, FY 2012-13, FY 2013-14 and FY 2015-16. The average residual maturity of the above mentioned bonds is more than 7 years as on 31st March 2019. The Company has transferred an amount of Rs. 41,981 lakhs to the Bond Redemption Reserve during FY 2018-19.

Note 43:

i The Finance Act, 2001 provides for levy of service tax on the finance and interest charges recovered through lease rental installments on the Financial Leases entered on or after 16-07-2001. The Central Government vide Order No.1/1/2003-ST dated 30 April 2003 and subsequent clarification dated 15-12-2006 issued by Ministry of Finance has exempted the Lease Agreements entered between the Company and Ministry of Railways from levy of Service Tax thereon u/s 93(2) of Finance Act, 1994.

ii The GST Council in their meeting held on 19 May, 2017 has exempted the services of leasing of assets (rolling stock assets including wagons, coaches, locos) by Indian Railways Finance Corporation to Indian Railways from the levy of Goods & Service Tax (GST), Notification No. 12/2017 (Heading 9973) which has been made applicable with effect from 1 July, 2017.

Note 44:

Increase/Decrease in liability due to exchange rate variation on foreign currency loans for purchase of leased assets amounting to Rs.26,700.40 lakhs(31 March, 2018: Increase Rs. 4,923.00 lakhs, 1 April 2017: Decrease Rs. 7,997.00 lakhs) has not been charged to the Statement of Profit and Loss as the same is recoverable from the Ministry of Railways (lessee) separately as per lease agreements. The crystallized exchange rate variation loss on foreign currency loans repaid during the year amounting to Rs.57,797.44 lakhs(31 March 2018: Rs.40,176 lakhs,1 April 2017: Rs. 69,674 lakhs) has been recovered from the Lessee, leaving a balance of Rs. 51,118.01 lakhs recoverable from MOR as on 31 March 2019(31 March, 2018: Rs.82,215.05 lakhs,1 April 2017:Rs. 1,17,467.43 lakhs).

Effective portion of (loss)/gain on account of decrease/increase in the fair value of the derivative assets (hedging instruments) amounting to (Rs5015.69 Lakhs) (P.Y gain Rs 2826.88 Lakhs) classified as cash flow hedges has not been recognised in the other comprehensive income as the same is recoverable/refundable to the MOR (Lessee) since the derivatives have been contracted to hedge the financial risk of MOR (Lessee).

Note 45:

The Ministry of Railways (MOR) vide letter dated 23 July 2015 had authorized the Company to draw funds from LIC in consultation with MOR for funding of Railway Projects in line with leasing methodology adopted by Company for funding Railway Projects in past. Pending execution of the Lease Documents, the Company has entered into a Memorandum of Understanding with the Ministry of Railways on 23 May 2017 containing principal terms of the lease transactions. The total sum of Rs. 59,71,529.00 lakhs disbursed to MOR till the end of 31 March 2019 (31 March 2018:Rs. 37,35,989.00 lakhs, 1 April, 2017: Rs.22,60,000.00 lakhs) has been shown as 'Advance against Railway Infrastructure Assets to be leased'. A sum of Rs. 5,19,355.04 lakhs (31 March 2018: Rs. 2,46,516.49 lakhs, 1 April, 2017: Rs. 92,778.69 lakhs) incurred by the Company on account of interest cost on the funds borrowed for the purpose of making aforesaid advances has been capitalised and added to the Advance paid against Infrastructure assets to be leased out to MoR. Under erstwhile Indian GAAP, the said amount was accounted for as Interest Income which under the Ind AS has now been reduced from interest expense. In respect of National Project, a total sum of Rs. 5,07,870 lakhs disbursed to MoR till the end of 31 March 2019 (31 March 2018: Nil, 1 April 2017: Nil) has been shown as 'Advance funding against National Project' on which a sum of Rs. 411.71 lakhs (31 March 2018: Nil, 1 April 2017: Nil) has been incurred by the Company on account of interest cost on the funds borrowed for the purpose of making aforesaid advances has been capitalised and added to the Advance funding against National Project to be leased out to MoR. The same would be recovered through lease rentals in future over the life of the leases. Details are as under:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Advance paid against infrastructure assets to be leased	59,71,529.00	37,35,989.00	22,60,000.00
-Add: Borrowing cost capitalised on borrowed funds	5,19,355.04	2,46,516.49	92,778.69
Total	**64,90,884.04**	**39,82,505.49**	**23,52,778.69**

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Advance funding against National Project	5,07,870.00	-	-
-Add: Borrowing cost capitalised on borrowed funds	411.71	-	-
Total	**5,08,281.71**	**-**	**-**

Capitalisation rate used to determine the borrowing cost

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capitalisation rate	8.01%	7.47%	6.98%

Note 46:

Office building including parking area has been capitalised from the date of taking possession. However, the sale/transfer deed is still pending for execution in favour of the Company. Stamp duty payable on the registration of office building works out to about Rs. 91.45 lakhs(as certified by approved valuer) (31 March 2018: Rs. 91.45 lakhs, 1 April 2017: Rs. 122.00 lakhs), which will be accounted for on registration.

Note 47:

(a) The Company discharges its obligation towards payment of interest and redemption of bonds, for which warrants are issued, by depositing the respective amounts in the designated bank accounts. Reconciliation of such accounts is an ongoing process and has been completed upto 31 March 2019. The Company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 31st March 2019 is Rs. 809.06 lakhs (31 March, 2018: Rs. 581.62 lakhs,1 April, 2017: Rs. 657.36 lakhs).

(b) The Company is required to transfer any amount remaining unclaimed and unpaid in such interest and redemption accounts after completion of 7 years to Investor Education Protection Fund (IEPF) administered by the Ministry of Corporate Affairs, Government of India. During the year ended 31 March 2019, a sum of Rs. 0.69 lakhs was deposited in IEPF (31 March, 2018: Rs.0.65 lakhs,1 April, 2017: Rs. 12.80 lakhs).

Note 48:

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

In terms of the Reserve Bank of India (RBI) Guidelines on Minimum Retention Requirement issued by the Reserve Bank of India as applicable to the Non-Banking Finance Companies, the company being the originator, had opted to retain a minimum of 5% of the book value of the receivables being securitised. Accordingly, the Company had invested Rs. 1,697.71 lakhs in the Pass Through Certificates (PTCs) issued by the 'Special Purpose Vehicle' towards Minimum Retention Requirement. Out of the amount invested in Pass Through Certificates (PTCs), Rs.1,364.76 lakhs have matured till 31st March 2019, leaving a balance of Rs.332.95 lakhs. Details of the amount invested in Pass Through Certificates (PTCs) and outstanding as on 31st March 2019 is as follows:

As on 31 March 2019

Series	Date of Maturity	Nos of PTC	Face value per PTC	Total amount
Q	15-Apr-19	5	11.31	56.57
R	15-Oct-19	5	10.81	54.04
S	15-Apr-20	5	10.32	51.62
T	15-Oct-20	5	9.86	49.32
U	15-Apr-21	5	9.42	47.10
V	15-Oct-21	5	9.00	45.00
W	15-Apr-22	5	5.86	29.30
Total		**35**		**332.95**

As on 31 March 2018

Series	Date of Maturity	Nos of PTC	Face value per PTC	Total amount
O	15-Apr-18	5	12.40	61.99
P	15-Oct-18	5	11.84	59.21
Q	15-Apr-19	5	11.31	56.57
R	15-Oct-19	5	10.81	54.04
S	15-Apr-20	5	10.32	51.62
T	15-Oct-20	5	9.86	49.32
U	15-Apr-21	5	9.42	47.10
V	15-Oct-21	5	9.00	45.00
W	15-Apr-22	5	5.86	29.30
Total		**45**		**454.15**

As on 1 April 2017

Series	Date of Maturity	Nos of PTC	Face value per PTC	Total amount
M	15-Apr-17	5	13.58	67.91
N	15-Oct-17	5	12.98	64.88
O	15-Apr-18	5	12.40	61.99
P	15-Oct-18	5	11.84	59.21
Q	15-Apr-19	5	11.31	56.57
R	15-Oct-19	5	10.81	54.04
S	15-Apr-20	5	10.32	51.62
T	15-Oct-20	5	9.86	49.32
U	15-Apr-21	5	9.42	47.10
V	15-Oct-21	5	9.00	45.00
W	15-Apr-22	5	5.86	29.30
Total		**55**		**586.94**

Note 49: Corporate Social Responsibility

As per Section 135 of Companies Act 2013 a Corporate Social responsibiltiy Committee has been formed by the Company. During the year the Company has undertaken Corporate Social Responsibility activities as approved by the CSR Committee which are specified in Schedule VII of the Companies Act 2013.

i) Gross amount required to be spent by the Company upto the period 31 March 2019 is Rs. 4,418.00 lakhs (excluding Rs. 166.63 lakhs spent for earlier year)

ii) Amount spent during the year on:

As on 31 March 2019

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
i)	**Construction/Acquisitionof any assets**	**-**	**-**	**-**
ii)	**On Purpose other than (i) above**	**719.74**	**128.02**	**847.76**
iia)	Sanitation and safe drinking water (Item No. (i) of Schedule - VII)	295.38	-	**295.38**
iib)	Social Welfare (Item No.(iii) of Schedule-VII)	-	-	**-**
iic)	Forest & Environment,animal welfare etc. (Item No. (iv)	-	-	**-**
iid)	Contribution to'Clean Ganga Fund' (Item No.(iv) of	-	-	**-**
iie)	Ensuring environment sustainability item No. (iv) of Schedule - (VII)	324.36	128.02	**452.38**
iif)	Measures for armed forces veterans,(Item No. (vi) of ScheduleVII)	100.00	-	**100.00**
	Grand Total (i+ii)	**719.74**	**128.02**	**847.76**

As on 31 March 2018

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
i)	**Construction/Acquisitionof any assets**	**-**	**-**	**-**
ii)	**On Purpose other than (i) above**	**2,072.90**	**305.07**	**2,377.97**
iia)	Contribution to 'Swachh bharat Kosh' (Item No. I of	-	-	**-**
iib)	Health Care (Item No.(i) of Schedule-VII)	-	-	**-**
iic)	Social Welfare (Item No.(iii) of Schedule-VII)	247.75	-	**247.75**
iid)	Forest & Environment,animal welfare etc. (Item No. (iv)	736.45	305.07	**1,041.52**
iie)	Contribution to'Clean Ganga Fund' (Item No.(iv) of	1,088.70	-	**1,088.70**
iif)	Art & Culture, Public Libraries (Item No (v) of Schedule-VII)	-	-	**-**
	Grand Total (i+ii)	**2,072.90**	**305.07**	**2,377.97**

Note 50: Interest on deposit & Investment include Tax Deducted at Source amounting to Rs 34.58 lakhs for the year ended 31 March 2019(31 March 2018 :Rs. 31.09 lakhs, 1 April 2017: Rs. 71.89 lakhs.) Ministry of Railways has also deducted tax at source amounting to Rs. 37,051.24 lakhs (31 March 2018: Rs. 32,919.24 lakhs, 1 April 2017: Rs. 30,391.60 lakhs)on lease rentals.

Note 51: The Company is in the process or compiling relevant information from its supplier about their coverage under the Micro, Small and Medium Enterprises development Act, 2006 (MSMED Act). As the Company has not received the relevant information till finalisation of accounts, disclosure in this regard could not be made.

Note 52: In respect of physical verification of assets given on lease, Ministry of Railways (Lessee) provides a certificate each year that the leased assets are maintained in good working condition as per laid down norms, procedures and standards. In the opinion of the management, the aforesaid system is satisfactory considering the fact that the assets are maintained and operated by the Central Government.

53.1 Related party disclosures

a. Related parties and their relationships

i. The Company is a Government related entity as the entire equity shareholding of the Company is held by the President of India through Ministry of Railways, Government of India. The Company is also related to Rail Vikas Nigam Limited and IRCON International Limited which are also government related entities and with whom the Company has transactions. The Company has exempted from disclosure in para 25 of Ind AS 24, 'Related Party Transactions' being a government related entity.

ii. Details of significant transactions and outstanding balances with Ministry of Railways are as under

Particulars	As at 31 March 2019	As at 31 March, 2018
- Lease Receivables	1,25,02,651.17	1,09,47,165.64
- Advance for Railways Infrastructure Assets	64,90,884.04	39,82,505.49
- Advance for National Project	5,08,281.71	-
-Interest accrued but not due on advance for railway project to be leased	2,13,401.09	96,498.71
- Other Payables/(Receivable)	93,745.29	3,59,463.03

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
- Lease Income	9,41,000.91	8,27,844.84
- Pre-commencement Lease-interest income	1,17,577.15	73,914.62

iii. Details of significant transactions with Rail Vikas Nigam Limited and IRCON International Limited .

Particulars	As at 31 March 2019	As at 31 March, 2018
- Closing Balances of Loan to Rail Vikas Nigam Ltd	2,84,263.00	2,03,795.50
- Closing Balances of Loan to IRCON International Ltd.	3,07,653.38	3,20,000.00
- Interest Income received thereon	52,510.54	23,432.76
- Interest Receivables	96,691.13	71,837.43

iv.

Key Management Personnel
Relationship:

Managing Director	Sh. S K Pattanayak	(From 9 March 2017 to 26 July 2018)
	Sh. Vijay Kumar	(From 26 July 2018)
Director - Finance	Sh. Niraj Kumar	(From 1 July 2015)
Company Secretary & Group General Manager (TL)	Sh. S K Ajmani	(Uptill 8 March 2018)
	Sh. Vijay Babulal Shirode	(From 9 March 2018)

Transactions:

Particulars	As at 31 March 2019	As at 31 March 2018
Salary/Allowances	64.62	127.12
Reimbursments	3.00	38.58
Incentives	14.36	15.81
Totals	**81.98**	**181.51**

54 First-time Ind AS Adoption Reconciliations

54.1 Effect of Ind AS adoption on the Balance Sheet

Particulars	As at 31 March 2018			As at 1 April 2017		
	Previous GAAP*	Effect of Transition to Ind AS	As per Ind AS Balance sheet	Previous GAAP*	Effect of Transition to Ind AS	As per Ind AS Balance sheet
Financial Assets						
Cash and cash equivalents	112.88	-	112.88	94.39	-	94.39
Bank balance other than (a) above	9,869.22	-	9,869.22	657.36	-	657.36
Derivative financial instruments	9,684.72	-	9,684.72	6,857.84	-	6,857.84
Receivables	1,09,47,165.64	-	1,09,47,165.64	98,20,618.96	-	98,20,618.96
Loans	5,23,795.50	-	5,23,795.50	2,16,403.00	-	2,16,403.00
Investments	654.00	743.77	1,397.77	786.79	670.41	1,457.20
Other financial assets	45,80,076.28	(69,316.33)	45,10,759.95	28,79,165.54	(53,358.37)	28,25,807.17
Total financial assets	**1,60,71,358.24**	**(68,572.56)**	**1,60,02,785.68**	**1,29,24,583.88**	**(52,687.96)**	**1,28,71,895.92**
Non- financial Assets						
Non-current tax assets (net)	2,584.38	-	2,584.38	1,065.76	-	1,065.76
Property, plant and equipment	1,126.85	-	1,126.85	1,150.35	-	1,150.35
Intangible assets	2.64	-	2.64	1.18	-	1.18
Other non-financial assets	1,57,159.13	(16,826.12)	1,40,333.01	38,161.91	(37,802.78)	359.13
Non financial assets	**1,60,873.00**	**(16,826.12)**	**1,44,046.88**	**40,379.20**	**(37,802.78)**	**2,576.42**
Total assets	**1,62,32,231.24**	**(85,398.68)**	**1,61,46,832.56**	**1,29,64,963.08**	**(90,490.74)**	**1,28,74,472.34**
Financial Liabilities						
Derivative financial instruments	86,140.45	(11,182.56)	74,957.89	91,159.39	(25,547.25)	65,612.14
Payables					-	
(I) Trade payables					-	
(II) Other payables	871.52	-	871.52	350.70	-	350.70
Debt securities	1,11,26,258.03	(41,833.43)	1,10,84,424.60	95,29,025.76	(34,563.54)	94,94,462.22
Borrowings (Other than debt securities)	23,68,999.24	(52,871.11)	23,16,128.13	11,10,460.41	(45,994.01)	10,64,466.40
Other financial liabilities	5,66,256.84	-	5,66,256.84	3,87,833.78	-	3,87,833.78
Total financial liabilities	**1,41,48,526.08**	**(1,05,887.10)**	**1,40,42,638.98**	**1,11,18,830.04**	**(1,06,104.80)**	**1,10,12,725.24**
Non-Financial Liabilities						
Provisions	22,181.39	(21,097.77)	1,083.62	4,970.56	(4,034.84)	935.72
Deferred tax liabilities (net)	6,38,991.66	5,322.37	6,44,314.03	6,38,991.66	5,322.37	6,44,314.03
Other non-financial liabilities	66,011.13	(83.82)	65,927.31	1,211.11	(142.23)	1,068.88
Total non-financial liabilities	**7,27,184.18**	**(15,859.22)**	**7,11,324.96**	**6,45,173.33**	**1,145.30**	**6,46,318.63**
Total liabilities	**1,48,75,710.26**	**(1,21,746.32)**	**1,47,53,963.94**	**1,17,64,003.37**	**(1,04,959.50)**	**1,16,59,043.87**
EQUITY						
Equity share capital	6,52,646.00	-	6,52,646.00	6,52,646.00	-	6,52,646.00
Other equity	7,03,874.98	36,347.64	7,40,222.62	5,48,313.71	14,468.76	5,62,782.47
Total equity	**13,56,520.98**	**36,347.64**	**13,92,868.62**	**12,00,959.71**	**14,468.76**	**12,15,428.47**
Total equity and liabilities	**1,62,32,231.24**	**(85,398.68)**	**1,61,46,832.56**	**1,29,64,963.08**	**(90,490.74)**	**1,28,74,472.34**

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

54.2 Reconciliation of Total Equity

Particulars	As at 31 March 2018	As at 1 April 2017
Total equity (shareholders funds) under previous GAAP	6,52,646.00	6,52,646.00
Share capital	7,03,874.98	5,48,313.71
Reserves and surplus		
	13,56,520.98	**12,00,959.71**
Adjustments:		
Proposed equity dividend reversed (including dividend distribution tax)	21,097.77	4,034.85
Recognition of borrowings at amortised cost using effective interest rate method	20,167.73	15,366.48
Recognition of advances to employees at amortised cost using effective interest rate method	(1.99)	(1.75)
Fair value of investments	743.77	670.41
Gain on securitization recognised on the date of transaction	83.82	142.23
Security Premium	(421.09)	(421.09)
Deferred Tax Liability	(5,322.37)	(5,322.37)
Total adjustment to equity	**36,347.64**	**14,468.76**
Total equity under Ind AS		
Equity share capital	6,52,646.00	6,52,646.00
Other equity	7,40,222.62	5,62,782.47
	13,92,868.62	**12,15,428.47**

54.3 Effect of Ind AS Adoption on the Statement of Profit and Loss

Particulars	As at 31 March 2018		
	Previous GAAP*	Effect of Transition to Ind AS	As per Ind AS Balance sheet
Revenue from operations			
Interest income	2,52,558.97	(1,53,738.04)	98,820.93
Dividend income	48.66	-	48.66
Lease income	8,49,233.50	(21,388.66)	8,27,844.84
Total revenue from operations	11,01,841.13	(1,75,126.70)	9,26,714.43
Other income	182.09	(58.41)	123.68
Total income	**11,02,023.22**	**(1,75,185.11)**	**9,26,838.11**
Expenses			
Finance costs	8,43,684.97	(1,79,927.70)	6,63,757.27
Employee benefits expenses	543.94	8.68	552.62
Depreciation, amortization and impairment	35.40	-	35.40
Others expenses	3,243.76	-	3,243.76
Total Expenses	**8,47,508.07**	**(1,79,919.02)**	**6,67,589.05**
Profit before exceptional items and tax	**2,54,515.15**	**4,733.91**	**2,59,249.06**
Exceptional items			-
Profit before tax	**2,54,515.15**	**4,733.91**	**2,59,249.06**
Tax Expense:			
Current tax	54,342.32	(1.85)	54,340.47
Adjustment for earlier years	(557.84)	-	(557.84)
Total Tax Expenses	**53,784.48**	**(1.85)**	**53,782.63**
Profit for the period	**2,00,730.67**	**4,735.76**	**2,05,466.43**
Other Comprehensive Income			
(A)(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		8.68	8.68
- Remeasurement of Equity Instrument		73.36	73.36
(ii) Income tax relating to items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plans		(1.85)	(1.85)
Subtotal (A)	**-**	**80.19**	**80.19**
(B) (i) Items that will not be reclassified to profit or loss			
- Remeasurement of Equity Instrument			-
(ii) Income tax relating to items that will not be reclassified to profit and loss account			
Subtotal (B)	**-**	**-**	**-**
Other Comprehensive Income (A + B)	**-**	**80.19**	**80.19**
Total Comprehensive Income for the period (Comprising Profit (Loss) and other Comprehensive Income for the period)	**2,00,730.67**	**4,815.95**	**2,05,546.62**

54.4 Reconcilation of Total Comprehensive Income

Particulars	As at 31 March 2018
Profit after tax as per Indian GAAP	**2,00,730.67**
Pre commencement lease - interest income recognized	(1,53,737.80)
Lease Income	(21,388.66)
Securitization gain - recognised during the year	(58.41)
Borrowing Cost on Railway Infrastructure Assets capitalised	1,53,737.80
Adjustment of transaction cost/Effective Interest Rate	4,801.24
Adjustment of Effective Interest Rate on Advances to employees	(0.24)
Unabsorbed forward premium derecognized	21,388.66
Employees benefit expenses - recognised in OCI	(8.68)
Adjustment of Current tax Liability - recognised in OCI	1.85
Total effects of transition to Ind AS	**4,735.76**
Profit for the period as per Ind AS	**2,05,466.43**
Remesurement of defined benefit plans	8.68
Remesurement of Equity instruments - Ircon International Limited	73.36
Tax impact on remesurement of defined benefit plans	(1.85)
Total other comprehensive income under Ind AS	**80.19**
Total comprehensive income under Ind AS	**2,05,546.62**

54.5 Effect of Ind AS adoption on the statement of cash flows for the year ended 31 March, 2018

Particulars	As at 31 March 2018		
	Previous GAAP*	Effect of Transition to Ind AS	As per Ind AS Balance sheet
Net Cash flows from operating activities	(28,02,827.57)	(4,784.83)	(28,07,612.40)
Net Cash flows from investing activities	167.44	-	167.44
Net Cash flows from financing activities	28,02,678.62	4,784.83	28,07,463.45
Net increase in cash and cash equivalents	18.49	-	18.49
Cash and Cash equivalents at the beginning of the period	94.39	-	94.39
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	-	-
Cash and Cash equivalents at the end of the period	**112.88**	**-**	**112.88**

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the Reconciliaiton:

1 Under previous GAAP, all financial assets and financial liabilities were carried at cost.
Under Ind AS, certain financial assets and financial liabilities are initially recognised at fair value and subsequently measured at amortised cost which involves the application of effective interest/amortised cost method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial assets or financial liability to the fair value amount on the date of recognition of financial assets or financial liability. The transaction cost has been considered in determining the fair value at initial recognition.

2 Under previous GAAP, long term investments being equity share of IRCON International Limited were measured at cost less diminution in value which is other than temporary.Under Ind AS, these financial assets have been classified as Fair Value through Other Comprehensive Income (FVTOCI). On the date of transition to Ind AS, these investments have been measured at their fair value.

3 Under previous GAAP, actuarial gains and losses were recognised in the Statement of Profit and Loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/ asset which is recognised in Other Comprehensive Income. Consequently, the tax effect of the same has also been recognised in Other Comprehensive Income under Ind AS instead of the Statement of Profit and Loss.

4 Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences, which was not required under previous GAAP. The Company has been exempted the provisions of Ind AS-12 as per MCA gazatte notifications No.S.O 529(E) dated 5th Feb,2018 as amended by Notification No. S.O 1465 Dated 2nd April 2018.

5 Under the previous GAAP, Provision for receivable is recognised on specific identification method based on management assessment of recoverability of trade receivable. As per Ind AS 109, the Company is required to apply expected credit loss model for recognition the allowance for doubtful receivables subject to RBI directions.

6 Under the previous GAAP, Proposed dividend including Corporate dividend tax was recognised as proposed by the Board of Directors. Under Ind AS, proposed dividend including corporate dividend tax has been recognised when approval by the shareholders in the annual general meeting of the Company.

7 Under previous GAAP, Secruitisation gain was amortized over the period of pass through certificates. As per Ind AS-109, the gain has been recognized in the year of transaction.

8 Under the previous GAAP, the Company had recognised 'Interest on Lease Advance' on capital advance for Northern Railway Infrastructure Assets. As per Ind AS, the aforesaid amount is based on the nature of funds deployed is either recognised as pre commencement lease - interest income or capitalised as borrowing cost.

9 The Company had applied hedge accounting on derivatives/forward contracts taken to hedge foreign currency loan/bond transactions.

Note 55: Additional disclosures in accordance with RBI directions on Corporate Governance

55.1: Investments

Particulars				As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1	Value of investments					
	i	Gross value of investments				
		(a)	In India	1,314.44	1,397.77	1,457.20
		(b)	Outside India		-	-
	ii	Provisions for depriciation				
		(a)	In India	-	-	-
		(b)	Outside India	-	-	-
	iii	Net value of investments				
		(a)	In India	1,314.44	1,397.77	1,457.20
		(b)	Outside India	-	-	-
2	Movement of provisions held towards depriciation on investments					
	i	Opening balance		-	-	-
	ii	Add: Provisions made during the year		-	-	-
	iii	Less: Write-off/ write-back of excess provisions during the year		-	-	-
	iv	Closing balance		-	-	-

55.2: Derivatives
55.2.1: Forward rate agreement/ Interest rate swap

Particulars		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
i	The notional principal of swap agreements	2,54,753.46	3,70,643.14	3,71,209.01
ii	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	4,669.03	9,684.72	6,857.84
iii	Collateral required by the NBFC upon entering into swaps	-	-	-
iv	Concentrationof credit risk arising from the swaps	-	-	-
v	The fair value of the swap book	(26,390.51)	(13,857.18)	(22,253.00)

55.2.2: Disclosure of risk exposure in derivatives

Qualitative disclosure

The Company enters into derivatives for the purpose of hedging and not for trading/speculation purposes.

The Company has framed a risk management policy duly approved by the board in respect of its External Commercial Borrowings (ECBs). A risk management committee comprising the Managing Director and Director Finance has been formed to monitor, analyze and control the currency and interest rate risk in respect of ECBs.

The Company avails various derivative products like currency forwards, Cross Currency swap, Interest rate swap etc. for hedging the risks associated with its ECBs.

Quantitative disclosures

As at 31 March 2019

Particulars			Currency derivatives	Cross Currency & Interest Rate Derivatives	Interest rate derivatives
i	Derivatives (notional principal amount)		-	1,27,376.73	1,27,376.73
	For hedging				
ii	Marked to market positions				
	a)	Asset	-	-	4,669.03
	b)	Liability	-	31,059.54	-
iii	Credit exposure		-	3,821.30	8,490.33
iv	Unhedged exposure		-	-	1,72,310.51

As at 31 March, 2018

Particulars			Currency derivatives	Cross Currency & Interest Rate Derivatives	Interest rate derivatives
i	Derivatives (notional principal amount)				
	For hedging		4,22,848.55	1,19,821.56	2,50,821.56
ii	Marked to market positions				
	a)	Asset	-	-	9,684.71
	b)	Liability	51,509.08	23,541.90	-
iii	Credit exposure		8,456.97	3,594.64	13,934.36
iv	Unhedged exposure		8,46,829.24	-	3,01,257.67

As at 1 April, 2017

Particulars			Currency derivatives	Cross Currency & Interest Rate Derivatives	Interest rate derivatives
i	Derivatives (notional principal amount)				
	For hedging		4,22,848.55	1,20,004.50	2,51,204.50
ii	Marked to market positions				
	a)	Asset	-	-	6,857.83
	b)	Liability	32,736.58	29,110.83	-
iii	Credit exposure		4,228.48	3,600.13	11,769.97
iv	Unhedged exposure		5,56,248.64	-	1,41,040.00

55.2.3. Derivative Instruments

The Company judiciously contracts financial derivative instruments in order to hedge currency and / or interest rate risk. All derivative transactions contracted by the Company are in the nature of hedging instruments with a defined underlying liability. The Company does not deploy any financial derivative for speculative or trading purposes.

(a) The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations in respect its External Commercial Borrowings.

Outstanding foreign exchange forward contracts entered into by the Company which have been used for hedging the foreign currency risk on repayment of external commercial borrowings (principal portion):

As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
No. of Contracts	Borrowing outstanding in foreign Currency (USD Million)	InR equivalent (lakhs)	No. of Contracts	Borrowing outstanding in foreign Currency (USD Million)	InR equivalent (lakhs)	No. of Contracts	Borrowing outstanding in foreign Currency (USD Million)	InR equivalent (lakhs)
-	-	-	9	550	4,22,848.55	9	550	4,22,848.55

(b) In respect of following External Commercial Borrowings, the Company has executed cross currency swap to hedge the foreign exchange exposure in respect of both principal outstanding and interest payments and converted its underlying liability from one foreign currency to another:

As at 31 March 2019			As at 31 March 2018			As at 01 April 2017			Remarks
No. of Contracts	Borrowing outstanding in foreign Currency	Notional USD equivalent	No. of Contracts	Borrowing outstanding in foreign Currency	Notional USD equivalent	No. of Contracts	Borrowing outstanding in foreign Currency	Notional USD equivalent	
1	JPY 12 Billion	145.90 Million	1	JPY 12 Billion	145.90 Million	1	JPY 12 Billion	145.90 Million	Back to back recovery of INR/USD exchanges rate variation from MOR.
1	JPY 3 Billion	37.04 Million	1	JPY 3 Billion	37.04 Million	1	JPY 3 Billion	37.04 Million	Back to back recovery of INR/USD exchange rate variation from MOR.

The foreign currency borrowings which have not been hedged, are as follows:

As at 31 March 2019		As at 31 March 2018		As at 01 April 2017		Remarks
No. of Contracts	Borrowing outstanding in foreign Currency	No. of Contracts	Borrowing outstanding in foreign Currency	No. of Contracts	Borrowing outstanding in foreign Currency	
1	USD 9.00 Million	1	USD 12.00 Million	1	USD 15 Million	Back to back recovery of exchange rate variation from MOR.
1	USD 500 Million	-	-	1	USD 300 Million	
1	USD 500 Million	2	USD 350 Million	2	USD 350 Million	
1	JPY 26,231.25 Million (Equivalent to USD 250 Million)	1	JPY 26,231.25 Million (Equivalent to USD 250 Million)	-	-	
		1	USD 500 Million	-	-	

(c) Other than currency forward contracts, the Company also resorts to interest rate derivatives like Cross Currency Interest Rate Swap and Interest Rate Swap for hedging the interest rate risk associated with its external commercial borrowings.

No. of transaction	Description of Derivative	Notional Principal	Fair Value Asset / (liability) at 31 March 2019	Fair Value Asset / (liability) at 31 March 2018	Fair Value Asset / (liability) at 1 April 2017
2	Cross Currency Interest Rate Swap (JPY Fixed Interest Rate Liability to USD Floating Rate Liability)	JPY 12 Bn. / USD Mio 145.90; JPY 3 Bn. / USD Mio 37.04	(31,059.54)	(23,541.90)	(29,110.84)
2	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	JPY 12 Bn. / USD Mio 145.90; JPY 3 Bn. / USD Mio 37.04	4,669.03	8,702.98	6,187.36
1	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 200.00 Mio	-	981.74	670.48

55.3: Disclosures relating to securitisation

The Company has not entered into any securitization transaction during the year. However, the Company had entered into two securitization transactions in respect of its lease receivables from MoR on 25 January 2010 and 24 March 2011. As per IND AS 109, financial instruments, the gain on these transactions was recognised in the year of transactions, itself.

55.3.1

In terms of the Minimum Retention Requirement (MRR) as contained in the draft guidelines issued by RBI in April 2010, the Company had invested 5% of the total securitized amount towards MMR in respect of its second securitization transaction executed in 2011. The present exposure on account of securitization transaction at 31 March 2019 is Rs.332.95 lakhs (Previous year Rs. 454.15 lakhs). The details are as below:

	Particulars		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1	No. of SPVs sponsored by the NBFC for securitisation transactions		2	2	2
2	Total amount of securitised asset as per books of the SPVs sponsored		15,116.63	20,788.85	26,971.52
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		332.95	454.15	586.94
	a)	Off-balance sheet exposures	-	-	-
		First loss	-	-	-
		Others			
	b)	On-balance sheet exposures	332.95	454.15	586.94
		First loss			
		Others			
4	Amount of exposures to securitisation transactions other than MRR		NIL	NIL	NIL

55.3.2: Company has not sold any financial assets to Securitization / Reconstruction Company for asset construction during the financial year ended on 31 March 2019. (31 March 2018: NIL).

55.3.3 : Company has not undertaken any assignment transaction during the financial year ended on 31 March 2019. (31 March 2018: NIL).

53.3.4 : Company has neither purchased nor sold any non-performing financial assets during the financial year ended on 31 March 2019 (31 March 2018: NIL)

55.4: Asset liability management maturity pattern of certain items of Assets and Liabilities

Refer financial instrument notes 38.9

55.5: Exposures

55.5.1: Exposure to real Estate sector

The Company does not have any exposure to real estate sector.

55.5.2: Exposure to capital market

	Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
i	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt (includes investment in fully convertible preference shares			
	- At Cost	199.85	199.85	199.85
	- At Fair Value	981.49	943.62	870.26
ii	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-	-
iii	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-	-
iv	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances (excluding loans where security creation is under process)	-	-	-
v	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-	-
vi	Loans sanctioned to corporates against the security of shares/ bonds / debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources	-	-	-
vii	Bridge loans to companies against expected equity flows / issues	-	-	-
viii	All exposures to Venture Capital Funds (both registered and unregistered)	-	-	-
Total exposure to capital market		**981.49**	**943.62**	**870.26**

55.5.4: Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Reserve Bank of India has issued Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 vide notification no.DNBR.009/CGM(CDS)-2015 dated 27th March 2015. The Company, being a Government Company, these Directions, except the provisions contained in Paragraph 25 thereof, are not applicable to the Company.

55.5.5: Unsecured advances

The outstanding amounts against unsecured loans, advances & lease receivables are as under:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Ministry of Railways, Government of India			
- Lease receivables	1,25,02,651.17	1,09,47,165.64	98,20,618.96
- Other receivables/(payables)	-	-	-
Rail Vikas Nigam Limited, a wholly owned entity of Ministry of Railways, Govt. of India	2,84,263.00	2,03,795.50	2,16,403.00
IRCON International Limited	3,07,653.38	3,20,000.00	-
Interest accrued thereon(RVNL & IRCON)	96,691.13	71,837.43	73,817.34
Total	**1,31,91,258.68**	**1,15,42,798.57**	**1,01,10,839.30**

55.6: Miscellaneous

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
55.6.1: Registration obtained from other financial sector regulators	NIL	NIL	NIL

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
55.6.2: Disclosure of Penalties imposed by RBI and other regulators	NIL	NIL	NIL

55.6.3: Ratings assigned by credit rating agencies and migration of ratings during the year

a. Rating assigned by credit rating agencies and migration of ratings during the year:

S.No	Rating Agencies	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	Long Term Rating			
1	CRISIL	CRISIL AAA	CRISIL AAA	CRISIL AAA
2	ICRA	ICRA AAA	ICRA AAA	ICRA AAA
3	CARE	CARE AAA	CARE AAA	CARE AAA
	Short Term Rating			
1	CRISIL	CRISIL A1+	CRISIL A1+	CRISIL A1+
2	ICRA	ICRA A1+	ICRA A1+	ICRA A1+
3	CARE	CARE A1+	CARE A1+	CARE A1+

b. Long term foreign currency issuer rating assigned to the Company as at 31.03.2018

S.No	Rating Agencies	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
	Long Term Rating			
1	Fitch Rating	BBB-/Stable	BBB-/Stable	BBB-/Stable
2	Standard & Poor	BBB-/Stable	BBB-/Stable	BBB-/Stable
3	Moody's	Baa2/Stable	Baa2/Positive	Baa3/Positive
4	Japanese Credit Rating Agency	BBB+/Stable	BBB+/Stable	BBB+/Stable

Particulars	As at 31 March 2019	As at 31 March 2018
55.6.4: Net Profit or Loss for the period, prior period items and changes in accounting policies	NIL	4,815.95

Note 55.7

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
55.7.1: Provisions and Contigencies	Refer Note 34	Refer Note 34	Refer Note 34
55.7.2: Drawn down from reserves	NIL	NIL	NIL

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
55.7.3: Concentration of Deposits, Advances, Exposures and NPAs			
55.7.3.1: Concentration of Deposits (for deposit taking NBFCs)	Company is a non deposit accepting NBFC	Company is a non deposit accepting NBFC	Company is a non deposit accepting NBFC

55.7.3.2: Concentration of advances

Particulars	As at 31 March 2019	As at 31 March, 2018	As at 1 April 2017
Total advances to twenty largest borrowers	2,00,91,365.63	1,54,53,466.63	1,23,89,800.65
Percentage of advances to twenty largest borrowers to total advances of the NBFC	100%	100%	100%

55.7.3.3: Concentration of exposures

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Total exposure to twenty largest borrowers/ customers	2,00,92,347.12	1,54,54,410.25	1,23,90,670.91
Percentage of exposure to twenty largest borrowers/ customers to total exposure of the NBFC on borrowers/customers	100%	100%	100%

55.7.3.4: Concentration of NPAs	NIL	NIL	NIL
55.7.3.5: Sector-wise NPAs	NIL	NIL	NIL
55.7.4: Movement of NPAs	NIL	NIL	NIL
55.7.5: Overseas Assets	NIL	NIL	NIL
55.7.6: Off-balance sheet SPVs sponsored	NIL	NIL	NIL

55.8: Disclosure of complaints

55.8.1: Investor complaints

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(a) No. of complaints pending at the beginning of the year		-	-
(b) No. of complaints received during the year	1,073	603	2,348
(c) No. of complaints redressed during the year	1,073	603	2,348
(d) No. of complaints pending at the end of the year		-	-

Note 56: Current and non current classification

As required by the paragraph 61 of Ind As 1, Presentation of financial statements, the classification into current and non current of line item of assets and liabilities as in the balance sheet is as under :

a) Classification of balance sheet as at 31 March 2019

	As at 31 March 2019		
Line Item	**Amount**	**Current**	**Non-current**
Assets			
Financial Assets			
Cash and cash equivalents	370.76	370.76	-
Bank balance other than (a) above	7,735.86	7,735.86	-
Derivative financial instruments	4,669.03	-	4,669.03
Receivables	-	-	-
- Lease receivables	1,25,02,651.17	9,51,043.96	1,15,51,607.21
Loans	5,89,548.71	87,795.67	5,01,753.04
Investments	1,314.44	110.61	1,203.83
Other financial assets	74,03,072.67	1,02,678.90	73,00,393.77
Total financial assets	**2,05,09,362.64**	**11,49,735.76**	**1,93,59,626.88**
Non-financial assets			
Current tax assets (net)	-	-	-
Deferred tax assets (net)	-	-	-
Property, plant and equipment	1,122.48	-	1,122.48
Other Intangible assets	4.98	-	4.98
Other non-financial assets	1,49,870.86	1,49,617.85	253.01
Total non-financial assets	**1,50,998.32**	**1,49,617.85**	**1,380.47**
Total Assets	**2,06,60,360.96**	**12,99,353.61**	**1,93,61,007.35**
Liabilities			
Financial liabilities			
Derivative financial instruments	31,059.54	-	31,059.54
Trade payable	1,217.91	1,217.91	-
Debt securities	1,23,59,789.87	10,60,113.61	1,12,99,676.26
Borrowings (other than debt securities)	50,33,477.60	12,43,124.50	37,90,353.10
Other financial liabilities	7,29,992.81	3,85,109.09	3,44,883.72
Total financial liabilities	**1,81,55,537.73**	**26,89,565.11**	**1,54,65,972.62**
Non-financial liabilities			
Current tax liabilities (net)	296.89	296.89	-
Provisions	1,179.53	809.80	369.73
Deferred tax liabilities (net)	6,44,314.03	-	6,44,314.03
Other non-financial liabilities	481.50	481.50	-
Total non-financial liabilities	**6,46,271.95**	**1,588.19**	**6,44,683.76**
Total liabilities	**1,88,01,809.68**	**26,91,153.30**	**1,61,10,656.38**
Equity			
Equity share capital	9,38,046.00	-	9,38,046.00
Other equity	9,20,505.28	-	9,20,505.28
Total equity	**18,58,551.28**	**-**	**18,58,551.28**
Total Liabilities and Equity	**2,06,60,360.96**	**26,91,153.30**	**1,79,69,207.66**

Indian Railway Finance Corporation Limited
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Notes to financial statements
(All amounts in lakhs of INR, unless stated otherwise)

b) Classification of balance sheet as at 31st March 2018

	As at 31 March 2018		
Line Item	**Amount**	**Current**	**Non-current**
Assets			
Financial Assets			
Cash and cash equivalents	112.88	112.88	-
Bank balance other than (a) above	9,869.22	9,869.22	-
Derivative financial instruments	9,684.72	981.74	8,702.98
Receivables	-		-
- Trade receivables	-	-	-
- Lease receivables	1,09,47,165.64	8,23,685.52	1,01,23,480.12
Loans	5,23,795.50	24,132.50	4,99,663.00
Investments	1,397.77	121.20	1,276.57
Other financial assets	45,10,759.95	3,94,810.21	41,15,949.74
Total financial assets	**1,60,02,785.68**	**12,53,713.27**	**1,47,49,072.41**
Non-financial assets			
Current tax assets (net)	2,584.38	2,584.38	-
Deferred tax assets (net)	-	-	-
Property, plant and equipment	1,126.85	-	1,126.85
Other Intangible assets	2.64	-	2.64
Other non-financial assets	1,40,333.01	1,40,080.00	253.01
Total non-financial assets	**1,44,046.88**	**1,42,664.38**	**1,382.50**
Total Assets	**1,61,46,832.56**	**13,96,377.65**	**1,47,50,454.91**
Liabilities			
Financial liabilities			
Derivative financial instruments	74,957.89	51,415.99	23,541.90
Trade payable	871.52	871.52	-
Debt securities	1,10,84,424.60	13,19,817.66	97,64,606.94
Borrowings (other than debt securities)	23,16,128.13	6,38,444.10	16,77,684.03
Other financial liabilities	5,66,256.84	3,70,202.82	1,96,054.02
Total financial liabilities	**1,40,42,638.98**	**23,80,752.09**	**1,16,61,886.89**
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	1,083.62	932.88	150.74
Deferred tax liabilities (net)	6,44,314.03	-	6,44,314.03
Other non-financial liabilities	65,927.31	65,927.31	-
Total non-financial liabilities	**7,11,324.96**	**66,860.19**	**6,44,464.77**
Total liabilities	**1,47,53,963.94**	**24,47,612.28**	**1,23,06,351.66**
Equity			
Equity share capital	6,52,646.00	-	6,52,646.00
Other equity	7,40,222.62	-	7,40,222.62
Total equity	**13,92,868.62**	**-**	**13,92,868.62**
Total Liabilities and Equity	**1,61,46,832.56**	**24,47,612.28**	**1,36,99,220.28**

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Notes to financial statements
(All amounts in lakhs of INR, unless stated otherwise)

c) Classification of balance sheet as at 1st April 2017.

	As at 1 April 2017		
Line Item	**Amount**	**Current**	**Non-current**
Assets			
Financial Assets			
Cash and cash equivalents	94.39	94.39	-
Bank balance other than (a) above	657.36	657.36	-
Derivative financial instruments	6,857.84	670.48	6,187.36240
Receivables			
- Trade receivables	-	-	-
- Lease receivables	98,20,618.96	7,12,419.74	91,08,199.21580
Loans	2,16,403.00	21,857.50	1,94,545.50001
Investments	1,457.20	132.79	1,324.40896
Other financial assets	28,25,807.17	3,51,803.02	24,74,004.15
Total financial assets	**1,28,71,895.92**	**10,87,635.28**	**1,17,84,260.64**
Non-financial assets			
Current tax assets (net)	1,065.76	1,065.76	-
Deferred tax assets (net)	-	-	-
Property, plant and equipment	1,150.35	-	1,150.35
Other Intangible assets	1.18	-	1.18
Other non-financial assets	359.13	106.12	253.01
Total non-financial assets	**2,576.42**	**1,171.88**	**1,404.54**
Total Assets	**1,28,74,472.34**	**10,88,807.16**	**1,17,85,665.18**
Liabilities			
Financial liabilities			
Derivative financial instruments	65,612.14	-	65,612.14
Trade payable	350.70	350.70	-
Debt securities	94,94,462.22	9,66,231.69	85,28,230.53
Borrowings (other than debt securities)	10,64,466.40	2,177.96	10,62,288.44
Other financial liabilities	3,87,833.78	3,04,956.78	82,877.00
Total financial liabilities	**1,10,12,725.24**	**12,73,717.13**	**97,39,008.11**
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	935.72	819.53	116.19
Deferred tax liabilities (net)	6,44,314.03	-	6,44,314.03
Other non-financial liabilities	1,068.88	1,068.88	-
Total non-financial liabilities	**6,46,318.63**	**1,888.41**	**6,44,430.22**
Total liabilities	**1,16,59,043.87**	**12,75,605.54**	**1,03,83,438.33**
Equity			
Equity share capital	6,52,646.00	-	6,52,646.00
Other equity	5,62,782.47	-	5,62,782.47
Total equity	**12,15,428.47**	**-**	**12,15,428.47**
Total Liabilities and Equity	**1,28,74,472.34**	**12,75,605.54**	**1,15,98,866.80**

For the purpose of this note:-
i) The Company classify an assets as current when,
-It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
-It holds the asset primarily for the purpose of trading;
-It expects to realise the asset within twelve months after the reporting period or;
-The asset is cash or a cash equivalents (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non current.

ii) The Company classify a liability as current when,
-It expects to settle the liability in its normal operating cycle;
-It holds the liability primarily for the purpose of trading;
-The liability is due to be settled within twelve months after the reporting period or;
-It does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting period (see paragraph 73). Terms of a liability that could at the option of the counterparty, result in its settlement by the issue of equity instruments do not affects its classification.

All other liabilities are classified as non current .

Note 57:

a) Previous year figures have been regrouped/ rearranged, whenever necessary, in order to make them comparable with those of the current year.

Note 58: Approval of financial statements

a) The financial statements for the year ended 31 March, 2019 were approved by the Board of Directors on 5 September 2019

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

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

(Vinod Gupta)	**(Vijay Babulal Shirode)**	**(Niraj Kumar)**	**(Vijay Kumar)**
(Partner)	Company Secretary & DGM (Law)	Director Finance	Managing Director
M.No. 090687		DIN: 00795972	DIN: 08189249

Place: New Delhi
Date: 5 September 2019

Independent Auditor's Report

To the Board of Directors of
Indian Railways Finance Corporation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Indian Railway Finance Corporation Limited** ("the company"), which comprise the Balance Sheet as at 31st March , 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of The Companies Act, 2013 (''the Act'') with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards as specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken in to account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018,and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) the Company being the government company wholly owned by the Central Government therefore section 164(2) shall not apply vide notification no. GSR 463 (E) dated 5th June, 2015;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Ann exure-B" and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer note 33 to the financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts –Refer Note 31 to the financial statements;

   iii. During the Current F.Y. the company was required to transfer Rs. 0.65 Lakhs to the Investor Education and Protection Fund, which has been transferred to the Investor Education and Protection Fund- Refer Note 35 (b) to the financial statements;

3. As required by Section 143(5) of the Companies Act, 2013, we have considered the directions/sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact to the Financial Statements to the company given in **''Annexure-C"**.

"Annexure A" to the Independent Auditor's Report to the members of Indian Railway Finance Corporation Limited on the financial statements for the year ended 31 March 2018.

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. **However these Records do not include the particulars of Fixed Assets leased to Ministry of Railways as the same are shown as lease receivables in the books of accounts.**

   b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased fixed assets. In accordance with this programme physical verification is reasonable having regard to the size of the Company and the nature of its assets. **However, Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.**

   c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of office building is yet to be executed in favour of the company also the same has been disclosed in Note 32 of the financial statements.

   d) The company has given an amount of Rs. 14,75,989 Lakhs during the year (P.Y : Rs 13,17,000 Lakhs) to Ministry of Railways under leased arrangement for financing the Railway Infrastructure Projects. However, agreement for the same is yet to be executed and list of the projects financed is yet to be received from Ministry of Railways. (Refer Note No. 30)

2. The Company is a Non-Banking Finance Company and not in the business of any trading, manufacturing, mining or processing. Accordingly, it does not hold any inventory. Therefore, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.

3. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under sec on 189 of the Act. Therefore, the provisions of paragraph 3 (iii) of the Companies (Auditor's Report) Order, 2016 is are not applicable to the Company.

4. According to information and explanations given to us and based on audit procedures performed, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities provided by the Company as specified under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of paragraph 3 (iv) of the Order are not applicable to the Company.

5. As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of sec on 73 to 76 or any other relevant provisions of the Act and the companies (Acceptance of Deposit) Rules, 2015 and the rules framed there under.

6. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sec on 148(1) of the Act, for any of the services rendered by the Company. Accordingly, clause 3(vi) of the Companies (Auditor's Report) Order are not applicable to the Company.

7. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. (Refer Note 33 (d) of the financial Statement)

   b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax. Duty of Custom, Duty of excise, VAT, Cess and other material statutory dues were in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

   c) According to the information and explanations given to us, there are no disputed dues in respect of Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax and Cess which have not been deposited with the appropriate authorities. However, the demands of Income tax which has not been deposited by the company on account of dispute as the company is confident that the demands will be either deleted or substantially reduced and proper disclosure regarding the same has been given in Note No. 33 (c) of the Financial Statement which states that the company has filed an appeal against the demand of tax including interest thereon amounting to Rs. 91.41 Lakhs and the same is pending the appellate level.

8. In our opinion, and according to information and explanations given by the management, the company has not defaulted in making repayment of loans or borrowing from a Financial Institution, Banks or Debenture Holders/Bond Holders or Government.

9. According to the information and explanations given by the management and based on our audit procedures performed we report that no monies have been raised by way of initial public offer / further public offer. However, the funds raised by way of issue of debt instruments and term Loans were applied for the purposes for which those funds were raised.

10. To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.

11. The company being the government company wholly owned by the Central Govt., therefore section 97 read with schedule V of the Companies Act 2013 shall not apply vide Notification no. GSR 463(E) dated 5th June, 2015.

12. According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

14. According to the information and explanations given by the management, and based on our examination of records, the Company has raised money through private placement of Equity Shares from Ministry of Railways during the year and complied with provisions of section 42 of the Companies Act, 2013 and the amount raised have been used for the purposes for which the funds have been raised. However the company has not made any preferential or private placement of fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with him which are covered under Section 192 of Companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. According to the information and explanations given to us, the Company is a Non-Banking Finance Company and is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the registration has been obtained.

For SPMG & Co.
Chartered Accountants
FRN: 509249C

CA Vinod Gupta
(Partner)
M.No.: 090687
Place: Delhi
Date: 10/09/2018

Annexure B to the Independent Auditor's Report of even date on the financial statements of Indian Railway Finance Corporation Limited for the year ended 31 March 2018

Report on the Internal Financial Controls under Clause (i) of Sub-sec on 3 of Sec on 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Indian Railway Finance Corporation Limited** ("the Company") as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting, issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sec on 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the ICAI.

For SPMG & Co.
Chartered Accountants
FRN: 509249C

CA Vinod Gupta
(Partner)
M.No.: 090687
Place: Delhi
Date: 10/09/2018

Annexure-C to Independent Auditor's Report

Directions u/s 143(5) of Companies Act, 2013

S.No.	Directions	Auditor's Remarks
1.	Whether the company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold for which title/lease deeds are not available?	According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of office building are not held in the name of the company, the sale/transfer deed is yet to be executed in favour of the company. The same has also been disclosed in Note 32 of the financial statements.
2.	Please report whether there are any case of waiver/write off of debts/loans/interest etc. If yes, the reasons there for and the amount involved.	According to the information and explanations given to us and on the basis of our examinations of the records of the Company, there are no cases of waiver/write off of debts/loans/interest etc. during the year under audit.
3.	Whether proper records are maintained for inventories lying with third parties and assets received as gift from Govt. or other authorities.	The company is a Non-Banking Finance Company and not engages in the business of any trading, manufacturing, mining or processing, and does not maintain any inventory of any nature of either with itself or with any third party.

For SPMG & Co.
Chartered Accountants
FRN: 509249C

CA Vinod Gupta
(Partner)
M.No.: 090687
Place: Delhi
Date: 10/09/2018

Indian Railway Finance Corporation Limited

Balance Sheet as at 31st March 2018

(Rs. in Lakhs)

Particulars	Note No.	As at 31-03-2018	As at 31-03-2017
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	6,52,646.00	6,52,646.00
(b) Reserves & Surplus	3	7,03,874.98	5,48,313.71
		13,56,520.98	**12,00,959.71**
(2) Non-current Liabilities			
(a) Long Term Borrowings	4	114,85,413.41	96,71,026.87
(b) Deferred Tax Liabilities (Net)	5	6,38,991.66	6,38,991.66
(c) Other Long Term Liabilities	6	2,05,028.70	1,74,120.26
(d) Long Term Provisions	7	150.74	116.19
		123,29,584.51	**104,84,254.98**
(3) Current Liabilities			
(a) Short-Term Borrowings	8	4,96,678.85	5,76,935.29
(b) Other Current Liabilities	9	20,28,397.99	6,97,958.72
(c) Short Term Provisions	10	22,030.66	4,854.38
		25,47,107.50	**12,79,748.39**
Total		**162,33,212.98**	**129,64,963.08**
II. ASSETS			
(4) Non-current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		1,126.85	1,150.35
(ii) Intangible Assets		2.64	1.19
(b) Non-Current Investments	12	532.80	654.00
(c) Long Term Loans and Advances	13	144,23,094.54	116,62,704.05
(d) Other Non-current Assets	14	3,97,836.77	1,91,735.98
		148,22,593.61	**118,56,245.57**
(5) Current Assets			
(a) Current Investments	15	121.20	132.79
(b) Cash and Bank Balances	16	9,982.10	751.75
(c) Short Term Loans and Advances	17	3,32,810.28	2,89,906.79
(c) Other Current Assets	18	10,67,705.80	8,17,926.18
		14,10,619.38	**11,08,717.51**
Total		**162,33,212.98**	**129,64,963.08**
Significant Accounting Policies and Notes on Financial Statements	**1 to 48**		

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

For SPMG & Co.
Chartered Accountants
FRN-509249C

For and on behalf of the Board of Directors

(Vinod Gupta)
(Partner)
M.No. 090687

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Vijay Kumar)
Managing Director
DIN: 08189249

Place: New Delhi
Date : 10/09/2018

Indian Railway Finance Corporation Limited

Statement of Profit and Loss for the year ended 31st March 2018

(Rs. In Lakhs)

Particulars	Note No.	Year ended 31-03-2018	Year ended 31-03-2017
Revenue from operations	19	11,01,850.88	9,04,677.44
Other income	20	172.34	88.60
Total Revenue		**11,02,023.22**	**9,04,766.04**
Expenses:			
Employee benefits expense	21	543.95	299.54
Finance costs	22	8,43,684.97	6,88,807.79
Exchange Rate Variation		16.62	99.30
Depreciation and amortization expense	12	35.40	35.02
CSR Expenses		2,377.97	1,677.47
Other expenses	23	849.16	520.08
Total Expenses		**8,47,508.06**	**6,91,439.20**
Profit before exceptional and extraordinary items and tax		**2,54,515.16**	**2,13,326.84**
Exceptional items		-	-
Profit before extraordinary items and tax		**2,54,515.16**	**2,13,326.84**
Extraordinary Items		-	-
Profit before tax		**2,54,515.16**	**2,13,326.84**
Tax expense:			
(1) Current tax (MAT)		54,342.33	45,523.15
(2) Tax For Earlier Years		-557.84	30.62
(3) Deferred tax		-	74,391.93
		53,784.49	**1,19,945.70**
Profit for the period		**2,00,730.67**	**93,381.14**
Earnings per equity share (In Rs):	24		
(1) Basic		3.08	1.43
(2) Diluted		3.08	1.43
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

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

For SPMG & Co.
Chartered Accountants
FRN-509249C

For and on behalf of the Board of Directors

(Vinod Gupta)
(Partner)
M.No. 090687

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Vijay Kumar)
Managing Director
DIN: 08189249

Place: New Delhi
Date : 10/09/2018

Indian Railway Finance Corporation Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

(Rs. in Lakhs)

Particulars	Year ended 31-03-2018		Year ended 31-03-2017	
A. **Cash Flow from Operating activities :**				
Profit Before Tax	254515.16		233326.84	
Adjustments for :				
1-Depreciation	35.40		35.02	
2-(Profit) / Loss on sale of fixed assets (Net)	0.65		1.69	
3-Lease Rentals advance amortised	0.00		0.00	
4-Discount on Commercial Paper	20201.18		11135.39	
5-Exchange Rate Variation	16.62		99.30	
6-Amortisation of Interest Restructuring Advance	0.00		0.00	
7-Amortisation of Gain on asset securitisation	-58.41		-65.72	
8-Provision for Interest Payable to Income Tax Authorities	128.20		15.45	
9-Dividend Received	-48.66		-45.42	
10-Amortisation of Forward Premium on Currency Forward Contract	21988.66		19736.06	
	296178.80		**244223.61**	
Adjustments for-				
11-Assets given on financial lease during the year	-1866989.44		-1426084.14	
12-Capital Recovery on assets given on financial lease	740439.76		656799.68	
13-Receipt on account of Long term loans during the year	21857.50		18190.83	
14-Term Loans disbursed during the year	-329250.00		-3713.00	
15-Loans & Advances (Net of Adv. Tax & ERV)	-1478714.61		-1368008.17	
17-Other Bank Balances (Fixed Deposits with maturity of more than 3 Months	0.00		0.00	
18-Other Non Current Assets	-220411.30		-109241.48	
19-Other Current Assets	-145231.71		1325.24	
20-Other Non-Current Liabilities	178482.18		92427.62	
21-Current Liabilities	65308.52		-4757.79	
22-Provisions	35.15		-11.81	
23-Direct Taxes Paid	-55318.57		-44069.84	
	-3089794.52		**-2189741.96**	
Net Cash flow from Operations		**-2793615.72**		**-1945518.36**
B **Cash Flow from Investment Activities:**				
1-Purchase of Fixed Assets	-14.80		-13.66	
2-Proceeds from sale of Fixed Assets	0.80		1.28	
3-Dividend Received	48.66		45.42	
4-Proceeds from Pass Through Certificates	133.78		145.50	
5-Investment in Pass Through Certificates	0.00	**167.44**	0.00	**178.54**
C **Cash flow from Financing activities::**				
1-Dividend & Dividend Tax Paid during the year	-28106.47		-66780.62	
2-Funds raised through Bonds	2136748.80		1797000.00	
3-Bonds Redeemed during the year	-192756.00		-372562.00	
4-Term Loans raised during the year	8916814.82		2582985.56	
5-Term Loans repaid during the year	-2917610.72		-2158035.66	
6-Commercial Paper issued	1065338.78		770996.88	
7-Commercial Paper redeemed	-1562500.00		-502000.00	
8-Funds raised through External Commercial Borrowings	483505.41		0.00	
9-Repayment of External Commercial Borrowings	-197731.68		-120401.36	
10-Payment towards Currency Forward Contracts	-523.61	**2802678.63**	-1241.15	**1824970.75**
Net Cash Flow During the year (A+B+C)		**9230.35**		**-120369.07**
Opening Balance of Cash & Cash Equivalents				
Balance in the Current Accounts	750.69		1119.77	
Cheque in Hand	0.00		120000.00	
Balance in Franking Machine	0.04		0.03	
Balance in RBI-PLA	1.02	751.75	1.02	121120.82
Closing Balance of Cash or Cash Equivalents		**9982.10**		**751.75**

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on Cash Flow Statement notified under The Companies (Accounting Standard) Rules, 2006
2. Figures in bracket represent cash outflow from respective activities
3. Previous year figures have been regrouped / rearranged wherever found necessary to make them comparable with the current year figures.
4. Composition of Cash or Cash Equivalents at the end of the year:

-Balance in Current Accounts	9981.04	750.69
-Cheques in hand	0.00	0.00
-Balance in Franking Machine	0.04	0.04
-Balance in RBI-PLA	1.02	1.02
	9982.10	751.75

5. Balance in Term Deposits with different Banks for original maturity of more than three months have not been included as Cash or Cash Equivalents.
6. Balance in Current Accounts includes a sum of Rs. 581.62 lakhs lying unpaid in Interest / Redemption A/Cs is not available for use by the Company.

This is the Cash Flow Statement referred to in our report of even date
For SPMG & Co.
Chartered Accountants
FRN-509249C

For and on behalf of the Board of Directors

(Vinod Gupta)
(Partner)
M.No. 090687
Place: New Delhi
Date: 10/09/2018

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

(Niraj Kumar)
Director Finance
DIN: 00795977

(Vijay Kumar)
Managing Director
DIN: 08189249

Indian Railway Finance Corporation Limited

Significant Accounting policies and Notes on Financial Statements for the year ended 31st March, 2018

Company overview

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

1. Significant Accounting Policies

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

a) The financial statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles, provisions of the Companies Act, 2013 and the applicable guidelines issued by the Reserve Bank of India as adopted consistently by the Company.

b) **Use of Estimates**

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

II. **Revenue Recognition**

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

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

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

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

III. **Foreign Currency Transactions**

a) **Initial Recognition**

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

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

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

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

c) **Exchange Differences**

i) Exchange differences arising on the actual settlement of monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than the exchange differences on settlement of foreign currency loans and interest thereon recoverable separately from the lessee under the lease agreements, are recognised as income or expenses in the year in which they arise.

ii) Notional exchange differences arising on reporting of outstanding monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than the exchange differences on translation of such monetary assets and liabilities recoverable separately from the lessee under the lease agreement, are recognised as income or expenses in the year in which they arise.

IV. **Investments**

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

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

V. **Leased Assets**

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

VI. **Fixed Assets, Depreciation and Amortization**

a) Fixed assets are stated at cost, less accumulated depreciation. Cost includes all expenses incurred to bring the assets to their present location and condition.

b) Depreciation on Fixed Assets is provided on straight-line method over the useful life of assets as prescribed under Part-C of Schedule II of the Companies Act, 2013. Depreciation on assets purchased / sold during a period is proportionately charged.

c) Software are amortized over 5 years on straight-line method.

VII. (a) **Securitisation of Lease Receivables**

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

Further, in terms of Draft Guidelines on minimum holding period and minimum retention requirement for securitisation transaction undertaken by NBFCs dated June 3, 2010, the

company has opted for investment in SPV's equity tranche of minimum 5% of the book value of loan being securitised.

(b) **Assignment of Lease Receivables**

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

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

a) Bond Issue expenses including management fee on issue of bonds (except discount on deep discount bonds) and interest on application money are charged to Statement of Profit and Loss in the year of occurrence. Upfront discount on deep discount bonds is amortised over the tenor of the bonds. Discount on commercial papers is amortized proportionately over the tenor of the respective commercial papers.

b) Documentation, processing & other charges paid on Long Term Loans are charged to the Statement of Profit & Loss in the year in which the expenses are incurred.

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

IX. **Taxes on Income**

Tax expense comprises Current Tax and Deferred Tax.

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

Deferred tax expense or benefit is recognised on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods till 31st March 2017. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date till 31st March 2017.

X. **Employee Benefits**

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

Short Term Employee Benefits

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

Post-Retirement Benefits

Defined Contribution Plans

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

Defined Benefit Plans

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

Actuarial gain and losses in respect of defined benefit plans are charged to the Statement of Profit and Loss.

XI. **Provisions, Contingent Liabilities and Contingent Assets**

The Company recognizes provisions when it has a present obligation as a result of a past event. This occurs when it becomes probable that an outflow of resources embodying economic benefits might be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Provisions are determined based on Management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligations or a reliable estimate of the amount cannot be made.

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

XII. **Leasing of Railway Infrastructure Assets**

In terms of Accounting Standrad-19, the inception of lease takes place at the earlier of the date of the lease agreement and the date of a commitment by the parties to the principal provisions of the lease. As such, in respect of Railway Infrastructure Assets, which are under construction and where the Memorandum of Understanding / terms containing the principal provisions of the lease are in effect with the Lessee, pending execution of the lease agreement, the transactions relating to the lease are accounted for as under:

i. Advances for construction / development of Railway Infrastructure Assets are shown as 'Advances against Lease of Rly. Infrastructure Assets'
ii. The borrowing costs in respect of the funds advanced by the Lessor for construction period of Infrastructure Assets, are charged to the Statement of Profit and Loss.
iii. Interest accrued on advance against lease of railway infrastructure asset during construction period is accounted as income.

XIII. **Cash and Cash Equivalents**

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

XIV. **Cash Flow Statement**

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

XV. **Derivatives**

a) The Company uses foreign exchange forwards, cross currency swaps and interest rate swaps to hedge on balance sheet liabilities.
b) In respect of the foreign currency forward contracts, the difference between the forward rate and exchange rate on the date of transaction are recognized as income or expense over the life of contract in terms of Accounting Standard – 11.
c) The other derivative contracts are accounted for in terms of the Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India (ICAI).

2. Share Capital

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
AUTHORISED 1500,00,00,000 (previous year 1500,00,00,000) Equity Share of Rs. 10/-each	1500000.00	1500000.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP 652,64,60,000 (previous year 652,64,60,000) Equity Shares of Rs. 10/- each	652646.00	652646.00
Total	**652646.00**	**652646.00**

Note: The Face Value of equity shares of the Company has been sub-divided from Rs.1000/- to Rs.10/- each with the approval of the shareholders in the Annual General Meeting held on 12th September, 2017, and pursuant to the letter from Ministry of Railways. Accordingly, the number and the face value of the paid up equity shares of the Company have changed from 6,52,64,600 shares of Rs.1000/- each to 652,64,60,000 shares of Rs.10/- each.

2.1 The Company has only one class of shares referred to as Equity Share having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share

2.2 The Company declares and pays dividend in Indian Rupees. During the year ended March 31, 2018, the total dividend appropriation was Rs.45169.40 Lakhs (Previous Year Rs. 44956.45 Lakhs) including corporate dividend distribution tax of Rs. 7669.40 Lakhs (Previous Year 7603.99 Lakhs).

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

Particulars	As at 31-03-2018	As at 31-03-2017
	No. of shares	No. of shares
Equity Shares at the beginning of the year*	6526460000	4526460000
Add: Shares issued for cash at par	-	2000000000
Equity Shares at the end of the year	**6526460000**	**6526460000**

* Number of equity shares increased from 65264600 to 6526460000 due to sub division of face value of equity shares from Rs. 1000/- each to Rs. 10/- each.

2.4 **Details of Shareholders holding more than 5% shares**:

Name of the Shareholder	As at 31-03-2018		As at 31-03-2017	
	No of shares	% held	No of shares	% held
The President of India and his nominees (through Ministry of Railways)	65264,60,000	100%	6526460000	100%

3. Reserves and Surplus

(Rs. in Lakhs)

Particulars		As at 31-03-2018	As at 31-03-2017
Securities Premium Account			
Opening Balance		421.09	421.09
Add: Received during the period		0.00	0.00
Closing Balance	**- 'A'**	**421.09**	**421.09**
Bonds Redemption Reserve			
Opening Balance		487493.92	439069.23
Add: Transfer from Surplus		41981.00	48424.69
Closing Balance	**- 'B'**	**529474.92**	**487493.92**
General Reserve	**- 'C'**	**173978.97**	**60398.70**
Surplus			
Opening Balance		0.00	0.00
Add: Profit for the year as per statement of Profit and Loss		200730.67	93381.14
Surplus available for appropriation		200730.67	93381.14
Less: Appropriations			
Transfer to General Reserve		113580.27	0.00
Transfer to Bonds Redemption Reserve		41981.00	48424.69
Interim Dividend		20000.00	34000.00
Proposed Final Dividend		17500.00	3352.46
Dividend Distribution Tax		7669.40	7603.99
Closing Balance	**- 'D'**	**0.00**	**0.00**
Total	**A + B + C + D**	**703874.98**	**548313.71**

4. Long Term Borrowings

(Rs. in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
	Non Current	Current	Non Current	Current
Secured				
Bonds from Domestic Capital Market	7816050.37	921700.00	7234750.37	192756.00
54 EC Bonds from Domestic Capital Market	13748.80	0.00	0.00	0.00
Rupee Term Loans from Banks*	420000.00	0.00	10000.00	0.00
Rupee Term Loans from NSSF*	1000000.00	0.00	0.00	0.00
Foreign Currency Term Loans	5895.00	1965.00	7872.00	1968.00
Total Secured Borrowings	**9255694.17**	**923665.00**	**7252622.37**	**194724.00**
Unsecured				
Bonds from Domestic Capital Market	1620000.00	0.00	1000000.00	0.00
Bonds from Overseas Capital Market	327500.00	327500.00	328000.00	196800.00
Rupee Term Loans from Banks	0.00	0.00	708000.00	0.00
Foreign Currency Term Loans	282219.24	262000.00	382404.50	0.00
Total Unsecured Borrowings	**2229719.24**	**589500.00**	**2418404.50**	**196800.00**
Total Long Term Borrowings	**11485413.41**	**1513165.00**	**9671026.87**	**391524.00**

*Pending registration of charge with the Registrar of Companies ('ROC') as on 31st March 2018

4.1 The secured bonds issued in the domestic capital market and outstanding as on 31-03-2018 are secured by first pari passu charge on the present / future Rolling stock assets / lease receivables of the Company.

4.1.1 Maturity profile and Rate of Interest of the bonds (classified as Long Term Borrowings) issued in the domestic capital market and amount outstanding as on 31-03-2018 is set out below:

(Rs. in Lakhs)

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
104th 'A' Series Tax Free Bonds Public Issue	7.50%, Annual	36963.42	Bullet	21-Dec-35
104th Series Tax Free Bonds Public Issue	7.25%, Annual	29441.58	Bullet	21-Dec-35
71st "E" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000	Bullet	14-May-35
70th "E" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500	Bullet	4-May-35
71st "D" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000	Bullet	14-May-34
70th "D" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500	Bullet	4-May-34
71st "C" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000	Bullet	14-May-33

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
70th "C" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500	Bullet	4-May-33
71st "B" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000	Bullet	14-May-32
70th "B" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500	Bullet	4-May-32
71st "A" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000	Bullet	14-May-31
76th "B" Taxable Non-Cum. Bonds	9.47%, Semi Annual	99500	Bullet	10-May-31
70th "A" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500	Bullet	4-May-31
108th 'A' Series Tax Free Bonds Public Issue	7.64%, Annual	119431.3	Bullet	22-Mar-31
108th Series Tax Free Bonds Public Issue	7.35%, Annual	101637.6	Bullet	22-Mar-31
103rd 'A' Series Tax Free Bonds Public Issue	7.53%, Annual	107421.72	Bullet	21-Dec-30
103rd Series Tax Free Bonds Public Issue	7.28%, Annual	205731.03	Bullet	21-Dec-30
70th "AA" Taxable Non-Cum. Bonds	8.79%, Semi Annual	141000	Bullet	4-May-30
67th "B" Taxable Non-Cum. Bonds	8.80%, Semi Annual	38500	Bullet	3-Feb-30
96th Series Tax Free Bonds Public Issue	8.63%,Annual	94791.32	Bullet	26-Mar-29
96th A Series Tax Free Bonds Public Issue	8.88%,Annual	43641.41	Bullet	26-Mar-29
92nd Series Tax Free Bonds Public Issue	8.40%,Annual	109018.68	Bullet	18-Feb-29
92nd A Series Tax Free Bonds Public Issue	8.65%,Annual	68835.91	Bullet	18-Feb-29
94th A Series Tax Free Non-Cum Bonds	8.55%,Annual	1300	Bullet	12-Feb-29
93rd A Series Tax Free Non-Cum Bonds	8.55%,Annual	165000	Bullet	10-Feb-29
90th A Series Tax Free Non-Cum Bonds	8.48%,Annual	5500	Bullet	27-Nov-28
89th A Series Tax Free Non-Cum Bonds	8.48%,Annual	73800	Bullet	21-Nov-28
87th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.04% Annual	22035.64	Bullet	23-Mar-28
87th 'A' Series (Retail), Tax Free Bonds Public Issue	7.54% Annual	4352.74	Bullet	23-Mar-28
86th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.34% Annual	230824.28	Bullet	19-Feb-28
86th 'A' Series (Retail), Tax Free Bonds Public Issue	7.84% Annual	25066.75	Bullet	19-Feb-28
83rd 'A' Tax Free Non-Cum. Bonds	7.39% Annual	9500	Bullet	6-Dec-27
82nd 'A' Tax Free Non-Cum.	7.38% Annual	3000	Bullet	30-Nov-27

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
Bonds				
81st 'A' Tax Free Non-Cum. Bonds	7.38%, Annual	6670	Bullet	26-Nov-27
124th Series Taxable Non-Cum Bonds	7.54%, Annual	93500	Bullet	31-Oct-27
123rd Series Taxable Non-Cum Bonds	7.33%, Annual	174500	Bullet	28-Aug-27
121st Taxable Non Cum - Bonds	7.27%, Annual	205000	Bullet	15-Jun-27
54th "B" Taxable Non-Cum. Bonds	10.04%,Semi Annual	32000	Bullet	7-Jun-27
120th Taxable Non Cum - Bonds	7.49%, Annual	220000	Bullet	30-May-27
118th Taxable Non Cum - Bonds	7.83%, Annual	295000	Bullet	21-Mar-27
80th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	8.10%, Annual	276651.43	Bullet	23-Feb-27
80th 'A' Series (Retail), Tax Free Bonds Public Issue	8.30%, Annual	32913.76	Bullet	23-Feb-27
53rd "C" Taxable Non-Cum. Bonds	8.75%, Semi Annual	41000	Bullet	29-Nov-26
79th "A" Tax Free Non-Cum. Bonds	7.77%, Annual	19151	Bullet	8-Nov-26
76th "A" Taxable Non-Cum. Bonds	9.33%, Semi Annual	25500	Bullet	10-May-26
75th Taxable Non-Cum. Bonds	9.09%, Semi Annual	15000	Bullet	31-Mar-26
74th Taxable Non-Cum. Bonds	9.09%, Semi Annual	107600	Bullet	29-Mar-26
107th 'A' Series Tax Free Bonds Public Issue	7.29%, Annual	19071.38	Bullet	22-Mar-26
107th Series Tax Free Bonds Public Issue	7.04%, Annual	4859.72	Bullet	22-Mar-26
106th Series Tax Free Bonds Public Issue	7.04%, Annual	105000	Bullet	3-Mar-26
102nd 'A' Series Tax Free Bonds Public Issue	7.32%, Annual	36894.86	Bullet	21-Dec-25
102nd Series Tax Free Bonds Public Issue	7.07%, Annual	36747.39	Bullet	21-Dec-25
100th Series Tax Free Non-Cum Bonds	7.15%, Annual	32900	Bullet	21-Aug-25
99th Series Tax Free Non-Cum Bonds	7.19%, Annual	113900	Bullet	31-Jul-25
69th Taxable Non-Cum. Bonds	8.95%, Semi Annual	60000	Bullet	10-Mar-25
67th "A" Taxable Non-Cum. Bonds	8.65%, Semi Annual	20000	Bullet	3-Feb-25
65th "O" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000	Bullet	27-Apr-24
95th Series Tax Free Bonds Public Issue	8.19%,Annual	23115.20	Bullet	26-Mar-24
95th A Series Tax Free Bonds Public Issue	8.44%,Annual	12973.84	Bullet	26-Mar-24
91st Series Tax Free Bonds Public Issue	8.23%,Annual	177832.10	Bullet	18-Feb-24
91st A Series Tax Free Bonds	8.48%,Annual	52625.46	Bullet	18-Feb-24

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
Public Issue				
63rd "B" Taxable Non-Cum. Bonds	8.65%, Semi Annual	31500	Bullet	15-Jan-24
62nd "B" Taxable Non-Cum. Bonds	8.50%, Semi Annual	28500	Bullet	26-Dec-23
90th Series Tax Free Non-Cum Bonds	8.35%,Annual	5700	Bullet	27-Nov-23
89th Series Tax Free Non-Cum Bonds	8.35%,Annual	48700	Bullet	21-Nov-23
61st "A" Taxable Non-Cum. Bonds	10.70%, Semi Annual	61500	Bullet	11-Sep-23
65th "N" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000	Bullet	27-Apr-23
88th Taxable Non-Cum. Bonds	8.83% Annual	110000	Bullet	25-Mar-23
87th Series (Non-Retail), Tax Free Bonds Public Issue	6.88% Annual	13610.92	Bullet	23-Mar-23
87th Series (Retail), Tax Free Bonds Public Issue	7.38% Annual	2906.08	Bullet	23-Mar-23
86th Series (Non-Retail), Tax Free Bonds Public Issue	7.18% Annual	266095.49	Bullet	19-Feb-23
86th Series (Retail), Tax Free Bonds Public Issue	7.68% Annual	15352.55	Bullet	19-Feb-23
126th Taxable Non-Cum. Bonds*	7.63% Annual	300000	Bullet	25-Jan-23
85th Tax Free Non-Cum. Bonds	7.19% Annual	9500	Bullet	14-Dec-22
84th Tax Free Non-Cum. Bonds	7.22% Annual	49990	Bullet	7-Dec-22
83rd Tax Free Non-Cum. Bonds	7.22% Annual	3000	Bullet	6-Dec-22
82nd Tax Free Non-Cum. Bonds	7.22% Annual	4100	Bullet	30-Nov-22
81st Tax Free Non-Cum. Bonds	7.21% Annual	25600	Bullet	26-Nov-22
58th "A" Taxable Non-Cum. Bonds	9.20%, Semi Annual	50000	Bullet	29-Oct-22
54th "A" Taxable Non-Cum. Bonds	9.95%, Semi Annual	15000	Bullet	7-Jun-22
55th "O" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300	Bullet	7-Jun-22
65th "M" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000	Bullet	27-Apr-22
80th Series (Non-Retail) Tax Free Bonds Public Issue	8%, Annual	282159.11	Bullet	23-Feb-22
80th Series (Retail) Tax Free Bonds Public Issue	8.15%, Annual	35164.7	Bullet	23-Feb-22
115th Taxable Non Cum - Bonds	6.73%, Annual	80000	Bullet	23-Jan-22
53rd "B" Taxable Non-Cum. Bonds	8.68%, Semi Annual	22500	Bullet	29-Nov-21
114th Taxable Non Cum - Bonds	6.70%, Annual	200000	Bullet	24-Nov-21
113th Taxable Non Cum - Bonds	7.24%, Annual	65000	Bullet	8-Nov-21
79th Tax Free Non-Cum. Bonds	7.55%, Annual	53960	Bullet	8-Nov-21
78th Taxable Non-Cum. Bonds	9.41%, Semi Annual	150000	Bullet	28-Jul-21
55th "N" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300	Bullet	7-Jun-21

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
77th Taxable Non-Cum. Bonds	9.57%, Semi Annual	124500	Bullet	31-May-21
52nd "B" Taxable Non-Cum. Bonds	8.64%, Semi Annual	70000	Bullet	17-May-21
76th Taxable Non-Cum. Bonds	9.27%, Semi Annual	39000	Bullet	10-May-21
65th "L" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000	Bullet	27-Apr-21
127th Taxable Non-Cum. Bonds	7.65%, Annual	250000	Bullet	15-Mar-21
51st Taxable Non-Cum. Bonds	7.74%, Semi Annual	45000	Bullet	22-Dec-20
73rd "B" Tax Free Non-Cum. Bonds	6.72%, Semi Annual	83591	Bullet	20-Dec-20
49th "O" - FRB Taxable Non-Cum. Bonds	7.09%*, Semi Annual	1000	Bullet	22-Jun-20
72nd Taxable Non-Cum. Bonds	8.50%, Semi Annual	80000	Bullet	22-Jun-20
55th "M" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300	Bullet	7-Jun-20
119th Taxable Non - Cum Bonds	7.20%, Annual	237500	Bullet	31-May-20
65th "K" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000	Bullet	27-Apr-20
68th "B" Tax Free Non-Cum. Bonds	6.70%, Semi Annual	92721	Bullet	8-Mar-20
67th Taxable Non-Cum. Bonds	8.55%, Semi Annual	17500	Bullet	3-Feb-20
112th Taxable Non - Cum Bonds	6.92%, Annual	150000	Bullet	10-Nov-19
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	80000	Redeemable in four equal yearly instalments commencing from 28-09-2019	28-Sep-19
48th "JJ" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000	Bullet	17-Sep-19
111th Taxable Non Cum - Bonds	7.65%, Annual	100000	Bullet	30-Jul-19
49th "N" - FRB Taxable Non-Cum. Bonds	6.84%*, Semi Annual	1000	Bullet	22-Jun-19
66th Taxable Non-Cum. Bonds	8.60%, Semi Annual	50000	Bullet	11-Jun-19
128th Taxable Non-Cum. Bonds	7.72%, Annual	260000	Bullet	7-Jun-19
55th "L" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300	Bullet	7-Jun-19
65th "AA" Taxable Non-Cum. Bonds	8.19%, Semi Annual	56000	Bullet	27-Apr-19
65th "J" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000	Bullet	27-Apr-19
Total		**7816050.37**		

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

4.1.2 Maturity profile and Rate of Interest of the secured bonds (classified as Other Current Liabilities) issued in the domestic capital market and amount outstanding as on 31-03-2018 is set out below:

(Rs. in Lakhs)

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
105th Series Taxable Non-Cum Bonds	8.33%, Annual	150000.00	Bullet	26-Mar-19
47th "O" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet	26-Mar-19
63rd "A" Taxable Non-Cum. Bonds	8.55%, Semi Annual	170500.00	Bullet	15-Jan-19
62nd "A" Taxable Non-Cum. Bonds	8.45%, Semi Annual	50000.00	Bullet	26-Dec-18
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	20000.00	Bullet	28-Sep-18
48th "II" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet	17-Sep-18
117th Taxable Non Cum - Bonds	7.15%, Annual	148000.00	Bullet	16-Sep-18
61st Taxable Non-Cum. Bonds	10.60%, Semi Annual	85500.00	Bullet	11-Sep-18
116th Taxable Non Cum - Bonds	7.00%, Annual	216500.00	Bullet	10-Sep-18
46th "EE" Taxable Non-Cum. Bonds	6.20%, Semi Annual	2500.00	Bullet	12-Aug-18
46th "O" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet	12-Aug-18
49th "M" - FRB Taxable Non-Cum. Bonds	7.11%*, Semi Annual	1000.00	Bullet	22-Jun-18
55th "K" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-18
60th Taxable Non-Cum. Bonds	9.43%, Semi Annual	60400.00	Bullet	23-May-18
45th "OO" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet	13-May-18
65th "I" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-18
Total		**921700.00**		

* Applicable interest rate as on 31-03-2018 (interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half yearly rest). All other interest rates are fixed.

4.2 Maturity profile and Rate of Interest of the 54 EC secured bonds issued in the domestic capital market and amount outstanding as on 31-03-2018 is set out below:

(Rs. in Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current
54 EC, Nov 2017 Bond Series	5.25%, Annual	30-Nov-20	Bullet	97.90	0.00
54 EC, Dec 2017 Bond Series	5.25%, Annual	31-Dec-20	Bullet	826.80	0.00
54 EC, Jan 2018 Bond Series	5.25%, Annual	31-Jan-21	Bullet	1047.00	0.00
54 EC, Feb 2018 Bond Series	5.25%, Annual	28-Feb-21	Bullet	2489.50	0.00
54 EC, Mar 2018 Bond Series	5.25%, Annual	31-Mar-21	Bullet	9287.60	0.00
Total				**13748.80**	**0.00**

4.3 Foreign Currency Term Loan availed is secured by first pari passu charge on the present / future rolling stock assets / lease receivables of the Company. Terms of Repayment and amount outstanding as on 31-03-2018 is as follows:

(Rs. in Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current
Bank of India	6M USD LIBOR+1.25% p.a.	30-Apr-18	Half Yearly repayable in 8 equal instalments	5895.00	1965.00
Total				**5895.00**	**1965.00**

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

4.4 Terms of Repayment of the Rupee Term Loan from Banks and secured by first pari passu charge on the present / future rolling stock assets / lease receivables of the Company and the amount outstanding as on 31-03-2018 is as follows:

(Rs. in Lakhs)

Particulars	Interest Rate	Date of Maturity	Term of Repayment	Non-Current	Current
State Bank of India*	7.80% p.a., Annual	4-21-19	Bullet Repayment	300000.00	0.00
Canara Bank*	8% p.a., Annual	4-27-19	Bullet Repayment	120000.00	0.00
Total				**420000.00**	**0.00**

*Pending registration of charge with the Registrar of Companies ('ROC') as on 31st March 2018

4.5 Terms of Repayment of the Rupee Term Loan from NSSF and secured by first pari passu charge on the present / future rolling stock assets / lease receivables of the Company and amount outstanding as on 31-03-2018 is as follows:

(Rs. in Lakhs)

Particulars	Interest Rate	Date of Maturity	Term of Repayment	Non-Current	Current
NSSF*	8.01% p.a., Semi Annual	27-Mar-28	Bullet Repayment	1000000.00	0.00
Total				**1000000.00**	**0.00**

*Pending registration of charge with the Registrar of Companies ('ROC') as on 31st March 2018

4.6 The unsecured bonds issued in the domestic capital market and outstanding as on 31-03-2018 are as follows:

(Rs. in Lakhs)

Series	Interest Rate	Amount outstanding	Terms of Repayment
125th Series Taxable Bonds*	7.41%, Semi Annual	210000.00	Redeemable in forty equal half yearly instalments commencing from 15-4-2028
122nd Series Taxable Bonds*	6.77%, Semi Annual	410000.00	Redeemable in forty equal half yearly instalments commencing from 15-4-2028
110th Series Taxable Bonds*	7.80% p.a., payable Semi Annual	300000.00	Redeemable in forty equal half yearly instalments commencing from 15-4-2027

Series	Interest Rate	Amount outstanding	Terms of Repayment
109th Series Taxable Bonds *	8.02% p.a., payable Semi Annual	500000.00	Redeemable in forty equal half yearly instalments commencing from 15-10-2026
101st Series Taxable Bonds*	7.87% p.a., payable Semi Annual	200000.00	Redeemable in forty equal half yearly instalments commencing from 15-04-2026
Total		**1620000.00**	

* The above mentioned bonds carry a fixed interest rate for 10 years. Interest is payable after initial moratorium of 5 years. The interest rate would be reset in the 11th year and the 21st year to the then prevailing Benchmark G-Sec Yield plus 30bps.

4.7 Maturity profile and interest rate on Unsecured Bonds from Overseas Capital Market and amount outstanding as on 31-03-2018 is set out below:

(Rs. in Lakhs)

Particulars	Interest Rate	Date of Maturity	Term of Repayment	Non-Current	Current
Reg-S Bonds Green Bond 1st Series (USD 500 Million)	3.835% p.a., Semi Annual	13-Dec-27	Bullet Repayment	327500.00	0.00
Reg-S Bonds 3rd Series (USD 500 Million)	3.917% p.a., Semi Annual	26-Feb-19	Bullet Repayment	0.00	327500.00
Total				**327500.00**	**327500.00**

4.8 Terms of Repayment of the Unsecured Foreign Currency Loans and amount outstanding as on 31-03-2018 is as follows:

(Rs. in Lakhs)

Description	Rate of Interest (p.a.)	Date of Maturity	Repayment	Non-Current	Current
Syndicated Foreign Currency Loan-JPY 26231.25 Mio	6M JPY LIBOR+0.80%	28-Mar-28	Bullet	162397.67	0.00
Syndicated Foreign Currency Loan-USD 400 Mio	6M USD LIBOR+0.60%	03-Dec-18	Bullet	0.00	262000.00
Loan From AFLAC-1	Fixed, 2.85%	10-Mar-26	Bullet	95562.31	0.00
Loan From AFLAC-2	Fixed, 2.90%	30-Mar-26	Bullet	24259.26	0.00
Total				**282219.24**	**262000.00**

5. Deferred Tax Liability (Net)

Major components of Net Deferred Tax Liability are as under:

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Liability on account of difference between WDV as per Income Tax Act, 1961 and the Companies Act, 2013.	906257.93	906257.93
Less: Deferred Tax Asset on account of Unabsorbed Depreciation	267233.95	267233.95
Less: Deferred Tax Asset on account of Provision for Post-Retirement Medical and Pension Plans	32.32	32.32

Particulars	As at 31-03-2018	As at 31-03-2017
Net Deferred Tax Liability	**638991.66**	638991.66

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

MAT Credit is not being recognized on consideration of prudence, as the Company does not expect to utilize the same during the period allowed under the Indian Income Tax Act, 1961.

As per Gazzete notification No. S.O. 529(E) Dt. 5th Feb, 2018 as amended by notification no. S.O 1465 Dt. 2nd April, 2018 issued by Ministry of Corporate Affairs, Government of India the provisions of Accounting Standard 22 relating to Deferred Tax Assets (DTA) or Deferred Tax Liability (DTL) shall not apply to the Company w.e.f. 1st April, 2017 accordingly, no provision has been made for DTL/DTA for the year ended 31 March, 2018.

6. Other Long Term Liabilities

(Rs. in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
	Non Current	Current	Non Current	Current
Unamortised Portion of Securitisation Gain*	43.33	40.49	83.82	58.41
Forward Contracts	0.00	62598.55	62048.55	0.00
Derivative Liabilities	23541.90	0.00	29110.84	0.00
Interest Accrued but not due	181443.47	384228.45	82877.00	304299.37
Earnest Money Deposit	0.00	3.30	0.05	0.00
Total	**205028.70**	**446870.79**	**174120.26**	**304357.78**

*Out of the unamortised gain of Rs. 142.23 Lakhs (P.Y. 222.95 Lakhs), in respect of the Securitization transactions executed during the previous years, a sum of Rs. 58.41 Lakhs (P.Y. Rs. 80.72 Lakhs) has been recognized during the year, leaving a balance of Rs. 83.82 Lakhs (P.Y. Rs. 142.23 Lakhs).

7. Long Term Provisions

(Rs. in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
	Non Current	Current	Non Current	Current
Leave Encashment (Net of funded amount)	22.88	11.21	22.79	14.73
Gratuity (Net of funded amount)	0.18	4.12	0.00	0.00
Post-Retirement Medical & Pension Benefits	127.67	0.00	93.40	0.00
Total	**150.74**	**15.33**	**116.19**	**14.73**

8. Short Term Borrowings

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Unsecured		
Rupee Term Loans from Banks	396920.00	215.90
Commercial Paper	99758.85	576719.39
	496678.85	**576935.29**
Total	**496678.85**	**576935.29**

8.1 Details of Commercial paper outstanding as on 31st March, 2018 is as below:

S.No.	Particulars	Discount Rate	Date of Maturity	Face Value	Unexpired Discount	Outstanding Amount
1	CP series - X	7.40% p.a.	13th April, 2018	1,00,000.00	241.15	99,758.85

9. Other Current Liabilities

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Current Maturities of Long Term Debt (Ref. Note No.4)	1513165.00	391524.00
Interest Accrued but not due (Refer Note No.6)	384228.45	304299.37
Unamortised Securitisation Gain (Refer Note No. 6)	40.49	58.41
Liability for Matured and Unclaimed Bonds / Interest (Refer Note No. 35 (a))	581.62	657.36
Forward Contracts (Refer Note No. 6)	62598.55	0.00
Amount Payable to MOR on account of MTM-derivatives	981.74	0.00
Earnest Money Deposit (Refer Note No. 6)	3.30	0.00
Other Payables:		
Statutory Dues	64775.93	1.56
Tax Deducted at Source Payable	1151.39	1067.32
Dividend Tax	0.00	0.00
Others	871.52	350.70
Total	**2028397.99**	**697958.72**

10. Short Term Provisions

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Interest Payable on Income Tax	128.20	15.45
Corporate Social Responsibility (CSR)	789.35	789.35
Employee Benefits (Refer Note No.7)	15.33	14.73
Proposed Final Dividend	17500.00	3352.46
Dividend Tax on Proposed Final Dividend	3597.77	682.39
Total	**22030.66**	**4854.38**

11. Fixed Assets

(Rs. in Lakhs)

S.No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31-03-2017	Additions during the year	Sale / Adjustment during the year	As at 31-03-2018	Upto 31-03-2017	For the year	Adjustments during the year	As at 31-03-2018	As at 31-03-2018	As at 31-03-2017
	Tangible Assets										
1	Office Building	1524.23	0.00	0.00	1524.23	401.06	25.52	0.00	426.58	1097.65	1123.17
2	Airconditioners, Room Coolers / Heaters	19.38	0.44	0.76	19.05	17.22	0.25	0.27	17.20	1.85	2.16
3	Office Equipments	33.28	4.94	1.79	36.43	26.43	2.32	0.83	27.92	8.52	6.85
4	Furniture & Fixtures	90.28	3.99	0.00	94.27	82.29	1.12	0.00	83.41	10.85	7.99
5	Franking Machine	1.19	0.00	0.00	1.19	0.91	0.28	0.00	1.19	0.00	0.28
6	Computer	61.48	3.27	1.77	62.97	54.68	4.18	1.77	57.09	5.88	6.80
7	Motor Car	10.24	0.00	0.00	10.24	7.68	0.85	0.00	8.53	1.71	2.56
8	Photo Copier	1.59	0.00	0.00	1.59	1.06	0.15	0.00	1.21	0.38	0.53
9	Water Cooler	0.29	0.00	0.00	0.29	0.29	0.00	0.00	0.29	0.00	0.00
10	Electric-Installation	1.80	0.00	0.00	1.80	1.80	0.00	0.00	1.80	0.00	0.00
	Total	1743.76	12.63	4.33	1752.06	593.41	34.68	2.88	625.22	1126.85	1150.35
	Intangible Assets										
1	Computer Software/Website	4.34	2.18	0.00	6.52	3.15	0.72	0.00	3.87	2.64	1.19
	Total	4.34	2.18	0.00	6.52	3.15	0.72	0.00	3.87	2.64	1.19
	Total Fixed Assets	1748.10	14.80	4.33	1758.58	596.56	35.40	2.88	629.09	1129.50	1151.54
	Previous Year	1740.35	13.66	5.91	1748.10	564.48	35.02	2.94	596.56	1151.54	1175.87

12.Non Current Investments (At Cost)

(Rs. in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
Investments (Unquoted Non-Trade)	**Non Current**	**Current**	**Non Current**	**Current**
Investments in Equity				
2,44,000 (P.Y. 244000) Equity Shares of IRCON International Ltd.	199.85	0.00	199.85	0.00
Other Investments				
40 (P.Y. 45) Senior Pass Through Certificates 'P' to 'W' Series of NOVO X Trust Locomotives	332.95	121.20	454.15	132.79
Total	**532.80**	**121.20**	**654.00**	**132.79**
Aggregate Amount of Unquoted Investments	**532.80**	**121.20**	**654.00**	**132.79**

13. Long Term Loans and Advances

(Rs. in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
	Non Current	**Current**	**Non Current**	**Current**
Secured Considered Good				
House Building Advance*	7.88	2.21	10.09	3.73
Unsecured Considered Good				
Capital Advances				
- Advance to FA & CAO, Northern Railway	253.01	0.00	253.01	0.00
Advance against Lease of Rly Infrastructure Assets (Refer Note No. 30)	3735989.00	0.00	2260000.00	0.00
Lease Receivables from Ministry of Railways	10123480.12	823685.52	9108199.22	712419.74
Amount Recoverable from MOR on account of Exchange Rate Variation (Refer Note No. 29)	46267.29	35947.76	76367.73	41099.70
Amount Recoverable from MOR on account of MTM – Derivatives	14838.93	0.00	22253.00	0.00
Security Deposits	10.94	0.00	9.19	0.00
Loan to Rail Vikas Nigam Ltd.	179663.00	24132.50	194545.50	21857.50
Loan to IRCON	320000.00	0.00	0.00	0.00
Advance to Employees	0.00	0.04	0.00	0.17
TDS & Advance Tax (Net)	2584.37	0.00	1065.76	0.00
Gratuity Funded Assets (Net)	0.00	0.00	0.55	4.56
Total	**14423094.54**	**883768.03**	**11662704.05**	**775385.40**

* includes Rs. 1.08 lakhs (P.Y. Rs. 13.82 lakhs) to Key Managerial Personnel /Officers of the Company

14. Other Non Current Assets

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Unsecured Considered Good		
Interest Accrued but not due on Loans	45812.87	53016.92
Interest Accrued on Investment in Pass Through Certificates	299.85	333.62
Unabsorbed Forward Premium on Forward Contracts	0.00	16826.12
Interest against construction of Railway Infrastructure asset accrued but not due	343015.20	115362.78
Interest Accrued on Advances to Employees*	5.88	9.18
Derivative Asset	8702.97	6187.36
Total	**397836.77**	**191735.98**

* includes Rs. 4.03 lakhs (P.Y. Rs. 8.58 lakhs) to Key Managerial Personnel/Officers of the Company

15. Current Investments (at cost)

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Current Maturities of Long Term Investments		
40 (P.Y. 45) Senior Pass Through Certificates 'P' to 'W' Series of NOVO X Trust Locomotives (Refer Note No. 12)	121.20	132.79
Total	**121.20**	**132.79**
Aggregate Amount of Unquoted Investments	**121.20**	**132.79**

16. Cash and Bank Balances

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Cash and cash equivalents		
Balance with Banks		
- In Current Accounts	111.82	93.33
- In Term Deposit Account	0.00	0.00
- In Interest / Redemption Accounts (Ref. Note No. 35(a))	581.62	657.36
-In Escrow Pool Account*	9287.60	0.00
Deposit with Reserve Bank of India		
-In Public Deposit Account	1.02	1.02
Balance in Franking Machine	0.04	0.04
Total	**9982.10**	**751.75**

* Pending allotment of 54 EC bonds (March 18 Series) amount lying in Escrow Pool Account of IRFC

17. Short Term Loans and Advances

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Unsecured Considered Good		
Deposit with NCRDC, New Delhi	0.00	4.38
Amount Recoverable from MOR	332705.13	289799.87
Tax Refund Receivable*	36.61	36.61
Amount Recoverable from Others	2.25	0.64
Gratuity Funded Assets (Net)	0.00	4.56
Prepaid Expenses	48.85	39.01
Advance to Others	16.65	21.01
Advance to Employees	0.79	0.71
Total	**332810.28**	**289906.79**

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

18. Other Current Assets

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Current Maturities of Long Term Loans and Advances (Refer Note No.13)		
Lease Receivables from Ministry of Railways	823685.52	712419.74
Loan to Rail Vikas Nigam Ltd	24132.50	21857.50
House Building Advance	2.21	3.73
Advance to Employees	0.04	0.17
Amount Recoverable from MOR on account of Exchange Rate Variation	35947.76	41099.70
Interest Accrued but not due on Loans & Deposits	26138.09	20898.20
Interest Accrued but not due on 54 EC Bond Application Money	13.94	0.00
Unabsorbed Forward Premium on Forward Contracts	16826.12	20976.66
Derivative Assets	981.74	670.48
GST - Input Tax Credit	139977.89	0.00
Total	**1067705.80**	**817926.18**

19. Revenue from Operations

(Rs. in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Lease Income	**849233.50**	**769579.64**
Interest on Lease Advance	**227652.42**	**105950.23**
Interest Income from:		
- Loans	23432.76	24717.45

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
- Deposits	1392.31	4265.65
- Investments	81.48	83.75
	24906.55	**29066.85**
Other Financial Income		
- Gain on Assets Securitization	**58.41**	**80.72**
Total	**1101850.88**	**904677.44**

20. Other Income

(Rs. in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Dividend Income	48.66	45.42
Profit on sale of Fixed Assets	0.00	0.11
Misc Income	123.68	27.97
Interest on Income Tax refund	0.00	15.10
Total	**172.34**	**88.6**

21. Employee Benefits Expense

(Rs. in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Salaries, Incentives etc.	442.38	258.55
Contribution to Provident and Other Funds	98.03	40.53
Staff Welfare Expenses	3.54	0.46
Total	**543.95**	**299.54**

22. Finance Cost

(Rs. in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Interest Expenses		
Interest on Bonds	738928.66	606303.63
Interest on Rupee Term Loans	15072.66	4870.66
Discount on Commercial Paper	20201.18	11135.39
Interest and Swap Cost on Foreign Currency Loans*	53618.82	57579.47
Interest on delayed payment to MOR	7869.89	7658.36
Interest to Income Tax Authorities	128.22	16.98
Sub-Total	**835819.43**	**687564.49**
Other Borrowing Cost		
Bond Issue Expenses / Expenses on Raising of Loans**	6093.29	643.03
Bond/Loan/Securitization Servicing Expenses	1772.24	600.27
Sub-Total	**7865.54**	**1243.30**
Total	**843684.97**	**688807.79**

*Interest and Swap Cost on Foreign Currency Loans includes Rs. 21,388.66 Lakhs (P.Y. Rs. 19,736.06 lakhs) towards Forward Premium on Currency Forward Contracts

** Bond issue expenses/Expenses on loans includes Rs. 8.10 Lakhs (previous year Nil) paid to Auditors for certification of prospectus /offer documents for issue of bonds.

23. Other Expenses

(Rs. in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Filing Fee	0.46	0.82
Legal & Professional Charges	396.07	145.67
Advertisement & Publicity	37.54	20.44
Printing & Stationery Charges	16.51	10.49
News Paper, Books & Periodicals	1.53	1.19
Conveyance Expenses	7.07	7.33
Travelling - Foreign		
- Directors	19.86	10.26
- Others	0.00	1.95
Travelling - Local		
- Directors	19.33	11.63
- Others	9.97	10.13
Transport Hire Charges	37.15	30.09
Office Maintenance Expenses	64.64	95.26
Vehicle Running & Maintenance	2.09	2.29
Office Equipment Maintenance	24.95	14.61
Electricity Charges	23.78	21.90
Loss on Sale of Fixed Assets	0.65	1.80
Postage Charges	8.61	1.44
Telephone Charges	7.51	6.63
Training Expenses	0.63	2.40
Bank Charges	1.76	1.49
Payment to Auditors		
- Audit Fees	7.50	8.85
- Tax Audit Fee	2.49	2.95
- Quarterly Review	6.29	8.62
- Other Statutory Certifications	4.31	10.03
Miscellaneous Expenses	88.29	68.02
Insurance	0.25	0.26
Fees & Subscription	23.57	13.69
Sponsorship/Donation	31.29	2.01
Ground Rent	1.29	1.15
Property Tax	2.62	2.62
Prior Period Expenditure (NET) (Refer Note No.23.1)	1.15	4.06
Total	**849.16**	**520.08**

23.1. Prior Period Expenditure (Net):

(Rs. in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Income	0.00	0.00
Total (A)	**0.00**	**0.00**
Expenditure		
Bond Issue Exp.	0.00	4.06
News Paper, Books & Periodicals	0.00	0.30
Interest on Bonds/Foreign Currency Loans	0.00	0.83
Interest on Bonds	0.00	2.98
Legal & Professional	1.44	0.19
Office Maintenance Expenses	0.00	0.20
Salary Employee Benefits	0.00	-4.50
Telephone Expenses	-0.03	0.00
Medical Reimbursement	-0.16	0.00
Advertisement & Publicity	-0.10	0.00
Total (B)	**1.15**	**4.06**
Prior Period Expenditure (Net) (B-A)	**1.15**	**4.06**

24. Earnings Per Equity Share

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Net Profit (Rs. in Lakhs)	200730.67	93381.14
Weighted Average Number of Equity shares outstanding	6526460000	6526460000
Earnings Per Share (Rs.) [Face value of Rs. 10/- per share]		
-Basic	3.08	1.43
-Diluted	3.08	1.43

25.

(a) Lease rental is charged on the assets leased from the first day of the month in which the Rolling Stock assets have been identified and placed on line as per the Standard Lease Agreements executed between the Company and MOR from year to year.

(b) Ministry of Railways (MOR) charges interest on the value of the assets identified prior to the payments made by the company, from the first day of the month in which the assets have been identified and placed on line to the first day of the month in which the money is paid to the MOR. However, no interest is charged from the MOR on the amount paid by the company prior to identification of Rolling stock by them.

(c) (i) Interest rate variation on the floating rate linked rupee borrowings and interest rate and exchange rate variations on interest payments in the case of foreign currency borrowings are adjusted against the Lease Income in terms of the variation clauses in the lease agreements executed with the Ministry of Railways. During the year ended 31st March 2018, such differential has resulted in an amount of Rs.4774.16 Lakhs accruing to the Company (P.Y. Rs. 7046 Lakhs), which has been accounted for in the Lease Income.

(ii) In respect of foreign currency borrowings, which have not been hedged, variation clause have been incorporated in the lease agreements specifying notional hedging cost adopted for working out the cost of funds on the leases executed with MOR. Hedging cost in respect of these foreign currency borrowings is compared with the amount recovered by the company on such account on notional cost basis and accordingly, the same is adjusted against the lease income. During the year ended 31st March 2018 in respect of these foreign currency borrowings, the Company has recovered a sum of Rs.14,232.11 Lakhs (P.Y. Rs. 17,433 Lakhs) on this account from MOR against a sum of Rs.20,976.66 Lakhs (P.Y. Rs19,713 Lakhs) incurred towards hedging cost and the balance amount of Rs. 6,744.55 Lakhs (P.Y. Rs 2,280 Lakhs) is recoverable from MOR.

(d) The lease executed for Rolling Stock in the year 1987-88 for Rs. 77,032.86 Lakhs has expired on 31st March 2018. During the primary and secondary lease period full value of asset (including interest) has been recovered from the Lessee (MOR).These assets have outlived their useful economic life. Formalities for the transfer of these assets to MOR are under progress and necessary adjustments in the accounts, if required, will be carried out on completion of transfer

26.

(a)

i. The Reserve Bank of India has issued Master Direction – Non- Banking Financial Company- Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide notification DNBR.PD.008/03.10.119/2016-17 dated 1st September 2016 as amended from time to time. The Company, being a Government Company and not accepting/holding public deposits, these Directions, except the provisions contained in Paragraph 25 thereof, are not applicable to the Company. As a matter of prudence the Company has decided to follow the asset classification and provisioning norms as contained in above directions for loans/leases/advances to entities other than Indian Railways, except the requirement of provisioning on standard assets. However, vide Master Circular dated 31 May 2018, issued by RBI such exemption to government companies has been withdrawn.

ii. Further, Reserve Bank of India (RBI) vide letter dated 19th March 2010 has sought a road map from the Company for compliance with the prudential norms issued by RBI. The Company has requested for continuation of exemption from the applicability of prudential norms relating to single party exposure and assignment of zero risk weight to lease receivables from MOR vide letter dated 3rd May 2010.

iii. In terms of Reserve Bank of India Notification No.DNBC.138/CGM (VSNM) – 2000 dated 13th January 2000, provisions of Section 45 IC of the Reserve Bank of India Act, 1934 (2 of 1934) regarding creation of Reserve Fund, do not apply to the Company.

(b) In terms of the Ministry of Corporate Affairs circular dated 18th April, 2002, the Company, being a Non-Banking Finance Company registered with RBI, is required to create Bond Redemption Reserve equivalent to 50% of the value of the bonds raised through Public issue by the redemption date of such Bonds. Subsequently, the requirement for creation of Bond Redemption Reserve in case of Public Issue of bonds by Non-Banking Finance Company registered with RBI was brought down to 25% by MCA vide their circular dated 11th Feb, 2013. Further, the Companies (Share Capital and Debentures) Rules, 2014 dated 3rd April, 2014 also mandates the Non- Banking Finance Companies registered with RBI to create Bond Redemption Reserve equivalent to 25% of the value of the Bonds raised through public issue by the redemption dates of such bonds. Accordingly, the Company is required to transfer 50% of the value of the bonds raised through public issue during FY 2011-12 and 25% of the value of Bonds raised through Public Issue during 2012-13, FY 2013-14 and FY 2015-16 to Bond Redemption Reserve by the redemption dates of such Bonds. The Company has raised Rs. 24,88,167.37 Lakhs through public issue of bonds in FY 2011-12, FY 2012-13, FY 2013-14 and FY 2015-16. The average residual maturity of the above mentioned bonds is more than 10 years as on 31st March, 2018. However, the Company restricted its dividend payment to Rs. 37500 Lakhs and has transferred an amount of Rs. 41981 Lakhs to the Bond Redemption Reserve.

27. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013 a Corporate Social Responsibility Committee has been formed by the Company. During the year the Company has undertaken CSR activities as approved by the CSR Committee which are specified in Schedule-VII of the Companies Act, 2013.

i) Gross amount required to be spent by the company during the year ended 31st March, 2018 Rs. 3997.38 Lakhs (including Rs.769.60 Lakhs for earlier year).

ii) Details of amount spent during the year:

(Rs. in Lakhs)

Sl. No	Particulars	Year Ended March 31, 2018			Year Ended March 31, 2017		
		In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
i)	Construction/ Acquisition of any Asset	0.00	0.00	0.00	0.00	0.00	0.00
ii)	**On purpose other than (i) above**	**2,072.90**	**305.07**	**2,377.97**	**1677.47**	**0.00**	**1677.47**
iia)	Contribution to 'Swachh Bharat Kosh'(Item No.(i) of Schedule-VII)	0.00	0.00	0.00	370.72	0.00	370.72
iib)	Health Care (Item No.(i) of Schedule-VII)	0.00	0.00	0.00	6.49	0.00	6.49
iic)	Social Welfare (Item No.(iii) of Schedule-VII)	247.75	0.00	247.75	100.00	0.00	100.00
iid)	Forest & Environment, animal welfare etc. (Item No.(iv) of Schedule-VII)	736.45	305.07	1041.52	826.54	0.00	826.54
iie)	Contribution to 'Çlean Ganga Fund' (Item No.(iv) of Schedule-VII)	1,088.70	0.00	1,088.70	370.72	0.00	370.72
iif)	Art & Culture, public libraries (Item No (v) of Schedule-VII)	0.00	0.00	0.00	3.00	0.00	3.00
Grand Total(i + ii)		**2,072.90**	**305.07**	**2,377.97**	**1,677.47**	**0.00**	**1,677.47**

iii) Details of related party transaction w.r.t CSR activities as per Accounting Standard (AS) 18, related Party Disclosures – Nil (Previous Year NIL)

28.

i. The Finance Act, 2001 provides for levy of service tax on the finance and interest charges recovered through lease rental installments on the Financial Leases entered on or after 16-07-2001. The Central Government vide Order No.1/1/2003-ST dated 30th April 2003 and subsequent clarification dated 15-12-2006 issued by Ministry of Finance has exempted the Lease Agreements entered between the Company and Ministry of Railways from levy of Service Tax thereon u/s 93(2) of Finance Act, 1994. However, the service tax has been subsumed in GST w.e.f 1st July,2017

ii. The GST Council in their meeting held on 19th May, 2017 has exempted the services of leasing of assets (rolling stock assets including wagons, coaches, locos) by Indian Railways Finance Corporation to Indian Railways from the levy of Goods & Service Tax (GST) which has been made applicable with effect from 1st July, 2017.

29. Increase in liability due to exchange rate variation on foreign currency loans for purchase of leased assets amounting to Rs. 4,923 Lakhs (P.Y. decrease Rs. 7,997 Lakhs) has not been charged to the Statement of Profit and Loss as the same is recoverable from the Ministry of Railways (lessee) separately as per lease agreements. The crystallized exchange rate variation loss on foreign currency loans repaid during the year amounting to Rs. 40,176 Lakhs (P.Y. Rs. 69,674 Lakhs) has been recovered from the Lessee, leaving a balance of Rs.82,215 Lakhs recoverable from MOR as on 31st March, 2018 (P.Y. Rs. 1,17,467 Lakhs).

Gain on account of Decrease in the Fair Value of Derivative (Liability) / Increase in the Fair Value of Derivative Assets other than the Currency Forward Contracts amounting to Rs 5,096 Lakhs (PY Gain Rs.5,600 Lacs) has not been recognized in the Statement of Profit & Loss as the same is refundable to the Ministry of Railways (Lessee) since the derivatives have been contracted to hedge the financial risk of the Ministry of Railways (Lessee).

30. The Ministry of Railways (MOR) vide letter dated 23rd July, 2015 had authorized the Company to draw funds from LIC in consultation with MOR for funding of Railway Projects in line with leasing methodology adopted by Company for funding Railway Projects in past. Pending execution of the Lease Documents, the Company has entered into a Memorandum of Understanding with the Ministry of Railways on 23rd May 2017 containing principal terms of the lease transactions. The total sum of Rs.37,35,989 Lakhs disbursed to MOR by the end of FY 2017-18 (P.Y. Rs. 22,60,000 Lakhs) has been shown as 'Advance against Lease of Rly. Infrastructure Assets'. Pending completion of projects and execution of Lease documents, the cost incurred by the Company in respect of the funds borrowed for making advances to MOR (including GST paid on such advance under reverse charge mechanism) for development or construction of such railway Infrastructure assets has been charged to the statement of Profit and Loss. Further, the accrued interest on above mentioned advances made to Ministry of Railways has been accounted for as Income in the statement of Profit & Loss. Such accrued interest during construction period will form part of the cost of the underlying assets under construction.

31. **Derivative Instruments**

The Company judiciously contracts financial derivative instruments in order to hedge currency and / or interest rate risk. All derivative transactions contracted by the Company are in the nature of hedging instruments with a defined underlying liability. The Company does not deploy any financial derivative for speculative or trading purposes.

(a) The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations in respect its External Commercial Borrowings.

Outstanding foreign exchange forward contracts entered into by the Company which have been used for hedging the foreign currency risk on repayment of external commercial borrowings (principal portion):

As at 31-03-2018			As at 31-03-2017		
No. of Contracts	Borrowing outstanding in Foreign Currency (USD Million)	INR Equivalent (Lakhs)	No. of Contracts	Borrowing outstanding in Foreign Currency (USD Million)	INR Equivalent (Lakhs)
9	550	4,22,848.55	9	550	4,22,848.55

(b) In respect of following External Commercial Borrowings, the Company has executed cross currency swap to hedge the foreign exchange exposure in respect of both principal outstanding and interest payments and converted its underlying liability from one foreign currency to another:

As at 31-03-2018			As at 31-03-2017			Remarks
No. of Contracts	Borrowing outstanding in Foreign Currency	Notional USD Equivalent	No. of Contracts	Borrowing outstanding in Foreign Currency	Notional USD Equivalent	
1	JPY 12 Billion	145.90 Million	1	JPY 12 Billion	145.90 Million	Back to back recovery of INR/USD exchanges rate variation from MOR.
1	JPY 3 Billion	37.04 Million	1	JPY 3 Billion	37.04 Million	Back to back recovery of INR/USD exchange rate variation from MOR.

The foreign currency borrowings outstanding as on 31-03-2018, which have not been hedged, are as follows:

As at 31-03-2018		As at 31-03-2017		Remarks
No. of Loans	Borrowing outstanding in Foreign Currency	No. of Loans	Borrowing outstanding in Foreign Currency	
1	USD 12.00 Million	1	USD 15 Million	Back to back recovery of exchange rate variation from MOR.
-	-	1	USD 300 Million	
2	USD 350 Million	2	USD 350 Million	
1	JPY 26,231.25 Million (Equivalent to USD 250 Million)	-	-	
1	USD 500 Million	-	-	

(c) Other than currency forward contracts, the Company also resorts to interest rate derivatives like Cross Currency Interest Rate Swap and Interest Rate Swap for hedging the interest rate risk associated with its external commercial borrowings.

The Company recognizes these derivatives in its Financial Statements at their Fair Values. Further, in view of the fact that these derivatives are Over the Counter (OTC) contracts customized to match the residual tenor and

value of the underlying liability, the Company relies on the valuations done by the counter parties to the derivative transactions using the theoretical valuation models.

No. of Transaction	Description of Derivative	Notional Principal	Fair Value Asset / (Liability) at 31st March, 2018 (Rs. Lakhs)
2	Cross Currency Interest Rate Swap (JPY Fixed Interest Rate Liability to USD Floating Rate Liability)	JPY 15 Bn. / USD 182.94 Mio	(23,541.90)
2	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 182.94 Mio	8,702.97
1	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 200.00 Mio	981.74

32. Office Building including parking area has been capitalized from the date of taking possession. However, the sale / transfer deed is still pending for execution in favour of the Company. Stamp duty payable on the registration of office building works out to about Rs. 91.45 Lakhs (as certified by approved valuer) (P.Y. Rs. 122 Lakhs), which will be accounted for on registration.

33. **Contingent Liabilities**

a. Claims against the Company not acknowledged as debt – Claims by bondholders in the Consumer / Civil Courts: Rs. 8.69 Lakhs (P.Y. Rs. 8.72 Lakhs).

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

c. The Income Tax assessments of the Company have been completed up to the Assessment Year 2015–16. The disputed demand of tax including interest thereon amount to Rs. 91.41 Lakhs. The Company has already filed appeal against the said demand and the same is pending at appellate level. Based on decisions of the Appellate authorities in other similar matters and interpretation of relevant provisions, the Company is confident that the demand will be either deleted or substantially reduced and accordingly no provision is considered necessary.

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

34. **Expenditure in Foreign Currency**

(Rs. in Lakhs)

	Year ended 31-03-2018	Year ended 31-03-2017
a) Interest / Swap Cost on Foreign currency borrowings	32,325.68	37,644.50
b) Processing Agent / Fiscal Agent / Admin. Fee	28.98	17.73
c) Underwriting / Arranger fee	4,862.14	0.00
d) International Credit Rating Agencies Fees	289.00	110.51
e) Others	146.73	19.28

35.

(a) The Company discharges its obligation towards payment of interest and redemption of bonds, for which warrants are issued, by depositing the respective amounts in the designated bank accounts. Reconciliation of such accounts is an ongoing process and has been completed upto 31-03-2018. The Company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 31-03-2018 is Rs. 581.62 Lakhs (P.Y. Rs. 657.36 Lakhs).

(b) The Company is required to transfer any amount remaining unclaimed and unpaid in such interest and redemption accounts after completion of 7 years to Investor Education Protection Fund (IEPF) administered by the Ministry of Corporate Affairs, Government of India. During the year ended 31st March 2018, a sum of Rs.0.65 Lakhs was deposited in IEPF (P.Y. Rs. 12.80 Lakhs).

36. Long Term Loans and Advances (Note No.13) include Lease Receivables representing the present value of future Lease Rentals receivable on the finance lease transactions entered into by the company since inception as per the Accounting Standard (AS) – 19 notified by the Ministry of Corporate Affairs.

Reconciliation of the Lease Receivable amount on the Gross value of Rolling Stock assets worth Rs. 1,66,21,159 Lakhs (P.Y. Rs. 1,47,54,173 Lakhs) owned by the Company and leased to the Ministry of Railways is as under:

(Rs. in Lakhs)

Particulars	**As at 31-03-2018**	As at 31-03-2017
Gross Value of Assets acquired & Leased upto the end of previous Financial Year	1,47,54,173	1,33,26,089
Less: Capital Recovery provided upto last Year	49,33,554	42,76,755
Capital Recovery outstanding on leased assets as at the end of last year	98,20,619	90,49,334
Add: Gross Value of Assets acquired and Leased during the period	18,66,986	14,28,084
	1,16,87,605	1,04,77,418
Less: Capital Recovery for the period	7,40,440	6,56,799
Net investment in Lease Receivables	**1,09,47,165**	**98,20,619**

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

(Rs. in Lakhs)

Particulars	**As at 31-03-2018**	As at 31-03-2017
Gross Investment in Lease	1,60,93,270	1,45,48,332
Unearned Finance Income	51,46,105	47,27,713
Present Value of Minimum Lease Payment (MLP)	1,09,47,165	98,20,619

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

(Rs. in Lakhs)

Particulars	**As at 31-03-2018**		As at 31-03-2017	
	Gross Investment In Lease	Present Value of MLP	Gross Investment in Lease	Present Value of MLP
Not later than one year	16,58,213	8,23,686	14,77,428	7,12,419
Later than one year and not later than five years	62,59,588	36,54,790	55,88,036	31,84,071

Particulars	As at 31-03-2018		As at 31-03-2017	
	Gross Investment In Lease	Present Value of MLP	Gross Investment in Lease	Present Value of MLP
Later than five Years	81,75,469	64,68,690	74,82,868	59,24,129
Total	**1,60,93,270**	**1,09,47,165**	**1,45,48,332**	**98,20,619**

The unearned finance income as on 31-03-2018 is Rs. 51,46,105 Lakhs (Previous Year Rs. 47,27,713 Lakhs). The unguaranteed residual value accruing to the benefit of the Company at the end of lease period is Rs. Nil (P.Y. Nil).

The Company has leased rolling stock assets to the Ministry of Railways (MOR). Besides, the Company has funded Railway projects during the year 2011-12, in respect of which the lease had commenced during the year 2015-16. A separate lease agreement for each year of lease has been executed and as per the terms of the lease agreements, lease rentals are received half yearly in advance. The leases are non-cancellable and shall remain in force until all amounts due under the lease agreements are received.

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

In terms of the RBI Guidelines on Minimum Retention Requirement issued by the Reserve Bank of India as applicable to the Non-Banking Finance Companies, the company being the originator, had opted to retain a minimum of 5% of the book value of the receivables being securitised. Accordingly, the Company had invested Rs. 1697.71 Lakhs in the Pass Through Certificates (PTCs) issued by the 'Special Purpose Vehicle' towards Minimum Retention Requirement. Out of the amount invested in PTCs, Rs. 1,243.56 Lakhs have matured till 31st March 2018, leaving a balance of Rs. 454.15 Lakhs. Details of the amount invested in PTCs and outstanding as on 31st March 2018 is as follows:

Series	Date of Maturity	Nos of PTCs	Face Value per PTC (in Rs)	Total Amt (Rs. in Lakhs)
Series 'O'	15-Apr-18	5	12,39,733.28	61.99
Series 'P'	15-Oct-18	5	11,84,216.00	59.21
Series 'Q'	15-Apr-19	5	11,31,468.11	56.57
Series 'R'	15-Oct-19	5	10,80,799.13	54.04
Series 'S'	15-Apr-20	5	10,32,399.18	51.62
Series 'T'	15-Oct-20	5	9,86,166.66	49.31
Series 'U'	15-Apr-21	5	9,42,240.38	47.11
Series 'V'	15-Oct-21	5	9,00,045.32	45.00
Series 'W'	15-Apr-22	5	5,85,908.19	29.30
Total		**45**		**454.15**

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

Defined Benefit Plan

Changes in Present Value of Defined Obligations:

(Rs. in Lakhs)

Particulars	Gratuity (Funded)*-		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	**31-03-2018**	31-03-2017
Present value of Defined Benefit Obligation at the beginning of the year	59.00	67.65	71.60	82.54

Interest Cost	4.20	4.51	5.12	6.36
Current Service Cost	4.56	4.51	14.72	13.93
Benefits Paid	0.00	-10.00	-9.66	-28.15
Actuarial (Gain) / Loss on obligations	-8.58	-7.67	-3.85	-3.09
Past Service Cost	17.27	-	13.77	-
Present value of Defined Benefit Obligation at the end of the period	76.45	59.00	91.71	71.60

Changes in the Fair Value of Plan Assets:

(Rs. in Lakhs)

Particulars	**Gratuity (Funded)**		**Leave Encashment (Funded)**	
	31-03-2018	31-03-2017	**31-03-2018**	31-03-2017
Fair Value of Assets at the beginning of the year	64.11	59.22	34.08	31.48
Expected Return on plan assets	4.73	4.03	2.97	2.96
Contributions	3.21	0.00	19.88	0.00
Benefits Paid	0.00	0.00	0.00	0.00
Reimbursement paid by the insurer	0.00	0.00	0.00	0.00
Actuarial Gain / (Loss) on plan assets	0.10	0.86	0.70	-0.36
Fair Value of Plan Assets at the end of the period	72.15	64.11	57.63	34.08

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

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	**31-03-2018**	31-03-2017
Opening net Liability / (Asset) at the beginning of the year	-5.11	8.42	37.52	51.06
Expenses	12.62	-3.54	26.11	14.61
Contribution	-3.21	0.00	-19.88	0.00
Reimbursement paid by the insurer	0.00	-10.00	-9.66	-28.15
Closing net Liability / (Asset) at the end of the period	4.30	-5.12	34.09	37.52

Actuarial Gain / Loss recognised:

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	**31-03-2018**	31-03-2017
Actuarial (Gain) / Loss for the period – obligation	8.58	7.67	3.85	3.08
Actuarial (Gain) / Loss for the period plan assets	0.10	0.86	0.70	-0.36
Total (Gain) / Loss	8.68	8.53	6.26	2.72
Actuarial Gain / (Loss) recognised in the period	8.68	8.53	4.55	2.72

Amount recognised in the Balance Sheet:

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	**31-03-2018**	31-03-2017
Present value of obligations as at the end of the period	76.45	59.00	91.71	71.59
Fair Value of plan assets	72.15	64.11	57.63	34.08
Liability (assets)	4.30	-5.11	34.09	37.51
Net Liability (assets) recognised in the Balance Sheet	4.30	-5.11	34.09	37.51

Expenses recognized in statement of Profit & Loss:

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	**31-03-2018**	31-03-2017
Current Service Cost	4.56	4.51	14.73	13.93
Interest Cost	4.20	4.51	5.12	6.36
Expected return on plan assets	-4.72	-4.03	-2.97	-2.96
Net Actuarial (Gain) / Loss recognized in the period	-8.68	-8.53	-4.55	-2.72
Past Service Cost-Vested recognised	17.09	-	13.77	
Expenses recognised in Statement of Profit & Loss	12.45	-3.54	26.11	14.61

Bifurcation of Liabilities:

(Rs. in Lakhs)

Liabilities	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	**31-03-2018**	31-03-2017
Current	4.12	-4.56	11.21	14.73
Non-Current	0.18	-0.55	22.88	22.78
Total	**4.30**	**-5.11**	**34.09**	**37.51**

Actuarial Assumptions:

Assumptions	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	**31-03-2018**	31-03-2017
Discount Rate	7.60% p.a.	7.15% p.a.	7.60% p.a.	7.15% p.a.
Expected Return on Plan Assets	7.60% p.a.	7.15% p.a.	7.60% p.a.	7.15% p.a.
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate			
Future Salary Increase	6% p.a.	6% p.a.	6% p.a.	6% p.a.
Retirement	60 yrs.	60 yrs.	60 yrs.	60 yrs.

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

Defined Contribution Plan

(Rs. in Lakhs)

Particulars	Period ended 31-03-2018	Year ended 31-03-2017
Employers' Contribution to EPF	25.01	16.54
Provision towards Post-Retirement Medical & Pension Benefits*	34.28	10.15

* The Board of Directors approved the implementation of post-retirement medical and pension benefits in FY 2015-16 for which provision was made w.e.f. 1st January 2007 in terms of DPE guidelines. The scheme will be implemented on receipt of approval from MOR.

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

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

(Rs. in Lakhs)

	Year ended 31-03-2018					Year ended 31-03-2017				
	Gratuity & Leave Encashment*	CSR	Post Retirement Medical & Pension	Interest payable to Income Tax	Income Tax	Gratuity & Leave Encashment*	CSR	Post Retirement Medical & Pension	Interest payable to Income Tax	Income Tax
Opening Bal.	32.41	789.34	93.40	15.45	1,78,741.17	59.49	789.34	83.25	-	1,33,224.84
Addition during the period	47.23	-	34.28	128.22	54,350.69	11.07	-	10.15	15.45	45,523.15
Amount used / incurred	-41.25	-	-	15.46	960.39	-38.15	-	-	-	-
Unused Amount reversed during the period	-	-	-	-	558.58	-	-	-	-	-6.82
Closing Balance	**38.39**	**789.34**	**127.68**	**128.20**	**2,31,572.89**	**32.41**	**789.34**	**93.40**	**15.45**	**1,78,741.17**

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

Provision for Income Tax is in terms of Income Tax Act, 1961 and shall be adjusted after completion of assessment. TDS and Advance Tax has been shown net of Provision for Tax in Note no. 13 under Long Term Loan and Advances.

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

Key Management Personnel:

a) Sh. S.K Pattanayak, Managing Director
b) Sh. Niraj Kumar, Director Finance
c) Sh. S.K.Ajmani, Company Secretary & Group General Manager (TL) (uptill 8 March 2018)
d) Sh. Vijay Babulal Shirode, DGM (CS) & Law (w.e.f 9 March 2018)

Amount paid to Key Management Personnel:

(Rs. in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Salary / Allowances	127.12	64.95
Reimbursement	38.58	4.73
Incentive	15.81	26.64

42. Interest on Deposits & Investment (Note No.19) includes Tax Deducted at Source amounting to Rs.31.09 Lakhs (P.Y. Rs. 71.89 Lakhs). Ministry of Railways has also deducted tax at source amounting to Rs. 32,919.24 Lakhs (P.Y. Rs. 30,391.60 Lakhs) on Lease Rentals.

43. The Company is in the process or compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). As the Company has not received the relevant information till finalization of accounts, disclosure in this regard could not be made.

44. The Company has a system of physical verification of assets given on lease. The physical verification is carried out on a sample basis, as 100% physical verification of rolling assets is neither logistically possible nor considered necessary. In addition, Ministry of Railways (Lessee) provides a certificate each year that the leased assets are maintained in good working condition as per laid down norms, procedures and standards. In the opinion of the management, the aforesaid system is satisfactory considering the fact that the assets are maintained and operated by the Central Government.

45. Accounting Standards -30, 31 & 32 pertaining to Financial Instruments-Recognition & Measurement, Financial Instruments-Presentation and Financial Instruments-Disclosure were to be made mandatory by the Institute of Chartered Accountants of India (ICAI) with effect from 1st April, 2011. However, the ICAI has announced indefinite postponement of the application of AS-30, 31 and 32 as the provisions contained in AS-30, 31 and 32 are not expected to continue in their present form as these Accounting Standards are based on International Accounting Standard-39 and 32 which are currently under review by the International Accounting Standard Board. Further, these Standards have not been notified by the Ministry of Corporate Affairs (MCA). Accordingly, the Company has not adopted AS-30, 31 and 32.

46. Change in Accounting Policy

Pursuant to MCA Notification No. S.O. 529 (E) dated 5th February 2018 as amended by notification number S.O. 1465 dated 2nd April 2018, the Company has ceased to provide DTL/DTA on timing differences w.e.f 1st April 2017. The change in accounting policy of non recognition of DTA/DTL has resulted in reduction of tax expenses by Rs. 95182.05 Lakhs with a corresponding increase in Profit after Tax.

47. Other Disclosures

I. Other key financial parameters:

S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
(i)	Debt Equity Ratio	9.95	8.86
(ii)	Net worth (Rs in Lakhs)	13,56,520.98	12,00,959.71

II. Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of Company are given below:

(Rs in Lakhs)

S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
(i)	Capital Fund - a. Tier I	13,39,643.38	11,63,116.73
	- b. Tier II	0.00	0.00
(ii)	Risk weighted assets along-with adjusted value of off balance sheet items	6,23,813.755	3,26,832.85
(iii)	CRAR	214.75%	355.88%

S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
(iv)	CRAR — Tier I Capital	214.75%	355.88%
(v)	CRAR — Tier II Capital	0.00	0.00
(vi)	Amount of subordinated debt raised as Tier-II capital	0.00	0.00
(vii)	Amount raised by issue of Perpetual Debt Instruments	0.00	0.00

III. Additional disclosures in accordance with RBI directions on Corporate Governance

A. Reference may be made to Note 1 for Significant Accounting Policies.

B. Capital Reference may be made to Note 46 - II for CRAR.

C. Investments

(Rs. in Lakhs)

S.No	Particulars		As at 31-03-2018	As at 31-03-2017
(i)	Value of Investments			
	Gross Value of Investments			
	(a)	In India	654.00	786.79
	(b)	Outside India	0.00	0.00
	Provisions for Depreciation			
	(a)	In India	0.00	0.00
	(b)	Outside India	0.00	0.00
	Net Value of Investments			
	(a)	In India	654.00	786.79
	(b)	Outside India.	0.00	0.00
(ii)	Movement of provisions held towards depreciation on investments.			
	Opening balance		0.00	0.00
	Add : Provisions made during the year		0.00	0.00
	Less : Write-off / write-back of excess provisions during the year		0.00	0.00
	Closing balance		0.00	0.00

D. Derivatives

I. Forward Rate Agreement / Interest Rate Swap/Cross Currency Interest Rate Swap in respect of Loan Liabilities:

(Rs. in Lakhs)

S.No	Particulars	As at 31-03-2018	As at 31-03-2017
(i)	Notional principal of swap agreements	370643.14	371,209.01
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	9,684.00	6,857.84
(iii)	Collateral required by NBFC upon entering into swaps-	-	-
(iv)	Concentration of credit risk arising from swaps	-	-
(v)	Fair value of swap book	(13,857.18)	(22,253.00)

II. Company does not hold any exchange traded Interest Rate (IR) derivatives (Previous year Nil).

III. Qualitative disclosures on Risk Exposure in Derivatives:

The Company enters into derivatives for the purpose of hedging and not for trading/speculation purposes.

The Company has framed a risk management policy duly approved by the board in respect of its External Commercial Borrowings (ECBs). A risk management committee comprising the Managing Director and Director Finance has been formed to monitor, analyze and control the currency and interest rate risk in respect of ECBs.

The Company avails various derivative products like currency forwards, Cross Currency swap, Interest rate swap etc. for hedging the risks associated with its ECBs.

Derivatives other than long term forward currency contracts are marked to market in terms of Guidance note on Derivatives whereas the accounting of long term forward currency contracts are accounted for as per the provision of AS -11.

IV. Quantitative Disclosures on Risk Exposure in Derivatives in respect of Loan Liabilities:

(Rs. in Lakhs)

S. No.	Particular	As at 31-03-2018			As at 31-03-2017		
		Currency Derivatives	Cross Currency & Interest Rate Derivatives	Interest Rate Derivatives	Currency Derivatives	Cross Currency & Interest Rate Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)						
	For hedging)	4,22,848.55	1,19,821.56	2,50,821.56	4,22,848.57	1,20,004.50	2,51,204.50
(ii)	Marked to Market Positions (MTM)						

S. No.	Particular	As at 31-03-2018			As at 31-03-2017		
		Currency Derivatives	Cross Currency & Interest Rate Derivatives	Interest Rate Derivatives	Currency Derivatives	Cross Currency & Interest Rate Derivatives	Interest Rate Derivatives
	Asset (+MTM)			9,684.71			6,857.83
	Liability (-MTM)	51,509.08	23,541.90		32,736.58	29,110.83	
(iii)	Credit Exposure[a]	8,456.97	3,594.64	13,934.36	4,228.48	3,600.13	11,769.97
(iv)	Unhedged Exposures[b]	8,46,829.24		3,01,257.67	5,56,248.64		1,41,040.00

a. Credit exposure has been calculated by adding current credit exposure(positive MTM) and potential future credit exposure (notional principle amount of derivatives X Credit Conversion Factor) as prescribed by RBI.

b. Includes JPY loan liability partly hedged through cross currency swap entered for one leg (USD/JPY) for Rs 1,19,821.57 Lakhs (Previous year Rs 1,20,008.64 Lakhs).

E. **Disclosures related to Securitisation**

I. The Company has not entered into any securitization transaction during the year. However, the Company had entered into two securitization transactions in respect of its lease receivables from MoR on 25th January 2010 and 24th March 2011 respectively against which a sum of Rs. 11,705.92 Lakhs (P.Y. 15,232.66 Lakhs) and Rs 9,082.98 Lakhs (P.Y. 11738.86 Lakhs) is outstanding as on 31st March, 2018.

In terms of the Minimum Retention Requirement (MRR) as contained in the draft guidelines issued by RBI in April 2010, the Company had invested 5% of the total securitized amount towards MMR in respect of its second securitization transaction executed in 2011. The present exposure on account of securitization transaction at 31-03-2018 is Rs 454.15 Lakhs (Previous year Rs 586.94 Lakhs). The details are as below:

S.No	Particulars	No./ Amount in Rs Lakhs
1	No. of SPVs sponsored for securitization transactions	2
2	Total amount of securitised assets as per books of the SPV's sponsored	20,788.85
3	Total amount of exposures retained to comply with MRR	454.15
	a) Off Balance Sheet Exposures First Loss Others b) On Balance Sheet Exposures First Loss Others	0 0 454.15
4	Amount of exposures to securitization transactions other than MRR	NIL

II. Company has not sold any financial assets to Securitization / Reconstruction Company for asset construction during the year ended 31-03-2018 (Previous Year Nil).

III. Company has not undertaken any assignment transaction during the year ended 31-03-2018 (Previous Year Nil).

IV. Company has neither purchased nor sold any non-performing financial assets during the year ended 31-03-2018 (Previous Year Nil)

F. **Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as at 31st March 2018:**

(Rs. in Lakhs)

Description	Up to 30 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Advances*	4,30,190.21	0.00	0.00	0.00	4,18,028.14	19,40,604.63	20,65,331.90	103,52,795.26	**1,52,06,950.14**
Investm-ents	61.99	0.00	0.00	0.00	59.21	211.54	121.40	199.85	**653.99**
Borrowin-gs**	4,85,428.85	78,350.00	4,300.00	4,58,800	3,91,500.00	19,21,660.81	20,46,038.85	69,02,099.52	**122,88,177.93**
Foreign Currency assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Foreign Currency liabilities ***	982.50	0.00	0.00	0.00	5,90,482.50	3,930.00	1,965.00	6,09,719.24	**12,07,079.24**

*advances include lease receivables from MoR, advance funding to MoR for Railway projects and loan to RVNL

** Borrowings from domestic market

*** Borrowings from overseas market

G. **Exposures**

I. Company does not have any exposure to real estate sector.

II. Exposure to Capital Market:

(Rs. in Lakhs)

S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt (includes investment in fully convertible preference shares;	199.85	199.85
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	0.00	0.00
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.00	0.00
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	0.00	0.00

	(excluding loans where security creation is under process);		
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	0.00	0.00
(vi)	Loans sanctioned to corporates against the security of shares/ bonds / debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources;	0.00	0.00
(vii)	Bridge loans to companies against expected equity flows / issues;	0.00	0.00
	All exposures to Venture Capital Funds (both registered and unregistered)	0.00	0.00
Total Exposure to Capital Market		**199.85**	**199.85**

III. Details of financing of parent Company products:

Company does not have a parent company.

IV. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded

The Reserve Bank of India has issued Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 vide notification no.DNBR.009/CGM(CDS)-2015 dated 27th March 2015. The Company, being a Government Company, these Directions, except the provisions contained in Paragraph 25 thereof, are not applicable to the Company.

V. Unsecured Advances

a) The outstanding amounts against unsecured loans, advances & lease receivables as at 31-03-2018 is Rs 1,48,86,950.14 Lakhs (PY Rs 1,22,97,021.96 Lakhs). The details are as under:

(Rs in Lakhs)

Particulars	**As at 31-03-2018**	As at 31-03-2017
Ministry of Railways, Govt. of India	1,46,83,154.64	1,20,80,618.96
Rail Vikas Nigam Limited, a wholly owned entity of Ministry of Railways, Govt. of India	2,03,795.50	2,16,403.00
Total	**1,48,86,950.14**	**1,22,97,021.96**

b) Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken is NIL as on 31-03-2018. (PY NIL)

H. **Registration obtained from other financial sector regulators:** Nil.

I. **Disclosure of Penalties imposed by RBI and other regulators**

During the year ended 31-03-2018, no penalty has been imposed on the Company by RBI and other regulators (Previous Year Nil).

J. **Credit rating**

a. Ratings assigned by credit rating agencies and migration of ratings during the year:

S. No.	Rating Agency	Long Term Rating	Short Term Rating
1	CRISIL	CRISIL AAA	CRISIL A1+

2	ICRA	ICRA AAA	ICRA A1+
3	CARE	CARE AAA	CARE A1+

No rating migration has taken place during the year.

b. Long term foreign currency issuer rating assigned to the Company as at 31-03-2018:

S. No.	Rating Agency	Rating	Outlook
1	Fitch Ratings	BBB-	Positive
2	Standard & Poor (S&P)	BBB-	Positive
3	Moody's	Baa2	Stable

K. **Net Profit or Loss for the period, prior period items and changes in accounting policies**

There are no prior period item or change in accounting policy during the year ending 31 March 2018.

L. **Circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties**
NIL

M. **Consolidated Financial Statements**
Company does not have any subsidiaries and hence consolidation of financial statements is Not Applicable

N. **Provisions and Contingencies**
Reference may be made to Note 31 and 38 for contingencies and provisions respectively.

O. **Draw Down from Reserves**
NIL (Previous year (NIL) refer Note 3)

P. **Concentration of Deposits, Advances, Exposures and NPAs**

a. Concentration of Deposits (for deposit taking NBFCs) - Company is a non- deposit accepting NBFC.

b. Concentration of Advances:

(Rs. In Lakhs)

S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
(i)	Total Advances to 20 largest borrowers	1,52,06,950.14	1,22,97,021.96
(ii)	Percentage of Advances to 20 largest borrowers to Total Advances of the Company	100%	100%

c. Concentration of Exposures:

(Rs. in Lakhs)

S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
(i)	Total Exposure to twenty largest borrowers / customers	1,52,07,604.14	1,22,97,808.75
(ii)	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	100%	100%

d. Concentration of NPAs: Nil

e. Sector-wise NPAs: Nil

Q. Movement of NPAs in respect of Loan Assets: Nil

R. Company does not have any Overseas Assets in the form of Joint Ventures and Subsidiaries.

S. Off Balance Sheet SPVs sponsored which are required to be consolidated as per accounting norms: NIL (PY NIL)

T. Customer Complaints for Year ending 31st March 2018

S. No.	Particulars	Number of complaints
(a)	No. of complaints pending at the beginning of the year	0
(b)	No. of complaints received during the year	603
(c)	No. of complaints redressed during the year	603
(d)	No. of complaints pending at the end of the year	0

48. (a) Unless otherwise stated, the figures have been rounded off to Rupees Lakhs.

(b) Previous year figures have been regrouped / rearranged, wherever necessary, in order to make them comparable with those of the current year.

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

For SPMG & Co.
Chartered Accountants
FRN-509249C

For and on behalf of the Board of Directors

(Vinod Gupta)
(Partner)
M.No. 090687
Place: New Delhi
Date : 10/09/2018

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Vijay Kumar)
Managing Director
DIN:08189249

SPMG & Co
Chartered Accountants

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Karol Bagh, New Delhi-110 005, (India)
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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INDIAN RAILWAY FINANCE CORPORATION LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Indian Railway Finance Corporation Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Sec on 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

Contd..../2

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('Order'), issued by the Central Government of India in terms of sub-sec on (11) of sec on 143 of the Act, we enclose in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order.

2. As required by Sec on 143 (3) of the Act, we report that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Sec on 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) the Company being the government company wholly owned by the Central Government therefore section 164(2) shall not apply vide notification no. GSR 463(E) dated 5th June, 2015;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us

   i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the financial statements;

   ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 30 to the financial statements;

   iii. During the Current Financial Year the company was required to transfer Rs. 12.80 Lakhs (P.Y NIL) to the Investor Education and Protection Fund, which has been transferred to Investor Education and Protection Fund.- Refer Note 35(b) to the Financial Statements; and

   iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08 November 2016 to 30 December 2016. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management- Refer Note 26(d) to the financial statements.

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

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3. As required by Section 143(5) of the Companies Act 2013, we have considered the directions/sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact to the financial statement of the company given in "Ännexure C".

For SPMG & Co
Chartered Accountants
FRN: 509240C

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

CA Vinod Gupta
(Partner)
M.No.: 090687

Place: New Delhi
Date: 31.07.2017

"Annexure A" to the Independent Auditor's Report to the members of Indian Railway Finance Corporation Limited on the financial statements for the year ended 31 March 2017.

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. **However these Records do not include the particulars of Fixed Assets leased to Ministry of Railways as the same are shown as lease receivables in the books of accounts.**

   b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased fixed assets. In accordance with this programme physical verification is reasonable having regard to the size of the Company and the nature of its assets. **However, Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.**

   c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of office building is yet to be executed in favour of the company also the same has been disclosed in Note 31 of the financial statements.

   d) The company has given an amount of Rs. 13,17,000 Lakhs during the year (P.Y Rs 9,43,000 Lakhs) to Ministry of Railways under leased arrangement for financing the Railway Infrastructure Projects. However, agreement for the same is yet to be executed and list of the projects financed is yet to be received from Ministry of Railways. (Refer Note No. 29)

2. The Company is a Non-Banking Finance Company and not in the business of any trading, manufacturing, mining or processing. Accordingly, it does not hold any inventory. Therefore, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.

3. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under sec on 189 of the Act. Therefore, the provisions of paragraph 3 (iii) of the Companies (Auditor's Report) Order, 2016 is are not applicable to the Company.

4. According to information and explanations given to us and based on audit procedures performed, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities provided by the Company as specified under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of paragraph 3 (iv) of the Order are not applicable to the Company.

5. As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of sec on 73 to 76 or any other relevant provisions of the Act and the companies (Acceptance of Deposit) Rules, 2015 and the rules framed there under.

6. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sec on 148(1) of the Act, for any of the services rendered by the Company. Accordingly, clause 3(vi) of the Companies (Auditor's Report) Order are not applicable to the Company.

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

7. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. (Refer Note 32(d) of the financial Statement)

   b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax. Duty of Custom, Duty of excise, VAT, Cess and other material statutory dues were in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

   c) According to the information and explanations given to us, there are no disputed dues in respect of Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax and Cess which have not been deposited with the appropriate authorities. However, the demands of Income tax which has not been deposited by the company on account of dispute as the company is confident that the demands will be either deleted or substantially reduced and proper disclosure regarding the same has been given in Note No. 32(c) of the financial Statement.

8. In our opinion, and according to information and explanations given by the management, the company has not defaulted in making repayment of loans or borrowing from a Financial Institution, Banks or Debenture Holders/Bond Holders or Government.

9. According to the information and explanations given by the management and based on our audit procedures performed we report that no monies raised by way of initial public offer / further public offer. However, the funds raised by way of issue of debt instruments and term Loans were applied for the purposes for which those funds were raised.

10. To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.

11. The company being the government company wholly owned by the Central Govt., therefore section 197 read with schedule V of the Companies Act 2013 shall not apply vide Notification no. GSR 463(E) dated 5th June 2015.

12. According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

14. According to the information and explanations given by the management, and based on our examination of records, the Company has raised money through private placement of Equity Shares from Ministry of Railways during the year and complied with provisions of section 42 of the Companies Act, 2013 and the amount raised have been used for the purposes for which the funds have raised. However the company has not made any preferential or private placement of fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with him which are covered under Section 192 of Companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. According to the information and explanations given to us, the Company is a Non-Banking Finance Company and is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the registration has been obtained.

For SPMG & Co.
Chartered Accountants
FRN: 509249C

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

CA Vinod Gupta
(Partner)
M.No.: 090687

Place: Delhi
Date: 31-07-2017

Annexure B to the Independent Auditor's Report of even date on the financial statements of Indian Railway Finance Corporation Limited for the year ended 31 March 2017

Report on the Internal Financial Controls under Clause (i) of Sub-sec on 3 of Sec on 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Indian Railway Finance Corporation Limited** ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting, issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under sec on 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the ICAI.

For SPMG & Co.
Chartered Accountants
FRN: 509249C

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

CA Vinod Gupta
(Partner)
M.No.: 090687

Place: Delhi
Date: 31-07-2017

Annexure-C to Independent Auditor's Report

Directions u/s 143(5) of Companies Act, 2013

S.No.	Directions	Auditor's Remarks
1	Whether the company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold for which title/lease deeds are not available?	According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of office building are not held in the name of the company, the sale/transfer deed is yet to be executed in favour of the company. The same has also been disclosed in Note 31 of the financial statements.
2	Please report whether there are any case of waiver/write off of debts/loans/interest etc. If yes, the reasons there for and the amount involved.	According to the information and explanations given to us and on the basis of our examinations of the records of the Company, there are no cases of waiver/write off of debts/loans/interest etc. during the year under audit.
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift from Govt. or other authorities.	The company is a Non-Banking Financial Company and not engaged in the business of any trading, manufacturing, mining or processing, and does not maintain any inventory of any nature of either with itself or with any third party.

For SPMG & Co.
Chartered Accountants
FRN: 509240C

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

CA Vinod Gupta
(Partner)
M.No.: 090687

Place: Delhi
Date: 31-07-2017

Indian Railway Finance Corporation Limited

Balance Sheet as at 31st March 2017

(Rs. in Lakhs)

Particulars	Note No.	As at 31-03-2017	As at 31-03-2016
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	652646.00	452646.00
(b) Reserves & Surplus	3	548313.71	499889.02
		1200959.71	**952535.02**
(2) Share Application Money Pending Allotment	4	0.00	200000.00
(3) Non-current Liabilities			
(a) Long Term Borrowings	5	9671026.87	7589206.70
(b) Deferred Tax Liabilities (Net)	6	638991.66	564599.73
(c) Other Long Term Liabilities	7	174120.26	51201.26
(d) Long Term Provisions	8	116.19	124.28
		10484254.98	**8205131.97**
(4) Current Liabilities			
(a) Short-Term Borrowings	9	576935.29	567572.03
(b) Other Current Liabilities	10	697958.72	891186.57
(c) Short Term Provisions	11	4854.38	23613.17
		1279748.39	**1482371.77**
Total		**12964963.08**	**10840038.76**
II. ASSETS			
(5) Non-current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		1150.35	1173.81
(ii) Intangible Assets		1.19	2.06
(b) Non-Current Investments	13	654.00	786.79
(c) Long Term Loans and Advances	14	11662704.05	9699935.15
(d) Other Non-current Assets	15	191735.98	88718.11
		11856245.57	**9790615.92**
(6) Current Assets			
(a) Cash and Bank Balances	16	751.75	121120.82
(b) Short Term Loans and Advances	17	289906.79	168921.47
(c) Other Current Assets	18	818058.97	759380.55
		1108717.51	**1049422.84**
Total		**12964963.08**	**10840038.76**
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

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

For SPMG & Co.
Chartered Accountants
FRN-509249C

SPMG & CO New Delhi CHARTERED ACCOUNTANTS

(Vinod Gupta)
(Partner)
M.No. 090687
Place: New Delhi
Date : 31-07-2017

For and on behalf of the Board of Directors

(S.K.Ajmani)
Company Secretary
& GGM (Term Loans)

(Niraj Kumar)
Director Finance
DIN: 00795972

(S .K.Pattanayak)
Managing Director
DIN: 02396063

Indian Railway Finance Corporation Limited

Statement of Profit and Loss for the year ended 31st March 2017

(Rs. in Lakhs)

Particulars	Note No.	Year ended 31-03-17	Year ended 31-03-16
Revenue from operations	19	904677.44	750623.92
Other income	20	88.60	106.57
Total Revenue		**904766.04**	**750730.49**
Expenses:			
Employee benefits expense	21	299.54	408.90
Finance costs	22	688807.79	551877.11
Exchange Rate Variation		99.30	12.46
Depreciation and amortization expense	12	35.02	34.66
CSR Expenses		1677.47	3023.75
Other expenses	23	520.08	382.03
Total Expenses		**691439.20**	**555738.91**
Profit before exceptional and extraordinary items and tax		**213326.84**	**194991.58**
Exceptional items			
Profit before extraordinary items and tax		**213326.84**	**194991.58**
Extraordinary Items			
Profit before tax		**213326.84**	**194991.58**
Tax expense:			
(1) Current tax (MAT)		45523.15	41613.14
(2) Tax For Earlier Years (MAT)		30.62	
(3) Deferred tax		74391.93	68509.18
		119945.70	**110122.32**
Profit for the period		**93381.14**	**84869.26**
Earnings per equity share (in Rs):	24		
(1) Basic		143.08	200.78
(2) Di uted		143.08	199.59
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

This is the Statement of Profit and Loss referred to in our r f even date
eport o
For SP MG & Co.
Charter ed Accountants
FRN-50 9249C

(Vinod Gupta)
(Partner
M.No. 090687
Place: New Delhi
Date : 31-07-2017

(S.K.Ajmani)
mpany Secretary
GGM (Term Loans)

For and on behalf of the Board of Directors

(Niraj Kumar)
Director Finance
DIN: 00795972

(S.K.Pattanayak)
Managing Director
DIN: 02396063

Indian Railway Finance Corporation Limited

Cash Flow Statement for the year ended 31st March 2017

(Rs. in Lakhs)

	Particulars	Year ended 31-03-17		Year ended 31-03-16	
A.	Cash Flow from Operating activities::				
	Profit Before Tax::	213328.84		194991.58	
	Adjustments for::				
	1-Depreciation	35.02		34.66	
	2-(Profit) / Loss on sale of fixed assets (Net)	1.69		0.75	
	3-Lease Rentals advance amortised	0.00		3464.31	
	4-Discount on Commercial Papers	11135.39		2658.17	
	5-Exchange Rate Variation	99.30		12.46	
	6-Amortisation of Interest Restruturing Advance	0.00		1.14	
	7-Amortisation of Gain on asset securitisation	(50.72)		(109.38)	
	8-Provision for Interest Payable to Income Tax Authorities	15.45		0.00	
	9-Dividend Received	(45.42)		(44.90)	
	10-Amortisation of Forward Premium on Currency Forward Contract	19,736.06		1,635.04	
		244223.61		202641.84	
	Adjustments for-				
	11-Assets given on financial lease during the year	(1428084.14)		(1507871.03)	
	12-Capital Recovery on assets given on financial lease	556788.65		577558.37	
	13-Receipt on account of Long term loans during the year	18190.83		17324.17	
	14-Term Loans disbursed during the year	(3713.00)		(25590.00)	
	15-Loans & Advances (Net of Adv. Tax & ERV)	(1366008.17)		-776909.47	
	16-Other Bank Balances (Fixed Deposits with maturity of more than 3 Months)	0.00		0.00	
	17-Other Non Current Assets	(109241.48)		(13042.85)	
	18-Other Current Assets	1326.24		-789.54	
	19-Other Non-Current Liabilities	92427.62		5971.63	
	20-Current Liabilities	-4757.79		28517.70	
	21-Provisions	(11.81)		(122.78)	
	22-Direct Taxes Paid	(44668.04)		(46438.92)	
		(2159741.86)		(1840391.72)	
	Net Cash flow from Operations		(1946518.38)		(1637749.88)
B	Cash Flow from Investment Activities:				
	1-Purchase of Fixed Assets	(13.66)		(11.84)	
	2-Proceeds from sale of Fixed Assets	1.28		1.20	
	3-Dividend Received	45.42		44.90	
	4-Proceeds from Pass Through Certificates	145.50		159.46	
	5-Investment in Pass Through Certificates	-	178.54	-	193.72
C	Cash flow from Financing activities::				
	1-Dividend & Dividend Tax Paid during the year	(86780.62)		(16239.83)	
	2-Share Capital Raised during the year	0.00		40,000.00	
	3-Share Application Money received	0.00		200000.00	
	4-Funds raised through Bonds	1792000.00		1920363.94	
	5-Bonds Redeemed during the year	(372562.00)		(48198.00)	
	6-Term Loans raised during the year	2582985.56		1075010.30	
	7-Term Loans repaid during the year	(2158026.66)		(1335354.32)	
	8-Commercial Paper issued	770998.98		595930.67	
	9-Commercial Paper redeemed	(502000.00)		-302000.00	
	10-Funds raised through External Commercial Borrowings	0.00		267219.20	
	11-Repayment of External Commercial Borrowings	(220401.36)		-633630.09	
	12-Payment towards Currency Forward Contracts	(1241.15)	1824970.76	-2931.80	1786170.27
	Net Cash Flow During the year(A+B+C)		-120369.07		120614.10
	Opening Balance of Cash & Cash Equivalents::				
	Balance in the Current Accounts	1119.77		505.58	
	Cheque in Hand	120000.00			
	Balance in Franking Machine	0.03		0.12	
	Balance in RBI-PLA	1.02	121120.82	1.02	506.72
	Closing Balance of Cash or Cash Equivalents		751.75		121120.82

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on Cash Flow Statement notified under The Companies (Accounting Standard) Rules, 2006.
2. Figures in bracket represent cash outflow from respective activities.
3. Previous year figures have been regrouped / rearranged wherever found necessary to make them comparable with the current year figures.
4. Composition of Cash or Cash Equivalents at the end of the year:

-Balance in Current Accounts	750.69	1119.77
-Cheques in hand	0.00	120000.00
-Balance in Franking Machine	0.04	0.03
-Balance in RBI-PLA	1.02	1.02
Total	751.75	121120.82

5. Balance in Term Deposits with different Banks for original maturity of more than three months have not been included as Cash or Cash Equivalents.
6. Balance in Current Accounts includes a sum of Rs.687.36 lakhs (P.Y. Rs 1035.66 lakhs) lying unpaid in Interest / Redemption A/Cs is notavailable for use by the Company.

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

For SPMG & Co.
Chartered Accountants
FRN-509289C

(Vinod Gupta)
(Partner)
M.No. 090687
Place: New Delhi
Date : 31-07-2017

(S.K.Ajmani)
Company Secretary
& GGM (Term Loans)

For and on behalf of the Board of Directors

(Niraj Kumar)
Director Finance
DIN: 00795972

(S.K.Pattanayak)
Managing Director
DIN: 02396063

Indian Railway Finance Corporation Limited

Significant Accounting policies and Notes on Financial Statements for the year ended 31st March, 2017

Company overview

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

1. Significant Accounting Policies

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

a) The financial statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles, provisions of the Companies Act, 2013 and the applicable guidelines issued by the Reserve Bank of India as adopted consistently by the Company.

b) **Use of Estimates**

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

II. **Revenue Recognition**

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

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

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

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

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

III. **Foreign Currency Transactions**

a) **Initial Recognition**
Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction

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

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

c) **Exchange Differences**

i) Exchange differences arising on the actual settlement of monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than the exchange differences on settlement of foreign currency loans and interest thereon recoverable separately from the lessee under the lease agreements, are recognised as income or expenses in the year in which they arise.

ii) Notional exchange differences arising on reporting of outstanding monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than the exchange differences on translation of such monetary assets and liabilities recoverable separately from the lessee under the lease agreement, are recognised as income or expenses in the year in which they arise.

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

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

V. **Leased Assets**
Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessee, are recognised as financial leases and are shown as Receivable in the Balance Sheet at an amount equal to the net investment in the lease, in accordance with Accounting Standard -19 'Leases' notified by the Ministry of Corporate Affairs.

VI. **Fixed Assets, Depreciation and Amortization**

a) Fixed assets are stated at cost, less accumulated depreciation. Cost includes all expenses incurred to bring the assets to their present location and condition.

b) Depreciation on Fixed Assets is provided on straight-line method over the useful life of assets as prescribed under Part-C of Schedule II of the Companies Act, 2013. Depreciation on assets purchased / sold during a period is proportionately charged.

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c) Software are amortized over 5 years on straight-line method.

VII. (a) **Securitisation of Lease Receivables**

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

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

(b) **Assignment of Lease Receivables**

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

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

a) Bond Issue expenses including management fee on issue of bonds (except discount on deep discount bonds) and interest on application money are charged to Statement of Profit and Loss in the year of occurrence. Upfront discount on deep discount bonds is amortised over the tenor of the bonds. Discount on commercial papers is amortized proportionately over the tenor of the respective commercial papers.

b) Documentation, processing & other charges paid on Long Term Loans are charged to the Statement of Profit & Loss in the year in which the expenses are incurred.

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

IX. **Taxes on Income**

Tax expense comprises Current Tax and Deferred Tax.

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

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

X. **Employee Benefits**

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

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

Post-Employment Benefits
Defined Contribution Plans
A defined contribution plan is a post-employment benefit plan under which the company makes provision in the Books or specified contributions to a separate entity. The company's contribution is recognised as an expense in the Statement of Profit & Loss during the period in which the employee has rendered services.

Defined Benefit Plans
The liability in respect of defined benefit plans is recognised at the present value of the amount payable as per Actuarial Valuation.
Actuarial gain and losses in respect of defined benefit plans are charged to the Statement of Profit and Loss.

XI. **Provisions, Contingent Liabilities and Contingent Assets**
The Company recognizes provisions when it has a present obligation as a result of a past event. This occurs when it becomes probable that an outflow of resources embodying economic benefits might be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Provisions are determined based on Management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligations or a reliable estimate of the amount cannot be made.

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

XII. **Leasing of Railway Infrastructure Assets**
In terms of Accounting Standrad-19, the inception of lease takes place at the earlier of the date of the lease agreement and the date of a commitment by the parties to the principal provisions of the lease. As such, in respect of Railway Infrastructure Assets, which are under construction and where the Memorandum of Understanding / terms containing the principal provisions of the lease are in effect with the Lessee, pending execution of the lease agreement, the transactions relating to the lease are accounted for as under:

i. Advances for construction / development of Railway Infrastructure Assets are shown as 'Advances against Lease of Rly. Infrastructure Assets'
ii. The borrowing costs in respect of the funds advanced by the Lessor for construction period of Infrastructure Assets, are charged to the Statement of Profit and Loss.
iii. The implicit finance charges are accrued as income.

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XIII. **Cash and Cash Equivalents**

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

XIV. **Cash Flow Statement**

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

XV. **Derivatives**

a) The Company uses foreign exchange forwards, cross currency swaps and interest rate swaps to hedge on balance sheet liabilities.
b) In respect of the foreign currency forward contracts, the difference between the forward rate and exchange rate on the date of transaction are recognized as income or expense over the life of contract in terms of Accounting Standard – 11.
c) The other derivative contracts are accounted for in terms of the Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India (ICAI).

2. Share Capital

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
AUTHORISED 1500,00,000 (previous year 1500,00,000) Equity Share of Rs. 1000/-each	**1500000.00**	1500000.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP 6,52,64,600 (previous year 4,52,64,600) Equity Shares of Rs. 1000/- each	**652646.00**	452646.00
Total	**652646.00**	452646.00

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

2.2 The Company declares and pays dividend in Indian Rupees. During the year ended March 31, 2017, the total dividend appropriation was Rs. 44956.45 Lakhs (Previous Year Rs. 40859.02 Lakhs) including corporate dividend tax of Rs. 7603.99 Lakhs (Previous Year 6911.02 Lakhs).

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

Particulars	As at 31-03-2017 No. of shares	As at 31-03-2016 No. of shares
Equity Shares at the beginning of the year	45264600	35839600
Add: Shares issued for cash at par	20000000	9425000
Equity Shares at the end of the year	**65264600**	**45264600**

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2.4 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31-03-2017		As at 31-03-2016	
	No of shares	% held	No of shares	% held
The President of India and his nominees (through Ministry of Railways)	65264600	100%	45264600	100%

3. Reserves and Surplus

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Securities Premium Account		
Opening Balance	421.09	57.15
Add: Received during the period	0	363.94
Closing Balance - 'A'	**421.09**	**421.09**
Bonds Redemption Reserve		
Opening Balance	439069.23	395058.99
Add: Transfer from Surplus	48424.69	44010.24
Closing Balance - 'B'	**487493.92**	**439069.23**
General Reserve - 'C'	**60398.70**	**60398.70**
Surplus		
Opening Balance	0.00	0.00
Add: Profit for the year as per statement of Profit and Loss	93381.14	84869.26
Surplus available for appropriation	93381.14	84869.26
Less: Appropriations		
Transfer to General Reserve	0.00	0.00
Transfer to Bonds Redemption Reserve	48424.69	44010.24
Interim Dividend	34000.00	15000.00
Proposed Final Dividend	3352.46	18948.00
Dividend Tax	7603.99	6911.02
Closing Balance - 'D'	**0.00**	**0.00**
Total A + B + C + D	**548313.71**	**499889.02**

4. Share Application Money

The Company had opening balance of share application money of Rs 200000 Lakhs received from its existing Shareholder i.e. President of India through Ministry of Railways, Govt. of India in respect of which the Company issued 200,00,000 equity shares of Rs 1000 each at par on 11th May 2016.

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5. Long Term Borrowings

(Rs. in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
Secured	**Non Current**	**Current**	Non Current	Current
Bonds from Domestic Capital Market	7234750.37	192756.00	5935506.37	372562.00
Rupee Term Loans from Banks	10000.00	0.00	0.00	1972.00
Foreign Currency Term Loans	7872.00	1968.00	10015.50	2003.10
Total Secured Borrowings	**7252622.37**	**194724.00**	**5945521.87**	**376537.10**
Unsecured				
Bonds from Domestic Capital Market	1000000.00	0.00	700000.00	0.00
Bonds from Overseas Capital Market	328000.00	196800.00	534160.00	83462.50
Rupee Term Loans from Banks	708000.00	0.00	20300.00	0.00
Foreign Currency Term Loans	382404.50	0.00	389224.83	133540.00
Total Unsecured Borrowings	**2418404.50**	**196800.00**	**1643684.83**	**217002.50**
Total Long Term Borrowings	**9671026.87**	**391524.00**	**7589206.70**	**593539.60**

5.1 The secured bonds issued in the domestic capital market and outstanding as on 31-03-2017 are secured by first pari passu charge on the present / future Rolling stock assets / lease receivables of the Company.

5.1.1 Maturity profile and Rate of Interest of the bonds (classified as Long Term Borrowings) issued in the domestic capital market and amount outstanding as on 31-03-2017 is set out below:

(Rs. in Lakhs)

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
104th 'A' Series Tax Free Bonds Public Issue	7.50%, Annual	36963.42	Bullet	21-Dec-35
104th Series Tax Free Bonds Public Issue	7.25%, Annual	29441.58	Bullet	21-Dec-35
71st "E" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-35
70th "E" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-35
71st "D" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-34
70th "D" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-34
71st "C" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-33
70th "C" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-33
71st "B" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-32
70th "B" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-32

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Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
71st "A" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-31
76th "B" Taxable Non-Cum. Bonds	9.47%, Semi Annual	99500.00	Bullet	10-May-31
70th "A" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-31
108th 'A' Series Tax Free Bonds Public Issue	7.64%, Annual	119431.30	Bullet	22-Mar-31
108th Series Tax Free Bonds Public Issue	7.35%, Annual	101637.60	Bullet	22-Mar-31
103rd 'A' Series Tax Free Bonds Public Issue	7.53%, Annual	107421.72	Bullet	21-Dec-30
103rd Series Tax Free Bonds Public Issue	7.28%, Annual	205731.03	Bullet	21-Dec-30
70th "AA" Taxable Non-Cum. Bonds	8.79%, Semi Annual	141000.00	Bullet	4-May-30
67th "B" Taxable Non-Cum. Bonds	8.80%, Semi Annual	38500.00	Bullet	3-Feb-30
96th Series Tax Free Bonds Public Issue	8.63%,Annual	94791.32	Bullet	26-Mar-29
96th A Series Tax Free Bonds Public Issue	8.88%,Annual	43641.41	Bullet	26-Mar-29
92nd Series Tax Free Bonds Public Issue	8.40%,Annual	109018.68	Bullet	18-Feb-29
92nd A Series Tax Free Bonds Public Issue	8.65%,Annual	68835.91	Bullet	18-Feb-29
94th A Series Tax Free Non-Cum Bonds	8.55%,Annual	1300.00	Bullet	12-Feb-29
93rd A Series Tax Free Non-Cum Bonds	8.55%,Annual	165000.00	Bullet	10-Feb-29
90th A Series Tax Free Non-Cum Bonds	8.48%,Annual	5500.00	Bullet	27-Nov-28
89th A Series Tax Free Non-Cum Bonds	8.48%,Annual	73800.00	Bullet	21-Nov-28
87th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.04% Annual	21867.42	Bullet	23-Mar-28
87th 'A' Series (Retail), Tax Free Bonds Public Issue	7.54% Annual	4520.96	Bullet	23-Mar-28
86th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.34% Annual	229705.93	Bullet	19-Feb-28
86th 'A' Series (Retail), Tax Free Bonds Public Issue	7.84% Annual	26185.10	Bullet	19-Feb-28
83rd 'A' Tax Free Non-Cum. Bonds	7.39% Annual	9500.00	Bullet	6-Dec-27
82nd 'A' Tax Free Non_Cum. Bonds	7.38% Annual	3000.00	Bullet	30-Nov-27
81st 'A' Tax Free Non_Cum. Bonds	7.38%, Annual	6670.00	Bullet	26-Nov-27
54th "B" Taxable Non-Cum. Bonds	10.04%,Semi Annual	32000.00	Bullet	7-Jun-27
118th Taxable Non Cum - Bonds	7.83%, Annual	295000.00	Bullet	21-Mar-27
80th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	8.10%, Annual	274635.39	Bullet	23-Feb-27

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Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
80th 'A' Series (Retail), Tax Free Bonds Public Issue	8.30%, Annual	34929.80	Bullet	23-Feb-27
53rd "C" Taxable Non-Cum. Bonds	8.75%, Semi Annual	41000.00	Bullet	29-Nov-26
79th "A" Tax Free Non-Cum. Bonds	7.77%, Annual	19151.00	Bullet	8-Nov-26
76th "A" Taxable Non-Cum. Bonds	9.33%, Semi Annual	25500.00	Bullet	10-May-26
75th Taxable Non-Cum. Bonds	9.09%, Semi Annual	15000.00	Bullet	31-Mar-26
74th Taxable Non-Cum. Bonds	9.09%, Semi Annual	107600.00	Bullet	29-Mar-26
107th 'A' Series Tax Free Bonds Public Issue	7.29%, Annual	19071.38	Bullet	22-Mar-26
107th Series Tax Free Bonds Public Issue	7.04%, Annual	4859.72	Bullet	22-Mar-26
106th Series Tax Free Bonds Public Issue	7.04%, Annual	105000.00	Bullet	3-Mar-26
102nd 'A' Series Tax Free Bonds Public Issue	7.32%, Annual	36894.86	Bullet	21-Dec-25
102nd Series Tax Free Bonds Public Issue	7.07%, Annual	36747.39	Bullet	21-Dec-25
100th Series Tax Free Non-Cum Bonds	7.15%, Annual	32900.00	Bullet	21-Aug-25
99th Series Tax Free Non-Cum Bonds	7.19%, Annual	113900.00	Bullet	31-Jul-25
69th Taxable Non-Cum. Bonds	8.95%, Semi Annual	60000.00	Bullet	10-Mar-25
67th "A" Taxable Non-Cum. Bonds	8.65%, Semi Annual	20000.00	Bullet	3-Feb-25
65th "O" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-24
95th Series Tax Free Bonds Public Issue	8.19%,Annual	23115.20	Bullet	26-Mar-24
95th A Series Tax Free Bonds Public Issue	8.44%,Annual	12973.84	Bullet	26-Mar-24
91st Series Tax Free Bonds Public Issue	8.23%,Annual	177832.10	Bullet	18-Feb-24
91st A Series Tax Free Bonds Public Issue	8.48%,Annual	52625.46	Bullet	18-Feb-24
63rd "B" Taxable Non-Cum. Bonds	8.65%, Semi Annual	31500.00	Bullet	15-Jan-24
62nd "B" Taxable Non-Cum. Bonds	8.50%, Semi Annual	28500.00	Bullet	26-Dec-23
90th Series Tax Free Non-Cum Bonds	8.35%,Annual	5700.00	Bullet	27-Nov-23
89th Series Tax Free Non-Cum Bonds	8.35%,Annual	48700.00	Bullet	21-Nov-23
61st "A" Taxable Non-Cum. Bonds	10.70%, Semi Annual	61500.00	Bullet	11-Sep-23
65th "N" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-23
88th Taxable Non-Cum. Bonds	8.83% Annual	110000.00	Bullet	25-Mar-23

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Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
87th Series (Non-Retail), Tax Free Bonds Public Issue	6.88% Annual	13487.78	Bullet	23-Mar-23
87th Series (Retail), Tax Free Bonds Public Issue	7.38% Annual	3029.22	Bullet	23-Mar-23
86th Series (Non-Retail), Tax Free Bonds Public Issue	7.18% Annual	265518.43	Bullet	19-Feb-23
86th Series (Retail), Tax Free Bonds Public Issue	7.68% Annual	15929.61	Bullet	19-Feb-23
85th Tax Free Non-Cum. Bonds	7.19% Annual	9500.00	Bullet	14-Dec-22
84th Tax Free Non-Cum. Bonds	7.22% Annual	49990.00	Bullet	7-Dec-22
83rd Tax Free Non-Cum. Bonds	7.22% Annual	3000.00	Bullet	6-Dec-22
82nd Tax Free Non-Cum. Bonds	7.22% Annual	4100.00	Bullet	30-Nov-22
81st Tax Free Non-Cum. Bonds	7.21% Annual	25600.00	Bullet	26-Nov-22
58th "A" Taxable Non-Cum. Bonds	9.20%, Semi Annual	50000.00	Bullet	29-Oct-22
54th "A" Taxable Non-Cum. Bonds	9.95%, Semi Annual	15000.00	Bullet	7-Jun-22
55th "O" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-22
65th "M" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-22
80th Series (Non-Retail) Tax Free Bonds Public Issue	8%, Annual	280820.04	Bullet	23-Feb-22
80th Series (Retail) Tax Free Bonds Public Issue	8.15%, Annual	36503.77	Bullet	23-Feb-22
115th Taxable Non Cum - Bonds	6.73%, Annual	80000.00	Bullet	23-Jan-22
53rd "B" Taxable Non-Cum. Bonds	8.68%, Semi Annual	22500.00	Bullet	29-Nov-21
114th Taxable Non Cum - Bonds	6.70%, Annual	200000.00	Bullet	24-Nov-21
113th Taxable Non Cum - Bonds	7.24%, Annual	65000.00	Bullet	8-Nov-21
79th Tax Free Non-Cum. Bonds	7.55%, Annual	53960.00	Bullet	8-Nov-21
78th Taxable Non-Cum. Bonds	9.41%, Semi Annual	150000.00	Bullet	28-Jul-21
55th "N" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-21
77th Taxable Non-Cum. Bonds	9.57%, Semi Annual	124500.00	Bullet	31-May-21
52nd "B" Taxable Non-Cum. Bonds	8.64%, Semi Annual	70000.00	Bullet	17-May-21
76th Taxable Non-Cum. Bonds	9.27%, Semi Annual	39000.00	Bullet	10-May-21
65th "L" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-21
51st Taxable Non-Cum. Bonds	7.74%, Semi Annual	45000.00	Bullet	22-Dec-20

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Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
73rd "B" Tax Free Non-Cum. Bonds	6.72%, Semi Annual	83591.00	Bullet	20-Dec-20
49th "O" - FRB Taxable Non-Cum. Bonds	7.78%*, Semi Annual	1000.00	Bullet	22-Jun-20
72nd Taxable Non-Cum. Bonds	8.50%, Semi Annual	80000.00	Bullet	22-Jun-20
55th "M" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-20
119th Taxable Non - Cum Bonds	7.20%, Annual	237500.00	Bullet	31-May-20
65th "K" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-20
68th "B" Tax Free Non-Cum. Bonds	6.70%, Semi Annual	92721.00	Bullet	8-Mar-20
67th Taxable Non-Cum. Bonds	8.55%, Semi Annual	17500.00	Bullet	3-Feb-20
112th Taxable Non - Cum Bonds	6.92%, Annual	150000.00	Bullet	10-Nov-19
48th "JJ" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet	17-Sep-19
111th Taxable Non Cum - Bonds	7.65%, Annual	100000.00	Bullet	30-Jul-19
49th "N" - FRB Taxable Non-Cum. Bonds	7.65%*, Semi Annual	1000.00	Bullet	22-Jun-19
66th Taxable Non-Cum. Bonds	8.60%, Semi Annual	50000.00	Bullet	11-Jun-19
55th "L" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-19
65th "AA" Taxable Non-Cum. Bonds	8.19%, Semi Annual	56000.00	Bullet	27-Apr-19
65th "J" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-19
105th Series Taxable Non-Cum Bonds	8.33%, Annual	150000.00	Bullet	26-Mar-19
47th "O" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet	26-Mar-19
63rd "A" Taxable Non-Cum. Bonds	8.55%, Semi Annual	170500.00	Bullet	15-Jan-19
62nd "A" Taxable Non-Cum. Bonds	8.45%, Semi Annual	50000.00	Bullet	26-Dec-18
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	100000.00	Redeemable in five equal yearly instalments commencing from 28-09-2018	28-Sep-18
48th "II" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet	17-Sep-18
117th Taxable Non Cum - Bonds	7.15%, Annual	148000.00	Bullet	16-Sep-18
61st Taxable Non-Cum. Bonds	10.60%, Semi Annual	85500.00	Bullet	11-Sep-18
116th Taxable Non Cum - Bonds	7.00%, Annual	216500.00	Bullet	10-Sep-18

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
46th "EE" Taxable Non-Cum. Bonds	6.20%, Semi Annual	2500.00	Bullet	12-Aug-18
46th "O" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet	12-Aug-18
49th "M" - FRB Taxable Non-Cum. Bonds	7.72%*, Semi Annual	1000.00	Bullet	22-Jun-18
55th "K" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-18
60th Taxable Non-Cum. Bonds	9.43%, Semi Annual	60400.00	Bullet	23-May-18
45th "OO" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet	13-May-18
65th "I" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-18
Total		**7234750.37**		

5.1.2 Maturity profile and Rate of Interest of the secured bonds (classified as Other Current Liabilities) issued in the domestic capital market and amount outstanding as on 31-03-2017 is set out below:

(Rs. in Lakhs)

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
47th "N" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet	26-Mar-18
73rd "A" Tax Free Non-Cum. Bonds	6.32%, Semi Annual	28456.00	Bullet	20-Dec-17
43rd "OO" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet	29-Oct-17
48th "HH" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet	17-Sep-17
42nd "O" Taxable Non-Cum. Bonds	8%, Semi Annual	1000.00	Bullet	29-Aug-17
46th "N" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet	12-Aug-17
49th "L" - FRB Taxable Non-Cum. Bonds	7.71%*, Semi Annual	1000.00	Bullet	22-Jun-17
54th Taxable Non-Cum. Bonds	9.81%, Semi Annual	22000.00	Bullet	7-Jun-17
55th "J" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-17
45th "NN" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet	13-May-17
65th "H" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-17
98th Series Taxable Non-Cum Bonds	7.95%, Annual	120000.00	Bullet	10-Apr-17
Total		**192756.00**		

* Applicable interest rate as on 31-03-2017 (interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half yearly rest). All other interest rates are fixed.

5.2 Rupee Term Loan availed from Bank is secured by first pari passu charge on the present / future rolling stock assets / lease receivables of the Company. Terms of Repayment and amount outstanding as on 31-03-2017 of the facility is given below:

(Rs. in Lakhs)

Name of Bank	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Canara Bank	8.25% p.a., linked to 1 month MCLR	30-Jun-18	Bullet	10000.00	0.00	10000.00
Total				**10000.00**	**0.00**	**10000.00**

Note: The Company has unconditional prepayment option for the above facility

5.3 Foreign Currency Term Loan availed is secured by first pari passu charge on the present / future rolling stock assets / lease receivables of the Company. Terms of Repayment and amount outstanding as on 31-03-2017 is as follows:

(Rs. in Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Bank of India	6M USD LIBOR+1.25 % p.a.	30-Apr-17	Half Yearly repayable in 10 equal instalments	7872.00	1968.00	9840.00
Total				**7872.00**	**1968.00**	**9840.00**

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

5.4 The unsecured bonds issued in the domestic capital market and outstanding as on 31-03-2017 are as follows:

(Rs. in Lakhs)

Series	Interest Rate	Amount outstanding	Terms of Repayment
110th Series Taxable Bonds*	7.80% p.a., payable Semi Annual	300000.00	Redeemable in forty equal half yearly instalments commencing from 22-06-2027
109th Series Taxable Bonds *	8.02% p.a., payable Semi Annual	500000.00	Redeemable in forty equal half yearly instalments commencing from 30-03-2027
101st Series Taxable Bonds*	7.87% p.a., payable Semi Annual	200000.00	Redeemable in forty equal half yearly instalments commencing from 27-10-2026
Total		**1000000.00**	

* The above mentioned bonds carry fixed interest rate for 10 years. Interest payable after initial moratorium of 5 years. The interest rate would be reset at the end of each subsequent 10th year to the then prevailing Benchmark G-Sec Yield plus 30bps.

5.5 Maturity profile and interest rate on Unsecured Bonds from Overseas Capital Market (classified as long term borrowing) and amount outstanding as on 31-03-2017 is set out below:

(Rs. in Lakhs)

Particulars	Interest Rate	Non-Current	Current	Term of Repayment	Date of Maturity
Reg-S Bonds 3rd Series (USD 500 Million)	3.917% p.a., Semi Annual	328000.00	0.00	Bullet Repayment	26-Feb-19
Reg-S Bonds 2nd Series (USD 300 Million)	3.417 % p.a., Semi Annual	0.00	196800.00	Bullet Repayment	10-Oct-17
Total		**328000.00**	**196800.00**		

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5.6 Terms of Repayment of the Unsecured Rupee Term Loans from Banks and amount outstanding as on 31-03-2017 is as follows:

(Rs. in Lakhs)

Name of Bank	Rate of Interest (per annum)	Date of Maturity	Repay ment	Non-Current	Current	Total
Allahabad Bank	8.15%,Linked to MCLR	30-Jun-18	Bullet	50000.00	0.00	50000.00
Bank of India	8.15%,Linked to MCLR	30-Apr-18	Bullet	200000.00	0.00	200000.00
HDFC Bank Limited	7.85%,Linked to MCLR	30-Apr-18	Bullet	150000.00	0.00	150000.00
ICICI Bank Limited	7.85%,Linked to MCLR	30-Apr-18	Bullet	250000.00	0.00	250000.00
J&K Bank Limited	8.10%,Linked to MCLR	30-Apr-18	Bullet	30000.00	0.00	30000.00
Punjab National Bank	8.25%,Linked to MCLR	30-Apr-18	Bullet	10000.00	0.00	10000.00
Union Bank of India	8.20%,Linked to MCLR	30-Apr-18	Bullet	10000.00	0.00	10000.00
Corporation Bank	8.25%,Linked to MCLR	30-Apr-18	Bullet	8000.00	0.00	8000.00
Total				**708000.00**	**0.00**	**708000.00**

5.7 Terms of Repayment of the Unsecured Foreign Currency Loans and amount outstanding as on 31-03-2017 is as follows:

(Rs. in Lakhs)

Description	Rate of Interest (per annum)	Date of Maturity	Repay ment	Non-Current	Curr ent	Total
Syndicated Foreign Currency Loan-USD 400 Mio	6M USD LIBOR+0.60 %	03-Dec-18	Bullet	262400.00	0.00	262400.00
Loan From AFLAC-1	Fixed, 2.85%	10-Mar-26	Bullet	95708.20	0.00	95708.20
Loan From AFLAC-2	Fixed, 2.90%	30-Mar-26	Bullet	24296.30	0.00	24296.30
Total				**382404.50**	**0.00**	**382404.50**

6. Deferred Tax Liability (Net)

Major components of Net Deferred Tax Liability are as under:

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Liability on account of difference between WDV as per Income Tax Act, 1961 and the Companies Act, 2013.	906257.93	866348.36
Less: Deferred Tax Asset on account of Unabsorbed Depreciation	267233.95	301719.82
Less: Deferred Tax Asset on account of Provision for Post-Retirement Medical and Pension Plans	32.32	28.81
Net Deferred Tax Liability	**638991.66**	**564599.73**

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

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

7. Other Long Term Liabilities

(Rs. in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
	Non Current	**Current**	Non Current	Current
Unamortised Portion of Securitisation Gain*	83.82	58.41	142.23	80.72
Forward Contracts	62048.55	0.00	44087.40	0.00
Derivative Liabilities	29110.84	0.00	0.00	0.00
Interest Accrued but not due	82877.00	304299.37	6971.58	287677.87
Earnest Money Deposit	0.05	0.00	0.05	0.00
Total	**174120.26**	**304357.78**	**51201.26**	**287758.59**

*Out of the unrecognised gain of Rs. 222.95 Lakhs (P.Y. 332.33 Lakhs), in respect of the Securitisation transactions executed during the previous years, a sum of Rs. 80.72 Lakhs (P.Y. Rs. 109.38 Lakhs) has been recognised during the year, leaving a balance of Rs. 142.23 Lakhs (P.Y. Rs. 222.95 Lakhs).

8. Long Term Provisions

(Rs. in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
	Non Current	**Current**	Non Current	Current
Leave Encashment (Net of funded amount)	22.79	14.73	37.12	13.94
Gratuity (Net of funded amount)	0.00	0.00	3.91	4.51
Post-Retirement Medical & Pension Benefits	93.40	0.00	83.25	0.00
Total	**116.19**	**14.73**	**124.28**	**18.45**

9. Short Term Borrowings

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Secured		
Working Capital Demand Loan	0.00	249985.00
	0.00	**249985.00**
Unsecured		
Rupee Term Loans from Banks	215.90	21000.00

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Particulars	As at 31-03-2017	As at 31-03-2016
Commercial Paper - I(Note-9.1)	576719.39	296587.03
	576935.29	**317587.03**
Total	**576935.29**	**567572.03**

9.1 Details of Commercial paper o/s as on 31st March, 2017 is as below:

(Rs. In Lakhs)

S.No	Particulars	Discount Rate	Date of maturity	Face Value	Unexpired Discount	O/s amount
1	CP series - IV	6.39% p.a.	12th April, 2017	380000.00	725.27	379274.73
2	CP series - V	6.33% p.a.	15th June, 2017	200000.00	2555.34	197444.66
Total				**580000.00**	**3280.61**	**576719.39**

10. Other Current Liabilities

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Current Maturities of Long Term Debt (Ref. Note No.5)	391524.000	593539.60
Interest Accrued but not due (Refer Note No.7)	304299.37	287677.87
Unamortised Securitisation Gain (Refer Note No. 7)	58.41	80.72
Liability for Matured and Unclaimed Bonds / Interest (Refer Note No. 35)	657.36	1035.68
Other Payables:		
Statutory Dues	1.56	1.49
Tax Deducted at Source Payable	1067.32	1849.24
Dividend Tax	0.00	3053.65
Others	350.70	3948.32
Total	**697958.72**	**891186.57**

11. Short Term Provisions

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Interest Payable on Income Tax	15.45	0.00
Corporate Social Responsibility (CSR)	789.35	789.35
Employee Benefits (Refer Note No.8)	14.73	18.45
Proposed Final Dividend	3352.46	18948.00
Dividend Tax on Proposed Final Dividend	682.39	3857.37
Total	**4854.38**	**23613.17**

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12. Fixed Assets

(Rs. in Lakhs)

S.No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31-03-2016	Additions during the year	Sale / Adjustment during the year	As at 31-03-2017	Upto 31-03-2016	For the year	Adjustments during the year	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
	Tangible Assets										
1	Office Building	1524.23			1524.23	376.54	25.52		401.06	1123.17	1148.69
2	Airconditioners, Room Coolers / H	20.06	0.40	1.08	19.38	17.19	0.23	0.20	17.22	2.16	2.87
3	Office Equipments	31.50	4.51	2.73	33.28	24.19	3.38	1.14	26.43	6.85	7.31
4	Furniture & Fixtures	85.39	6.99	2.10	90.28	83.30	0.59	1.60	82.29	7.99	2.09
5	Franking Machine	1.19			1.19	0.63	0.28		0.91	0.28	0.56
6	Computer	59.72	1.76		61.48	51.57	3.11		54.68	6.80	8.15
7	Motor Car	10.24			10.24	6.83	0.85		7.68	2.56	3.41
8	Photo Copier	1.59			1.59	0.91	0.15		1.06	0.53	0.68
9	Water Cooler	0.29			0.29	0.25	0.04		0.29	0.00	0.04
10	Electric-Installation	1.80			1.80	1.80	0.00		1.80	0.00	0.00
	Total	1736.01	13.66	5.91	1743.76	562.20	34.15	2.94	593.41	1150.35	1173.81
	Intangible Assets										
1	Computer Software	4.34		-	4.34	2.28	0.87	-	3.15	1.19	2.06
	Total	4.34	-	-	4.34	2.28	0.87	-	3.15	1.19	2.06
	Total Fixed Assets	1740.36	13.66	5.91	1748.10	564.48	35.02	2.94	596.56	1151.54	1175.87
	Previous Year	1732.90	11.84	4.39	1740.35	532.24	34.66	2.41	564.48	1175.87	1200.67

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13. Non Current Investments (At Cost)

(Rs. in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
Investments (Unquoted Non-Trade)	**Non Current**	**Current**	Non Current	Current
Investments in Equity				
2,44,000* (P.Y. 48,800) Equity Shares of IRCON International Ltd.	199.85	0.00	199.85	0.00
Other Investments				
45 (P.Y. 55) Senior Pass Through Certificates 'O' to 'W' Series of NOVO X Trust Locomotives	454.15	132.79	586.94	145.50
Total	**654.00**	**132.79**	**786.79**	**145.50**
Aggregate Amount of Unquoted Investments	**654.00**	**132.79**	**786.79**	**145.50**

*pursuant to allotment of bonus shares in the ratio of 4:1 during the year

14. Long Term Loans and Advances

(Rs. in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
	Non Current	**Current**	Non Current	Current
Secured Considered Good				
House Building Advance*	10.09	3.73	13.82	3.73
Unsecured Considered Good				
Capital Advances				
- Advance to FA & CAO	253.01	0.00	253.01	0.00
Advance against Lease of Rly Infrastructure Assets (Refer Note No. 29)	2260000.00	0.00	943000.00	0.00
Lease Receivables from Ministry of Railways	9108199.22	712419.74	8415158.05	634176.45
Amount Recoverable from MOR on account of Exchange Rate Variation (Refer Note No. 28)	76367.73	41099.70	126860.35	68278.03
Amount Recoverable from MOR on account of MTM - Derivatives	22253.00	0.00	0.00	0.00
Security Deposits	9.19	0.00	9.19	300.00
Loan to Rail Vikas Nigam Ltd.	194545.50	21857.50	212690.00	18190.83
Advance to Employees	0.00	0.17	0.14	0.22
TDS & Advance Tax (NET)	1065.76	0.00	1950.59	0.00
Gratuity Funded Assets (Net)	0.55	4.56	0.00	0.00
Total	**11662704.05**	**775385.40**	**9699935.15**	**720949.26**

* includes Rs. 13.82 lakhs (P.Y. Rs. 17.55 lakhs) to Key Managerial Personnel /Officers of the Company

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15. Other Non Current Assets

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Unsecured Considered Good		
Interest Accrued but not due on Loans	53016.92	49718.34
Interest Accrued on Investment in Pass Through Certificates	333.62	342.27
Unabsorbed Forward Premium on Forward Contracts	16826.12	29237.09
Finance Charges Accrued but not due on lease advance	115362.78	9412.55
Interest Accrued on Advances to Employees*	9.18	7.86
Derivative Asset	6187.36	0.00
Total	**191735.98**	**88718.11**

* includes Rs. 8.58 lakhs (P.Y. Rs. 7.02 lakhs) to Key Managerial Personnel/Officers of the company

16. Cash and Bank Balances

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Cash and cash equivalents		
Balance with Banks		
- In Current Accounts	93.33	84.09
- In Interest / Redemption Accounts (Ref. Note 35(a))	657.36	1035.68
Cheque in hand	0.00	120000.00
Deposit with Reserve Bank of India		
-In Public Deposit Account	1.02	1.02
Balance in Franking Machine	0.04	0.03
Total	**751.75**	**121120.82**

17. Short Term Loans and Advances

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Unsecured Considered Good		
Deposit with NCRDC, New Delhi	4.38	4.38
Amount Recoverable from MOR	289799.87	168464.22
Tax Refund Receivable*	36.61	96.47
Amount Recoverable from Others	0.64	305.08
Gratuity Funded Assets (Net)	4.56	0.00
Prepaid Expenses	39.01	29.67
Advance to Others	21.01	21.01
Advance to Employees	0.71	0.64
Total	**289906.79**	**168921.47**

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

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18. Other Current Assets

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Current Maturities of Long Term Loans and Advances (Refer Note No.14)		
Lease Receivables from Ministry of Railways	712419.74	634176.45
Security Deposits	0.00	300.00
Loan to Rail Vikas Nigam Ltd	21857.50	18190.83
House Building Advance	3.73	3.73
Advance to Employees	0.17	0.22
Amount Recoverable from MOR on account of Exchange Rate Variation	41099.70	68278.03
Current Maturity of Investments		
10 (P.Y. 10) Senior Pass Through Certificates 'M' to 'N' Series of NOVO X Trust Locomotives (Refer Note No. 13)	132.79	145.50
Interest Accrued but not due on Loans & Deposits	20898.20	22223.44
Unabsorbed Forward Premium on Forward Contracts	20976.66	16062.35
Derivative Assets	670.48	0.00
Total	**818058.97**	**759380.55**

19. Revenue from Operations

Rs. in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Lease Income:		
- Lease Income	769579.64	709001.60
- Finance Charges on Lease Advance	105950.23	9412.55
	875529.87	**718414.15**
Interest Income from:		
- Loans	24717.45	25063.67
- Deposits	4265.65	6948.76
- Investments	83.75	87.96
	29066.85	**32100.39**
Other Financial Income		
- Gain on Assets Securitization	**80.72**	**109.38**
Total	**904677.44**	**750623.92**

20. Other Income

(Rs. in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Dividend Income	45.42	44.90
Provisions written back*	0.00	61.60
Profit on sale of Fixed Assets	0.11	0.04
Misc. Income	27.97	0.03

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Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Interest on Income Tax refund	15.10	0.00
Total	**88.60**	**106.57**

*Provision written back includes a sum of NIL (P.Y. Rs. 44 Lakhs) written back on account of Provision for interest payable to Income Tax Authorities

21. Employee Benefits Expense

(Rs. in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Salaries, Incentives etc.	258.55	298.77
Contribution to Provident and Other Funds	40.53	110.01
Staff Welfare Expenses	0.46	0.12
Total	**299.54**	**408.90**

22. Finance Cost

(Rs. in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Interest Expenses		
Amortisation of Lease Rentals paid in advance	0.00	3464.31
Interest on Bonds	606303.63	461828.20
Interest on Rupee Term Loans	4870.66	2668.96
Discount on Commercial Paper	11135.39	2656.17
Interest and Swap Cost on Foreign Currency Loans*	57579.47	50478.01
Interest on delayed payment to MOR	7658.36	23213.42
Interest to Income Tax Authorities	16.98	0.00
Sub-Total	**687564.49**	**544309.07**
Other Borrowing Cost		
Bond Issue Expenses / Expenses on Raising of Loans**	643.03	6970.12
Bond/Loan/Securitization Servicing Expenses	600.27	597.92
Sub-Total	**1243.30**	**7568.04**
Total	**688807.79**	**551877.11**

* Interest and Swap Cost on Foreign Currency Loans includes Rs. 19736.06 Lakhs (P.Y. Rs.1635.04 lakhs) towards Forward Premium on Currency Forward Contracts

**Bond Issue Expenses/Expenses on loans includes NIL (P.Y. Rs. 16.49 Lakhs) paid to Auditors for certification of prospectus/offer document for public issue of bonds.

23. Other Expenses

(Rs. in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Filing Fee	0.82	0.67
Legal & Professional Charges	145.67	81.06
Advertisement & Publicity	20.44	12.92

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Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Printing & Stationery Charges	10.49	11.15
News Paper, Books & Periodicals	1.19	3.19
Conveyance Expenses	7.33	6.36
Travelling - Foreign		
- Directors	10.26	5.40
- Others	1.95	0
Travelling - Local		
- Directors	11.63	9.70
- Others	10.13	10.05
Transport Hire Charges	30.09	30.10
Office Maintenance Expenses	95.26	54.07
Vehicle Running & Maintenance	2.29	2.85
Office Equipment Maintenance	14.61	11.29
Electricity Charges	21.90	19.90
Loss on Sale of Fixed Assets	1.80	0.79
Postage Charges	1.44	2.11
Telephone Charges	6.63	6.66
Training Expenses	2.40	7.80
Bank Charges	1.49	1.74
Payment to Auditors		
- Audit Fees	8.85	8.63
- Tax Audit Fee	2.95	2.88
- Quarterly Review	8.62	8.57
- Other Statutory Certifications	10.03	2.00
Miscellaneous Expenses	68.02	50.74
Insurance	0.26	0.27
Fees & Subscription	13.69	7.76
Sponsorship/Donation	2.01	0.20
Ground Rent	1.15	1.15
Property Tax	2.62	2.62
Prior Period Expenditure (NET) (Refer Note No.23.1)	4.06	19.40
Total	**520.08**	**382.03**

23.1 Prior Period Expenditure (Net):

(Rs. in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Income	0.00	0.00
Total (A)	**0.00**	**0.00**
Expenditure		
Bond Issue Exp.	4.06	0.37
News Paper, Books & Periodicals	0.30	0.00
Interest on Bonds/Foreign Currency Loans	0.83	0.02
Interest on Bonds	2.98	5.16

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Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Legal & Professional	0.19	0.00
Office Maintenance Expenses	0.20	0.00
Salary Employee Benefits	-4.50	13.63
Transport Hire Charges	0	0.22
Total (B)	**4.06**	**19.40**
Prior Period Expenditure (Net) (B-A)	**4.06**	**19.40**

24. Earnings Per Equity Share

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Net Profit (Rs. in Lakhs)	93381.14	84869.26
Weighted Average Number of Equity shares outstanding	65264600	42270065
Add: Number of potential Equity Share on account of receipt of Share Application Money Pending Allotment	0	251366
Weighted Average Number of Equity shares [including diluted Equity Share] outstanding	65264600	42521431
Earnings Per Share (Rs.) – Basic [Face value of Rs. 1,000/- per share]	143.08	200.78
Earnings Per Share (Rs.) – Diluted [Face value of Rs. 1,000/- per share]	143.08	199.59

25.

(a) Lease rental is charged on the assets leased from the first day of the month in which the assets have been identified and placed on line as per the Standard Lease Agreements executed between the Company and MOR from year to year.

(b) Ministry of Railways (MOR) charges interest on the value of the assets identified prior to the payments made by the company, from the first day of the month in which the assets have been identified and placed on line to the first day of the month in which the money is paid to the MOR. However, no interest is charged from the MOR on the amount paid by the company prior to identification of Rolling stock by them.

(c) (i) Interest rate variation on the floating rate linked rupee borrowings and interest rate and exchange rate variations on interest payments in the case of foreign currency borrowings are adjusted against the Lease Income in terms of the variation clauses in the lease agreements executed with the Ministry of Railways. During the year, such differential has resulted in an amount of Rs.7046 Lakhs accruing to the Company (P.Y. Rs. 10610 Lakhs), which has been accounted for in the Lease Income.

(ii) In respect of foreign currency borrowings, which have not been hedged, variation clause have been incorporated in the lease agreements specifying notional hedging cost adopted for working out the cost of funds on the leases executed with MOR. Hedging cost in respect of these foreign currency borrowings is compared with the amount recovered by the company on such account and accordingly, the same is adjusted against the lease income. During the year ended 31st March 2017 in respect of these

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foreign currency borrowings, the Company has recovered a sum of Rs.17433 Lakhs (P.Y. Rs. 20149 Lakhs) on this account from MOR against a sum of Rs.19713 Lakhs (P.Y. Rs 1629 Lakhs) incurred towards hedging cost and the balance amount of Rs.2280 Lakhs (P.Y. Rs 18520 Lakhs) is recoverable from MOR (P.Y refundable to MOR).

26.

(a)

i. The Reserve Bank of India has issued Master Direction – Non- Banking Financial Company- Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide notification DNBR.PD.008/03.10.119/2016-17 dated 1st September 2016 as amended from time to time. The Company, being a Government Company and not accepting/holding public deposits, these Directions, except the provisions contained in Paragraph 23 thereof, are not applicable to the Company. However, as a matter of prudence the Company has decided to follow the asset classification and provisioning norms as contained in above directions for loans/leases/advances to entities other than Indian Railways, except the requirement of provisioning on standard assets.

ii. Further, Reserve Bank of India (RBI) vide letter dated 19th March 2010 has sought a road map from the Company for compliance with the prudential norms issued by RBI. The Company has requested for exemption from the applicability of prudential norms relating to single party exposure and assignment of zero risk weight to lease receivables from MOR vide letter dated 3rd May, 2010.

iii. In terms of Reserve Bank of India Notification No.DNBC.138/CGM (VSNM) – 2000 dated 13th January 2000, provisions of Section 45 IC of the Reserve Bank of India Act, 1934 (2 of 1934) regarding creation of Reserve Fund, do not apply to the Company.

(b) In terms of the Ministry of Corporate Affairs circular dated 18th April, 2002, the Company, being a Non-Banking Finance Company registered with RBI, is required to create Bond Redemption Reserve equivalent to 50% of the value of the bonds raised through Public issue by the redemption date of such Bonds. Subsequently, the requirement for creation of Bond Redemption Reserve in case of Public Issue of bonds by Non-Banking Finance Company registered with RBI was brought down to 25% by MCA vide their circular dated 11th Feb, 2013. Further, the Companies (Share Capital and Debentures) Rules, 2014 dated 3rd April, 2014 also mandates the Non- Banking Finance Companies registered with RBI to create Bond Redemption Reserve equivalent to 25% of the value of the Bonds raised through public issue by the redemption dates of such bonds. Accordingly, the Company is required to transfer 50% of the value of the bonds raised through public issue during FY 2011-12 and 25% of the value of Bonds raised through Public Issue during 2012-13, FY 2013-14 and FY 2015-16 to Bond Redemption Reserve by the redemption dates of such Bonds. The Company has raised Rs. 2488167.37 Lakhs through public issue of bonds in FY 2011-12, FY 2012-13, FY 2013-14 and FY 2015-16. The average residual maturity of the above mentioned bonds is more than 10 years as on 31st March, 2017. However, the Company restricted its dividend

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payment to Rs.37425.75 Lakhs and the balance profit after the payment of dividend and dividend distribution tax thereon for the year ended 31st March 2017 has been transferred to Bond Redemption Reserve.

(c) As per Section 135 of the Companies Act, 2013 a Corporate Social Responsibility Committee has been formed by the Company. During the year the Company has undertaken CSR activities as approved by the CSR Committee which are specified in Schedule-VII of the Companies Act, 2013.

(i) Gross amount required to be spent by the company during the year Rs. 3733.63 Lakhs (including Rs.98.63 Lakhs for earlier year).

(ii) Amount spent during the year on:

(Rs. in Lakhs)

		In cash	Yet to be paid in cash	Total
(1)	Construction/acquisition of any asset	0.00	0.00	0.00
(2)	On purpose other than (1) above	1677.47	0.00	1677.47

(d) Disclosure under Schedule III of Companies Act, 2013 for transaction in Specified Bank Notes (SBN's) and other denomination notes during the period 08th November, 2016 to 30th December, 2016:

Information pursuant to G.S.R. 308(E) dated 30th March, 2017	**SBN's**	**Other Denomination notes**	**Total**
Closing Cash In Hand as on 08/11/2016	NIL	NIL	NIL
(+) Permitted Receipts	NIL	NIL	NIL
(-) Permitted Payments	NIL	NIL	NIL
(-) Amount Deposited in Banks	NIL	NIL	NIL
Closing Cash in Hand as on 30/12/2016	NIL	NIL	NIL

27. The Finance Act, 2001 provides for levy of service tax on the finance and interest charges recovered through lease rental installments on the Financial Leases entered on or after 16-07-2001. The Central Government vide Order No.1/1/2003-ST dated 30th April 2003 and subsequent clarification dated 15-12-2006 issued by Ministry of Finance has exempted the Lease Agreements entered between the Company and Ministry of Railways from levy of Service Tax thereon u/s 93(2) of Finance Act, 1994.

28. Decrease in liability due to exchange rate variation on foreign currency loans for purchase of leased assets, amounting to Rs. 7997 Lakhs (P.Y. Increase Rs. 81806 Lakhs) has not been accounted for as income in the Statement of Profit and Loss as the same is transferable to the Ministry of Railways (lessee) separately as per lease agreements. The crystallized exchange rate variation loss on foreign currency loans repaid during the year amounting to Rs. 69674 Lakhs (P.Y. Rs. 119612 Lakhs) has been recovered from the Lessee, leaving a balance of Rs.117467 Lakhs recoverable from MOR as on 31-03-2017 (P.Y. Rs. 195138 Lakhs).

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In pursuance of the Guidance Note on Accounting for Derivatives issued by the Institute of Chartered Accountants of India (ICAI), the Fair Value of Derivatives other than the Currency Forward Contracts has been worked out as on 1st April, 2016. The Fair Value of Derivative Liability amounting to Rs.27853 Lakhs has not been adjusted against the Reserves and Surplus as the same is transferable to Ministry of Railways (Lessee) since the derivatives have been contracted to hedge the financial risk of the Ministry of Railways (Lessee). Similarly, the net decline in the Fair Value of Derivatives (Liability) for the year ended 31st March, 2017 amounting to Rs.5600 Lakhs has not been considered as income and has been transferred to the Ministry of Railways.

29. The Ministry of Railways (MOR) vide letter dated 23rd July, 2015 had authorized the Company to draw funds from LIC in consultation with MOR for funding of Railway Projects in line with leasing methodology adopted by Company for funding Railway Projects in past. Pending execution of the Lease Documents, the Company has entered into a Memorandum of Understanding with the Ministry of Railways on 23rd May 2017 containing principal terms of the lease transactions. The total sum of Rs.2260000 Lakhs disbursed to MOR to the end of FY 2016-17 (P.Y. Rs. 943000 Lakhs) has been shown as 'Advance against Lease of Rly. Infrastructure Assets'. The cost incurred by the Company in respect of the funds borrowed for making advances to MOR for development or construction of such railway Infrastructure assets has been charged to the statement of Profit and Loss. Further the finance charges on total advance made to Railways for development or construction of Railway Infrastructure assets has been accounted for as Income in the statement of Profit & Loss. The margin on these leases will be accounted for when the same is fixed.

30. **Derivative Instruments**

The Company judiciously contracts financial derivative instruments in order to hedge currency and / or interest rate risk. All derivative transactions contracted by the Company are in the nature of hedging instruments with a defined underlying liability. The Company does not deploy any financial derivative for speculative or trading purposes.

a. The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations in respect its External Commercial Borrowings.

Outstanding long term forward exchange contracts entered into by the Company which have been used for hedging the foreign currency risk on repayment of external commercial borrowings (principal portion):

As at 31-03-2017			As at 31-03-2016		
No. of Contracts	Borrowing outstanding in Foreign Currency (USD Million)	INR Equivalent (Lakhs)	No. of Contracts	Borrowing outstanding in Foreign Currency (USD Million)	INR Equivalent (Lakhs)
9	550	422848.55	6	400	311167.40

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b. In respect of following External Commercial Borrowings, the Company has executed cross currency swap to hedge the foreign exchange exposure in respect of both principal outstanding and interest payments and converted its underlying liability from one foreign currency to another:

As at 31-03-2017			As at 31-03-2016			Remarks
No. of Contracts	Borrowing outstanding in Foreign Currency	Notional USD Equivalent	No. of Contracts	Borrowing outstanding in Foreign Currency	Notional USD Equivalent	
1	JPY 12 Billion	145.90 Million	1	JPY 12 Billion	145.90 Million	Back to back recovery of INR/USD exchange rate variation from MOR.
1	JPY 3 Billion	37.04 Million	1	JPY 3 Billion	37.04 Million	Back to back recovery of INR/USD exchange rate variation from MOR.

The foreign currency borrowings outstanding as on 31-03-2017, which have not been hedged, are as follows:

As at 31-03-2017		As at 31-03-2016		Remarks
No. of Loans	Borrowing outstanding in Foreign Currency	No. of Loans	Borrowing outstanding in Foreign Currency	
1	USD 15 Million	1	USD 18 Million	Back to back recovery of exchange rate variation from MOR.
1	USD 300 Million	3	USD 625 Million	Back to back recovery of exchange rate variation from MOR.
2	USD 350 Million	2	USD 500 Million	Back to back recovery of exchange rate variation from MOR.

c. Other than currency forward contracts, the Company also resorts to interest rate derivatives like Cross Currency Interest Rate Swap and Interest Rate Swap for hedging the interest rate risk associated with its external commercial borrowings.

The Company recognizes these derivatives in its Financial Statements at their Fair Values. Further, in view of the fact that these derivatives are Over the Counter (OTC) contracts customized to match the residual tenor and value of the underlying liability, the Company relies on the valuations done by the counter parties to the derivative transactions using the theoretical valuation models.

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No. of Transaction	Description of Derivative	Notional Principal	Fair Value Asset / (Liability) at 31st March, 2017 (Rs. Lakhs)
2	Cross Currency Interest Rate Swap (JPY Fixed Interest Rate Liability to USD Floating Rate Liability)	JPY 15 Bn. / USD 182.94 Mio	(29110.84)
2	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 182.94 Mio	6187.36
1	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 200.00 Mio	670.48

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

32. **Contingent Liabilities**

a. Claims against the Company not acknowledged as debt – Claims by bondholders in the Consumer / Civil Courts: Rs. 8.72 Lakhs (P.Y. Rs. 15.74 Lakhs).

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

c. The Income Tax assessments of the Company have been completed up to the Assessment Year 2014–15. The disputed demand of tax including interest thereon amount to Rs. 138.19 Lakhs out of which Rs. 74.96 Lakhs has been adjusted by the Department from the refunds pertaining to other years. The Company has already filed appeals against the said tax demands and the same are pending at various appellate levels. Based on decisions of the Appellate authorities in other similar matters and interpretation of relevant provisions, the Company is confident that the demands will be either deleted or substantially reduced and accordingly no provision is considered necessary.

During the year 2015-16, the Income Tax Department had raised demand of Rs.39949.01 Lakhs u/s 201(1) of the Income Tax Act, 1961 towards non-deduction of tax at source and interest thereon for the Assessment Years 2011-12, 2012-and 2013-14. The Company filed appeals against the said assessment orders before the CIT (Appeals) on 28th April, 2016. Further, rectification applications u/s 154 were also filed on 20th May, 2016. As per the Appellate Order dated 25th January 2017 for the Assessment Year 2011-12, the Order passed by the Assessing Officer raising demand of Rs 24516.56 Lakhs has been set aside. The Company is confident of getting similar Appellate Orders in respect of the remaining Assessment Years involving demand of Rs 15432.45 Lakhs and accordingly no provision is considered necessary.

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

33. Expenditure in Foreign Currency

(Rs. in Lakhs)

	Year ended 31-03-2017	Year ended 31-03-2016
a) Interest / Swap Cost on Foreign currency borrowings	104306.42	47400.10
b) Processing Agent / Fiscal Agent / Admin. Fee [Recoverable from MOR Nil (PY Rs. 2.64 Lakhs)]	17.73	19.34
c) Underwriting / Arranger fee (recoverable from MOR)	0.00	3054.65
d) International Credit Rating Agencies Fees	110.51	93.21
e) Others	19.28	27.65

34. The Company has not taken on lease any Rolling Stock assets during the year. All the assets taken on lease were in the years prior to 01-04-2001, with aggregate value of Rs. 54997 Lakhs (ownership of the same vests with the lessors) stand sub-leased to Ministry of Railways. The company has paid future lease rental liability in full on all the above leases as outlined below:

Year of Lease	**No. of Leases**	Value of assets taken on lease (Rs. in Lakhs)	**Amount paid in settlement of future lease rentals (Rs. in Lakhs)**	Year of payment
2000-01	2	54997	29423 22302	2001-02 2003-04
Total	**2**	**54997**	**51725**	

Amount paid in settlement of future lease rentals as above, is being amortised in the accounts over the remaining period of the leases. During the year ended 31st March 2017, an amount of Rs. Nil (P.Y. Rs. 3464 Lakhs) has been charged to Statement of Profit & Loss on account of such amortisation. Since the entire future lease rental liability has been paid, there is no liability payable for unexpired lease period (Previous Year-Rs. Nil).

35.

(a) The Company discharges its obligation towards payment of interest and redemption of bonds, for which warrants are issued, by depositing the respective amounts in the designated bank accounts. Reconciliation of such accounts is an ongoing process and has been completed upto 31-03-2017. The Company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 31-03-2017 is Rs.657.36 Lakhs (P.Y. Rs. 1035.68 Lakhs).

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(b) The Company is required to transfer any amount remaining unclaimed and unpaid in such interest and redemption accounts after completion of 7 years to Investor Education Protection Fund (IEPF) administered by the Ministry of Corporate Affairs, Government of India. During the year ended 31st March 2017, a sum of Rs.12.80 Lakhs was deposited in IEPF (P.Y. Rs. Nil).

36. Long Term Loans and Advances (Note No.14) include Lease Receivables representing the present value of future Lease Rentals receivable on the finance lease transactions entered into by the company since inception as per the Accounting Standard (AS) – 19 notified by the Ministry of Corporate Affairs.

Reconciliation of the Lease Receivable amount on the Gross value of Rolling Stock assets worth Rs. 14754173 Lakhs (P.Y. Rs. 13326089 Lakhs) owned by the Company and leased to the Ministry of Railways is as under:

(Rs. in Lakhs)

Particulars	**As at 31-03-2017**	As at 31-03-2016
Gross Value of Assets acquired & Leased upto the end of previous Financial Year	13326089	11718218
Less: Capital Recovery provided upto last Year	4276755	3699195
Capital Recovery outstanding on leased assets as at the end of last year	9049334	8019023
Add: Gross Value of Assets acquired and Leased during the period	1428084	1607871
	10477418	9626894
Less: Capital Recovery for the period	656799	577560
Net investment in Lease Receivables	**9820619**	9049334

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

(Rs. in Lakhs)

Particulars	**As at 31-03-2017**	As at 31-03-2016
Gross Investment in Lease	14548332	13503344
Unearned Finance Income	4727713	4454010
Present Value of Minimum Lease Payment (MLP)	9820619	9049334

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

(Rs. in Lakhs)

Particulars	**As at 31-03-2017**		As at 31-03-2016	
	Gross Investment In Lease	Present Value of MLP	Gross Investment in Lease	Present Value of MLP
Not later than one year	1477428	712419	1340885	634176
Later than one year and not later than five years	5588036	3184071	5106253	2831043

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Particulars	As at 31-03-2017		As at 31-03-2016	
	Gross Investment In Lease	Present Value of MLP	Gross Investment in Lease	Present Value of MLP
Later than five years	7482868	5924129	7056206	5584115
Total	**14548332**	**9820619**	**13503344**	**9049334**

The unearned finance income as on 31-3-2017 is Rs. 4727713 Lakhs (Previous Year Rs. 4454010 Lakhs). The unguaranteed residual value accruing to the benefit of the Company at the end of lease period is Rs. Nil (P.Y. Nil).

The Company has leased rolling stock assets to the Ministry of Railways (MOR). Besides, the Company has funded Railway projects during the year 2011-12, in respect of which the lease had commenced during the year 2015-16. A separate lease agreement for each year of lease has been executed and as per the terms of the lease agreements, lease rentals are received half yearly in advance. The leases are non-cancellable and shall remain in force until all amounts due under the lease agreements are received.

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

In terms of the RBI Guidelines on Minimum Retention Requirement issued by the Reserve Bank of India as applicable to the Non-Banking Finance Companies, the company being the originator, had opted to retain a minimum of 5% of the book value of the receivables being securitised. Accordingly, the Company had invested Rs. 1697.71 Lakhs in the Pass Through Certificates (PTCs) issued by the 'Special Purpose Vehicle' towards Minimum Retention Requirement. Out of the amount invested in PTCs, Rs. 1110.77 Lakhs have matured till 31st March 2017, leaving a balance of Rs. 586.94 Lakhs. Details of the amount invested in PTCs and outstanding as on 31st March, 2017 is as follows:

Series	Date of Maturity	Nos of PTCs	Face Value per PTC (in Rs)	Total Amt (Rs. in Lakhs)
Series 'M'	15-Apr-17	5	1358357.85	67.92
Series 'N'	15-Oct-17	5	1297528.37	64.88
Series 'O'	15-Apr-18	5	1239733.28	61.99
Series 'P'	15-Oct-18	5	1184216.00	59.21
Series 'Q'	15-Apr-19	5	1131468.11	56.57
Series 'R'	15-Oct-19	5	1080799.13	54.04
Series 'S'	15-Apr-20	5	1032399.18	51.62
Series 'T'	15-Oct-20	5	986166.66	49.31
Series 'U'	15-Apr-21	5	942240.38	47.10

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Series	Date of Maturity	Nos of PTCs	Face Value per PTC (in Rs)	Total Amt (Rs. in Lakhs)
Series 'V'	15-Oct-21	5	900045.32	45.00
Series 'W'	15-Apr-22	5	585908.19	29.30
Total		**55**		**586.94**

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

Defined Benefit Plan

Changes in Present Value of Defined Obligations:

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	**31-03-2017**	31-03-2016
Present value of Defined Benefit Obligation at the beginning of the year	67.65	61.79	82.54	81.05
Interest Cost	4.51	4.69	6.36	5.70
Current Service Cost	4.51	4.55	13.93	11.47
Benefits Paid	-10.00	0.00	-28.15	-10.26
Actuarial (Gain) / Loss on obligations	-7.67	-3.38	-3.09	-5.42
Present value of Defined Benefit Obligation at the end of the period	59.00	67.65	71.60	82.54

Changes in the Fair Value of Plan Assets:

(Rs. in Lakhs)

Particulars	**Gratuity (Funded)**		**Leave Encashment (Funded)**	
	31-03-2017	31-03-2016	**31-03-2017**	31-03-2016
Fair Value of Assets at the beginning of the year	59.22	62.68	31.48	38.56
Expected Return on plan assets	4.03	5.06	2.96	2.99
Contributions	0.00	0.00	0.00	0.00
Benefits Paid	0.00	0.00	0.00	-10.26
Reimbursement paid by the insurer	0.00	-8.67	0.00	0.00
Actuarial Gain / (Loss) on plan assets	0.86	0.15	-0.36	0.20
Fair Value of Plan Assets at the end of the period	64.11	59.22	34.08	31.48

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

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	**31-03-2017**	31-03-2016
Opening net Liability / (Asset) at the beginning of the year	8.42	-0.90	51.06	42.49
Expenses	-3.54	0.65	14.61	8.57
Contribution	0.00	0.00	0.00	0.00

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Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	**31-03-2017**	31-03-2016
Reimbursement paid by the insurer	-10.00	8.67	-28.15	0.00
Closing net Liability / (Asset) at the end of the period	-5.12	8.42	37.52	51.06

Actuarial Gain / Loss recognised:

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	**31-03-2017**	31-03-2016
Actuarial Gain / (Loss) for the period – obligation	7.67	3.38	3.08	5.42
Actuarial Gain / (Loss) for the period plan assets	0.86	0.15	-0.36	0.20
Total Gain / (Loss)	8.53	3.53	2.72	5.62
Actuarial Gain / (Loss) recognised in the period	8.53	3.53	2.72	5.62

Amount recognised in the Balance Sheet:

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	**31-03-2017**	31-03-2016
Present value of obligations as at the end of the period	59.00	67.65	71.59	82.54
Fair Value of plan assets	64.11	59.22	34.08	31.48
Liability (assets)	-5.11	8.43	37.51	51.06
Net Liability (assets) recognised in the Balance Sheet	-5.11	8.43	37.51	51.06

Expenses recognised in statement of Profit & Loss:

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	**31-03-2017**	31-03-2016
Current Service Cost	4.51	4.55	13.93	11.47
Interest Cost	4.51	4.68	6.36	5.70
Expected return on plan assets	-4.03	-5.06	-2.96	-2.99
Net Actuarial (Gain) / Loss recognized in the period	-8.53	-3.53	-2.72	-5.62
Expenses recognised in Statement of Profit & Loss	-3.54	0.65	14.61	8.56

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Bifurcation of Liabilities:

(Rs. in Lakhs)

Liabilities	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	**31-03-2017**	31-03-2016
Current	-4.56	4.51	14.73	13.94
Non-Current	-0.55	3.91	22.78	37.12
Total	**-5.11**	**8.43**	**37.51**	**51.06**

Actuarial Assumptions:

Assumptions	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	**31-03-2017**	31-03-2016
Discount Rate	7.15% p.a.	7.70% p.a.	7.15% p.a.	7.70% p.a.
Expected Return on Plan Assets	7.15% p.a.	7.70% p.a.	7.15% p.a.	7.70.% p.a.
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate			
Future Salary Increase	6% p.a.	6% p.a.	6% p.a.	6% p.a.
Retirement	60 yrs.	60 yrs.	60 yrs.	60 yrs.

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

Defined Contribution Plan

(Rs. in Lakhs)

Particulars	**Year ended 31-03-2017**	Year ended 31-03-2016
Employers' Contribution to EPF	16.54	17.54
Provision towards Post-Retirement Medical & Pension Benefits	10.15	83.25*

* The Board of Directors approved the implementation of post-retirement medical and pension benefits in FY 2015-16 for which provision was made w.e.f. 1st January 2007 in terms of DPE guidelines. The scheme will be implemented on receipt of approval from MOR.

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

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

(Rs. in Lakhs)

	Year ended 31-03-2017					Year ended 31-03-2016				
	Gratuity & Leave Encashment*	CSR	Post Retirement Medical & Pension	Interest payable to Income Tax	Income Tax	Gratuity & Leave Encashment *	CSR	Post Retirement Medical & Pension	Interest payable to Income Tax	Income Tax/FBT
Opening Bal.	59.49	789.34	83.25	0.00	133224.84	41.60	789.34	0.00	223.01	120921.99
Addition during the period	11.07	0.00	10.15	18.35	45523.15	9.22	0.00	83.25	0.00	41613.14
Amount used / incurred	-38.15	0.00	0.00	0.00	0.00	8.67	0.00	0.00	-179.09	-29310.29
Unused Amount reversed during the period	0.00	0.00	0.00	0.00	-6.82	0.00	0.00	0.00	-43.92	0.00
Closing Balance	**32.41**	**789.34**	**93.40**	**18.35**	**178741.17**	**59.49**	**789.34**	**83.25**	**0.00**	**133224.84**

*The above provisions are liabilities in accordance with terms of employment.
Provision for Income Tax is in terms of Income Tax Act, 1961 and shall be adjusted after completion of assessment. TDS and Advance Tax has been shown net of Provision for Tax in note no.14 under Long Term Loan and Advances.

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

Key Management Personnel:

a) Sh. Rajiv Datt, Managing Director (upto 30th June 2016)
b) Sh. Niraj Kumar, Additional charge as Managing Director(from 1st July 2016 to 28th July 2016)
c) Sh. P.V.Vaidialingam, Managing Director(from 29th July 2016 to 8th March, 2017)
d) Sh. S.K. Pattanayak, Managing Director(from 9th March, 2017 onwards)
e) Sh. Niraj Kumar, Director Finance
f) Sh. S.K.Ajmani, Company Secretary & Group General Manager (TL)

Amount paid to Key Management Personnel:

(Rs. in Lakhs)

Particulars	2016-17	2015-16
Salary / Allowances	64.95	89.91
Reimbursement	4.73	1.76
Incentive	26.64	38.57

42. Interest on Deposits & Investment (Note No.19) includes Tax Deducted at Source amounting to Rs. 71.89 Lakhs (P.Y. Rs. 9.48 Lakhs). Ministry of Railways has also deducted tax at source amounting to Rs. 30391.60 Lakhs (P.Y. Rs. 27256 Lakhs).

43. The Company is in the process or compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006

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(MSMED Act). As the Company has not received the relevant information till finalisation of accounts, disclosure in this regard could not be made.

44. The Company has a system of physical verification of assets given on lease. The physical verification is carried out on a sample basis, as 100% physical verification of rolling assets is neither logistically possible nor considered necessary. In addition, Ministry of Railways (Lessee) provides a certificate each year that the leased assets are maintained in good working condition as per laid down norms, procedures and standards. In the opinion of the management, the aforesaid system is satisfactory considering the fact that the assets are maintained and operated by the Central Government.

45. Accounting Standards -30, 31 & 32 pertaining to Financial Instruments-Recognition & Measurement, Financial Instruments-Presentation and Financial Instruments-Disclosure were to be made mandatory by the Institute of Chartered Accountants of India (ICAI) with effect from 1st April, 2011. However, the ICAI has announced indefinite postponement of the application of AS-30, 31 and 32 as the provisions contained in AS-30, 31 and 32 are not expected to continue in their present form as these Accounting Standards are based on International Accounting Standard-39 and 32 which are currently under review by the International Accounting Standard Board. Further, these Standards have not been notified by the Ministry of Corporate Affairs (MCA). Accordingly, the Company has not adopted AS-30, 31 and 32.

46. **Change in Accounting Policy:**

The guidance note on accounting for derivatives issued by the Institute of Chartered Accountants of India (ICAI) have been made applicable for accounting periods commencing on or after 1st April, 2016. Pursuant to the aforesaid guidance note, the Derivatives other than Long Term Currency Forward Contracts have been recognised on the Balance sheet at their Fair Value. The change in the Fair Value of Derivatives has not been accounted for in the Statement of Profit and Loss as the same is transferable to the Ministry of Railways (lessee) separately as per the Lease Agreements.

The Fair Value of such Derivatives Liability outstanding as on 1st April, 2016 was Rs.27852.94 Lakhs which has been shown as Recoverable from Ministry of Railways (MOR) instead of being adjusted against the Reserves and Surplus. Similarly, the increase in the Fair Value of such Derivatives liability amounting to Rs.1257.90 Lakhs between 1st April, 2016 and 31st March, 2017 has also been transferred to MOR without being charged to the Statement of Profit & Loss.

The Company also contracted three derivatives other than long term currency forward contracts during the year 2016-17. The Fair Values of these Derivative Assets at their inception dates were NIL. Increase in the Fair Value of such Derivatives Assets between their inception dates and as at the close of the year on 31st March, 2017 amounting to Rs.6857.84 Lakhs has been transferred to MOR instead of being recognised as income in the Statement of Profit and Loss.

The change in the Accounting Policy has not led to any change in the income, expenses or net profit for the year.

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47. Other Disclosures

I. Other key financial parameters:

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
(i)	Debt Equity Ratio	8.86	7.59
(ii)	Net worth (Rs in Lakhs)	1200959.71	1152535.02

II. Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of Company are given below:

(Rs in Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
(i)	Capital Fund - a. Tier I	1163116.73	1107203.85
	- b. Tier II	0.00	0.00
(ii)	Risk weighted assets along-with adjusted value of off balance sheet items	326832.85	333277.08
(iii)	CRAR	355.88%	332.22%
(iv)	CRAR — Tier I Capital	355.88%	332.22%
(v)	CRAR — Tier II Capital	0.00	0.00
(vi)	Amount of subordinated debt raised as Tier-II capital	0.00	0.00
(vii)	Amount raised by issue of Perpetual Debt Instruments	0.00	0.00

III. Additional disclosures in accordance with RBI directions on Corporate Governance

A. Reference may be made to Note 1 for Significant Accounting Policies.

B. Capital Reference may be made to Note 47 - II for CRAR.

C. Investments

(Rs. in Lakhs)

S.No	Particulars			As at 31-03-2017	As at 31-03-2016
(i)	Value of Investments				
	(i)	Gross Value of Investments			
		(a)	In India	786.79	932.29
		(b)	Outside India	0.00	0.00
	(ii)	Provisions for Depreciation			
		(a)	In India	0.00	0.00
		(b)	Outside India	0.00	0.00
	(iii)	Net Value of Investments			
		(a)	In India	786.79	932.29
		(b)	Outside India.	0.00	0.00

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S.No	Particulars		As at 31-03-2017	As at 31-03-2016
(ii)	Movement of provisions held towards depreciation on investments.			
	(i)	Opening balance	0.00	0.00
	(ii)	Add : Provisions made during the year	0.00	0.00
	(iii)	Less : Write-off / write-back of excess provisions during the year	0.00	0.00
	(iv)	Closing balance	0.00	0.00

D. Derivatives

I. Forward Rate Agreement / Interest Rate Swap/Cross Currency Interest Rate Swap in respect of Loan Liabilities:

(Rs. in Lakhs)

S.No	Particulars	As at 31-03-2017	As at 31-03-2016
(i)	Notional principal of swap agreements	371,209.01	122,144.83
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	6,857.84	0.00
(iii)	Collateral required by NBFC upon entering into swaps-	0.00	0.00
(iv)	Concentration of credit risk arising from swaps	0.00	0.00
(v)	Fair value of swap book	(22,253.00)	(27,852.94)

II. Company does not hold any exchange traded Interest Rate (IR) derivatives (Previous year Nil).

III. Qualitative disclosures on Risk Exposure in Derivatives:

The Company enters into derivatives for the purpose of hedging and not for trading/speculation purposes.

The Company has framed a risk management policy duly approved by the board in respect of its External Commercial Borrowings (ECBs). A risk management committee comprising the Managing Director and Director Finance has been formed to monitor, analyze and control the currency and interest rate risk in respect of ECBs.

The Company avails various derivative products like currency forwards, Cross Currency swap, Interest rate swap etc. for hedging the risks associated with its ECBs.

Derivatives other than long term forward currency contracts are marked to market in terms of Guidance note on Derivatives whereas the accounting of long term forward currency contracts are accounted for as per the provision of AS -11.

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IV. Quantitative Disclosures on Risk Exposure in Derivatives in respect of Loan Liabilities:

(Rs. in Lakhs)

S. No.	Particular	As at 31-03-2017			As at 31-03-2016		
		Currency Derivatives	Cross Currency & Interest Rate Derivatives	Interest Rate Derivatives	Currency Derivatives	Cross Currency & Interest Rate Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)						
	For hedging)	422848.57	120004.50	2512014.50	311167.40	122144.82	
(ii)	Marked to Market Positions (MTM)						
	Asset (+MTM)			6857.83	588.02		
	Liability (-MTM)	32736.58	29110.83		110.12	27852.93	
(iii)	Credit Exposure[a]	4228.48	3600.13	11769.97	3699.70	3664.34	
(iv)	Unhedged Exposures[b]	556248.64		141040.00	835330.14		405408.00

a. Credit exposure has been calculated by adding current credit exposure(positive MTM) and potential future credit exposure (notional principle amount of derivatives X Credit Conversion Factor) as prescribed by RBI.

b. Includes JPY loan liability partly hedged through cross currency swap entered for one leg (USD/JPY) for Rs 120008.64 Lakhs (PY Rs 122149.04 Lakhs).

E. **Disclosures related to Securitisation**

I. The Company has not entered into any securitization transaction during the year. However, the Company had entered into two securitization transactions in respect of its lease receivables from MoR on 25th January 2010 and 24th March 2011 respectively against which a sum of Rs. 15232.66 Lakhs and Rs 11738.86 Lakhs is outstanding as on 31st March 2017.

In terms of the Minimum Retention Requirement (MRR) as contained in the draft guidelines issued by RBI in April 2010, the Company had invested 5% of the total securitized amount towards MMR in respect of its second securitization transaction executed in 2011. The present exposure on account of securitization transaction at 31.03.2017 is Rs 586.94 Lakhs (Previous year Rs 732.44 Lakhs). The details are as below:

S.No	Particulars	No./ Amount in Rs Lakhs
1	No. of SPVs sponsored for securitisation transactions	2
2	Total amount of securitised assets as per books of the SPV's sponsored	26971.52

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S.No	Particulars	No./ Amount in Rs Lakhs
3	Total amount of exposures retained to comply with MRR	586.94
	a) Off Balance Sheet Exposures First Loss Others b) On Balance Sheet Exposures First Loss Others	0 0 586.94
4	Amount of exposures to securitization transactions other than MRR	NIL

II. Company has not sold any financial assets to Securitization / Reconstruction Company for asset construction during the year ended 31.03.2017 (Previous Year Nil).

III. Company has not undertaken any assignment transaction during the year ended 31.03.2017 (Previous Year Nil).

IV. Company has neither purchased nor sold any non-performing financial assets during the year ended 31.03.2017 (Previous Year Nil)

F. **Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:**

(Rs. in Lakhs)

Description	Up to 30 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits-	0	0	0	0	0	0	0	0	**0**
Advances*	378067.37	0	0	356209.87	0	1586027.68	1697273	8279444.29	**12297021.96**
Investments	67.92	0	0	0	64.88	231.81	193.03	29.3	**586.94**
Borrowings**	505274.73	915.90	223744.66	7300.00	32456.00	2141221.00	1627974.81	5183554.56	**9722441.66**
Foreign Currency assets	0	0	0	0	0	0	0	0	**0**
Foreign Currency liabilities ***	984	0	0	0	197784	594336	3936	120004.503	**917044.50**

*advances include lease receivables from MoR, advance funding to MoR for Railway projects and loan to RVNL

** Borrowings from domestic market

*** Borrowings from overseas market

G. **Exposures**

I. Company does not have any exposure to real estate sector.

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II. Exposure to Capital Market:

(Rs in lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt (includes investment in fully convertible preference shares;	199.85	199.85
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	0	0
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0	0
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances (excluding loans where security creation is under process);	0	0
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	0	0
(vi)	Loans sanctioned to corporates against the security of shares/ bonds / debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources;	0	0
(vii)	Bridge loans to companies against expected equity flows / issues;	0	0
	All exposures to Venture Capital Funds (both registered and unregistered)	0	0
Total Exposure to Capital Market		**199.85**	**199.85**

III. Details of financing of parent Company products:

Company does not have a parent company.

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IV. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded

The Reserve Bank of India has issued Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 vide notification no.DNBR.009/CGM(CDS)-2015 dated 27th March 2015. The Company, being a Government Company, these Directions, except the provisions contained in Paragraph 25 thereof, are not applicable to the Company.

V. Unsecured Advances

a) The outstanding amounts against unsecured loans, advances & lease receivables as at 31.03.2017 is Rs 12297021.96 Lakhs (PY Rs 10223215.33 Lakhs). The details are as under:

(Rs in Lakhs)

Particulars	**As at 31.03.2017**	**As at 31.03.2016**
Ministry of Railways, Govt. of India	12080618.96	9992334.50
Rail Vikas Nigam Limited, a wholly owned entity of Ministry of Railways, Govt. of India	216403.00	230880.83
Total	12297021.96	10223215.33

b) Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken is NIL as on 31.03.2017. (PY NIL)

H. **Registration obtained from other financial sector regulators:** Nil.

I. **Disclosure of Penalties imposed by RBI and other regulators**

During the year ended 31.03.2017, no penalty has been imposed on the Company by RBI and other regulators (Previous Year Nil).

J. **Credit rating**

a. Ratings assigned by credit rating agencies and migration of ratings during the year:

S. No.	**Rating Agency**	**Long Term Rating**	**Short Term Rating**
1	CRISIL	CRISIL AAA	CRISIL A1+
2	ICRA	ICRA AAA	ICRA A1+
3	CARE	CARE AAA	CARE A1+

No rating migration has taken place during the year.

b. Long term foreign currency issuer rating assigned to the Company as at 31.03.2017:

S. No.	**Rating Agency**	**Rating**	**Outlook**
1	Fitch Ratings	BBB-	Stable
2	Standard & Poor (S&P)	BBB-	Stable
3	Moody's	Baa3	Positive

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K. **Net Profit or Loss for the period, prior period items and changes in accounting policies**

Reference may be made to of notes to accounts 23.1 and 46 regarding prior period items and changes in accounting policies respectively.

L. **Circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties**
NIL

M. **Consolidated Financial Statements**
Company does not have any subsidiaries and hence consolidation of financial statements is Not Applicable

N. **Provisions and Contingencies**
Reference may be made to Note 40 for contingencies and provisions respectively.

O. **Draw Down from Reserves**
NIL (Previous year (NIL) refer Note 3)

P. **Concentration of Deposits, Advances, Exposures and NPAs**

a. Concentration of Deposits (for deposit taking NBFCs) - Company is a non-deposit accepting NBFC.

b. Concentration of Advances:

(Rs. In Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
(i)	Total Advances to 20 largest borrowers	12297021.96	10223215.33
(ii)	Percentage of Advances to 20 largest borrowers to Total Advances of the Company	100%	100%

c. Concentration of Exposures:

(Rs. in Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
(i)	Total Exposure to twenty largest borrowers / customers	12297808.75	10224147.62
(ii)	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	100%	100%

d. Concentration of NPAs: Nil

e. Sector-wise NPAs: Nil

Q. Movement of NPAs in respect of Loan Assets: Nil

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R. Company does not have any Overseas Assets in the form of Joint Ventures and Subsidiaries.

S. Off Balance Sheet SPVs sponsored which are required to be consolidated as per accounting norms: NIL (PY NIL)

T. Customer Complaints for FY 2016-17

S. No.	Particulars	Number of complaints
(a)	No. of complaints pending at the beginning of the year	0
(b)	No. of complaints received during the year	2348
(c)	No. of complaints redressed during the year	2348
(d)	No. of complaints pending at the end of the year	0

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

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

For SPMG & Co.
Chartered Accountants
FRN-509249C

(Vinod Gupta)
(Partner)
M.No. 090687
Place: New Delhi
Date : 31-07-2017

For and on behalf of the Board of Directors

(S.K.Ajmani)
Company Secretary
& GGM (Term Loans)

(Niraj Kumar)
Director Finance
DIN: 00795972

(S .K.Pattanayak)
Managing Director
DIN: 02396063

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