IMPORTANT NOTICE

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Confirmation of your Representation: This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to the Issuer that (1) the electronic mail address that you gave to the Issuer and to which this e-mail has been delivered is not located in the United States and, to the extent you purchase the securities described in the attached document, you will be doing so pursuant to Regulation S under the Securities Act and (2) you consent to delivery of such Offering Circular and any amendments and supplements thereto by electronic transmission.

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

The materials relating to the offering of the securities (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 the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

This 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 neither the Issuer nor any of the Joint Lead Managers (as defined herein) nor any person who controls any of them nor any director, officer, employee nor 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 Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. 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.

To the fullest extent permitted by law, none of the Joint Lead Managers nor any person who controls each of them nor any director, officer, employee nor agent of each of them or affiliate of any such person accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Joint Lead Managers or by any person who controls each of them, or by any director, officer, employee or agent of each of them or affiliate of any such person in connection with the Issuer, or the Offering. Each of the Joint Lead Managers accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the Registrar of Companies in India in accordance with the (Indian) Companies Act, 1956, as amended and replaced from time to time, (Indian) Companies Act, 2013 as amended and other applicable laws in India 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 and any Registrar of Companies) or Indian stock exchanges. This Offering Circular, the Notes and any other document or material relating to the Notes are not and should not be construed as an advertisement, invitation, offer, invitation to subscribe or sale of any securities whether by way of private placement or to the public in India or any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India.

Indian Railway Finance Corporation Limited

(incorporated with limited liability in India)

U.S.$500,000,000 3.835 per cent. Notes due 2027
Issue price: 100.0 per cent.

The U.S.$500,000,000 3.835 per cent. Notes due 2027 (the **Notes**) are issued by Indian Railway Finance Corporation Limited (the Issuer). The Notes will bear interest at the rate of 3.835 per cent. per annum from and including 13 December 2017 and interest will be payable semi-annually in arrear on 13 June and 13 December of each year, commencing on 13 June 2018. The Notes will mature on 13 December 2027. The Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes as described under "*Conditions of the Notes — Redemption and Purchase*."

Application has been made to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's International Securities Market (**ISM**). The ISM is not a regulated market for the purposes of Directive 2004/39/EC. **The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the UK Listing Authority (UKLA). The London Stock Exchange has not approved or verified the contents of this Offering Circular.**

Additionally, application will be made for the listing of the Notes on the Singapore Exchange Securities Trading Limited (the **SGX-ST**). The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Notes to the Official List of the SGX-ST (the **Singapore Official List**) is not to be taken as an indication of the merits of the Issuer or the Notes.

The Notes are expected to be rated Baa2 by Moody's Investors Service, Inc. (**Moody's**) and BBB- by S&P Global Ratings, a division of S&P Global Inc. (**S&P**). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act) or the securities laws of any other jurisdiction. The Notes will be offered outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

This Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of prospectus in respect of a public offer, information memorandum or private placement offer letter or any other offering material with the Registrar of Companies in India in accordance with the (Indian) Companies Act, 1956, as amended and replaced from time to time, (Indian) Companies Act, 2013 as amended and other applicable laws in India 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 and any Registrar of Companies) or Indian stock exchanges. This Offering Circular, the Notes and any other document or material relating to the Notes are not and should not be construed as an advertisement, invitation, offer, invitation to subscribe or sale of any securities whether by way of private placement or to the public in India or any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

The Notes will initially be represented by a global certificate in registered form (the **Global Certificate**) which will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream**). It is expected that delivery of the Global Certificate will be made on or about 13 December 2017 or such later date as may be agreed (the **Closing Date**) by the Issuer and the Joint Lead Managers (as defined under "*Subscription and Sale*"). The Notes will be issued in amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "*Risk Factors*" on page 9.

Joint Lead Managers and Joint Bookrunners

BARCLAYS **HSBC** **MUFG** **Standard Chartered Bank**

The date of this Offering Circular is 5 December 2017.

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

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.

The Joint Lead Managers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the offering of the Notes. The Joint Lead Managers do not accept any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering 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 the Joint Lead Managers.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Offering Circular or any other information supplied in connection with the offering of the Notes should purchase the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Joint Lead Managers do not represent that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which is intended to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or

indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, European Economic Area, United Kingdom, Italy, The Netherlands, Japan, Switzerland, India, Hong Kong and Singapore, see "*Subscription and Sale*".

IN CONNECTION WITH THE ISSUE OF THE NOTES, BARCLAYS BANK PLC AS STABILISING MANAGER (THE STABILISING MANAGER) (OR PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Each purchaser or holder of interests in the Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain representations and agreements as set out in "*Subscription and Sale*".

None of the Issuer, the Joint Lead Managers and the Agents (as defined herein) makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

This Offering Circular has been prepared on a basis that any offer of Notes in any Member State (each the **Relevant Member State**) of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (as amended including by Directive 2010/73/EU, including any relevant implementing measure in such relevant Member State) (the **Prospectus Directive**) will be made pursuant to an exemption under the Prospectus Directive, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Circular constitute **forward-looking statements**. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "anticipate", "believe", "estimate", "expect", "intend", "project", "should", "view" and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. Among the important factors that could cause the Issuer's actual results, performance or achievements to differ materially from those in the forward-looking statements are included, amongst others, the condition of, and changes in, India's political and economic status and the Indian railway sector. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*" and "*Business*." These forward-looking statements speak only as of the date of this Offering Circular. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

ENFORCEMENT OF FOREIGN JUDGMENTS IN INDIA

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

In addition, India is not a signatory or a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The statutory basis for recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Indian Code of Civil Procedure, 1908 (**Civil Code**).

Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except: (i) where it has not been pronounced by a court of competent jurisdiction; (ii) where it has not been given on the merits of the case; (iii) where it 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 it has been obtained by fraud; or (vi) where it 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 that section) in any country or territory outside India which the Indian 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 any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards, even if such awards are enforceable as a decree or judgment.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Indian Government to be a reciprocating territory for the purposes of section 44A of the Civil Code, but the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the judgment and not by proceedings in execution. Such suit has to be filed 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. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the judgment and not by proceedings in execution.

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 a foreign judgment 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 Reserve Bank of India (**RBI**) under the Foreign Exchange Management Act, 1999, as amended from time to time, to execute such a judgment and repatriate outside India 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 Indian 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.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Offering Circular, the terms the Issuer, the **Company** or **IRFC**, unless otherwise specified or the context otherwise implies, refer to Indian Railway Finance Corporation Limited. In this Offering Circular, references to **Holders** or **Noteholders** are to holders of the Notes from time to time. In this Offering Circular, unless otherwise specified or the context otherwise requires, references to **India** are to the Republic of India and its territories and possessions, references to the **U.S.** and **United States** are references to the United States of America and its territories and possessions, references to the **Indian Government** or the **Government** are to the Government of India and references to the **Companies Act** are to the Companies Act, 2013 and any such provisions of the Companies Act, 1956 which have not yet been repealed, replaced by any enactment, and shall include any amendments or re-enactments thereof.

Since the Issuer has no subsidiaries, all financial data in this Offering Circular are presented on a non-consolidated basis in accordance with accounting principles generally accepted in India (**Indian GAAP**) as of and for the years ended 31 March 2016 and 2017 and as of 30 September 2017 and for the six months ended 30 September 2016 and 2017. The Issuer's financial year ends on 31 March of each year, so all references to a particular financial year, to **Fiscal** or **Fiscal Year** are to the twelve months ended 31 March of that year. The Issuer prepares its financial statements in accordance with Indian GAAP and the requirements of the Companies Act. The Issuer's financial statements as of and for the year ended 31 March 2016 was audited by Bansal Sinha & Co., Chartered Accountants whose audit report is included elsewhere in this Offering Circular. The Issuer's financial statements as of and for the year 31 March 2017 and as of and for the six months ended 30 September 2017 were audited by SPMG &Co. Chartered Accountants (**SPMG**) and the financial statements as of and for the six months ended 30 September 2016 were reviewed by SPMG, whose audit reports are included elsewhere in this Offering Circular.

The Issuer publishes its financial statements in Indian Rupees. All references herein to **Indian Rupees**, **Rupees, INR**, and **Rs**. are to Indian Rupees, all references herein to **U.S. dollars**, **United States dollars** and **U.S.$** are to United States dollars. In accordance with the Issuer's internal practice of presenting U.S. dollar equivalent information, unless otherwise stated, all translations from Indian Rupees to United States dollars have been made, in the case of amounts derived from the Issuer's balance sheet and profit and loss account, on the basis of the Rs./U.S.$ closing exchange rate as of 30 September 2017 of Rs. 65.36 = U.S.$1.00. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupees or United States dollar amounts referred to herein could have been or could be converted into any other currency, at any particular rate, at the above rates or at all.

Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

References to "lakhs", "lacs" and "crores" in the Issuer's financial statements are to the following:

One lakh or one lac....................................	100,000	(one hundred thousand)
Ten lakhs or ten lacs..................................	1,000,000	(one million)
One crore	10,000,000	(ten million)
Ten crores	100,000,000	(one hundred million)
One hundred crores	1,000,000,000	(one thousand million or one billion)

Furthermore, certain figures and percentages included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown in 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.

EXCHANGE RATES

The following table sets forth information with respect to the exchange rates between the Indian Rupee and the U.S. dollar (in per U.S.$), for or as of the end of the periods indicated. The exchange rates are based on the reference rates released by the RBI, which are available on the website of the RBI. No representation is made that any Indian Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, at the rates stated below, or at all.

As of 31 March 2017 and 30 September 2017, the exchange rate (RBI reference rate) was Rs. 64.84 and Rs. 65.36 respectively, to U.S.$1.00 (*Source: www.rbi.org.in*).

(Rs. per US$)

	Period end	**Average(1)**	**High(2)**	**Low(3)**
Fiscal:				
2015	62.59	61.15	63.75	58.42
2016	66.33	65.46	68.78	62.16
2017	64.84	67.09	68.72	64.84
Quarter ended:				
31 December 2016	67.95	67.46	68.72	66.43
31 March 2017	64.84	67.01	68.23	64.84
30 June 2017	64.74	64.46	65.04	64.00
30 September 2017	65.36	64.29	65.76	63.63
Month ended:				
30 April 2017	64.22	64.51	65.04	64.00
31 May 2017	64.55	64.42	64.99	64.02
30 June 2017	64.74	64.44	64.74	64.26
31 July 2017	64.08	64.46	64.82	64.08
31 August 2017	64.02	63.97	64.24	63.63
30 September 2017	65.36	64.44	65.76	63.87
30 October 2017	64.78	65.08	65.55	64.76
23 November 2017	-	64.96	65.51	64.53

(1) Average of the official rate for each working day of the relevant period

(2) Maximum of the official rate for each working day of the relevant period

(3) Minimum of the official rate for each working day of the relevant period

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SUMMARY

Business

Overview

The Issuer is the dedicated market borrowing arm of the Indian Railways. The Issuer's primary business is financing the acquisition of rolling stock assets, project assets of Indian Railways and to lend to other entities under the administrative control of the MoR of the Indian Government. 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 a wholly-owned by the Government acting through the MoR. It is registered with the Reserve Bank of India as a Non-Banking Financial Company (**NBFC**) and are classified under the category of an "Infrastructure Finance Company" under Section 45-IA of the Reserve Bank of India Act, 1934. The Issuer has been notified as a "Public Financial Institution" under the Companies Act since 1993.

The Issuer follows a financial leasing model for financing rolling stock assets and project assets of 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 pertaining to the lease is payable during the primary 15 years lease period. At the end of the lease period of 30 years, the relevant leased assets are typically transferred to the Indian Railways at a nominal price. The lease periods for funding project assets for the Indian Railways are also 30 years.

As of 31 March 2017, the Issuer had financed 80.00 per cent. in terms of units of the aggregate rolling stock assets held by Indian Railways as of such date. The total value of rolling stock assets financed by it up to 31 March 2017 since commencement was Rs. 1,513,190.00 million while the value of rolling stock assets financed in Fiscal 2017 was Rs. 142,808.40 million.

In addition, from time to time, the Issuer also extends debt financing to other entities under the administrative control of the MoR. The Issuer has in the past financed entities, including the Rail Vikas Nigam Limited (**RVNL**), Railtel Corporation of India Limited, Konkan Railway Corporation Limited and Rail Land Development Authority. The tenure for the loans to these entities are 15 years.

Recent Developments

The Issuer is contemplating an initial public offering (**IPO**) as part of the Government's strategic divestment plans. The Department of Investment and Public Asset Management of the Government has appointed certain banks to advise on the proposed IPO. See "*Risk Factors – There is no guarantee that the planned IPO will take place*".

Strengths

The Issuer believes that the following are the Issuer's competitive strengths:

Strategic role in financing growth of Indian Railways

The Issuer was incorporated as the dedicated market borrowing arm of the Indian Railways and have played a strategic role in financing the operations of the Indian Railways. As on 31 March 2017, the Issuer had financed 80.00 per cent. in terms of units of the aggregate rolling stock assets held by MoR as of such date and financed 25.67 per cent. of planned capital outlay of the Indian Railways in Fiscal 2016. In Fiscal 2015, 2016 and 2017, the Issuer financed assets worth Rs. 107,710.24 million, Rs. 160,787.10 million and Rs. 142,808.41 million, respectively. The Issuer's financing targets are determined annually by the MoR based on the difference between the annual planned capital expenditure and allocation as part of the Union Budget of India.

The Issuer believes that the extensive expansion plans of the Indian Railways in the future will involve significant financing requirements and its operations, as a primary financing source for the Indian Railways, will increase significantly. Indian Railways has laid down a capital expenditure plan for the five-years from 2015 –

2019 of Rs. 8,560.2 billion *(Source: "Reform, Perform, Transform and now we Inform" – Report by Indian Railways dated August 2017)*. The Issuer is expected by the MoR to mobilise Rs. 1 trillion in relation to rolling stock to fund its proposed capital expenditure plan for the five-years from 2015 – 2019.

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 acquisition 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, issuance of bonds or notes in 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/financial institutions, external commercial borrowings, internal accruals, asset securitisation and lease financing. 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 financial institutions, corporates, public (including high net worth individuals, retail investors and non-resident investors), trusts and mutual funds.

Consistent financial performance and cost plus model

The Issuer believes that it has demonstrated consistent growth in terms of funding and profitability. The Issuer's revenue from operations was Rs. 90,467.74 million in Fiscal 2017, while the profit after tax was Rs. 9,338.11 million in Fiscal 2017. The Issuer's total outstanding borrowings was Rs. 1,063,948.62 million as of 31 March 2017, while its long-term loans and advances was Rs. 1,166,270.41 million. The Issuer's net worth was Rs. 120,095.97 million as of 31 March 2017. Since Fiscal 1991, the Issuer has consistently made dividend distributions. In Fiscal 2015, 2016 and 2017, the Issuer paid dividend (including dividend tax) of Rs. 2,139.56 million, Rs. 1,823.98 million and Rs. 6,678.06 million, respectively.

The Issuer's cost-plus based Standard Lease Agreement with the MoR ensures an assured interest spread for it. In Fiscal 2017, pursuant to its arrangements with the MoR, the Issuer is entitled to a spread of 50 bps over its average cost of borrowing. The Issuer follows the cost plus pricing model for its financing to other entities under the administrative control of the MoR. This arrangement has allowed it to maintain an average net interest margin of 2.11 per cent. from Fiscal 2013 through Fiscal 2017.

Low risk business model

The Issuer believes that its relationship with the MoR 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 either built into the cost or are transferred to the MoR, 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 MoR. For further information, see " Business – *Terms of Standard Lease Agreement*".

Although the Issuer is entitled to contractually pass on its interest rate and foreign currency exchange risks to the MoR, in order to minimise such risks, the Issuer also enters into hedging arrangements with respect to its interest rate risk and foreign currency exposure arising from its external commercial borrowings. As of 31 March 2017, the Issuer had entered into hedging arrangements with respect to 64.05 per cent. of the Issuer's loans with variable interest rates as of such date and 39.30 per cent. of the Issuer's outstanding foreign exchange exposure as of such date.

Strong asset-liability management

In addition to traditional cash flow management techniques, the Issuer manages cash flows through an active asset and liability management strategy. Its asset-liability management model is structured in a manner which ensures that it has limited asset-liability mismatches. The Issuer borrows on a long-term basis to align with the long-term tenure of the assets created by it. For instance, the Issuer's advances that have a term of over five years constituted 67.33 per cent. of its total advances as of 31 March 2017 while the borrowings that have a repayment term exceeding five years accounted for 49.85 per cent. of its total borrowings as of 31 March 2017. The Issuer believes that such an approach of matching the tenure of its advances with its borrowings allows it to better manage the liquidity and meet the growing demands of the Indian Railways. To ensure that the Issuer always have sufficient funds to meet its commitments, the Issuer maintain satisfactory levels of liquidity to ensure availability of funds at any time to meet operational and statutory requirements.

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 senior management team have extensive experience in the finance industry.

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, securitized receivables from the MoR and availed external commercial borrowings including syndicated loans and bonds. The Issuer continues to further diversify its borrowing portfolio through a range of financing instruments and identifying new markets and investors.

As part of the Issuer's diversification strategy, the Issuer continues to explore additional fund raising options at effective rates. 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.

The Central Board of Direct Taxes of the Indian Ministry of Finance has recently notified that the capital gains exemption under Section 54EC of the Income Tax Act, 1961, is applicable for bonds issued by it which are redeemable after three years and issued on or after 8 August 2017. In addition, the Issuer continues to evaluate funding opportunities to diversify its borrowing portfolio, including through issuance of 'green bonds' as well as Indian Rupee denominated bonds issued in international markets. The Issuer believes that a diversification of its borrowing portfolio will enable it to raise more funds at a lower cost.

Broaden the financing portfolio

While the Issuer acts as a primary financing arm for the MoR, the Issuer continues to focus on funding the rolling stock assets requirements of the Indian Railways. The Issuer plans to strategically 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 MoR entities to improve railways infrastructure in India and public private partnership projects, including the 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 MoR to provide financing for various joint venture entities established by the MoR 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 administrative control of the MoR, including by extending guarantees to entities under the administrative control of the MoR 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 MoR and other entities administered by the MoR, the Issuer also plans to further 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, the Issuer takes into account interest rate forecasts and spreads, internal cost of funds, operating results, projected funding needs of the MoR, projected loan disbursements, its current liquidity position and funding strategies. Going forward, the Issuer intends to have a strong in-house team comprising 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 the Issuer 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 also plans to assist other Indian Railways entities with their funding requirements, providing strategic advice on, long-term access to capital, acquisition finance and equity capital. In addition, the Issuer aims to leverage its significant industry experience as an NBFC and an infrastructure finance company to provide customized financing solutions for other railway entities.

The Issuer also proposes to leverage its role as a dedicated financing arm of the MoR to venture into syndication activities. The Issuer intend to engage in loan syndication and equity syndication. The railways industry 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 that 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.

SUMMARY OF THE OFFERING

This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of this Offering Circular as a whole.

Words and expressions defined in "*Conditions of the Notes*" shall have the same meanings in this summary.

Issuer:	Indian Railway Finance Corporation Limited
The Notes:	U.S.$500,000,000 3.835 per cent. Notes due 2027
Joint Lead Managers:	Barclays Bank PLC The Hongkong and Shanghai Banking Corporation Limited MUFG Securities EMEA plc Standard Chartered Bank
Fiscal Agent	The Hongkong and Shanghai Banking Corporation Limited
Registrar	The Hongkong and Shanghai Banking Corporation Limited
Paying Agent	The Hongkong and Shanghai Banking Corporation Limited
Issue Price:	100.0 per cent. of the aggregate principal amount of the Notes
Interest:	The Notes will bear interest from and including 13 December 2017 at the rate of 3.835 per cent. per annum payable semi-annually in arrear on 13 June and 13 December of each year, commencing 13 June 2018, as further described in Condition 5
Denomination:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof
Maturity Date of the Notes:	13 December 2027
Status of the Notes:	The Notes will constitute direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding
Negative Pledge:	The Conditions of the Notes contain a negative pledge provision with certain limitations on the ability of the Issuer to create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure certain types of indebtedness, as set out in Condition 4
Redemption for Taxation Reasons:	The Issuer may redeem all (but not some only) of the Notes in the event of certain changes in Indian tax law. See Condition 7.2

	Note: Early redemption of the Notes requires prior approval from the RBI in accordance with the Master Direction – External Commercial Borrowings, Trade, Credit, Borrowing and Lending in Foreign Currency in Authorised Dealers and Persons other than Authorised Dealers dated 1 January 2016, as amended from time to time, and such approval may not be forthcoming.
Events of Default:	Events of Default under the Notes include, among others, non-payment of principal or interest, breach of other obligations under the Notes (which breach is not remedied within 14 days), cross default of any Indebtedness for Borrowed Money (as defined in the Condition of the Notes), certain events related to insolvency or winding up of the Issuer and other events, the Government ceasing to own more than 51 per cent. of the Issuer's equity shares each as described in Condition 10
Meetings of Noteholders:	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
Withholding Tax and Additional Amounts:	The Issuer will pay such additional amounts to the Fiscal Agent as may be necessary in order that the net payment received by each Noteholder in respect of the Notes, after withholding for any taxes imposed by tax authorities in India upon payments made by or on behalf of the Issuer in respect of the Notes, will equal the amount which would have been received in the absence of any such withholding taxes, subject to customary exceptions, as described in Condition 8
Listing and Admission to Trading:	Application has been made to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's International Securities Market (**ISM**). The ISM is not a regulated market for the purposes of Directive 2004/39/EC. The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the UKLA. The London Stock Exchange has not approved or verified the contents of this Offering Circular Application will be made for the listing of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Notes to the Singapore Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer or the Notes The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in

	accordance with, English law
Form of the Notes:	The Notes will be in registered form and will be initially represented by a Global Certificate which on the Issue Date will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream
Credit Ratings:	The Notes are expected to be rated Baa2 by Moody’s and BBB- by S&P. A credit 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
Selling Restrictions:	The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States. The Notes may be sold in other jurisdictions (including, European Economic Area, United Kingdom, Italy, The Netherlands, Japan, Switzerland, India, Hong Kong and Singapore) only in compliance with applicable laws and regulations. See “*Subscription and Sale*” below
Use of Proceeds:	The net proceeds of the issue of the Notes will be used by the Issuer to finance and refinance its Eligible Green Projects. See “*The Green Bond Framework*”
ISIN:	XS1733877762
Common Code:	173387776

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Additional risks not presently known to the Issuer or that it currently deems immaterial may also impair the Issuer's business operations. The Issuer's businesses, financial condition and/or results of operations could be adversely affected by any of these risks, which may as a result, affect the Issuer's ability to repay the amount of principal of, or interest on, the Notes.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Risks relating to the Issuer's Business

The Issuer derives a significant amount of its revenue from operations from the Indian Railways and a loss of or reduction of business from the Indian Railways or in the Issuer's relationship with the MoR could have an adverse effect on the Issuer's business.

The Issuer is the dedicated market borrowing arm of the Indian Railways. A significant portion of the Issuer's revenue is generated from the leasing of rolling stock assets, comprising locomotives, passenger coaches and freight wagons, to the Indian Railways. Lease income from the leases with the Ministry of Railways of the Indian Government (**MoR**) and other MoR administered entities represented 85.07 per cent. of the Issuer's revenue from operations in Fiscal 2017. Any change that might affect the MoR's ability and willingness to meet its contractual obligations under the standard lease agreement entered into between itself 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. Therefore, overall prospects of the Issuer's business are closely tied to the Issuer's relationship with the MoR. The Issuer does not have any control over the Government, its related entities including the MoR or its policies. Any corporatisation or privatisation of the Indian Railways allowing the MoR to raise funds directly from banks, NBFCs and other financial institutions will have an adverse impact on the Issuer's business, results of operation and financial condition.

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

The Indian Railways faces significant competition in the transport sector from other means of transportation such as transport by road, sea and air. While the Indian Railways continuously looks to augment its infrastructure and undertake other necessary improvements to the railway network, competition in freight traffic from the road sector is likely to intensify further, as present projects for upgrading road networks are completed. The Indian Railways' vulnerability to competition from other means of transportation could increase if cross-subsidies between freight and passenger fares remain at the current high levels, particularly when the road network 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 an 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 an adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer's liquidity largely depends upon on timely access 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/financial institutions, external commercial borrowings including bonds and syndicated loans, internal accruals, asset securitisation and lease financing. Owing to the Issuer's diversified sources of funds, the Issuer believes it have access to funds at relatively lower costs. The Issuer's finance costs were Rs. 49,918.30 million, Rs. 55,187.71 million and Rs. 68,880.77 million in Fiscal 2015, 2016 and 2017, respectively. The Issuer's cost of borrowings was 6.93 per cent. and 7.10 per cent. in Fiscal 2016 and 2017, respectively. As the Issuer is fundamentally dependent upon funding from the debt markets and commercial borrowings, the Issuer's ability to continue to obtain funds from the debt markets and through commercial borrowings on acceptable terms and the Issuer's ability to access new sources of funding, markets or investors, is dependent on various factors which include but are not limited to, the Issuer's ability to maintain the Issuer's existing credit ratings, which are based upon several factors, many of which are outside the Issuer's 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 the Issuer's 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 the Issuer's ability to access diversified low cost funding sources.

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 its business prospects, financial condition and results of operations would be adversely affected.

In the event the interest margin on the project assets funded by the Issuer is not favourable, it may have an adverse impact on the Issuer's financial condition and results of operation.

The Issuer operates on a cost-plus based model and under the terms of the lease agreements it enters with the MoR for funding of project assets, the Issuer is entitled to an assured interest margin on the project assets leased in that particular Fiscal. In Fiscal 2017, pursuant to the Issuer's arrangements with the MoR, the Issuer is entitled to a margin of 50 bps over the Issuer's average cost of borrowing. The interest margin is determined by the end of each Fiscal by the Issuer following discussions with the MoR. 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 operation including leverage capacity. In the event the interest margin determined is not favourable, it also may also adversely impact the Issuer's financial condition and results of operation.

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 financial condition and results of operations.

A majority of the Issuer's revenues is derived from the lease agreements with the MoR. 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 within the primary lease period. Repayments occur by instalments during the primary lease period. One-time repayment of some borrowings in certain years may give rise to a temporary mismatch. This may potentially give rise to a liquidity risk when the Issuer is required to refinance the Issuer's loans and other borrowings. The receipt of lease rentals in an amortised fashion by the

Issuer may lead to reinvestment risk in a falling interest rate scenario. If the Issuer is unable to refinance the Issuer's 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 MoR may have an adverse effect on the Issuer's business, financial position and result of operations.

The Issuer enters into the Standard Lease Agreement with the MoR on an annual basis in respect of rolling stock assets leased by the Issuer to the MoR during a Fiscal. Under the terms of the Standard Lease Agreement, the MoR 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 MoR is required to make good such shortfall through bullet payments in advance before the time of maturity of such bonds/term loans. Such bullet payments shall be set off through mutual agreement against future lease rentals. If such assurance/ undertakings cease to be valid or the MoR fails to comply with 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 MoR. Also, the MoR may not provide such assurances / undertakings in subsequent lease agreements.

Further, under the terms of the Standard Lease Agreement certain other risks including risk arising from foreign exchange rate fluctuations and interest rate fluctuation are passed on to the MoR. However, there can be no assurance that the MoR will continue to bear such risks under subsequent lease agreements and should the MoR decline to bear such risks, it may adversely affect the Issuer's financial conditions and results of operations.

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

The Standard Lease Agreement governs the lease rentals payable by the MoR to the Issuer and specifies details of the rolling stock assets leased to the MoR by the Issuer. The lease rentals are calculated as equal to half yearly payments to be made by the MoR based on weighted average cost of incremental borrowing during the relevant year together with a reasonable mark-up mutually agreed between the MoR and the Issuer, so as to ensure that the Issuer's obligation to repay and settle the Issuer's debts is fully met during primary lease period of 15 years. The Standard Lease Agreement is executed at the end of the Fiscal but comes into effect from the date of commencement of that 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 "*Business – Terms of Standard Lease Agreement*". Any failure to execute the Standard Lease Agreement will adversely affect the Issuer's business, results of operations, prospects and financial condition.

In addition, in relation to funding of project assets the Issuer enters into lease agreements with the MoR. There can be no assurance that the MoR will enter into such lease agreements in a timely manner or at all. Specific to each project, the Issuer also enters into license agreements and development agreements. Any failure to execute the license agreements and development 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 financial condition and results of operation.

Any downgrade in the Issuer's credit ratings or India's debt rating could increase the Issuer's finance costs and adversely affect the Issuer's 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 it 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, Fitch, Standard & Poor and Japan Credit Rating Agency have rated it ‘Positive’ and ‘Stable’. For details, 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. 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. This could have an adverse effect on the Issuer’s business and financial performance and ability to obtain financing for capital expenditures.

The Issuer will be required to prepare financial statements under Indian Accounting Standard (IND-AS) from 1 April 2018. The transition to IND-AS in India is a recent requirement and the impact of these changes to the Issuer’s historical financial statements prepared in accordance with Indian GAAP is currently unclear and cannot be quantified.

The Issuer currently prepares its annual and interim financial statements under Indian GAAP and the Companies Act. Companies in India, including the Issuer, will be required to prepare annual and interim financial statements under Indian Accounting Standard 101 “First-time Adoption of Indian Accounting Standards”. The Issuer meets the criteria to adopt IND-AS in the first phase (i.e., accounting periods beginning from 1 April 2018) with comparatives for the period ending on 31 March 2017.

There is not yet a significant body of established practice on which to draw informed judgments regarding the implementation and application of IND-AS. Additionally, IND-AS differs in certain respects from the International Financial Reporting Standards (**IFRS**) and therefore financial statements prepared under IND-AS may be substantially different from financial statements prepared under IFRS and Indian GAAP. There can be no assurance that the Issuer’s balance sheets, statements of profit and loss, cash flow statements or other financial statements will not be presented differently under IND-AS than under Indian GAAP, and the Issuer has not conducted a review to identify or determine the extent of any such differences. The Issuer’s management may also have to divert significant time and additional resources in order to implement IND-AS on a timely and successful basis. When the Issuer adopts IND-AS reporting, it may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. There can be no assurance that the adoption of IND-AS by the Issuer will not adversely affect the Issuer’s business prospects, financial condition and results of operations.

The Issuer is involved in certain legal proceedings, any adverse developments related to which could adversely affect the Issuer’s business, reputation and cash flows.

There are outstanding legal proceedings involving the Issuer which are incidental to the Issuer’s business and operations. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. The Issuer cannot assure you that these proceedings will be decided in the Issuer’s favour or that no further liability will arise out of these proceedings.

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 the Issuer's 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 stringent policies and procedures, they may not be fully effective to accomplish the Issuer's objectives. The Issuer's future success will depend, in part, on the Issuer's 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.

The Issuer's ability to raise foreign currency borrowings may be constrained by Indian law.

One of the sources of the Issuer's funds is external commercial borrowings. As of 31 March 2017, the Issuer had Rs. 91,704.45 million in external commercial borrowings denominated in U.S. Dollars and Japanese Yen. 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, there can be no assurance 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 Master Direction on External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers, 2016 as amended and updated from time to time, (**ECB Direction**) including applicable regulations, guidelines and circulars issued by the RBI in this regard which governs all forms of borrowing from non-resident entities other than by the issue of non-convertible debentures, affecting the Issuer's ability to freely raise foreign currency borrowings. For instance, under the ECB Direction, 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 it will be required to obtain the approval of the RBI for any additional borrowing. Such provisions may affect the Issuer's ability to borrow effectively and on favourable terms. For details, see "*Regulation and Supervision – External commercial borrowings*".

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 it began operations in 1986. The Issuer's total assets increased from Rs. 707,550.45 million as of 31 March 2013 to Rs. 1,296,496.31 million as of 31 March 2017. 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 raise funds on acceptable terms and at competitive rates continues to depend 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 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 adversely affected.

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

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 Issuer being a government company is exempt from capital adequacy and prudential norms. 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, which are applicable to an NBFC-ND-SI. In order to provide enhanced control, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented.

There can be no assurance that the RBI and/or the 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 you that the Issuer will continue to remain exempt from capital adequacy and other prudential norms. 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 Group General Managers, one Joint General Manager and one Deputy General Manager. The continued success of the Issuer's business operations is attributable to the Issuer's senior management team and key management personnel. The Issuer believes that the experience of the Issuer's 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 the Issuer's growth depends upon the Issuer's 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, the Issuer's ability to identify, recruit and retain the Issuer's employees is critical.

The Issuer may be unable to attract and retain appropriate managerial personnel. The Issuer may also face attrition of its existing workforce. If the Issuer cannot hire additional qualified personnel or retain them, the Issuer's ability to expand its business will be impaired and the Issuer's 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 the its existing regulatory approvals and licenses which may have an adverse effect on the continuity of the business and may impede the 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, licenses, registrations and permissions for operating and expanding the Issuer's business. In particular, the Issuer requires approval from RBI for its funding activities and is also required to obtain a loan registration numbers from the RBI in relation to the Issuer's external commercial borrowings. 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 the Issuer's business it may have an adverse effect on the continuity of the Issuer's business and may impede the Issuer's effective operations in the future. Further, the approvals that the Issuer has obtained stipulate certain conditions requiring the Issuer's compliance. If the Issuer fails to obtain any of these approvals or licences, or renewals thereof, in a timely manner, or at all, its 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 an 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. In addition, the Issuer is required to make various filings with the RBI, the Registrar of Companies 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 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 wholly-owned and controlled by the Government, which makes it susceptible to changes to its policies. The Government will continue to retain majority shareholding in the Issuer after offering the Notes, which will allow it to exercise significant influence over the Issuer. Further, the Government could require it to take actions aimed at serving the public interest, which may not necessarily be profitable or financially feasible.

The Issuer is wholly-owned and controlled by the Government acting through the MoR. 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 the Issuer's borrowing portfolio by issuing different instruments without the prior approval of the Government. Further, the Issuer may not be able to expand the its lending activities to other railway infrastructure projects undertaken by other MoR 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 will retain control over the decisions requiring adoption by the Issuer's shareholders acting by a simple majority. This 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 MoR, the management and growth of the Issuer's business and the Issuer's overall profitability. Additionally, the MoR is also significantly impacted by the policies and support of the Government. In particular, given the importance of the Indian Railway sector in 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's indebtedness and the conditions and restrictions imposed by the Issuer's financing arrangements could restrict the Issuer's ability to obtain additional financing, raise capital, conduct the Issuer's business and operations in the manner it desires.

As of 31 March 2017, the Issuer's long-term borrowings were Rs. 967,102.68 million and short term borrowings were Rs. 57,693.52 million. 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 an adverse effect on the Issuer's business, prospects, results of operations and financial condition if the Issuer is unable to service the Issuer's indebtedness or otherwise comply with financial and other covenants specified in the financing agreements.

Some of the financing arrangements entered into by the Issuer include conditions and covenants that require the Issuer to obtain lender's consents prior to carrying out certain activities and entering into certain transactions. The Issuer is required to obtain the Issuer's lender's consent in case the equity shareholding of the Government falls below 51 per cent. in the Issuer. 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, it would be in breach of relevant financing covenants.

A failure to observe the covenants under the Issuer's financing arrangements or failure to obtain necessary waivers 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 the Issuer's 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 the Issuer's cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for the Issuer's working capital requirements and other general corporate purposes. In addition, during any period in which the Issuer is in default, the Issuer may be unable to raise, or face difficulties raising, further financing or generate sufficient cash to fund the Issuer's liquidity requirements.

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

The Issuer is currently not in compliance with certain provisions of the Securities and Exchange Board of India (SEBI)'s listing regulations and/or Companies Act, as may be applicable in relation to composition of the Issuer's Board, the Audit Committee and the Nomination and Remuneration Committee.

The Issuer is currently not in compliance with the relevant provisions of the SEBI listing regulations and/or the Companies Act in relation to composition of the Issuer's Board and terms of reference of the Audit Committee and the Nomination and Remuneration Committee. As at the date of this Offering Circular, the Issuer's Board comprises five directors including two Executive Directors, three Non-Executive Directors including one part-time Chairman, a nominee Director of the MoF and a part time 'non-official' Director, who performs the role of an independent Director. According to the SEBI listing regulations, at least half of the Issuer's Board should comprise of independent directors. As only one of the five Directors on the Issuer's Board is an Independent Director, the composition of the Issuer's Board is not in line with the SEBI listing regulations. Further, the appointment committee of cabinet has approved the proposal of MoR to appoint a non-official independent director on the Board vide its information note dated 5 September 2017. However, the Issuer is yet to receive formal notification to this effect from MoR.

Further, in terms of the Companies Act, a majority of the Audit Committee and not less than half of the Nomination and Remuneration Committee of the Issuer must consist of independent directors. Additionally, according to the SEBI listing regulations, two-thirds of the members of the Audit Committee shall consist of independent directors. As on date, there is only one independent Director on the Audit Committee and Nomination and Remuneration Committee of the Issuer, which comprise of three Directors each. Accordingly, the composition of the Audit Committee and the Nomination and Remuneration Committee, as on date, is not in line with the relevant provisions of the Companies Act and/or the SEBI listing regulations, as may be applicable. Given that the Issuer is a public sector undertaking, operating in the railways sector, matters pertaining to, among others, appointment of the Issuer's Directors are determined by the President of India acting through the MoR. Therefore, the Issuer does not have the ability to appoint Directors on the Issuer's Board. As a result of this, the Issuer cannot provide any assurance that such non-compliance will be rectified in a timely manner, or that suitable and timely replacements will be appointed by the President of India acting through the MoR upon expiration of the terms of the Issuer's Independent Directors, as and when such vacancies may arise.

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

The following table sets forth certain information relating to the Issuer's cash flows for the periods indicated. The Issuer may in the future experience negative operating cash flows.

	Fiscal		
	2015	**2016**	**2017**
Net cash flow from operations	(12,920.39)	(163,774.99)	(194,551.83)
Cash flow from investment activities	20.64	19.37	17.85
Cash flow from financing activities	10,580.79	175,817.03	182,497.07
Net cash flow during the year	**(2,318.95)**	**12,061.41**	**(12,036.90)**

Negative cash flows over extended periods, or significant negative cash flows in the short term, could adversely impact the Issuer's ability to operate its business and implement its growth plans. Further, the Issuer has substantial debt service obligations and contractual commitments and the Issuer's lease income, available cash and borrowings may not be adequate to meet the Issuer's future liquidity needs. The Issuer cannot assure you 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 it to repay the Issuer's existing indebtedness or fund the Issuer's other liquidity needs. If the Issuer is unable to service its existing debt, the Issuer's 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.

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 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 it, the Issuer may not be able to raise debt from the market to the extent and on terms and conditions beneficial to the Issuer. 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 the Issuer's 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, which 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 31 March 2015	**As of 31 March 2016**	**As of 31 March 2017**
Contingent Liabilities			
Claims not acknowledged as debts (Claims by Bond Holders in the Consumer Civil Courts)	1.57	1.57	0.87
Claims not acknowledged as debts (relating to service matters pending in Hon'ble Delhi High Court)	Amount not quantifiable	Amount not quantifiable	Amount not quantifiable

	As of 31 March 2015	As of 31 March 2016	As of 31 March 2017
Demand raised by Income Tax Authorities for which appeals pending at various appellate levels. Cumulative amount paid under protest by the Issuer until 31 March 2017 is Rs. 7.49 million.	6.83	4,004.47	1,557.06
Sales Tax	Nil	Nil	Nil
Commitments			
Stamp duty liability in relation to the registration of the registered office	12.20	12.20	12.20
Tangible assets	Nil	Nil	Nil
Intangible assets	Nil	Nil	Nil

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 the Issuer's intellectual property rights.

The Issuer's ability to compete effectively depends in part upon protection of the Issuer's intellectual property rights. There can be no assurance that the Issuer's trademark application 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 it in respect of any of the registration of the its logo or slogan, the Issuer may not be able to avail legal protections under the trademarks 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 the use such logo or slogan may be restricted or lost, which may adversely affect the Issuer's goodwill or business. There can be no assurance that the Issuer will be able to effectively protect the Issuer's trademarks from infringement or recover damages for any such infringement through legal proceedings.

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 operation.

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 2015, 2016 and 2017, the total amount of such related party transactions was Rs. 9.22 million, Rs. 13.02 million and Rs. 9.63 million, respectively. While the Issuer believes that all such transactions are in compliance with applicable laws and are on 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 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, including because of 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 to 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 to sale the Issuer took possession of its registered office. However, 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 whether the Issuer will be able to purchase/lease alternative premises on terms favourable to the Issuer, which could disrupt the Issuer's business operations.

The Issuer's statutory auditors have made certain remarks in the Companies (Auditor's) Report Order, 2003 (CARO) report relating to the Issuer's historical audited financial statements which may affect the Issuer's 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 MoR 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 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.

Insurance obtained by the Issuer may not adequately protect it 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 policy for the Issuer's registered and corporate office, which is renewed every year. For further information, see "*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 it 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 it to penalties and restrictions.

While the Issuer is currently exempt from RBI regulations, the Issuer may, in future 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 on 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 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 the Issuer's 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 the Issuer's 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 you that the Issuer will be successful in continuing to receive uninterrupted and quality services from the Issuer's 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 recognized 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 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.

There is no guarantee that the planned IPO will take place.

The Issuer is currently contemplating an initial public offering of its equity shares, as part of the Government's strategic divestment plans. However, there is no guarantee that the planned offering will take place within the timeframe the Issuer had initially planned, if at all.

Risks Relating to India

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

The Ministry of Finance has issued a notification dated 31 March 2015 notifying ICDS which creates a new framework for the computation of taxable income. Subsequently, the Ministry of Finance, through a press release dated 6 July 2016, deferred the applicability of ICDS from 1 April 2015 to 1 April 2016 and is applicable from Fiscal 2017 onwards and will have impact on computation of taxable income for Fiscal 2017 onwards. ICDS deviates 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 mainly 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 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 the Issuer's properties due to natural disasters, such as snow storms, typhoons and flooding. Acts of war, political unrest, epidemics and terrorist attacks may also cause damage or disruption to the Issuer, the Issuer's employees and 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 or terrorist attacks may also cause uncertainty and cause the Issuer's business to suffer in ways that the Issuer cannot predict. 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.

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 tax consequences of the GAAR provisions being applied to an arrangement may result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to the Issuer, it may have an adverse tax impact on it; and

- the Goods and Services Tax (**GST**) in India was introduced on 1 July 2017. GST is a unified and comprehensive indirect tax which subsumes the multiple indirect taxes levied by the central and state governments. India has adopted a dual model of GST. Therefore, under the GST regime, a tax called the Central Goods and Services Tax (**CGST**) along with State Goods and Services Tax (**SGST**) or Union Territory Goods and Services Tax (**UTGST**) would be simultaneously levied on all intra-state supplies of goods and/or services at the rates specified in this regard. Further, Integrated Goods and Services Tax (**IGST**) would be levied on all supplies of goods and/or services made in the course of inter-State trade or commerce. In this regard, the CGST Act, 2017, the IGST Act, 2017, the UTGST Act, 2017 and Goods and Services Tax (Compensation to States) Act, 2017 have received the assent of the President of India on 12 April 2017 and were notified and implemented on 1 July 2017. Further, majority of the states have passed their respective SGST legislations. Since the implementation of this rationalized tax structure is still at a nascent stage, 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 materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

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 it 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 it to resolve and may impact the viability of the Issuer's current business or restrict its ability to grow its business in the future.

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.

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

On 8 November 2016, the Indian government announced phasing out of large-denomination currency notes (Rs. 500 and Rs. 1,000, representing 86 per cent. 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 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 it.

The Issuer is incorporated under the laws of India and all of the Issuer's Directors and key management personnel reside in India. The majority of the Issuer's assets, and the assets of certain of the Issuer's 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 Code. Further, the Civil Code 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 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 it and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against it 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 viewed 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 it to accurately estimate or control the Issuer's costs. Continued high rates of inflation may increase the Issuer's expenses related to salaries or wages payable to the Issuer's 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.

Risks Relating to the Notes

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

Changes in currency exchange rates influence the Issuer's results of operations. A significant portion of the Issuer's borrowings are denominated in currencies other than Indian Rupees, most significantly the U.S. Dollar and Japanese Yen. Significant fluctuations in currency exchange rates between the Indian Rupee and these currencies and inter-se such currencies may increase the cost of the Issuer's borrowings and in turn result in an increased cost to the MoR. Although the Issuer selectively enters into hedging transactions to minimise the Issuer's currency exchange risks, there can be no assurance that such measures will enable it to avoid the effect of any adverse fluctuations in the value of the Indian rupee against the U.S. dollar, Japanese Yen or other relevant foreign currencies.

The Notes are unsecured obligations of the Issuer and in case of bankruptcy, liquidation or similar proceedings, the Noteholders will be paid subsequent to the secured creditors.

The Notes are unsecured obligations of the Issuer and will rank subordinated to all present and future secured indebtedness of the Issuer. As of 30 September 2017, the Issuer had total loan funds outstanding of Rs. 1,019.55 billion, of which Rs.787.56 billion, or 77.2 per cent. were secured by a first floating pari passu charge on all the assets of the Issuer. As a result, upon any distribution to creditors in a bankruptcy, liquidation, or similar proceedings relating to the Issuer, the holders of the Issuer's secured indebtedness will be entitled to be paid to the extent of the value of such secured assets before any payment would be made with respect to 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. The Joint Lead Managers have advised the Issuer that they intend to make a market in the Notes as permitted by applicable law. They are not obligated, however, to make a market in the Notes and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for the Notes. The Issuer has, through its listing agent, made an application for the Notes to be admitted to trading on the ISM and an application will be made for the listing of the Notes 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.

The Notes may not be a suitable investment for all investors.

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

- 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.

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.

The proposed financial transactions tax (FTT) remains subject to negotiation between participating Member States and therefore remains unclear.

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 a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulations (EC) 1287/2006 are expected to be exempt.

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 may 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 participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear 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.

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 Conditions of the Notes, there are limitations on the ability of the Issuer to redeem the

Notes prior to the date of its maturity including that the prior approval of the Authorised Dealer Bank (the **AD Bank**) or the RBI having 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.

Risks related to the market generally

Exchange rate risks and exchange controls may significantly change to the detriment of the interest of the Noteholders.

The Issuer will pay principal and interest on the Notes in U.S. dollars. 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 U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to revaluation of the U.S. dollar or 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 U.S. dollars would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency- equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Change in interest rate risks may adversely affect the interest of the Noteholders.

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

Credit ratings may not reflect all risks.

Moody's and S&P are expected to assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to 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 revised or withdrawn by the rating agency at any time.

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 (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes which (subject to completion and modification and except for the paragraphs in italics) will be endorsed on the Certificate issued in respect of the Notes:

The U.S.$500,000,000 3.835 per cent. Notes due 2027 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes) of Indian Railway Finance Corporation Limited (the **Issuer**) are issued subject to and with the benefit of an Agency Agreement dated on or about 13 December 2017 (the **Agency Agreement**) made between the Issuer, The Hongkong and Shanghai Banking Corporation Limited as fiscal agent (the **Fiscal Agent**, which expression shall include any successor fiscal agent and, together with the other paying agents named therein, the **Paying Agents**, which expression shall include any additional or successor paying agents) and The Hongkong and Shanghai Banking Corporation Limited as registrar (the **Registrar**, which expression shall include any successor registrar, and together with the Paying Agents, the **Agents**).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Notes (the **Noteholders**) at the specified office of each of the Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them.

*The owners shown in the records of Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, S.A. (**Clearstream, Luxembourg**) of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them.*

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in registered form in amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (referred to as the **principal amount** of a Note). A note certificate (each a **Certificate**) will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar.

1.2 Title

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions **Noteholder** and (in relation to a Note) **holder** means the person in whose name a Note is registered in the register of Noteholders.

For a description of the procedures for transferring title to book-entry interests in the Notes, see "Clearing and Settlement Arrangements."

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATE

2.1 **Transfers**

A Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Agents.

2.2 **Delivery of new Certificates**

Each new Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, **business day** shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

2.3 **Formalities free of charge**

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or any Agent but upon payment (or the giving of such indemnity as the Issuer or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 **Closed Periods**

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that Note.

2.5 **Regulations**

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

3. STATUS

The Notes are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as stated above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. NEGATIVE PLEDGE

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

(a) the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (**Security**) upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt;

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

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

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.

Relevant Debt means (i) any present or future indebtedness of the Issuer in the form of, or represented by, bonds, notes, debentures, loan stock or other 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 and more than 50 per cent. of the aggregate principal amount thereof is initially distributed outside India by or with the authority of the Issuer and (ii) any guarantee or indemnity of such indebtedness.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 13 December 2017 at the rate of 3.835 per cent. per annum, payable semi-annually in arrear on 13 June and 13 December of each year (each an **Interest Payment Date**). The first payment (representing a full six months' interest) shall be made on 13 June 2018.

5.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment in which event interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 12.

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six months, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

6. PAYMENTS

6.1 Payments in respect of Notes

Payment of principal and interest will be made by transfer to the registered account of the Noteholder or by U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date (the **record date**) being the fifteenth day before the relevant Interest Payment Date.

For the purposes of this Condition, a Noteholder's **registered account** means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the register of Noteholders at the close of business, in the case of principal and interest due otherwise than on an Interest Payment Date, on the second Business Day (as defined below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant record date, and a Noteholder's **registered address** means its address appearing on the register of Noteholders at that time.

6.2 Payments subject to Applicable Laws

Payments in respect of principal and interest on Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

6.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

6.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day (as defined below), for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

In this Condition **Business Day** means a day (other than a Saturday or Sunday) on which commercial banks are open for business in Hong Kong, London and New York City and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

6.5 **Partial Payments**

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal or interest in fact paid.

6.6 **Agents**

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

(i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent and, if appropriate, a Registrar and Transfer Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange;

(ii) so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the **SGX-ST**), if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore unless the Issuer obtains an exemption from the SGX-ST; and

(iii) and a Registrar.

Notice of any termination or appointment and of any changes in specified offices given to the Noteholders promptly by the Issuer in accordance with Condition 12.

7. REDEMPTION AND PURCHASE

7.1 **Redemption at Maturity**

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 13 December 2027.

7.2 **Redemption for Taxation Reasons**

If:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 5 December 2017, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 8; and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (1) a certificate signed by two officials of the Issuer stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it and (2) 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 the change or amendment.

7.3 **Purchases**

The Issuer may, if permitted under applicable laws, at any time purchase Notes in any manner and at any price in the open market or otherwise.

7.4 **Cancellations**

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer will be cancelled forthwith, and accordingly may not be reissued or resold.

7.5 **Notices Final**

Upon the expiry of any notice as is referred to in paragraph 7.2, the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

8. TAXATION

8.1 **Payment without Withholding**

All payments in respect of the Notes by or on behalf of the Issuer shall be made to the Fiscal Agent without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts to the Fiscal Agent 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; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

(a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or

(b) presented for payment by or on behalf of a holder of such Note who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day (as defined in Condition 6).

8.2 **Interpretation**

In these Conditions:

(a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12; and

(b) **Relevant Jurisdiction** means 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.

8.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

9. PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 8.

10. EVENTS OF DEFAULT

10.1 Events of Default

Each holder of a Note may, by written notice to the Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare any Note held by it to be immediately due and payable and such Note accordingly shall become immediately repayable at its principal amount, together with accrued interest (if any) to the date of repayment, on the occurrence of any of the following events (each an **Event of Default**):

(a) ***Non Payment***

the Issuer fails to pay the principal or interest on any of the Notes when due; or

(b) ***Breach of Other Obligations***

the Issuer does not perform or comply with any one or more of its other obligations under 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 Issuer at the specified office of the Fiscal Agent, effective upon the date of receipt by the Fiscal Agent, by any Noteholder; or

(c) ***Cross-Default***

(i) any Indebtedness for Borrowed Money (as defined below) of the Issuer becomes due and payable prior to its stated maturity by reason of default or other non-performance on the part of the Issuer or (ii) any such Indebtedness for Borrowed Money of the Issuer is not paid when due or, as the case may be, within any applicable grace period or (iii) any security given by the Issuer for any Indebtedness for Borrowed Money becomes enforceable or (iv) the Issuer 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 no event described in this subparagraph 10.1(c) shall constitute an Event of Default unless the Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least U.S.$10,000,000 (or its equivalent 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 material part of the property, assets or revenues of the Issuer 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 over a material part of the property, assets or revenues of the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or

(f) ***Insolvency***

the Issuer 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 in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or

(g) ***Winding-up***

an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer; or

(h) ***Ownership***

the Government ceases, directly or indirectly, to own more than 51 per cent. of the equity shares or stock (or equivalent interests) having voting power for the election of directors, commissioners, managers or trustees of the Issuer (or otherwise the power to control the management and policies of the Issuer); or

(i) ***Undertaking***

the unconditional undertaking dated 27 November 2017 given to the Issuer by the Ministry of Railways 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

(j) ***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 without fair compensation; or

(k) ***Cessation of Business***

the Issuer 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; or

(l) ***Analogous Events***

any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or

(m) ***Illegality***

it is or will be unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes.

10.2 Interpretation

For the purposes of this Condition, **Indebtedness for Borrowing 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. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. NOTICES

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

13. MEETINGS OF NOTEHOLDERS AND MODIFICATION

13.1 Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of these Conditions or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes the modification of certain of these Conditions, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

13.2 Modification

The Fiscal Agent may agree, without the consent of the Noteholders, to any modification of any of these Conditions or any of the provisions of the Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is not materially prejudicial to the interests of the Noteholders. Any modification shall be binding on the Noteholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

14. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

15. GOVERNING LAW AND SUBMISSION TO JURISDICTION

15.1 Governing Law

The Agency Agreement and the Notes and any non-contractual obligations arising out of or in connection with these documents are governed by, and will be construed in accordance with, English law.

15.2 Jurisdiction of English Courts

The Issuer has irrevocably agreed for the benefit of the Noteholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes) and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes) arising out of or in connection with the Notes may be brought in the English courts.

The Issuer has irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in the courts of England and any claim that any such Proceedings (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes) have been brought in an inconvenient or inappropriate forum and has further irrevocably agreed that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and subject to applicable laws, may be enforced in the courts of any other jurisdiction.

15.3 Appointment of Process Agent

The Issuer hereby irrevocably and unconditionally appoints Bank of India, London Branch, at its specified office for the time being in London as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint such other person as the Fiscal Agent may approve as its agent for that purpose.

15.4 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).

15.5 Agency Agreement

The Issuer has in the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent in English for service of process, in terms substantially similar to those set out above. In addition, the

Issuer has, in the Agency Agreement, waived any rights to sovereign immunity and other similar defences which it may have.

16. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

THE GLOBAL CERTIFICATE

The Global Certificate contains the following provisions which apply to the Notes in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions of the Notes. Terms defined in the Conditions of the Notes have the same meaning in paragraphs 1 to 7 below.

1. Accountholders

For so long as all of the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression **Noteholders** and references to **holding of Notes** and to **holder of Notes** shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer, solely in the nominee for the relevant clearing system (the **Relevant Nominee**) in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to Euroclear or Clearstream, as the case may be, for its share of each payment made to the Relevant Nominee.

2. Cancellation

Cancellation of any Note following its redemption or purchase by the Issuer will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the Global Certificate.

3. Payments

Payments of principal and interest in respect of Notes represented by the Global Certificate will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender, of the Global Certificate to or to the order of the Registrar or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose.

Each payment will be made to or to the order of the person whose name is entered on the Register at the close of the business day (being for this purpose a day on which Euroclear and Clearstream are open for business) immediately prior to the date for payment.

Distributions of amounts with respect to book-entry interests in the Global Certificate will be credited, to the extent received by the Registrar, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the Global Certificate by or on behalf of the Registrar and shall be *prima facie* evidence that payment has been made.

4. Notices

So long as all the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by the Conditions. For so long as the Notes are listed on the ISM and the Singapore Stock Exchange (the **Exchanges**), notices shall also be published in the manner required by the rules and regulations of the Exchanges.

Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream (as the case may be) as aforesaid.

5. Exchange for Definitive Notes

This Global Certificate may be exchanged in whole but not in part (free of charge) for definitive Notes only upon the occurrence of an Exchange Event.

For these purposes, **Exchange Event** means that: (i) an Event of Default (as defined in Condition10) has occurred and is continuing; (ii) the Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Certificate in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 12 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur no later than ten days after the date of receipt of the relevant notice by the Registrar.

6. Registration of Title

The Registrar will not register title to the Notes in a name other than that of the Relevant Nominee who is a holder appearing on the register at the close of the business day (being for this purpose a day on which Euroclear and Clearstream are open for business) preceding the due date for any payment of principal, or interest in respect of the Notes.

7. Transfers

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream and their respective direct and indirect participants.

USE OF PROCEEDS

The gross proceeds of the issue of the Notes, amounting to U.S.$500,000,000, will be used by the Issuer to finance and refinance its Eligible Green Projects. See "*The Green Bond Framework*".

CAPITALISATION

Set out below is the Issuer's total short-term debt, total long-term debt and shareholders' funds as of 30 September 2017, as derived from its audited, unconsolidated financial statements as of 30 September 2017 and as adjusted to reflect the issue of the Notes. For additional information, see the Issuer's financial statements and the notes thereto included elsewhere in this Offering Circular.

	As of 30 September 2017			
	Actual		As adjusted	
	(millions of Rs.)	(millions of U.S.$)	(millions of Rs.)	(millions of U.S.$)
	(Audited)		(Audited)	
Debt:				
Short Term(1)				
Secured	58,463.00	894.48	58,463.00	894.48
Unsecured	19,740.00	302.02	19,740.00	302.02
Total short term debt	78,203.00	1,196.50	78,203.00	1,196.50
Long term				
Secured	729,095.94	11,155.08	729,095.94	11,155.08
Unsecured	212,257.04	3,247.51	212,257.04	3,247.51
The Notes	-	-	-	-
Total long term debt	941,352.97	14,402.59	941,352.97	14,402.59
Total debt(2)	1,019,555.97	15,599.08	1,019,555.97	15,599.08
Shareholder's funds:				
Authorised(3)	150,000.00	2,294.98	150,000.00	2,294.98
Issued, subscribed and fully paid up	65,264.60	998.54	65,264.60	998.54
Reserves and surplus (excluding Revaluation Reserve) as per reviewed accounts for the six months ended 30 September 2017	60,773.78	929.83	60,773.78	929.83
Total capital and reserves	126,038.38	1,928.37	126,038.38	1,928.37
Total capitalisation	1,145,594.35	17,527.45	1,145,594.35	17,527.45

Notes:

(1) Short term debt is debt maturing within one year from 30 September 2017.

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

(3) As of 30 September 2017, the Issuer's authorised capital was Rs.150,000.00 million comprising 150 million ordinary shares of Rs.10 each, of which 6,526.46 million shares were in issue.

There has been no material change in the Issuer's unconsolidated total short-term debt, total long-term debt and shareholders' funds since 30 September 2017.

SELECTED FINANCIAL INFORMATION

*The following tables set out a summary of the audited financial information of the Issuer as of and for the years ended 31 March 2017 and 2016 and as of and for the six months ended 30 September 2017 and 2016, which are derived from the Issuer's financial statements and notes thereto included elsewhere in this Offering Circular. 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 2016 was audited by Bansal Sinha & Co., Chartered Accountants and audit report in relation to the Fiscal Year ended 31 March 2016 is 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 as of and for the six months ended 30 September 2017 were audited by SPMG &Co. Chartered Accountants (**SPMG**) and audit reports in relation to the Fiscal Year ended 31 March 2017 and the six months ended 30 September 2017 are included elsewhere in this Offering Circular. The Issuer's financial statements prepared under Indian GAAP as of and for the six months ended 30 September 2016 were reviewed by SPMG and its review report is also included elsewhere in this Offering Circular.*

Balance Sheet

	As of 31 March			As of 30 September	
	2016	2017	2017	2017	2017
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	Rs. millions		U.S.$ millions	Rs. millions	U.S.$ millions
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital........................	45,264.60	65,264.60	998.54	65,264.60	998.54
Reserves and surplus	49,988.90	54,831.37	838.91	60,773.78	929.83
	95,253.50	120,095.97	1,837.45	126,038.38	1,928.37
Share Application Money Pending Allotment	20,000.00	—	—	—	—
Non-current liabilities					
Long-term borrowings..........	758,920.67	967,102.69	14,796.55	941,352.97	14,402.59
Deferred tax liabilities (net) ..	56,459.97	63,899.17	977.65	68,555.48	1,048.89
Other long-term liabilities.....	5,120.13	17,412.03	266.40	22,484.25	344.01
Long term provisions............	12.43	11.62	0.18	11.29	0.17
	820,513.20	1,048,425.50	16,040.78	1,032,403.99	15,795.65
Current liabilities					
Short-term borrowings..........	56,757.20	57,693.53	882.70	—	—
Other current liabilities.........	89,118.66	69,795.87	1,067.87	209,323.88	3,202.63
Short-term provisions	2,361.32	485.44	7.43	82.59	1.26
	148,237.18	127,974.84	1,958.00	209,406.47	3,203.89
TOTAL...............................	1,084,003.88	1,296,496.31	19,836.23	1,367,848.84	20,927.92

	As of 31 March			As of 30 September	
	2016	2017	2017	2017	2017
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	Rs. millions		U.S.$ millions	Rs. millions	U.S.$ millions
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets................	117.38	115.04	1.76	113.74	1.74
Intangible assets..................	0.21	0.12	0.002	0.28	0.004
Capital work in progress....................					
Non-current investments.......	78.68	65.40	1.00	59.20	0.91
Long-term loans and advances.........................	969,993.52	1,166,270.41	17,843.79	1,227,566.00	18,781.61
Other non-current assets	8,871.81	19,173.60	293.35	28,320.47	433.30
	979,061.59	1,185,624.56	18,139.90	1,256,059.69	19,217.56
Current assets					
Cash and cash equivalents......................	12,112.08	75.18	1.15	22,617.51	346.04
Short-term loans and advances.........................	16,892.16	28,990.68	443.55	9.8	0.15
Other current assets	75,938.05	81,805.90	1,251.62	89,161.84	1,364.17
	104,942.29	110,871.75	1,696.32	111,789.15	1,710.36
TOTAL...............................	1,084,003.88	1,296,496.31	19,836.22	1,367,848.81	20,927.92

Statement of Profit and Loss for the Year

	As of 31 March		
	2016	2017	2017
	(Audited)	(Audited)	(Audited)
	Rs. millions		U.S.$ millions
Particulars			
Revenue from operations...	75,062.39	90,467.74	1,384.14
Other Income	10.66	8.86	0.14
Exchange Rate Variation	—	0	0
Total Revenue...	75,073.05	90,476.60	1,384.28
Finance Costs..	55,187.71	68,880.78	1,053.87
Employee benefits expense..	40.89	29.95	0.45
Depreciation and amortisation expense	3.47	3.50	0.05
CSR expenses	302.38	167.75	2.57
Other expenses..	38.20	52.01	0.80
Exchange Rate Variation	1.25	9.93	0.15

	As of 31 March		
	2016	**2017**	**2017**
	(Audited)	**(Audited)**	**(Audited)**
	Rs. millions		**U.S.$ millions**
Total Expenses	55,573.89	69,143.92	1,057.89
Profit before exceptional and extraordinary items and tax	19,499.16	21,332.68	326.39
Exceptional items	—	—	—
Profit before extraordinary items and tax	19,499.16	21,332.68	326.39
Extraordinary Items	—	—	—
Profit before tax	19,499.16	21,332.68	326.39
Tax Expenses			
(1) Current tax	4,161.31	4,552.32	69.65
(2) Tax for Earlier Years	—	3.06	0.05
(3) Deferred Tax	6,850.92	7,439.19	113.82
Total	**11,012.23**	**11,994.57**	**183.52**
Profit (Loss) for the period	8,486.93	9,338.11	142.87
Earnings per equity share (in Rs. and U.S.$)			
Basic	2.01	1.43	0.02
Diluted	1.99	1.43	0.02

Statement of Profit and Loss for the six months ended 30 September 2016 and 2017

	As of 30 September		
	2016	**2017**	**2017**
	(Unaudited)	**(Audited)**	**(Audited)**
	Rs. millions		**U.S.$ millions**
Particulars			
Revenue from operations	44,543.91	53,867.47	824.17
Other Income	0.205	10.76	0.16
Exchange Rate Variation	–	1.09	0.02
Total Revenue	44,544.12	53,879.33	824.35
Expenses:			
Employee benefits expense	15.04	22.14	0.34
Exchange Rate Variation	0.14	—	—
Finance costs	33,848.79	40,358.28	617.48
Depreciation and amortisation expense	1.7	1.91	0.03
CSR Expenses	181.16	57.44	0.88
Other expenses	22.78	36.59	0.56
Total Expenses	34,069.61	40,476.36	619.29

	As of 30 September		
	2016	2017	2017
	(Unaudited)	(Audited)	(Audited)
	Rs. millions		U.S.$ millions
Profit before exceptional and extraordinary items and tax	10,474.50	13,402.97	205.06
Exceptional items	—	—	—
Profit before extraordinary items and tax	10,474.50	13,402.97	205.06
Extraordinary Items	—	—	—
Profit before tax	10,474.50	13,402.97	205.06
Tax Expenses			
Current tax	2,235.4	2,860.01	43.76
Tax for Earlier Years	—	(55.78)	(0.85)
Deferred Tax	3,687.7	4,656.32	71.24
	5,923.10	7,460.55	114.15
Profit (Loss) for the period	4,551.40	5,942.42	90.91
Earnings per equity share (in Rs. and U.S.$)			
Basic	0.70	0.91	0.01
Diluted	0.70	0.91	0.01

BUSINESS

Some of the information in the following discussion, including information with respect to the Issuer's plans and strategies, contain forward-looking statements that involve risks and uncertainties. You 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 see "Risk Factors" for a discussion of certain factors that may affect the Issuer's business, financial condition or results of operations.

Overview

The Issuer is the dedicated market borrowing arm of the Indian Railways. The Issuer's primary business is financing the acquisition of rolling stock assets, project assets of Indian Railways and to lend to other entities under the administrative control of the MoR of the Indian Government. 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 a wholly-owned by the Government acting through the MoR. It is registered with the Reserve Bank of India as a Non-Banking Financial Company (**NBFC**) and are classified under the category of an "Infrastructure Finance Company" under Section 45-IA of the Reserve Bank of India Act, 1934. The Issuer has been notified as a "Public Financial Institution" under the Companies Act since 1993.

The Issuer follows a financial leasing model for financing rolling stock assets and project assets of 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 pertaining to the lease is payable during the primary 15 years lease period. At the end of the lease period of 30 years, the relevant leased assets are typically transferred to the Indian Railways at a nominal price. The lease periods for funding project assets for the Indian Railways are also 30 years.

As of 31 March 2017, the Issuer had financed 80.00 per cent. in terms of units of the aggregate rolling stock assets held by Indian Railways as of such date. The total value of rolling stock assets financed by it up to 31 March 2017 since commencement was Rs. 1,513,190.00 million while the value of rolling stock assets financed in Fiscal 2017 was Rs. 142,808.40 million. The following table sets forth certain information on the rolling stock assets financed by the Issuer since commencement of the Issuer's business until the end of Fiscal 2017:

Rolling Stock Assets	Assets financed up to 31 March 2017 since commencement of business	Assets financed in Fiscal 2017
	No. of Units	No. of Units
Locomotives	8,998	608
Passenger coaches	47,910	2,667
Freight wagons	214,456	9,756
Cranes and track machines	85	-

In addition, from time to time, the Issuer also extends debt financing to other entities under the administrative control of the MoR. The Issuer has in the past financed entities, including the Rail Vikas Nigam Limited (**RVNL**), Railtel Corporation of India Limited, Konkan Railway Corporation Limited and Rail Land Development Authority. The tenure for the loans to these entities are 15 years.

At the beginning of each Fiscal, MoR provides a target fund requirement based on its planned capital expenditure, which the Issuer meets through raising funds through various sources including 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.

The Issuer follows the leasing model to finance rolling stock assets and project assets of Indian Railways. For all the rolling stock assets acquired during a fiscal year by Indian Railways, the Issuer enters into a lease agreement with the MoR following the close of each respective Fiscal. Lease rentals include the Issuer's capital recovery, the cost of borrowing and a certain margin mutually agreed between it and the MoR.

The Issuer's revenue from operations was Rs. 90,467.74 million in Fiscal 2017, while the profit after tax was Rs. 9,338.11 million in Fiscal 2017. The Issuer's loan assets, which includes lease receivables, advances for funding of railway projects and loan to railway entities was Rs. 1,229,702.19 million in Fiscal 2017. The Issuer's capital adequacy ratio as of 31 March 2017 was 355.88 per cent. As of 31 March 2017, the Issuer did not have any non-performing assets.

The Issuer maintains the highest possible credit ratings for an Indian issuer both for domestic and international borrowings. It has received the highest credit ratings from CRISIL – AAA, ICRA – ICRA (AAA) and CARE – CARE AAA. In Fiscal 2017, the Issuer has been accorded with Baa2 (Stable) 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.

Recent Developments

The Issuer is contemplating an initial public offering (**IPO**) as part of the Government's strategic divestment plans. The Department of Investment and Public Asset Management of the Government has appointed certain banks to advise on the proposed IPO. See "*Risk Factors – There is no guarantee that the planned IPO will take place*".

Strengths

The Issuer believes that the following are the Issuer's competitive strengths:

Strategic role in financing growth of Indian Railways

The Issuer was incorporated as the dedicated market borrowing arm of the Indian Railways and have played a strategic role in financing the operations of the Indian Railways. As on 31 March 2017, the Issuer had financed 80.00 per cent. in terms of units of the aggregate rolling stock assets held by MoR as of such date and financed 25.67 per cent. of planned capital outlay of the Indian Railways in Fiscal 2016. In Fiscal 2015, 2016 and 2017, the Issuer financed assets worth Rs. 107,710.24 million, Rs. 160,787.10 million and Rs. 142,808.41 million, respectively. The Issuer's financing targets are determined annually by the MoR based on the difference between the annual planned capital expenditure and allocation as part of the Union Budget of India.

The Issuer believes that the extensive expansion plans of the Indian Railways in the future will involve significant financing requirements and its operations, as a primary financing source for the Indian Railways, will increase significantly. Indian Railways has laid down a capital expenditure plan for the five-years from 2015 – 2019 of Rs. 8,560.2 billion *(Source: "Reform, Perform, Transform and now we Inform" – Report by Indian Railways dated August 2017)*. The Issuer is expected by the MoR to mobilise Rs. 1 trillion in relation to rolling stock to fund its proposed capital expenditure plan for the five-years from 2015 – 2019.

The MoR has provided targets for market borrowings for funding of rolling stock assets and project assets for Fiscal 2018, which includes financing of Rs. 215,463.70 million for rolling stock assets and financing of Rs. 1,400 million for project assets being executed by RVNL from the Issuer and financing Rs. 183,136.30 million for project assets through institutional finance. The MoR provides its target to it at the beginning of each Fiscal 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 utilized for debt financing provided to other entities under the administrative control of the MoR.

In addition to financing of rolling stock assets, the Issuer has also financed railway projects and other capacity enhancement works aggregating Rs. 246,784.90 million as of 31 March 2017.

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 acquisition 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, issuance of bonds or notes in 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/financial institutions, external commercial borrowings, internal accruals, asset securitisation and lease financing. 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 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 2017:

Particulars	Total borrowings as of 31 March 2017	
	Amount (Rs. million)	Percentage
Long Term Borrowing		
Bonds – Taxable	499,830.04	46.98%
Bonds – Tax Free	342,920.60	32.23%
External commercial borrowings	91,704.45	8.62%
Rupee Term Loan	71,800.00	6.75%
Short Term Borrowing		
Term Loan	21.59	0.00%
Working Capital Loan	-	-
Commercial Papers	57,671.94	5.42%
Total	**1,063,948.62**	**100.00%**

The Issuer's cost of borrowings in Fiscal 2015, 2016 and 2017 was 8.46 per cent., 7.62 per cent. and 7.15 per cent., respectively. The Issuer believes its diversified sources of funding, credit ratings and strategic relationship with the MoR, have enabled it to keep its cost of borrowing competitive.

The Issuer has also received the highest credit ratings from CRISIL – AAA, ICRA – ICRA (AAA) and CARE – CARE AAA. In Fiscal 2017, it has been accorded with Baa2 (Stable) 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. For details, see "*Business – Credit Ratings*".

Consistent financial performance and cost plus model

The Issuer believes that it has demonstrated consistent growth in terms of funding and profitability. The Issuer's revenue from operations was Rs. 90,467.74 million in Fiscal 2017, while the profit after tax was Rs. 9,338.11 million in Fiscal 2017. The Issuer's total outstanding borrowing was Rs. 1,063,948.62 million as of 31 March 2017, while its long-term loans and advances was Rs. 1,166,270.41 million. The Issuer's net worth was Rs. 120,095.97 million as of 31 March 2017. Since Fiscal 1991, the Issuer has consistently made dividend distributions. In Fiscal 2015, 2016 and 2017, the Issuer paid dividend (including dividend tax) of Rs. 2,139.56 million, Rs. 1,823.98 million and Rs. 6,678.06 million, respectively.

The Issuer's cost-plus based Standard Lease Agreement with the MoR ensures an assured interest spread for it. In Fiscal 2017, pursuant to its arrangements with the MoR, the Issuer is entitled to a spread of 50 bps over its average cost of borrowing. The Issuer follows the cost plus pricing model for its financing to other entities under the administrative control of the MoR. This arrangement has allowed it to maintain an average net interest margin of 2.11 per cent. from Fiscal 2013 through Fiscal 2017.

In addition, the Issuer believes that its low establishment, overhead and administrative costs and high operational efficiency has resulted in increased profitability. Its employee benefit and other expenses were Rs. 74.78 million, Rs. 79.09 million and Rs. 81.96 million in Fiscal 2015, 2016 and 2017, respectively and accounted for 0.11 per cent., 0.10 per cent. and 0.09 per cent. of total revenue from operations, respectively, in such periods.

Low risk business model

The Issuer believes that its relationship with the MoR 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 either built into the cost or are transferred to the MoR, 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 MoR. For further information, see " Business – *Terms of Standard Lease Agreement*".

As of 31 March 2017, all of the Issuer's long-term loans and receivables were from the MoR and RVNL, while lease receivables from the MoR represented 98.24 per cent. of total long-term loans granted and receivables. As of 31 March 2017, the Issuer did not have any non-performing assets. In addition, as of 31 March 2017, loans to RVNL represented 1.76 per cent. of the Issuer's total long-term loans granted and receivables. Although historically, the Issuer has not been required to resort to such funding from the MoR, the Issuer's liquidity risk is also minimized as the MoR is required to cover any funding shortfall required by it for the redemption of bonds issued by it on maturity or repay term loan facilities availed by it. The MoR has historically never defaulted in its payment obligations under the terms of the Standard Lease Agreement.

Although the Issuer is entitled to contractually pass on its interest rate and foreign currency exchange risks to the MoR, in order to minimise such risks, the Issuer also enters into hedging arrangements with respect to its interest rate risk and foreign currency exposure arising from its external commercial borrowings. As of 31 March 2017, the Issuer had entered into hedging arrangements with respect to 64.05 per cent. of the Issuer's loans with variable interest rates as of such date and 39.30 per cent. of the Issuer's outstanding foreign exchange exposure as of such date.

Strong asset-liability management

In addition to traditional cash flow management techniques, the Issuer manages cash flows through an active asset and liability management strategy. Its asset-liability management model is structured in a manner which ensures that it has limited asset-liability mismatches. The Issuer borrows on a long-term basis to align with the long-term tenure of the assets created by it. For instance, the Issuer's advances that have a term of over five years constituted 67.33 per cent. of its total advances as of 31 March 2017 while the borrowings that have a repayment term exceeding five years accounted for 49.85 per cent. of its total borrowings as of 31 March 2017. The Issuer believes that such an approach of matching the tenure of its advances with its borrowings allows it to better manage the liquidity and meet the growing demands of the Indian Railways. To ensure that the Issuer always have sufficient funds to meet its commitments, the Issuer maintain satisfactory levels of liquidity to ensure availability of funds at any time to meet operational and statutory requirements.

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 senior management team have extensive experience in the finance industry.

The Issuer also has an experienced and committed team. As of 31 August 2017, the Issuer had 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 Group General Managers, a Joint General Manager and a Deputy General Manager. 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, securitized receivables from the MoR and availed external commercial borrowings including syndicated loans and bonds. The Issuer continues to further diversify its borrowing portfolio through a range of financing instruments and identifying new markets and investors.

As part of the Issuer's diversification strategy, the Issuer continues to explore additional fund raising options at effective rates. 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.

The Central Board of Direct Taxes of the Indian Ministry of Finance has recently notified that the capital gains exemption under Section 54EC of the Income Tax Act, 1961, is applicable for bonds issued by it which are redeemable after three years and issued on or after 8 August 2017. In addition, the Issuer continues to evaluate funding opportunities to diversify its borrowing portfolio, including through issuance of 'green bonds' as well as Indian Rupee denominated bonds issued in international markets. The Issuer believes that a diversification of its borrowing portfolio will enable it to raise more funds at a lower cost.

Broaden the financing portfolio

While the Issuer acts as a primary financing arm for the MoR, the Issuer continues to focus on funding the rolling stock assets requirements of the Indian Railways. The Issuer plans to strategically 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 MoR entities to improve railways infrastructure in India and public private partnership projects, including the 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 MoR to provide financing for various joint venture entities established by the MoR 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 administrative control of the MoR, including by extending guarantees to entities under the administrative control of the MoR 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 MoR and other entities administered by the MoR, the Issuer also plans to further 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, the Issuer takes into account interest rate forecasts and spreads, internal cost of funds, operating results, projected funding needs of the MoR, projected loan disbursements, its current liquidity position and funding strategies. Going forward, the Issuer intends to have a strong in-house team comprising 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 the Issuer funds.

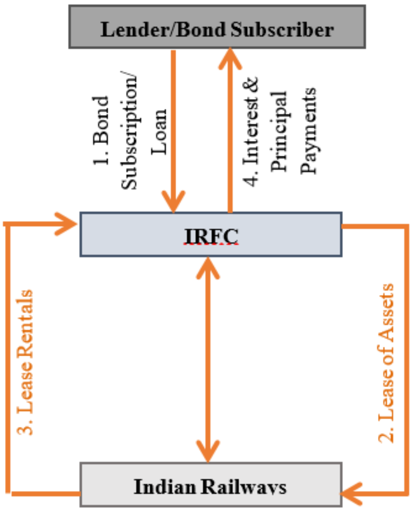
Provide advisory and consultancy services and venture into syndication activities

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 also plans to assist other Indian Railways entities with their funding requirements, providing strategic advice on, long-term access to capital, acquisition finance and equity capital. In addition, the Issuer aims to leverage its significant industry experience as an NBFC and an infrastructure finance company to provide customized financing solutions for other railway entities.

The Issuer also proposes to leverage its role as a dedicated financing arm of the MoR to venture into syndication activities. The Issuer intends to engage in loan syndication and equity syndication. The railways industry 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 that 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 MoR for a nominal price. The MoR 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 MoR after the end of the fiscal year, based on standard terms. The Standard Lease Agreement provides for the lease of rolling stock asset delivered into service during the immediately preceding fiscal year with an internal rate of return on the lease fixed at a mark-up over the average borrowing cost for the immediately preceding fiscal year. The Standard Lease Agreement is applicable with effect from the commencement of the fiscal year in which the relevant rolling stock assets was delivered into service. The Standard Lease Agreement includes detailed information of the rolling stock assets acquired as well as the lease rentals payable by the MoR to it. For details, see "*Business – Terms of Standard Lease Agreement*".



The Issuer's cost-plus based lease agreement with the MoR provides it with a fixed net interest margin. The following table sets forth certain information with respect to the net interest margin on the incremental assets leased to the MoR in the periods indicated:

Fiscal	Cost to MoR	Average Cost of Funds to the Issuer for Financing Rolling Stock Assets	Spread on Incremental Assets leased
	(%)		
2013	8.62%	8.12%	0.50%
2014	8.39%	7.89%	0.50%
2015	8.96%	8.46%	0.50%
2016	8.12%	7.62%	0.50%
2017	7.65%	7.15%	0.50%

The Issuer has no direct contact with the manufacturers of rolling stock assets and requisite orders and specifications are provided by the MoR directly to the manufacturers. Any subsequent improvement to the rolling stock assets are undertaken at the cost of the MoR.

The following table sets forth certain information with respect to the value of assets leased during the periods indicated:

Fiscal	Value of Assets Leased (Rs. million)
2013	150,344.99
2014	147,845.08
2015	107,710.24
2016	160,787.10
2017	142,808.41

Historically, the Issuer has not experienced any delay in payments due to the Issuer from the MoR.

The following table sets forth the details of the rolling stock assets financed by it 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 2017			
Locomotives	11,723	8,998	77%
Passenger coaches	67,613	47,910	71%
Freight wagons	261,974	214,456	82%
In Fiscal 2017			
Locomotives	640	608	95%
Passenger coaches	4,302	2,667	62%
Freight wagons	10,718	9,756	91%
In Fiscal 2016			
Locomotives	630	592	94%
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 MoR from the first day of the month in which the item of rolling stock assets are placed on line / released to traffic. The Issuer make payments for the rolling stock assets it acquires by transfer of specified purchase amount to the MoR. Payment for the asset is required to be made in the month in which the relevant asset is deemed to have been acquired by it. In the event of any delay or non-payment by it in the relevant month, the Issuer is required to pay interest to the MoR 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 MoR is required to ensure that the rolling stock assets are in its possession and under its control;
- The MoR is required to ensure that the Issuer's logo and other marks indicating the Issuer's sole ownership of the relevant asset remains affixed on such asset;
- The MoR 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 MoR 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 MoR 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 MoR 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 MoR 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 to, following provision of prior notice in writing, to inspect, view and examine the rolling stock assets;
- The MoR 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, sublease, sale, assignment, hypothecation, pledge, encumbrance or lien or otherwise part with the possession of the rolling stock assets;
- The MoR is required to indemnify IRFC at all times from and against any loss or seizure of the rolling stock assets under distress, execution or other legal process;
- The MoR 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 MoR 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, civil commotion;

- The MoR 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/damage of rolling stock assets, the MoR has the option to pay IRFC the depreciated value of such rolling stock assets as mutually agreed between IRFC and MoR within three months from the date that such rolling stock assets are declared by IRFC as a total loss. The MoR is then entitled to discontinue payment of lease rentals in respect of such rolling stock assets.

The MoR pays lease rentals to it in advance on a bi-annual basis in April and October of each fiscal year. Lease rentals are fixed on the basis of the internal rate of return. The following table sets forth certain information relating to the lease pricing, which comprises principal repayment and interest payment and the cost to the Indian Railways, in the periods indicated:

Fiscal	Lease Pricing	Cost to Indian Railways (%)
2013	11.51% per annum, semi-annual in advance over a primary lease period of 15 years	8.62%
2014	11.36% per annum, semi-annual in advance over a primary lease period of 15 years	8.39%
2015	11.72% per annum, semi-annual in advance over a primary lease period of 15 years	8.96%
2016	11.20% per annum, semi-annual in advance over a primary lease period of 15 years.	8.12%
2017	10.90% per annum, semi-annual in advance over a primary lease period of 15 years.	7.65%

Any surplus funds with it 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 MoR 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 MoR to date. Shortly before the commencement of each fiscal year, the Issuer notifies the MoR of the estimated lease rentals for all the assets acquired in the previous fiscal years and expected to be leased during the forthcoming fiscal year.

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 Issuer received Rs. 5,0850.30 million, Rs. 57,755.94 million and Rs. 65,679.97 million in Fiscal 2015, 2016 and 2017, respectively, on account of capital recovery portion of lease rentals. Lease payments to it by the MoR form part of the annual railway budget.

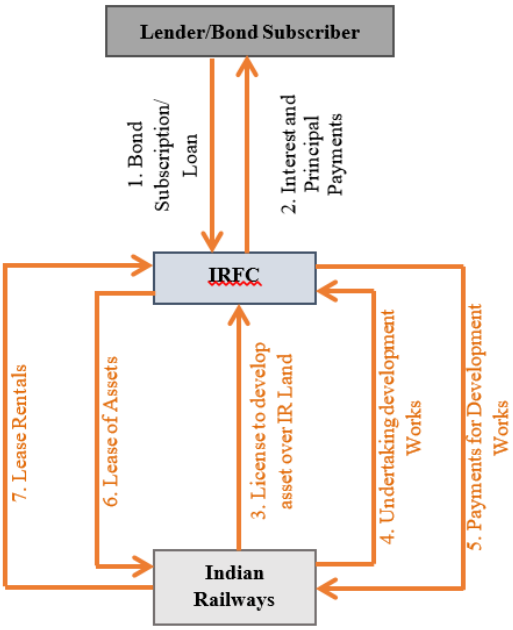
Loan

In addition to raising funds for the Indian Railways, the Issuer has also provided a loan of Rs. 31,889.30 million to RVNL. As of 31 March 2017, the amount outstanding as of 31 March 2017 was Rs. 21,640.30 million which comprises less than 1.76 per cent. The Issuer's total loan assets, which includes lease receivables, advances for funding of railway projects and loan to railway entities, as of 31 March 2017.

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 it on the basis of the annualized weighted average cost of borrowing for the period plus margin. The interest on funds provided to RVNL is charged on yearly basis which is informed by it to the MoR and RVNL within two months of the close of each Fiscal. The lending of funds by it to RVNL is in the form of a loan and may not be converted into equity.

Financing of Project Assets

The Issuer also raises funds from the Life Insurance Corporation of India (**LIC**). The MoR entered into a MoU with LIC to avail Rs. 1,500,000 million over a period of five years, commencing from Fiscal 2016. Based on this MoU, the Issuer entered into a MoU with the MoR 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. As of 31 March 2017, outstanding borrowings from the LIC amounted to Rs. 100,000.00 million. The Issuer has raised funds by issuing bonds on a private placement basis to the LIC. Funds raised are being utilized for implementing identified railway projects. Similar to rolling stock leasing model, the Issuer acquires leasehold interest in the project assets under a lease agreement and MoR is required to pay lease rentals. The Issuer is, however, yet to execute the lease agreement, license agreement and development agency agreement with the MoR.



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 of India in relation to project funding in Fiscal 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. 20,784.84 million. Prior to the execution of the lease agreement, the Issuer made pre-lease disbursements of Rs. 20,784.84 million by raising the funds by issuing tax-free bonds. The lease rental shall be paid in annual instalments on October 15 of every year. In case of any delay in payment of lease rentals, the Government shall pay an overdue rate till such delay subsists.

Licensing agreement dated 26 August 2014 between the Issuer and the President of India, through the Executive Director (Land and Amenities) of the Indian Government's MoR (Railway Board)

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 it a license. The Government has granted to it the right, amongst others, to carry out the development work on the land, to acquire, construct, build, install, own, situate, keep, hold and beneficially enjoy the infrastructure asset on the land during the license 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 license period shall commence from the date of this licensing 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 licensing agreement for grant of lease of the infrastructure assets shall constitute sufficient and full consideration for grant of the license rights under the licensing agreement. Further, the Issuer is not be liable to pay any license fee.

Sources of Funding

The Issuer's sources of funds include taxable and tax-free bonds issuances, term loans from banks and financial institutions, commercial papers, 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 MoR notifies borrowing limits, *i.e.* how much funding it expects to receive from it during the fiscal year. The Issuer has an overall borrowing limit set out by the Issuer's shareholder, the Indian Government. As on the date of this Offering Circular, the Issuer's borrowings cannot exceed a maximum monetary limit of Rs. 1,500,000 million. The Issuer's total outstanding borrowing as of 31 March 2017 was Rs. 1,063,948.62 million. All the Issuer's borrowings are referenced to funding targets assigned to it by the MoR.

The following table sets forth the maturity profile and average interest rate of the Issuer's outstanding debt as of 31 March 2017:

(Rs. million)

	Fiscal 2018		**Fiscal 2019 – Fiscal 2024**		**After Fiscal 2024**	
	Maturity Amount	**Interest Rate (per annum)***	**Maturity Amount**	**Interest Rate (per annum)***	**Maturity Amount**	**Interest Rate (per annum)***
Domestic	76,969.13	5.99% to 9.86%	376,919.58	6.20% to 10.60%	518,355.46	6.88% to 10.70%
Overseas (in other currencies)	19,876.80	2.54% to 3.41%	59,827.20	1.99% to 3.91%	12,000.45	4.15%

** The interest rate range indicates the present rate of interest per annum applicable to the existing facilities*

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 31 March 2017, the Issuer's outstanding taxable bonds were Rs. 499,830.04 million bearing fixed interest rates. These bonds are issued on a private placement basis and majority of these bonds are currently 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 31 March 2017, the Issuer's outstanding tax-free bonds were Rs. 342,920.60 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 of the Indian Ministry of Finance.

Term Loans

The Issuer avails secured as well as unsecured long-term and short-term loans from various scheduled commercial banks and financial institutions. These loans are mostly in the nature of term loans. As of 31 March 2017, the Issuer's outstanding amount from various scheduled commercial banks and financial institutions was

Rs. 71,800.00 million; however, as on the date of this Offering Circular, all term loans have been repaid.

Commercial Paper

The Issuer issues commercial paper from time to time. The Issuer uses commercial paper as a source of short-term funds for the Issuer's working capital needs and for bridge financing until such time as longer term securities are placed. In Fiscal 2016 and 2017, the Issuer raised Rs. 59,593.09 million and Rs. 77,099.70 million, respectively, through issuance of commercial paper. The outstanding balance of commercial paper as of 31 March 2017 was Rs. 57,671.94 million. The Issuer's commercial paper is rated "CARE A1+" by CARE, "ICRA A1+" by ICRA and "CRISIL A1+" by CRISIL, indicating highest safety with respect to timely repayment.

Working Capital Loans

The Issuer avails of unsecured cash credit and overdraft facilities from various scheduled commercial banks. As of 31 March 2016 and 2017, the Issuer's cash credit facilities availed from various scheduled commercial banks was Rs. 24,998.50 million and Rs. 21.59 million, respectively. These facilities are short-term in nature and repayable on demand and are subject to floating interest rates.

International Borrowings

External Commercial Borrowings

The Issuer has raised funds through syndicated loans and term loans and has issued foreign currency unsecured bonds (primarily in US Dollars and Japanese Yen) which have been listed in the international debt market. As of 31 March 2017, the Issuer's outstanding foreign currency loans were Rs. 91,704.45 million.

Assets

The Standard Lease Agreement for the Fiscal 2017 was executed on 31 July 2017. A majority of the assets of the Issuer comprises of lease receivables represented by rolling stock assets leased to the MoR. 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 capitalized and are instead recognized 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 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 2013		As of 31 March 2014		As of 31 March 2015		As of 31 March 2016		As of 31 March 2017	
	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)	No. of Units	Book Value (Rs. million)
Locomotives	581	66,422.50	635	84,548.80	509	64,427.67	592	78,623.66	608	77,135.00
Passenger coaches	1,958	33,972.16	2,861	40,014.04	1,446	21,039.64	2,667	357,00.06	2,267	38,708.77
Freight wagons	14,801	49,950.32	8,323	23,282.24	9,338	22,242.93	9,756	25,678.44	9,756	26,964.64
Total		150,344.98		147,845.08		107,710.24		140,002.16		142,808.41

Rolling stock assets have an average life of 30 years. As of 31 March 2017, the Issuer's outstanding leased assets (net of capital recovery) to the MoR were Rs. 982,061.90 million, representing 79.86 per cent. of the Issuer's total loan assets, which includes lease receivables, advances for funding of railway projects and loan to railway entities, as of 31 March 2017.

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 it meet the funding requirements for the Indian Railways. The Issuer believes it is well-capitalised with diversified sources of funds. The Issuer has a dedicated resource mobilisation team, which handles funding requirements, minimises the cost of its 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 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 MoR. In Fiscal 2015, 2016 and 2017, the gain on assets securitisation were Rs. 14.63 million, Rs. 10.93 million and Rs. 8.07 million, respectively.

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 it are as under:

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 it are as under:

Rating Agency	Rating	Outlook
Moody's	Baa2	Stable
Fitch	BBB-	Stable
Standard &Poor	BBB-	Stable
Japan Credit Rating Agency	BBB+	Stable

Prudential Norms

The Issuer is registered as an NBFC with the RBI. The Issuer's business operations are not regulated by the RBI regulations applicable to NBFCs and Public Financial Institutions, pursuant to an RBI Master Direction (DNBR. PD 001 / 03.10.119 / 2016-17) dated 25 August 2016, whereby, the RBI exempted government companies, conforming to Section 2(45) of the Companies Act, from the applicability of the provisions of the RBI Act relating to maintenance of liquid assets and creation of reserve funds. However, as a matter of prudence, the Issuer has decided to follow the asset classification and provisioning norms as provided by the RBI for loans/leases/advances to entities other than Indian Railways, except the requirement of provisioning on standard assets. For details, see "*Regulation and Supervision*".

Risk Management

Credit Risk

A major portion of the Issuer's assets are in the form of lease receivables from the MoR, thereby carrying minimal risk. Occasionally, the Issuer lends to other railway entities in the form of loans. The Issuer believes that it is adequately covered for risks arising from such loans as these are covered either under a presidential directive or cash flows that constitute receivables under such loans originate from the MoR. The Issuer has in place robust internal control systems, that it believes, are commensurate with the nature and volume of the Issuer's business. The Issuer has also established various risk management committees and 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 Comptroller and Auditor General of India (**C&AG**), and the appointment is rotated periodically. Besides, the Issuer's accounts are subject to supplementary audit by the office of 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 of the two Group General Managers and one Joint General Manager.

Although interest rate risk and foreign exchange risks are passed on to the MoR, as part of the hedging strategy to minimise risk to the MoR, the Issuer hedges its interest rate risk and foreign currency exposure associated with the Issuer's external commercial borrowings. The Issuer adopts cost-effective risk management strategies to safeguard its operations against exchange rate variation risk on overseas borrowings. As of 31 March 2017, the Issuer has been able to hedge its foreign exchange rate risk to the extent of 39.30 per cent. of its outstanding foreign exchange exposure.

Interest Rate Risk

The provision in the Standard Lease Agreement helps the Issuer to maintain an appropriate matching of interest rate sensitivity profile of its assets and liabilities. The interest rate risk exposure is minimal under the provisions of the Standard Lease Agreement, as the exposure is passed on to the MoR. As of 31 March 2017, the Issuer had hedged the interest rate risk to the extent of 64.05 per cent. of its total exposure.

Technology

The Issuer maintains and updates its IT infrastructure periodically. This ensures faster processing of data. The Issuer uses information technology as a strategic tool in the Issuer's business operations to improve the Issuer's overall productivity. The Issuer intends Issuer to implement a standard ERP solution, which will allow for more efficiency and monitoring.

All critical data is backed-up daily with backup 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. In addition, it has a burglary insurance policy for its office equipment and furniture. Except for the policies, which are required by law, the Issuer has not taken up any other policies for its employees.

Employees

As on the date of this Offering Circular, the Issuer had 24 employees. Besides the Chairman, Managing Director and the Director – Finance, the Issuer's executive officers include two Group General Managers, one Joint General Manager and one Deputy General Manager. In order to enhance the professional input to the Issuer's 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 one Independent Director who is the chairman of the committee, Managing Director and Director – Finance. In accordance with the provisions of the Companies Act and guidelines issued by the Department of Public Enterprises, the Issuer has adopted a 'Corporate Social Responsibility and Sustainability Policy'.

Intellectual Property

The Issuer has applied for registration of the Issuer's logo with the Trade Marks Registry of the Indian Government. The Issuer has also obtained registration for the Issuer's 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 an agreement to sell in relation to the Issuer's registered and corporate office, however, it has yet to obtain registration of the same. 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 GREEN BOND FRAMEWORK

The Issuer is the dedicated financing arm of the Indian Railway under the MoR and the Government, and mobilises funds on behalf on Indian Railways from domestic as well as overseas capital markets. The funds are utilised to support the procurement of new rolling stock assets, which are locomotives, passenger coaches and wagons and also building up infrastructure, constituting a significant part of Indian Railways annual capital expenditure.

The Issuer has been able to diversify its borrowing portfolio each year through the issue of both taxable and tax-free bonds, term loan from banks / financial institutions besides off shore borrowings, at competitive market rate.

The Indian Railways have a significant role to play in combating climate change wherein it aims to enhance the share of the railways in the overall land based freight transport from the present 36 per cent. in the Fiscal 2016-17 to 45 per cent. by the year 2030. The Issuer has contributed to MoR to meet its targets by successfully funding a significant part of the plan fund requirements of MoR at competitive rates.

Rationale

The Issuer sees the issuance of Green Bonds as an ideal tool to finance the transition towards sustainable transport infrastructure development. This Green Bond Framework has been created to facilitate transparency, disclosure, integrity and quality of the Issuer's Green Bond issues. The Issuer aims to broaden its investor base by attracting investors that seek to target their investments towards Eligible Green Projects (defined in the "*Use of Proceeds*" section below).

Framework overview

The Green Bond Framework is established in accordance with the Climate Bonds Standard version 2.1 (for more details visit https://www.climatebonds.net/standards/standard_download) and also adheres to the Green Bond Principles, 2017 issued by the International Capital Markets Association.

This Green Bond Framework (framework) broadly lays down the Issuer's mechanism of fund raising from Green Bonds and to use the proceeds of those issuance(s) to invest in low carbon transport in a manner that is consistent with the Issuer's sustainable values.

Use of proceeds

Green Bond proceeds will be used to finance Eligible Green Projects (as defined below) or refinance Eligible Green Projects.

For the purpose of this section:

The "**Eligible Green Projects**" will broadly cover the following, subject to availability of sector-specific technical criteria under Climate Bonds Standard:

Dedicated freight railway lines

- All infrastructure, infrastructure upgrades and freight rolling stock (locomotives, carriages, wagons, trucks, flats, EMUs, container, cranes, trollies of all kinds and other items of rolling stock components) for electrified freight lines

- All infrastructure, infrastructure upgrades and freight rolling stock for non-electrified projects meeting the universal freight threshold.[1]

(Note: Infrastructure and rolling stock for dedicated freight railway lines that are built with the over-riding objective of transporting fossil fuels will be excluded).

Public Passenger Transport

- All infrastructure, infrastructure upgrades and rolling stock for electrified rail
- All infrastructure, infrastructure upgrades and rolling stock for non-electrified projects meeting the universal passenger threshold [2]

Selection process

An internal team of qualified individuals at the Issuer (the **Green Bond Working Group**) will review and approve, as appropriate, each proposed project as per the Eligible Green Projects category and criteria listed in the section "*Use of Proceeds*" above.

Once the funding is approved, the Issuer will help MoR raise portion of the resources necessary for meeting the capital infrastructure investment in the Indian Railways. This is done through a Standard Lease Agreement signed with MoR.

Lease rentals in respect of assets acquired during the year is fixed as part of this agreement and the lease period is typically 30 years, comprising an initial primary period of 15 years followed by a secondary lease period of 15 years wherein full recovery of principal and interest is effected during the primary lease period itself. As a lessor, IRFC retains legal title to the assets leased under the terms of the Standard Lease Agreement with MoR.

Post issuance, an independent third party verifier will provide assurance that the nominated projects are in alignment with the Green Bond Framework for the inaugural Green Bond issue. In respect of subsequent issuance of green bonds or changes to the initial list of projects, similar assessment and approval process would be carried out by the Issuer.

Management of proceeds

Proceeds raised by the Issuer will be exclusively and immediately used to finance and/or refinance the Eligible Green Projects defined above. At the end of each calendar year, the net proceeds of the issuance will be reduced by the amounts invested in Eligible Green Projects in such annual period.

For the management of proceeds from its green bond issuance, the Issuer has put in place an internal control system which ensures an efficient management of accounts. This system is facilitated by a professional firm of Chartered Accountants engaged as Retainer of Accounts. Thereafter, the same is audited periodically by the Internal Auditors.

The Issuer has also implemented an Accounts Manual and Internal Audit Manual which helps in segregation and monitoring of proceeds. Further, there is also a policy for temporary placement of funds with the banks in order to strengthen its cash management system.

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1 As per the Climate Bonds Standard, the universal freight (per t-km) threshold is defined as 27-25 gCO2 for the years 2015-2020. As per publically available information, the CO2 emissions per net-tonne-km for diesel locomotive in India is 9.51 grams (Source: Carbon emissions from Indian Railways, an estimation of transportation of goods during 2010-11) which is lower than the universal freight threshold defined by the Climate Bonds Standard and would therefore, qualify.

2 As per the Climate Bonds Standard, the universal passenger (per p-km) is defined as 87-75 gCO2 for years 2015-2020. As per publically available information, the CO2 emissions per p-km for rail in India is 11.5 grams (Source: http://wri-india.org/blog/indian-railways-joins-national-carbon-cutting-programme) which is lower than this universal passenger per p-km threshold defined by the Climate Bonds Standard and would therefore, qualify.

Pending the full allocation to Eligible Green Projects, balance of issuance proceeds will be invested or allocated, as appropriate, in fixed deposits with commercial banks.

Reporting

Annually, and until the maturity of the IRFC Green Bonds issued, the Issuer will provide to the investors on its website (http://irfc.co.in/) or within its Annual Report:

(i) Annual updates to investors including investment descriptions and the amounts allocated to the Eligible Green Projects

(ii) Relevant impact metrics related to the Eligible Green Projects; for example, expected avoided greenhouse gas emissions, number of rolling stock financed etc.

Assurance

The Issuer's Green Bond Framework will be published on its website (http://irfc.co.in/). The Issuer's Green Bond Framework will be reviewed by independent third party viewer and certified by Climate Bonds Initiative for the Green Bond issue(s).

The Issuer also plans to obtain post issuance review by an independent third party reviewer, on the basis of which certification will be obtained from the Climate Bonds Initiative to assure that the use of proceeds allocation, ongoing eligibility of the projects and assets, adequacy and output of its internal control and systems and use of funds not yet allocated are as per the framework established. Post issuance, certification is planned to be completed within one year from the date of issue of bonds.

THE ISSUER'S RELATIONSHIP WITH THE GOVERNMENT

IRFC is subject to regulation by a number of bodies. IRFC 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 Infrastructure Finance Company (**NBFC- IFC**) with Reserve Bank of India (**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 Indian Government. IRFC 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 and Company Law Board. In addition, as a non-bank financial institution, it 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.

IRFC is a company wholly-owned by the Indian Government. Its share capital is 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 IRFC. 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 MoR has agreed with IRFC to ensure that if IRFC is unable to redeem the bonds at maturity and/or repay its loans which it undertook as a source of fund to finance acquisition of rolling stocks to be leased to the MoR due to inadequate cash flows, the MoR will make good such shortfall by making advance payments of lease rentals. IRFC expects future Standard Lease Agreements to contain an equivalent assurance.

In relation to the proposed offering of the Notes, the letter of undertaking dated 27 November 2017 to the following effect has been issued to IRFC by the MoR:

No. 2017/F(F.EX)22/20

The Managing Director,
Indian Railway Finance Corporation Ltd.,
UG Floor, East Tower,
NBCC Place, Bhism Pitamah Marg,
Pragati Vihar, Lodhi Road,
New Delhi.

Dear Sir,

Sub: Offshore borrowing up to USD 500 million through issue of Bonds by Indian Railway Finance Corporation ("IRFC") for the purpose of financing acquisition on rolling stock to be leased to Ministry of Railways during the year 2017-2018

Ref: Your letter No. IRFC/Borrowings/2017-18 dated 15.11.2017

With reference to your letter cited above, it is confirmed that the standard Lease Agreement as vetted by the Ministry of Law &Justice, Government of India, and to be executed between IRFC (as lessor) and the Ministry of Railways (MOR) (as lessee) in respect of assets to be leased by IRFC to MOR during the year 2017-2018 includes the following undertaking:

"5(iii) The Lessee undertakes that in the event of the Lessor falling short of funds to redeem the bonds on maturity and/or to repay the term loans owing to inadequate cash flows during the year, the Lessee shall make good such shortfalls, through bullet payment in advance before the time of maturity of the related Bonds/term loans. Such bullet payments shall be set off through mutual agreement against future lease rentals."

It is accordingly confirmed that in so far as proceeds of the Bond issue up to USD 300 million (about ₹1,950 crore), together with green shoe option for another USD 200 million, to be utilized for purchasing Rolling Stock assets to be leased to MOR in the current financial year 2017-18, in the unlikely event of IRFC falling short of funds to meet its obligations under the Bond issue, MOR will make available to IRFC in advance the necessary funds to make good the shortfall, such advance payment being then set off through mutual agreement against future lease rentals payable by MOR.

Yours faithfully,

Namita Mehrotra

Executive Director, Finance (RM)

Railway Board

THE INDIAN RAILWAYS

Background

Indian Railways is a departmental undertaking of the Government, which owns and operates India's rail transport, through the MoR.

Indian Railways is the largest rail network in Asia covering a total track kilometres of 108,706 and running approximately 21,000 trains every day to transport 23 million passengers and 3 MT of freight traffic. It employs 1.3 million workforce and is the world's second largest network under one management. (*Source: Railway Board, Ministry of Railways, Government of India, Business Plan 2017-18, March 2017*)

As of 31 March 2017, Indian Railways had deployed 64223* coaches and more than 275217* wagons. (*Source:http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2015-16/Summary%20Sheet_Eng_pdf_pdf.pdf and Ministry of Railways. *Figures are provisional*)

Indian railways has two major segments of revenues, passenger segment and freight segment. Over 22 million passengers travel by train every day in India. The passenger traffic stood at 8116 million (provisional figure) in fiscal 2017. Freight remains the major revenue earning segment for Indian Railways transporting around 1,109 million tonnes in fiscal 2017 and generating revenues of Rs. 1,045 billion (excluding wharfage and demurrage charges). *(Source:* http://www.indianrailways.gov.in/railwayboard/view_section.jsp?lang=0&id=0,1,304,366,*554,818,821)*

Indian Railways have 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 per cent. of total freight traffic (in terms of tonne kilometres) of India moves on rail. Freight business for the Indian Railways is primarily supported by nine commodities including coal, iron, steel, iron ore, food grains, fertilizers and petroleum products. Freight remains the major revenue earning segment for the Indian Railways, it utilises one-third of its capacity and generates two-thirds of its revenues (*Source: "Reform, Perform, Transform and now we Inform" – Report by Indian Railways dated August 2017*). The freight carried by the Indian Railways has increased from 504 million tonnes in fiscal 2001 to 1,109 million tonnes in fiscal 2017 growing at a CAGR of 5 per cent. and the corresponding revenue CAGR during the same period was 10 per cent.

The table below sets out details of tonnage originated and earnings from freight carried in the periods indicated:

	Fiscal								
Particulars	**1991**	**2001**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Tonnes originating (in million tonnes)	341	504	926	975	1,014	1,059	1,101	1,108	1,109#
Earnings from freight carried* (Rs. *billion*)	82	230	606	677	835	915	1,031	1,069	1,045#

**Excluding wharfage & demurrage charges #Figures are provisional*
(Source: http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2015-16/Summary%20Sheet_ Eng_pdf_pdf.pdf and http://www.indianrailways.gov.in/railwayboard/view_section.jsp?lang=0&id=0,1,304,366,554,818 ,821)

Indian Railways targets increasing the freight tonnage from 1.1 billion tonnes in fiscal 2017 to 2.4 billion tonnes in 2025 which requires the Indian Railways to grow at a CAGR of 8.5 per cent. New delivery models are to be explored to capture incremental traffic, for example, dwarf containers have already been rolled out. This is expected to entail major investments and capital outlay. (*Source: "Reform, Perform, Transform and now we Inform" – Report by Indian Railways dated August 2017*)

Passenger Traffic

Train travel remains the preferred means for long-distance travel for 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, Transform and now we Inform" – Report by Indian Railways dated August 2017*)

Passenger traffic has grown from Rs.4,833 million in fiscal 2001 to Rs.8,219 million in fiscal 2017 growing at a CAGR of 3 per cent. and corresponding revenue CAGR during the same period was 10 per cent.

The table below sets out details of passengers originated and passenger earnings in the periods indicated:

	Fiscal								
Particulars	**1991**	**2001**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Passengers originating (*million*)	3,858	4,833	7,651	8,224	8,421	8,397	8,224	8,107	8,219
Passenger earnings (Rs. billion)	31	105	257	282	313	365	422	443	475

(Source: http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2015-16/ Summary%20Sheet _Eng_pdf_pdf.pdf and http://www.indianrailways.gov.in/railwayboard/view_section.jsp?lang=0&id=0,1,304,366,554,818, 821)

Number of tracks

Indian Railways have constantly added tracks to enable 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 the Indian Railways budget for electrification every year.

	Fiscal								
	1991	**2001**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Total running track kilometres	78,607	81,865	87,114	89,801	89,236	89,919	90,803	92,081	93902*
Electrified running track kilometres	18,954	27,937	36,007	38,669	38,524	39,661	41,038	43,357	48162*
Route kilometres	62,367	63,028	64,460	64,600	65,486	65,808	66,030	66,687	67368*
Electrified route kilometres	9,968	14,856	19,607	20,275	20,884	21,614	22,224	23,555	25367*

(Source: htttp://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2015-16/Summary%20Sheet_ Eng_pdf_pdf.pdf and http://www.indianrailways.gov.in/railwayboard/view_section.jsp?lang=0&id=0,1,261)
**Figures are provisional*

Number of stations

In line with improving connectivity, the 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 the 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*)

Number of stations has expanded from 6,843 stations in fiscal 2001 to 7246* stations in fiscal 2017:

	Fiscal								
Particulars	**1991**	**2001**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Number of stations	7,100	6,843	7,133	7,146	7,172	7,112	7,137	7,216	7246*

*(Source: http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2015-16/Summary%20Sheet_ Eng_ pdf_ pdf.pdf) *Figures are provisional*

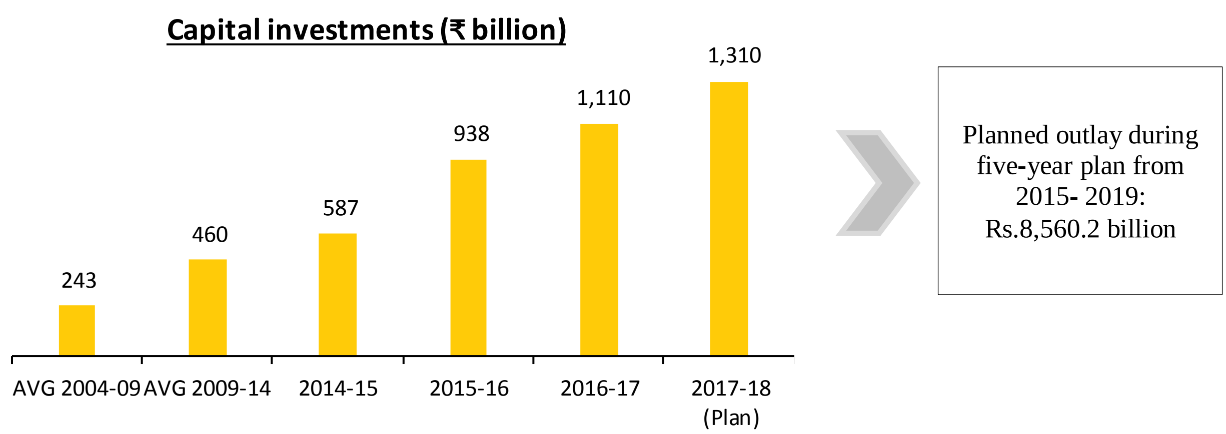
Capital Investments in Railways

Historical background

While the 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, lack of investments in the Indian Railways had constrained network growth.

The Indian Railways face certain challenges owing to years of under investment in the Indian Railways leading to overstretched infrastructure, with approximately 60 per cent. of routes being more than 100 per cent. 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 utilized 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 fiscals, MoR has made commendable progress in initiating infrastructure creation. As stated below, the amount of investments made during the last three fiscals, *i.e.* Fiscal 2015 – 2017, is almost 75 per cent. of the total investments made in the Indian Railways during the past 10 years, i.e. Fiscal 2004 – 2014. (*Source: Indian Railways – Three Year Performance Report*)

Investments in Indian Railways:



(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 five-year from 2015 – 2019 of Rs. 8,560.2 billion. 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 outlay for doubling/third/fourth line projects and through connectivity to logistic parks;

- Improving competitiveness of the Indian Railways through cost optimisation via electrification; and

- Improving customer experience so that hike in passenger tariffs become acceptable by increasing outlay for safety, station redevelopment and passenger amenities

The table below shows the detailed breakup for Rs. 8,560.2 billion capital expenditure plan for five-year from 2015 – 2019:

	₹ billion	% allocation
Network decongestion (including DFC + electrification, Doubling + electrification & traffic facilities)	1,993	23%
Network expansion (including electrification)	1,930	23%
Safety (Track renewal, bridge works, ROB, RUB and S&T)	1,270	15%
Rolling stock (Locomotives, coaches, wagons – production & maintenance)	1,020	12%
Station redevelopment + logistics park	1,000	12%
High speed rail & elevated corridor	650	8%
National projects (North eastern & Kashmir connectivity projects)	390	5%
Passenger Amenities	125	1%
Information technology/ Research	50	1%
Others	132	2%
Total	8,560	

(Source: "Reform, Perform, Transform and now we Inform" – Report by Indian Railways dated August 2017)

As a part of the investment reform agenda for the Indian Railways, the 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 five-year from 2015 – 2019 citing key area for investments as follows:

Network Decongestion

Network decongestion was a key area of concern wherein the following issues were identified:

- In the 64 years ending 2014, the freight loading grew by 1,344 per cent., passenger kilometres grew by 1,642 per cent., however, the route kilometres grew by only 23 per cent.; and

- Approximately 161 sections out of the total 247 sections, *i.e.*, 65 per cent. of the sections were running at 100 per cent. or above line capacity on high density network routes in 2014

The planned investments have placed high focus on improving freight and passenger carrying capacity via capacity augmentation to achieve network decongestion. This is proposed to be done by:

- enhancing outlay for doubling/third/fourth line projects; and

- develop dedicated freight corridors

During the period between 2009 and 2014, broad gauge lines commissioned every year was 1,528 kilometres, whereas the planned outlay for the fiscal 2018 is to double the average to 3,500 kilometres (*Source: "Reform, Perform, Transform and now we Inform" – Report by Indian Railways dated August 2017*). All meter gauge lines were eliminated in the North East region of India with new broad gauge lines being added at an average of 481 lines in fiscal 2017 which was at an average of 100 lines from fiscal 2009 to fiscal 2014.(*Source: Indian Railways – Three Year Performance Report*). Speed of infrastructure creation (doubling) has already increased from four kilometres per day in fiscal 2014 to seven kilometres per day. Target is to increase this to 9.5 kilometres per day in fiscal 2018 and19 kilometres per day by fiscal 2022.

The Golden Quadrilateral linking Delhi, Mumbai, Chennai and Howrah along with its two diagonals between Delhi and Chennai and Mumbai and Howrah, account for only 18 per cent. of the Indian Railways' network, however, carries more than 58 per cent. 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 MoR decided to develop high speed Dedicated Freight Corridors (**DFC**) for freight movement. These DFC's will 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 in October 2006.

MoR has sanctioned implementation of DFC's, namely, Western DFC (1,504 kilometres) and Eastern DFC (1,856 kilometres). The commissioning of the Western DFC and Eastern DFCs (excluding 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.

The projects, when commissioned, would take up more than 70 per cent. of the Indian Railways freight traffic on to its faster, longer and heavier trains. The total investments for the two freight corridors are envisaged at Rs. 814.6 billion. (*Source: Press Release dated 21 July 2017*)

Decongestion of network and the DFC commissioning is expected to release capacity which would lead to operational streamlining and hence higher punctuality. Predictive maintenance regime is incorporated to further enhance asset reliability.

Network Expansion including electrification

Considering the economic as well as environmental benefits associated with the electric traction, an action plan to electrify 90 per cent. of the existing broad gauge lines by fiscal 2021 has been drawn. This is a challenging task considering that the above target is nearly 3.5 times the actual electrification of railway tracks carried out during the previous years. During the period between fiscal 2009 and fiscal 2014, electrification was done 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 2018. The detailed targets for each year are as follows:

Fiscal	Targets (in route kilometres)
2018	4,000
2019	6,000
2020	6,200

2021	6,200

(Source: "Mission Electrification" report by Ministry of Railways)

5,118 route kilometres of railway lines have been electrified during the last three fiscals, *i.e.* fiscal 2015 to fiscal 2017, including 2013 route kilometres of railway lines electrified in fiscal 2017 (*Source: Mission Electrification Report by Ministry of Railways*)

In these directions, the Research Design and Standards Organisation has cleared mechanized foundation and all future railway electrification projects shall be with minimum 50 per cent. of mechanized execution. This will reduce project execution time. Further, routes have been identified and targeted for commissioning on yearly basis till fiscal 2021 so as to set a clear direction to the Mission Electrification.(*Source: Mission Electrification Report by Ministry of Railways*)

Safety

Keeping in mind the thrust of improving customer experience, the Indian Railways is showing renewed vigour on safety works. In the capital expenditure plan for five-year 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 going ahead since a large number of accidents happen there. A number of unmanned crossings eliminated were at an average of 1,139 during Fiscal 2009 and Fiscal 2014 which increased to 1,503 in Fiscal 2017 and the plan is to eliminate all unmanned level crossings on broad gauge in the next three fiscals between Fiscal 2018 and Fiscal 2020. It has also increased the number of new railways overbridges/under bridges constructed from an average of 762 during Fiscal 2009 and 2014 to 1,354 in Fiscal 2017.(*Source: Indian Railways* - *Three Year Performance Report*)

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. The Finance Ministry has agreed to set up a Safety Fund with a corpus of Rs.1,000 billion to be utilised over 5 years. (*Source: 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 program with an overall targeted program cost of Rs. 1,000 billion. Pursuant to this program, approximately 2,200 acres of prime real estate land available across the top 100 cities will be tapped. Land for commercial development will be encroachment-free land with clear titles. (*Source: http://www.indianrailways.gov.in/Station_Redevelopment/index.html #book5/page1*)

Contracts awarded and construction started for Habibganjand Gandhinagar railway stations. Over 25 stations are under various stages of bidding under the public private partnership model. (*Source: http://www.indianrailways.gov.in/Station_Redevelopment/index.html#book5/page1*)

*High Speed Railway (**HSR**) and Elevated Corridors*

Indian Railways has formulated a plan to develop a HSR network in the country. These HSR services having speeds of approximately 250-300 kilometres per hour and have been developed in other countries and could likely change the face of Indian Railways. HSR can conceivably rival airlines when it comes to targeting those customers who have commuting time of two – three hours.

Dedicated cross functional directorate has already been set up to focus exclusively on increasing speeds on network and fast implementation of projects. Gatimaan Express is the first semi-high speed train running at the rate of 160 kilometres per hour between Delhi and Agra. MoR has sanctioned Rs. 170 billion to develop the Delhi-Mumbai and the Delhi-Kolkata corridor as integrated semi high speed corridors with a speed between 160 and 200 kilometres per hour. Six other corridors are planned for semi-high operations.(*Source: "Reform, Perform, Transform and now we Inform" – Report by Indian Railways dated August 2017*)

Rolling Stock

With the expansion of the freight network and passenger demand, the requirement of rolling stock will increase substantially. Indian Railway Finance Corporation is responsible for financing the acquisition of the majority of the rolling stock purchased by the MoR.

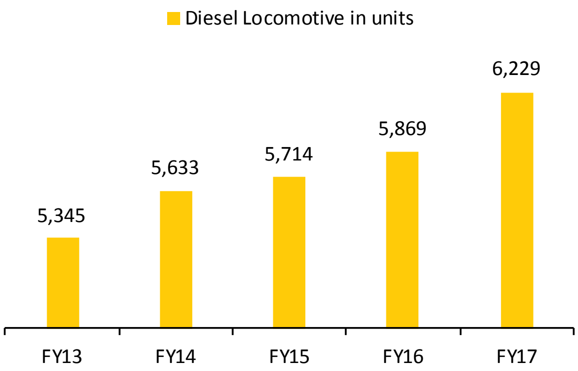
The following table sets out the expected rolling stock requirement of the MoR during the below mentioned periods:

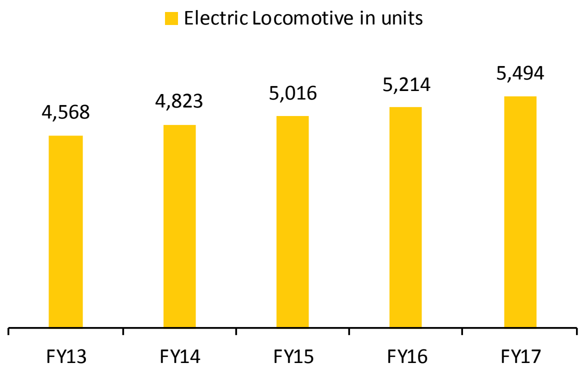
Period	**Number of Locomotives**		**Number of Coaches**	**Number of Wagons**
	Electric	**Diesel**		
Fiscal 2016*	280	350	3,934	10,395
Fiscal 2017*	280	360	4,302	10,718
Fiscal 2018	350	254	4,684	8,000
Fiscal 2019	425	200	4,835	12,000

As per actuals
(*Source: Ministry of Railways*) (Remarks – Figures for Fiscal 2016 and 2017 are estimates)

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 in Indian Railways. The following charts show cumulative locomotives over the years across diesel and electric locomotive units:



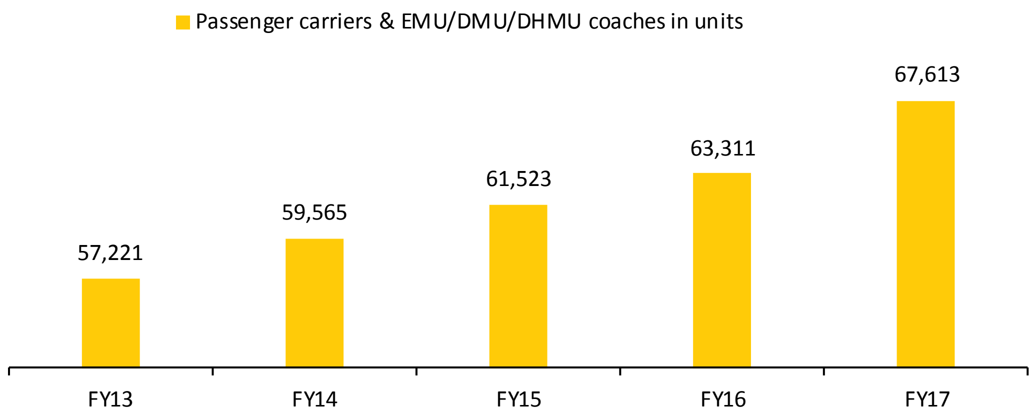


(Source: http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2015-16/Summary%20Sheet_ Eng_pdf_pdf.pdf and Ministry of Railways)

Coaches

There has been an increase in demand for electric multiple unit (**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 the 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.

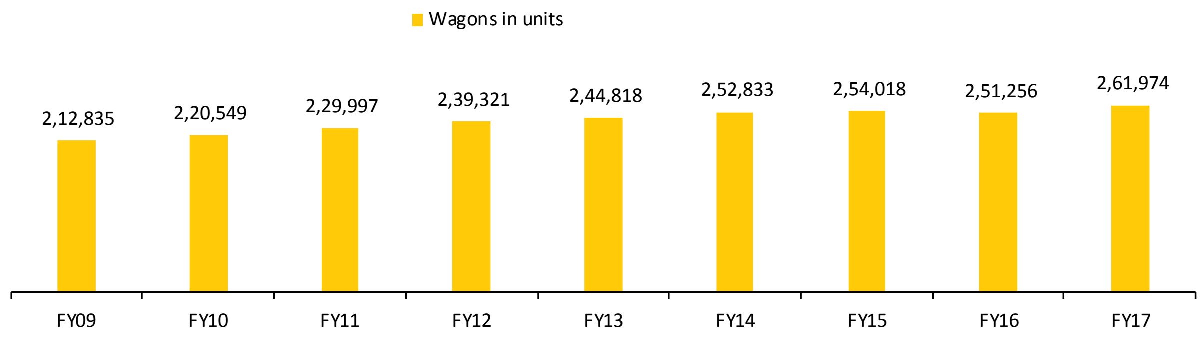


(Source:http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2015-16/Summary%20Sheet_ Eng_pdf_pdf.pdf and Ministry of Railways)

Wagons

Wagons manufacturing got a boost post the economic reforms in early 1990s with annual production figures reaching as high as 26,000. The numbers remained fairly steady in the early part of 2000s and improved with the economic recover post 2009 on a lower base.

The following charts shows cumulative wagons over the next fiscals:



(Source:http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2015-16/Summary%20Sheet_ Eng_pdf_pdf.pdf and Ministry of Railways)

Sources of Funding

The capital expenditure plan as laid above is funded via various sources of financing for Indian Railways as follows:

The primary sources of funds for the planned capital outlay of the Indian Railways are gross budgetary support, internally generated funds, public private partnerships and market borrowings through Indian Railway Finance Corporation and other sources (EBR-IF) and railway safety fund. The following table provides for the details of the Indian Railways planned capital outlay and its sources of financing:

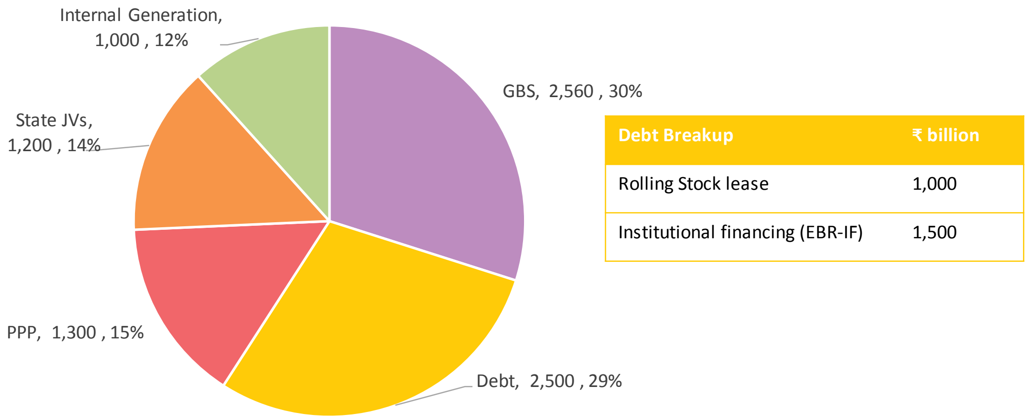
(Rs. billion)

Period	Capital Outlay	Gross Budgetary Support	Internally Generated Funds	PPP/ Partner-ship	Market Borrowings		Railway Safety Fund
					IRFC	EBR-IF through IRFC	
Fiscal 2017	1,083	345	105	268	143	115	107
Fiscal 2016	935	350	168	151	141	99	26
Fiscal 2015	587	301	153	-	110	-	22
Fiscal 2014	540	271	97	-	152	-	20
Fiscal 2013	504	241	95	-	151	-	16

(Source: Ministry of Railways)

Following is the breakup of the capital expenditure plan for five-year from 2015 to 2019 amounting to Rs. 8,560.20 billion:

(Rs. billion)



(*Source:http://www.indianrailways.gov.in/Presentation%20on%20Achievements%20&%20%20Plans%20of%20Indian%20Railways.pdf*)

The Union Budget 2017 – 2018 set out annual outlay of Rs. 1,310 billion comprising budgetary support of Rs.443 billion, railway safety fund of Rs.107 billion, internal resources of Rs.140 billion and EBR of Rs. 620 billion consisting of marketing borrowings, PPPs and institutional financing has been proposed for the year 2017 – 2018. Total EBR has been slightly increased from Rs. 526 billion in 2016 – 2017. However, EBR generation through institutional financing (**IF**) is being targeted in 2017 – 2018 at Rs. 183 billion. (*Source: Thirteenth Report of the Standing Committee on Railways on 'Demands for Grants (2017-18) of the Ministry of Railways'*)

Gross Budgetary Support

In line with the Government's commitment towards enhancing railway infrastructure in the country, the Gross Budgetary Support from the Central Government is also on the rise. While the Gross Budgetary Support for railways moved at a pace of 9 per cent. CAGR over Fiscal 2013 and Fiscal 2017, the increase since then has been significant. This includes Rs. 443 billion provided by the Government.

Internally Generated Funds

Indian Railways' internal resource are primarily utilized for replacement, renewals, upgrades and modernisation of existing infrastructure i.e., track renewal, signalling replacement, other electrical works, safety (RoB/RuB). Indian Railways managed to generate internal resources of Rs.105 billion in Fiscal 2017 and is targeting Rs. 1,000 billion through internal accruals during Fiscal 2015 and Fiscal 2019.

The internal resource generation is heavily dependent on the economic growth which impacts freight revenues (approximately 65 per cent. of overall railway revenue). Indian Railways is also focusing on enhancing the share of non-fare revenues through sources like advertising and commercial utilisation of surplus land.

Railway Safety Fund

Indian Railways funds allocated for expenditure on safety are primarily utilized for railway track renewal, bridge works, construction of ROB/ RUB, signalling and telecommunication. The Union Budget 2017 proposed to set up a special safety fund of Rs. 1, 000 billion in order to cover, amongst others, elimination of unmanned level crossings, upgrading of tracks and signalling over a 5 year period. The railway safety fund is proposed to be funded through contributions by MoF and resources from Indian Railways. The Government is planning to develop framework for innovative funding of safety projects, such as, amongst others, annuity and asset upgrade.

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 capital expenditure plan for five-year from 2015 – 2019 comprises Rs. 1,300 billion 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 BOT. Public private partnerships contributed Rs. 268 billion in Fiscal 2017. Recently, the Indian Railways has approved two new locomotives factories in Bihar with combined order book of Rs. 400 billion over 10 years. This projects marks one of the largest FDI projects of Indian Railways in India. (*Source: Indian Railways, Vision and Plans, 2017-2019, January 2017*)

Market Borrowings/ Debt

*Indian Railway Finance Corporation (**IRFC**)*

IRFC raises market borrowings which includes the Extra Budgetary Resources (EBR) for the Indian Railway planned investment to the tune of 25 per cent. to 30 per cent. of the Indian Railways plan size. 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 Rail Vikas Nigam Limited (**RVNL**) for viable and bankable projects being executed by it (*Source: Indian Railways – Lifeline of the Nation, February 2015*).

Indian Railways has planned to borrow Rs. 1 trillion from IRFC to fund its proposed capital expenditure on rolling stock for five-year from 2015 – 2019. Indian Railways/RVNL borrowed approximately Rs. 141 billion from IRFC in fiscal 2016 and around Rs. 143 billion in fiscal 2017 *(Source: Ministry of Railways)*. MoR has indicated to borrow approximately Rs. 217billion from IRFC in Fiscal 2018.

IRFC also extends debt financing to other entities under the administrative control of the MoR, including Railtel Corporation of India Limited, Konkan Railway Corporation Limited, Rail Land Development Authority and Pipavav Rail Corporation Limited.

The MoR signed a memorandum of understanding with LIC, a public sector undertaking of the Government, for funding assistance of Rs. 1.5 trillion for financing railway projects over a period of five years *(Source: "Reform,* *Perform, Transform and now we Inform" – Report by Indian Railways dated August 2017).* As LIC funding will be of 30 years tenor, it matches the Indian Railways' requirement of long term funds for investment in projects. LIC funds will carry low interest rates tied to government security, and the costs of funds are expected to come down further over a period of time. These funds are flowing to Indian Railways through IRFC.

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 two executive directors and four non-executive Directors, including two independent Directors, appointed by the MoR. The appointment and the terms and conditions of whole-time Directors including part-time Chairman, Managing Director is approved by the MoR.

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.	Mr. Baikuntha Nath Mohapatra **Designation:** Part-time Chairman **Occupation**: Service **DIN:** 00772188	59	RB Bungalow No.4, Hospital Road, Motibagh, New Delhi - 110021	Nil
2.	Mr. Santosh Kumar Pattanayak **Designation:** Managing Director **Occupation:** Service **DIN:** 02396063	53	Flat no. 102, Anand Lok, New Delhi – 100049	Nil
3.	Mr. Niraj Kumar Chhabra **Designation:** Director (Finance) **Occupation:** Service **DIN**: 00795972	57	B-54, Modest Ketki C G H S Ltd, Plot No. 8B Sector-11, Dwarka, New Delhi - 110075.	Nil
4.	Ms. Sharmila Chavaly **Designation:** Part-time Government Director * **Occupation:** Service **DIN**: 06411077	56	C-II / 67, Satya Marg, Chankyapuri, New Delhi, 110021.	• ONGC Videsh Nigam Limited. • India Infrastructure Finance Company Limited
5.	Mr. Kishor Jinabhai Devani **Designation:** Part-time non-official Director and independent Director **Occupation:** Service **DIN**: 07502684	66	Flat No. A-1402, Jupiter CHS Ltd, Suncity Complex near MTNL, Gandhinagar, Powai Mumbai - 400076.	Nil
6	Smt. Aditi Sengupta Ray **Designation:** Part-time non-official Director and independent Director **Occupation:** Service **DIN:** 00447385	62	Flat No.EH 1/602, ELDECO UTOPIA, Sector 93A, Noida	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

Mr. Baikuntha Nath Mohapatra, aged 59 years is the part-time Chairman of the Issuer since 20 April 2017. He is an officer of Indian Railway Accounts Service of its 1981 batch. He holds a masters of arts in political science and a bachelors' degree in law. He has previously held the post of a Divisional Railway Manager, Tinsukia and Assistant General Manager, East Coast Railway, and has been an executive director and advisor in the pay commission, establishment, expenditure and accounts directorates of the Railway Board. Prior to his appointment to the Issuer's Board, he served as the Additional Member (Finance) in the MoR.

Mr. Santosh Kumar Pattanayak, aged 53 years, is the Managing Director since 9 March 2017. He is an officer of Indian Railway Accounts Service of its 1989 batch. He holds a masters' degree in science (technology) with a specialisation in applied geology from the Indian School of Mines, Dhanbad and a master's degree in Public Management from the National University of Singapore. He has over twenty seven years of experience across diverse sectors including railways and heavy industries. Prior to his appointment to the Board, he served as the Director (Finance) of the Heavy Engineering Corporation Limited, Ranchi.

Mr. Niraj Kumar Chhabra, aged 57 years, is the Director (Finance) since 1 July 2015. He was appointed to the position of Director (Finance) by the MoR, 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 joined the Issuer as Director (Finance) on 1 July 2015. He has over 32 years of experience across diverse sectors including financial sector and fertilizer industry. Prior to his appointment to the Board, he has served in various capacities and lastly as General Manager in Power Finance Corporation Limited.

Ms. Sharmila Chavaly, aged 56 years, is the part-time Government Director as a nominee of MoF. She was appointed to the Board by the MoF, vide its order dated 21 November 2012. She is a postgraduate. She is an officer of the Indian Railway Accounts Services of its 1985 batch. She has over 30 years' experience in Railway Finance and MoF.

Mr. Kishor Jinabhai Devani, aged 66 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 Bombay, and is a member of the Institute of Chartered Accountants of India. He also holds diploma in financial management from the University of Mumbai. He has 33 years' experience in academics, finance, taxation and legal matters. Prior to his appointment to the Board, he has held the post of a professor at the K. J. Somaiya College of Arts and the Institute of Chartered Financial Analysts. He also has experience in practicing independently as a chartered accountant.

Smt. Aditi Sengupta Ray, aged 62 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 CaIcutta. She is Indian Economic Service Officer. She has a total 36 years of experience. She retired as Secretary to Government of India. 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.

Borrowing powers of the Board

Subject to the Memorandum and Articles of Association of the Issuer and pursuant to the shareholders' resolution dated 12 September 2017, the Board is authorised to borrow up to an aggregate amount of Rs. 1,500,000 million, for the purpose of the business of the Issuer, notwithstanding that the amount to be borrowed and 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 five Directors, out of which two Directors are executive directors and the other three Directors including part-time chairman are non-executive Directors. Out of the three non-executive Directors, one of the Issuer's Directors is a nominee of the MoF. The nominee Director is also a women director on the Issuer' Board. Further, the appointment committee of Cabinet has approved the proposal of MoR to appoint a non-official independent director on the Board vide its information note dated 5 September 2017. However, the Issuer is yet to receive formal notification to this effect from MoR. The Issuer is required to appoint at least two additional independent directors to ensure compliance with the requirement of Regulation 17(1)(b) of the SEBI listing regulations. Accordingly, the composition of the Audit Committee and the Nomination and Remuneration Committee of the Issuer, are not in line with the relevant provisions of the Companies Act and/or the SEBI listing regulations, as may be applicable vis-à-vis the requirement for having independent directors. In relation to the above, the Issuer has vide letter dated September 2017, *inter alia*, has saught certain exemptions from SEBI.

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.

The details of the Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility committees are given below:

Committees of the Board

The Issuer has constituted the Audit Committee, the Stakeholders' Relationship Committee, Nomination and Remuneration Committee, and Corporate Social Responsibility Committee for compliance with corporate governance requirements, in addition to other non-mandatory committees:

(a) Audit Committee

The Audit Committee was originally constituted on 19 June 2001. It was re-constituted pursuant to the board meeting held on 20 October 2017. The present terms of reference of the Audit Committee was adopted on 29 August 2017. It presently comprises the following members:

Name of the Directors	Designation
Mr Kishor Jinabhai Devani	Chairman
Smt. Aditi Sengupta Ray	Member
Mr Santosh Kumar Pattanayak	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:

1. Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Taking on record the appointment of auditors of the Issuer by the Comptroller and Auditor General of India;

3. Recommendation for remuneration and terms of appointment of auditors of the Issuer based on the order of Comptroller & Auditor General of India;
4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

5. 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;

6. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, *etc.*), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

8. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

9. Approval or any subsequent modification of transactions of the Issuer with related parties;

10. Scrutiny of inter-corporate loans and investments;

11. Valuation of undertakings or assets of the Issuer, wherever it is necessary;

12. Evaluation of internal financial controls and risk management systems;

13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

15. Discussion with internal auditors of any significant findings and follow up there on;

16. 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;

17. 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;

18. 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;

19. To review the functioning of the whistle blower mechanism;
20. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, *etc.* of the candidate;

21. 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;

22. 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;

23. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI listing regulations;

24. To review the follow up action on the audit observations of the C&AG audit;

25. Recommend the appointment, removal and fixing of remuneration of cost auditors and secretarial auditors; and

26. Carrying out any other function as specified by the Board from time to time.

(b) 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 20 October 2017 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
Mr Kishor Jinabhai Devani	Chairperson
Smt. Aditi Sengupta Ray	Member
Mr Santosh Kumar Pattanayak	Member
Mr Niraj Kumar Chhabra	Member

Scope and terms of reference:

Terms of reference for the Stakeholder Relationship Committee are as follows:

1. 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.*;

2. Allotment or transfer of equity shares, approval of transfer or transmission of equity shares, debentures, or any other securities, of the Issuer;

3. Issue of duplicate certificates and new certificates on split/consolidation/renewal; and

4. Carrying out any other function contained in the SEBI listing regulations, as and when amended from time to time.

(c) 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 20 October 2017. 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. Kishor Jinabhai Devani	Chairman
Mr. Baikuntha Nath Mohapatra	Member
Smt. Aditi Sengupta Ray	Member

Scope and terms of reference:

Terms of reference for the Nomination and Remuneration Committee are as follows:

1. Decide on the annual bonus/ performance pay/ variable pay pool and policy for its distribution across the executives and non-unionized supervisors of the Issuer;

2. Formulation and modification of schemes for providing perks and allowances for officers and non-unionized supervisors;

3. Any new scheme of compensation like medical scheme, pension *etc.* to officers, non-unionized supervisors and the employees as the case may be;

4. 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;

5. Taking on record the appointment and removal of directors, including independent directors, by the President of India, acting through respective ministries;

6. 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

7. 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.

(d) Corporate Social Responsibility Committee

The Corporate Social Responsibility (**CSR**) committee was originally constituted on 11 February 2013. The present terms of reference of the CSR Committee were adopted on 29 August 2017. It presently comprises the following members:

Name of the Directors	Designation
Mr. Kishor Jinabhai Devani	Chairperson
Mr. Santosh Kumar Pattanayak	Member
Mr. Niraj Kumar Chhabra	Member

Scope and terms of reference:

Terms of reference for the CSR Committee are as follows:

1. Recommend CSR and sustainability development policy to the Board;

2. Recommend plan of action and projects to be initiated in the short, medium and long term for CSR and sustainability development;

3. To recommend the annual CSR and sustainability development plan and budget; and

4. Periodic review of CSR and sustainability development policy, plans and budgets.

(e) 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 member	Designation
Mr. Santosh Kumar Pattanayak	Chairman
Mr. Niraj Kumar Chhabra	Member

Scope and terms of reference

Terms of reference for the Risk Management Committee are as follows:

1. Carry out responsibilities as assigned by the Board;
2. Monitor and review risk management plan as approved by the Board;
3. Review and recommend risk assessment report and risk management report for approval of the Board;
4. Ensure that appropriate system of risk management is in place;
5. Oversee recent developments in the Issuer and periodic updating of Issuer's enterprise risk management program for assessing, monitoring and mitigating the risks; and
6. Periodically, but not less than annually, review the adequacy of the Issuer's resources to perform its risk management responsibilities and achieve objectives.

(f) IPO Committee

The IPO Committee was originally constituted on 29 August 2017 and the present terms of reference of the IPO Committee were adopted on 29 August 2017. It presently comprises the following members:

Name of the member	Designation
Mr. Santosh Kumar Pattanayak	Chairman
Mr. Niraj Kumar Chhabra	Member

REGULATION AND SUPERVISION

*The following is an overview of the laws and regulations which are relevant to the Issuer's business. 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 an infrastructure financing company (**IFC**). This section provides a brief overview of the regulatory framework governing activities in the infrastructure financing industry in India. 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.

I. 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 45-I (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 45-I(c) and 45-I(e) of the RBI Act, respectively.

The RBI has clarified through a press release (Ref. No. 1998-99/1269) dated 8 April 1999, 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 per cent. of its total assets (netted off by intangible assets); and (b) if income from financial assets is more than 50 per cent. 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 DNBR (PD) CC.No.052/03.10.119/2015-16 dated 1 July 2015, 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.20 million. In case an NBFC does not accept deposits from the public (**NBFC-ND**), 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 IFC, it should *inter alia* meet the following criteria:

(i) at least 75 per cent. of its total assets should be used in "infrastructure loans" as defined in the Master Circular — "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, RBI/2015-16/13 DNBR (PD) CC.No.043/03.10.119/2015-16 (the **RBI Prudential Norms**); 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 per cent. (with a tier I capital of at least 10 per cent.); and (c) a minimum credit rating 'A' or equivalent of CRISIL, FITCH, CARE, ICRA or Brickwork Ratings India Pvt. Ltd or any other credit rating agency accredited by the RBI.

Information to be furnished in relation to certain changes

As per the RBI Prudential Norms, an NBFC-ND is 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: (i) complete postal address, telephone/fax number of the registered/corporate office, (ii) name and residential address of the directors of the company, (iii) names and official designations of its principal officers, (iv) names and office address of its auditors, and (v) specimen signatures of the officers authorised to sign on behalf of the company.

Fair Practices Code

On 28 September 2006, the 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. On 1 July 2015, the RBI issued a Master Circular on fair practices and has required that the Fair Practices Code of each NBFC is to be published and disseminated on its website. Among other requirements, the code prescribes the following requirements, to be adhered to by NBFCs:

(i) Inclusion of necessary information affecting the interest of the borrower in the loan application form.

(ii) Devising a mechanism to acknowledge receipt of loan applications and establishing a time frame within which such loan applications are to be disposed.

(iii) Conveying, in writing, to the borrower in the vernacular language as understood by the borrower the loan sanctioned and terms thereof. The acceptance of such terms should be kept on record by the NBFC.

(iv) Giving notice to the borrower in the vernacular language as understood by the borrower of any change in the terms and conditions and ensuring that changes are effected prospectively.

(v) Refraining from interfering in the affairs of the borrowers except for the purposes provided in the terms and conditions of the loan agreement.

(vi) Not resorting to undue harassment in the matter of recovery of loans, and an appropriate grievance redressal mechanism for resolving disputes in this regard is to be established.

(vii) Periodical review of the compliance of the fair practices code and the functioning of the grievances redressal mechanism at various levels of management, a consolidated report whereof may be submitted to the board of directors.

KYC Guidelines

The RBI has issued a Master Circular on Know Your Customer (**KYC**) guidelines dated 1 July 2015 titled, "Know your customers (KYC) Guidelines — Anti Money Laundering Standards (AML) — Prevention of Money Laundering Act, 2002 — Obligations of NBFCs in terms of Rules notified thereunder" and advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The KYC policies are required to have certain key elements, including *inter alia* customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC guidelines and the exercise of due diligence by persons authorised by the NBFC, including its brokers and agents and customer service in terms of identifiable contact with persons authorised by NBFCs.

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 the Master Circular dated 1 July 2015. As per this Master Circular, all NBFCs-ND-SI are required 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 associated risk. 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;

(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.

Rating of Financial Products

Pursuant to the RBI Master Circular titled "Miscellaneous instructions to NBFC-ND-SI", dated 1 July 2015, all NBFCs with an assets size of Rs.1,000 million and above are required to furnish at the relevant regional office of the RBI, within whose jurisdiction the registered office of the NBFC is functioning, information relating to the downgrading and upgrading of assigned rating of any financial products issued by them within 15 days of such change.

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 RBI has issued a Master Circular on Fair Practices Code dated 1 July 2015 for regulating the rates of interest charged by the NBFCs. These circulars stipulate that 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

The RBI pursuant to its notification (No. DNBR (PD) CC.No.052/03.10.119/2015-16) dated 1 July 2015 (Master Circular- Exemptions from the provisions of the RBI Act) has exempted government companies conforming to Section 617 of the Companies Act, 1956 from the applicability of section 45-IB (Maintenance of percentage of assets) and section 45-IC (Reserve fund) of the RBI Act, paragraphs 4 to 7 of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, and the Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 except paragraph 13A of the said directions relating to submission of information to RBI in regard to change of address, directors, auditors, etc.

Further, Government Companies are exempted from the following directions issued by RBI:

(i) Systematically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 except paragraph 25 of the aforesaid Directions; and

(ii) Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 except paragraph 23 of the aforesaid Directions.

As per the NBFC-ND-SI Directions, the provisions of the said Directions would not apply to an NBFC being a Government Company as defined under Section 2 (45) of Companies Act, 2013, as amended. The NBFC-ND-SI includes the following requirements that an NBFC-ND-SI is required to comply with, however, the said Directions are, inter-alia, not applicable to a Government Company:

(i) Capital Requirements;

(ii) Prudential regulations;

(iii) Fair Practice Code;

(iv) Corporate Governance; and

(v) Reporting requirements

Supervisory Framework

In order to ensure adherence to the regulatory framework by NBFCs-ND-SI, the RBI 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 electronically within a period of three months from the close of every fiscal year. 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

The RBI has issued a Master Circular titled "Opening of Branch Subsidiaries — Joint Venture — Representative office or Undertaking Investment abroad by NBFCs", dated 1 July 2015, for extending a no objection certificate for opening of a branch, subsidiary, representative office or an undertaking investment abroad by NBFCs. The Master Circular, *inter alia,* requires 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 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; and complying with KYC norms as prescribed under these guidelines for permitting subsidiaries, joint ventures, representative offices or making investments abroad.

Anti-Money Laundering

The RBI has issued a Master Circular dated 1 July 2015 to ensure that a proper policy framework for the Prevention of Money Laundering Act, 2002 (**PMLA**) is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies and financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of the PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record for (i) all cash transactions with a value of more than Rs.1 million; and (ii) all series of cash transactions integrally connected to each other which have been valued below Rs.1 million where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds Rs.1 million. 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 or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

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 is to be made available to the competent authorities upon request.

Regulations relating to Sale of Assets to Asset Reconstruction Companies

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The RBI has issued guidelines to banks on the process to be followed for sales of financial assets to asset reconstruction companies or securitisation companies. These guidelines provide that a bank may sell financial assets to an asset reconstruction company provided the asset is an NPA. These assets are to be sold on a "non-recourse" basis only. As per Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated 2 July 2012, a bank may sell a standard asset only if the borrower has a consortium or multiple banking arrangements, at least 75.0 per cent. by value of the total loans to the borrower are classified as non-performing and at least 75.0 per cent. by value of the banks and financial institutions in the consortium or multiple banking arrangement agree to the sale. The banks selling financial assets must ensure that there is no known liability devolving on them and that they do not assume any operational, legal or any other type of risks relating to the financial assets sold. Further, banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realisation. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. Whilst each bank is required to make its own assessment of the value offered in the sale before accepting or rejecting an offer for purchase of financial assets by an asset reconstruction company, in consortium or multiple banking arrangements where more than 75.0 per cent. by value of the banks or financial institutions accept the offer, the remaining banks or financial institutions are obliged to accept the offer.

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, 2013 is entitled to certain benefits under the RDDBFI Act which provides for establishment of Debt Recovery Tribunal for expeditious adjudication and recovery of debts due to any bank or public financial institution 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.

II. External commercial borrowings

The current policy of the RBI directly relating to External Commercial Borrowing (**ECB**) is embodied in the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, as amended from time to time, and as summarised in the Master Direction No. 5/2015-16 dated 1 January 2016, amended and updated from time to time (**ECB Guidelines**). The ECB Guidelines state that ECB refers to commercial loans in the form of bank loans, buyers' credit, suppliers' credit and securitised instruments (e.g., floating rate notes and fixed rate bonds) availed from non-resident recognised lenders which conforms to parameters such as minimum maturity, permitted and non-permitted end-uses, maximum all-in-cost ceiling, etc. Funds received by an Indian company from the issue of preference shares, whether non-convertible, optionally convertible or partially convertible, or the issue of debentures that are not mandatorily and compulsorily convertible into equity shares are considered debt, and accordingly, all norms applicable to ECBs (including those relating to eligible borrowers, recognised lenders, amount and maturity, and end-use stipulations) apply to such issues.

ECB can be accessed under two routes, via (i) the automatic route, and (ii) the approval route. The ECB Guidelines have laid down three different tracks under which borrowings can be availed. Each track lays down the list of eligible borrowers, recognised lenders, all-in-cost requirement, minimum average maturity and other specific conditions as applicable to that track.

The revised external commercial borrowings (**ECBs**) framework recognises more resident entities as eligible borrowers, recognising more entities as lenders and expanding end-uses, as well as providing for periodic reviews of all-in cost ceilings for such borrowings. Special carve-outs were also made to take care of sector specific needs. Under the RBI's latest ECB Guidelines, the ECB framework comprises the following three tracks:

Track I: Medium-term foreign currency denominated ECB with Minimum Average Maturity (**MAM**) of three to five years;

Track II: Long-term foreign currency denominated ECB with MAM of ten years; and

Track III: Indian Rupee denominated ECB with MAM of three or five years.

Some of the key restrictions on ECBs are as follows: (i) the maximum amount of ECBs which can be raised under the automatic route by companies in infrastructure and manufacturing sectors, NBFCs, infrastructure finance companies, NBFCs-asset finance companies and holding companies of core investment companies is U.S.$750.0 million or its equivalent during a fiscal year; (ii) companies in the software development sector are allowed to access ECBs of up to U.S.$200.0 million or its equivalent under the automatic route in a fiscal year for the purpose of meeting foreign currency and/or Rupee capital expenditure for permissible end-uses. The proceeds of the ECBs are mandated to not be used for the acquisition of land; and (iii) the maximum amount of ECBs which can be revised under the automatic route per fiscal year by entities engaged in micro finance activities is U.S.$100.0 million or its equivalent, and by the remaining entities is U.S.$500.0 million or its equivalent.

The ECB Guidelines are subject to amendments from time to time. Investors should consult their own advisers in connection with the applicability of any Indian laws or regulations.

Automatic route

Under the automatic route, eligible borrowers have been set out to be inter alia Non-Banking Financial Companies — Infrastructure Finance Companies (NBFC-IFCs). Companies in infrastructure sector, all NBFCs coming under the regulatory purview of the RBI, NBFCs-Micro Finance Institutions (NBFCs-MFIs).

The conditions applicable to the above-mentioned eligible borrowers under the ECB Guidelines may vary depending upon which category of eligible borrower the entity/person falls in. Similarly the recognised lenders must also be determined; few of the recognised lenders are: (i) international banks, (ii) international capital markets, (iii) multilateral financial institutions/regional financial institutions and government owned development financial institutions, (iv) export credit agencies, (v) suppliers of equipment, (vi) foreign collaborators and (vii) foreign equity holders (other than former overseas corporate bodies). A foreign equity holder to be eligible as recognised lender under the automatic route would require certain debt to equity ratio to be maintained in the borrower company as set out below:

(a) For ECB up to U.S.$5 million — not required,

(b) For ECB more than U.S.$5 million — debt-equity ratio not exceeding 4:1 (i.e., the proposed ECB not exceeding four times the direct foreign equity holding), and

(c) For ECB requiring RBI approval — debt-equity ratio not exceeding 7:1 (i.e., the proposed ECB not exceeding seven times the direct foreign equity holding).

Approval route

Certain proposals for ECB are covered under the approval route, including (a) ECB beyond the individual limit set by the ECB Master Direction for eligible borrower; (b) issuance of foreign currency exchangeable bonds; and (c) proposals involving trade credit for import of non-capital and capital goods beyond U.S.$20 million.

III. Labour laws

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972 (the **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 maximum amount of gratuity payable may not exceed Rs.1.0 million.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (**EPF Act**) 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 to 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.

IV. Taxation

The Government has proposed major reforms in Indian tax laws, namely the GST, the direct taxes code and the provisions relating to the GAAR.

Goods and Services Tax and General Anti-Avoidance Rules

The Government has introduced major reforms in Indian indirect tax laws, namely the GST taking effect 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 taxation laws in India. The GST has replaced the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, surcharge and excise currently being collected by the central and state governments. The GAAR provisions became effective from 1 April 2017 and would apply to arrangements declared as "impermissible avoidance arrangements", which is defined to mean an arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily 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 Benefits

As an NBFC, the Issuer is entitled to certain tax benefits under the Indian Income-tax Act. These benefits include an entitlement to a tax deduction on the provisioning towards bad and doubtful debts equal to 5 per cent. of the Issuer's gross total business income, calculated before making any deductions prescribed under section 36(1)(viia) of the Income Tax Act, 1961.

V. Corporate Law

Companies in India, including banks, 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 Lok Sabha and Rajya Sabha have passed the New Companies Act and the New Companies Act has also received the assent of the President of India. The Ministry of Corporate Affairs (**MCA**) has to date notified majority of the provisions of the Companies Act.

The New Companies Act intends to strengthen corporate regulation by increasing the robustness of the existing provisions and introducing new measures, such as by (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 New 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 any fiscal year; (xi) introducing the National Company Law Tribunal and its appellate authority, the National Company Law Appellate Tribunal and replacing 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 New Companies Act delegating rule-making power to Central Government. The New Companies Act has introduced various sections which significantly and substantially modify, repeal and replace the entire framework of law governing Indian companies including the Issuer. For transition purposes, the New Companies Act encapsulates grandfathering provisions whereby acts done, resolutions passed, documents entered, and registers maintained under the Old Companies Act (unless contrary to the New Companies Act) will continue to be valid under the New Companies Act.

The provisions of the Companies Act will apply in relation to “sick” companies (under the previous Sick Industrial Companies Act, 1985, which has now been repealed) and all references must be made to the National Company Law Tribunal, instead of the BIFR.

The Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 (**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, for dealing with insolvency resolution applications. Subsequently, the insolvency resolution plan prepared by the resolution professional has to be approved by 75.00 per cent. of the 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.

Ordinance to amend the Insolvency and Bankruptcy Code, 2016 promulgated

The Government promulgated on 23 November 2017, an Ordinance to amend the Insolvency and Bankruptcy Code, 2016 (the **Code**) (the **Ordinance**). The President of India had given his assent to the Ordinance to amend the Code.

The Ordinance aims at putting in place safeguards to prevent unscrupulous, undesirable persons from misusing or vitiating the provisions of the Code. The amendments aim to keep out such persons who have wilfully defaulted, are associated with non-performing assets, or are habitually non-compliant and, therefore, are likely to be a risk to successful resolution of insolvency of a company. In addition to putting in place restrictions for such persons to participate in the resolution or liquidation process, the amendment also provides such check by specifying that the Committee of Creditors ensure the viability and feasibility of the resolution plan before approving it. The Insolvency and Bankruptcy Board of India has also been given additional powers.

TAXATION

Neither the statements below 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 below 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 disposal of Notes, including the effect of any state or local taxes, under the tax laws applicable in India, the country of which they are residents or the country of purchase, holding or disposal of the Notes.

Indian Taxation

The following is a summary of the existing principal Indian tax consequences for non-resident investors 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, possibly with retroactive effect. 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 RBI.

Taxation of interest and Withholding Tax

Interest on foreign currency denominated notes will not be subject to taxes in India if the proceeds of the issuance of such Notes are used for the purposes of business carried on by the Issuer outside India. If the proceeds are utilized for the purposes of business of the Issuer in India, non-resident investor are liable to pay income tax on the interest paid at the rate of 5 per cent. under Section 115A read with section 194LC of the Income Tax Act, 1961 (plus applicable surcharge, education cess and secondary and higher education cess), in accordance with the conditions of Income Tax Act, 1961. The rate of tax will stand reduced under the beneficial provisions of a tax treaty, subject to fulfillment of the conditions prescribed therein. In case the relevant criteria mentioned in section 115A read with section 194LC is not fulfilled, the tax rate on interest under the IT Act is 20 per cent. (plus surcharge and education cess).

Any gains arising to a non-resident investor from disposition of the Notes held (or deemed to be held) as a capital asset will generally 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 the 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 the Issuer is 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:

(i) a non-resident investor, who has held the Notes for a period of more than 36 months immediately preceding the date of their disposition, will be liable to pay long term capital gains tax at a rate of 10.0 per cent. of the capital gains (plus applicable surcharge, education cess and secondary and higher education cess) in accordance with the provisions of the Income Tax Act. These rates are subject to any lower rate provided for by an applicable Tax Treaty;

(ii) a non-resident investor who has held the Notes for 36 months or less will be liable to pay short term capital gains tax at a rate of up to 40.0 per cent. of capital gains (plus applicable surcharge, education cess and secondary and higher education 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 an applicable Tax Treaty; and

(iii) any income arising to a non-resident investor from a transfer of the Notes held as stock-in-trade will be considered as business income. Business income will be subject to income tax in India only to the extent it is attributable to a "business connection in India" or, where a Tax Treaty applies, to a "permanent establishment" of the non-resident investor in India. A non-resident investor will be liable to pay Indian tax on such income at a rate of up to 40.0 per cent. (plus applicable surcharge, education cess and secondary and higher education 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 applicable, under the tax law, tax shall be withheld by the person making any payment to a non-resident on long-term capital gains at 10 per cent. (plus applicable surcharge, education cess and secondary and higher education cess) and short-term capital gains at 30 per cent. or 40 per cent. (plus applicable surcharge, education cess and secondary and higher education cess), depending on the legal status of the recipient of income, subject to any lower rate provided for by a Tax Treaty. Tax payable shall be computed in such manner as prescribed in this regard under the Income Tax Act. For the purpose of tax withholding, the non-resident Noteholders shall be obliged to provide a permanent account number allotted by the tax authorities and all prescribed information/documents, including the Tax Residency Certificate (issued by the tax authorities of the country in which the investor is resident) for claiming the Tax Treaty benefits.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

Wealth Tax

No wealth tax is payable in relation to the Notes.

Taxation of persons ordinarily resident in India

Any income received in respect of the Notes by a person ordinarily resident in India under the provisions of the Income Tax Act may generally be subject to tax in India according to the personal tax rates applicable.

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.

CLEARING AND SETTLEMENT ARRANGEMENTS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or 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 none of the Issuer or the Joint Lead Managers takes any responsibility for the accuracy of this section. 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. None of the Issuer and any other party to the Agency Agreement 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 such beneficial ownership interests.*

Clearing Systems

Euroclear and Clearstream

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

Registration and Form

Book-entry interests in the Notes held through Euroclear and Clearstream will be represented by the Global Certificate registered in the name of a nominee of, and held by, a common depositary for Euroclear and Clearstream. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of Euroclear or Clearstream to reflect the amounts of Notes held through Euroclear and Clearstream, respectively. Beneficial ownership of book-entry interests in Notes will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream.

The aggregate holdings of book-entry interests in the Notes in Euroclear and Clearstream will be reflected in the book-entry accounts of each such institution. Euroclear or Clearstream, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a common nominee for Euroclear and Clearstream and/or if individual Certificates are issued in the limited circumstances described under "*The Global Certificate — Registration of Title*", holders of Notes represented by those individual Certificates. The Principal Paying Agent will be responsible for ensuring that payments received by it from the Issuer for holders of book-entry interests in the Notes holding through Euroclear and Clearstream are credited to Euroclear or Clearstream, as the case may be.

The Issuer will not impose any fees in respect of holding the Notes; however, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear or Clearstream.

Clearing and Settlement Procedures

Initial Settlement

Upon their original issue, the Notes will be in global form represented by a Global Certificate. Interests in the Notes will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Notes will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the Closing Date against payment (value the Closing Date).

Secondary Market Trading

Secondary market trades in the Notes will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear or Clearstream, as the case may be, in accordance with their respective procedures. Book-entry interests in the Notes may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream. Transfer of book-entry interests in the Notes between Euroclear or Clearstream may be effected in accordance with procedures established for this purpose by Euroclear and Clearstream.

General

None of Euroclear or Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

None of the Issuer or any of its agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

SUBSCRIPTION AND SALE

Each of Barclays Bank PLC, The Hongkong and Shanghai Banking Corporation Limited, MUFG Securities EMEA plc and Standard Chartered Bank (the **Joint Lead Managers**) has, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 5 December 2017, severally (and not jointly) agreed with the Issuer to subscribe or procure subscribers for the respective principal amount of Notes set out opposite its name below, subject to the provisions of the Subscription Agreement at the issue price of 100.0 per cent. of the principal amount of the Notes.

Name of Joint Lead Manager	**Principal Amount of Notes (U.S.$)**
Barclays Bank PLC	125,000,000
The Hongkong and Shanghai Banking Corporation Limited	125,000,000
MUFG Securities EMEA plc	125,000,000
Standard Chartered Bank	125,000,000
Total	500,000,000

Any subsequent offering of the Notes to investors may be at a price different from such issue price. The Issuer will pay a combined management and underwriting commission to the Joint Lead Managers and will reimburse the Joint Lead Managers in respect of certain of their expenses. The Issuer has also agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

Other relationships

The Joint Lead Managers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Joint Lead Managers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies and may be paid fees in connection with such services from time to time. In the ordinary course of their various business activities, the Joint Lead Managers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of the Notes. The Notes may be purchased by or be allocated to any Joint Lead Manager or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

European Economic Area

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Joint Lead Manager or Joint Lead Managers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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 to the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) 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 Financial Services and Markets Act of 2000 (**FSMA**) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Italy

Each Joint Lead Manager has represented, warranted and undertaken that the offering of the Notes has not been registered 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 the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

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 the Republic of Italy under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**);

(ii) in compliance with Article 129 of the Banking Act, (as amended), and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (a) and (b) 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 Regulation No. 11971. 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 investors.

The Netherlands

Each Joint Lead Manager has represented and agreed that any Notes will only be offered in the Netherlands to Qualified Investors (as defined in the EU Prospectus Directive), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the **FIEA**) and each Joint Lead Manager has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

Swiss professional investors may freely purchase Notes directly from a Joint Lead Manager which is not resident in Switzerland and/or conducting business activities in or from Switzerland.

Should a Swiss securities book running lead manager be involved in the transaction, such manager must be licensed in such capacity with the Swiss Financial Market Supervisory Authority FINMA (**FINMA**). A securities book running lead manager as a matter of Swiss law is “any natural person, legal entity or partnership who buys and sells securities, in a professional capacity, on the secondary market, either for its own account with the intent of reselling them within a short period of time or for the account of third parties, or makes public offers of securities to the public on the primary market, or creates derivatives and offers them to the public”: Article 2(d) of the Federal Law on Stock Exchange and Securities Trading of 24 March 1995; translation published by SIX Swiss Exchange in the Manual of SIX Swiss Exchange Vol. I. Securities as a matter of Swiss law are “standardised certificates which are suitable for mass trading, rights not represented by a certificate with similar functions (book-entry securities) and derivatives”: Article 2(a) of the same Act; translation, *op. cit.*

India

Each Joint Lead Manager acknowledges that (a) this Offering Circular has not and will not be registered or produced or published as an offer document (whether as a prospectus in respect of a public offer or an information memorandum or private placement offer letter or other offering material in respect of a private placement) under the Indian Companies Act, 1956, read with Indian Companies Act, 2013 (each as amended, supplemented or re-enacted from time to time) and the rules framed thereunder or any other applicable Indian laws with the Registrar of Companies, the Securities and Exchange Board of India or any other statutory or regulatory or governmental body of like nature in India save and except any information forming part of the Offering Circular which is mandatorily required to be disclosed or filed in India under any applicable Indian laws, and (b) the Notes will not be offered or sold, and have not been offered or sold, in India by means of any document other than to persons permitted to acquire the Notes under Indian law, whether as a principle or agent (c) and this Offering Circular or any other offering document or any material relating to the Notes will not be circulated or distributed and have not been circulated or distributed, directly or indirectly, to any person or 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 any applicable 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, 1956, as amended, the Companies Act, 2013, as amended, or any other applicable Indian laws for the time being in force.

Hong Kong

Each Joint Lead Manager has represented and agreed that: (1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the SFO and any rules made under the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (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 meaning of the C(WUMP)O; and (2) 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 Joint Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the **MAS**). Accordingly, each Joint Lead Manager has represented, warranted and undertaken that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it 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 the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) 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, 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 (as defined in Section 239(1) of 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 the Notes pursuant to an offer made under Section 275 of the SFA except:

   (i) 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;

   (ii) where no consideration is or will be given for the transfer;

   (iii) where the transfer is by operation of law;

   (iv) as specified in Section 276(7) of the SFA; or

   (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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 disclosed net of excise duty.	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 2013; 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 recognized 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) no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods.	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;	Similar to IFRS
	In a transaction involving the rendering of services, performance should be 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	(i) it is probable that the economic benefits associated with the transaction will flow to the entity; and (ii) the costs incurred or to be incurred in respect of the transaction can be measured reliably. (iii) 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. 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.	The difference between the reporting date of the subsidiary and that of the parent shall be no more than three months. Uniform accounting policies should be followed. No exception is provided	Similar to IFRS Uniform accounting policies to be followed unless impracticable to do so
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	Investor controls an investee if the investor has following: Power over the investee Exposure, or rights, to variable returns from its investment with the investee. 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, 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.	Similar to IFRS
	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	Impairment model in IFRS 9 is based on expected credit losses and it applies equally to debt instruments measured at amortized cost FVTOCI (the loss allowance is recognized in Other Comprehensive Income and not reduced from carrying amount of financial asset), lease	Similar to IFRS

	bad debts including ageing analysis, individual assessment of recoverability. Impairment losses recognized in profit or loss for equity investments are reversed through profit or loss.	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.	
	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, which is	If an entity adopts the revaluation 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

	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	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	Similar to IFRS

	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.	credits can be utilised.	
	Deferred tax assets and liabilities should be disclosed under a separate heading in the balance sheet of the enterprise, separately from current assets and current liabilities.	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 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 recognized 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;	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	Similar to IFRS

	4. Explanatory notes annexed to, or forming part of, any document referred to above	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	
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 2013 prescribes the minimum requirement for disclosure on the face of the balance sheet and profit and loss account and notes.	IAS 1 does not prescribe any rigid format for presentation of financial statement.	IND-AS 1 does not prescribe any rigid format for presentation of financial statement.
	AS 3 provides guidance on the line items to be presented in the statement of cash flows.	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	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 2013. 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.	Entities should present an analysis of expenses recognized in profit or loss using a classification based only on the nature of expense
		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.	IND-AS compliant Schedule III of the Companies Act 2013 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;	Similar to IFRS

		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.	
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 recognized. 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	Under IND-AS 109, the investments are categorized 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 the country in which the company is incorporated.	Similar to IFRS

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 recognized 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 recognized in the financial statements. Also, if consideration paid through issuance of securities, AS 14 requires such securities to be recognized 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 recognized 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 recognized 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.	Similar to IFRS. However, any gain on bargain purchase is recognized 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 recognized directly in equity as capital reserve.
		If the above difference is negative, resultant gain is recognized as bargain purchase in profit and loss.	

	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 & loss.	Similar to IFRS
Dividend adjustment	As per 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 recognized 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 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	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

	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 realizable 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 twelve 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 capitalized 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	A provision is recognised only when a past event has created a legal or constructive obligation, an outflow of resources is	Similar to IFRS

	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	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 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

The shareholders of the Issuer have authorised the board of directors by a special resolution dated 12 September 2017 to borrow up to Rs.1,500 billion pursuant to Section 180(1)(c) of the Companies Act. The Board, by a resolution dated 20 October 2017, authorised the raising of up to U.S.$500 million through the issuance of the Notes. The Issuer has received approval from the authorised dealer (bank) by way of letter dated 24 November 2017 in connection with the offering.

Listing

Application has been made to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's ISM. The ISM is not a regulated market for the purposes of Directive 2004/39/EC. The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the UKLA. The London Stock Exchange has not approved or verified the contents of this Offering Circular.

Application will be made for the listing of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Notes to the Singapore Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer or the Notes. So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for Certificates in the definitive form. In addition, in the event that the Global Certificate is exchanged for Certificates in definitive form, announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificates in definitive form, including details of the paying agent in Singapore.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream. The ISIN for the Notes is XS1733877762. The Common Code for the Notes is 173387776.

No significant change

There has been no significant change in the financial or trading position of the Issuer since 30 September 2017 and no material adverse change in the financial position or prospects of the Issuer since 31 March 2017.

No potential conflicts

As at the date of this offering Circular, there are no potential conflicts of interest between any duties owed to the Issuer by the Directors and the private interests and/or other duties owed by these individuals.

Litigation

The Issuer is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Offering Circular which may have or have had in the recent past had a significant effect on the financial position of the Issuer.

Auditors

Bansal Sinha & Co., Chartered Accountants were the Issuer's statutory auditors as of and for the year ended 31 March 2016. SPMG & Co. are the Issuer's statutory auditors as of and for the six months ended 30 September 2017 and as of and for the year ended 31 March 2017. The auditors of the Issuer have no material interest in the Issuer.

Documents

So long as the Notes are outstanding, copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified offices of the Fiscal Agent for the time being at Level 30, HSBC Main Building, 1 Queen's Road Central, Hong Kong:

(a) the Memorandum and Articles of Association of the Issuer;

(b) the audited financial statements of the Issuer in respect of the fiscal years ended 31 March 2016 and 2017 (in each case together with the audit reports in connection therewith) and the six months ended 30 September 2016 and 2017 (together with the review report in connection therewith); and

(c) the Agency Agreement.

Third Party Information

Where information has been sourced from a third party, the source of such information (wherever available) has been identified in the relevant section of the Offering Circular and such information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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Independent Auditor's Report

To the Board of Directors of
Indian Railways Finance Corporation Limited

Report on the Interim Financial Statements

We have audited the accompanying interim financial statements of **Indian Railway Finance Corporation Limited** ("the company"), which comprise the Balance Sheet as at 30th September, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the six months period ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Interim 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 interim 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 Companies Act, 2013 ('the Act') read with relevant rules issued thereunder.

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 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 interim 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 interim 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 interim 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 interim financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgment,

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

including the assessment of the risks of material misstatement of the interim 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 interim 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 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 interim 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 interim financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim financial statements give the information required by the Act in the manners or equired and give a true and fair view in conformity with the accounting principles generally accepted in India on interim financial reporting:

(i) In the case of the balance sheet, of the state of affairs of the company as at 30 September, 2017;

(ii) In the case of the statement of profit and loss, of the **profit** for the six months period ended on that date; and

(iii) In the case of the cash flow statement, of the cash flows for the six months period ended on that date.

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: 13th November 2017

Indian Railway Finance Corporation Limited

Balance Sheet as at 30th September 2017 (Rs. in Lakhs)

Particulars	**Note No.**	**As at 30-09-2017**	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	6,07,737.80	5,48,313.71
		12,60,383.80	**12,00,959.71**
(2) Share Application Money Pending Allotment		**0.00**	**0.00**
(3) Non-current Liabilities			
(a) Long Term Borrowings	4	94,13,529.74	96,71,026.87
(b) Deferred Tax Liabilities (Net)	5	6,85,554.83	6,38,991.66
(c) Other Long Term Liabilities	6	2,24,842.48	1,74,120.26
(d) Long Term Provisions	7	112.87	116.19
		103,24,039.92	**104,84,254.98**
(4) Current Liabilities			
(a) Short-Term Borrowings	8	0.00	5,76,935.29
(b) Other Current Liabilities	9	20,93,238.79	6,97,958.72
(c) Short Term Provisions	10	825.87	4,854.38
		20,94,064.66	**12,79,748.39**
Total		**136,78,488.38**	**129,64,963.08**
II. ASSETS			
(5) Non-current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		1,137.41	1,150.35
(ii) Intangible Assets		2.84	1.19
(b) Non-Current Investments	12	592.01	654.00
(c) Long Term Loans and Advances	13	122,75,659.96	116,62,704.05
(d) Other Non-current Assets	14	2,83,204.65	1,91,735.98
		125,60,596.87	**118,56,245.57**
(6) Current Assets			
(a) Cash and Bank Balances	15	2,26,175.10	751.75
(b) Short Term Loans and Advances	16	98.04	2,89,906.79
(c) Other Current Assets	17	8,91,618.37	8,18,058.97
		11,17,891.51	**11,08,717.51**
Total		**136,78,488.38**	**129,64,963.08**
Significant Accounting Policies and Notes on Financial Statements	1 to 45		

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
Place: New Delhi
Date :

(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 half year ended 30 September 2017

(Rs. in Lakhs)

Particulars	Note No.	Half year ended 30-09-2017	Year ended 31-03-2017
Revenue from operations	18	5,38,674.74	9,04,677.44
Other income	19	107.59	88.60
Exchange Rate Variation		10.94	0.00
Total Revenue		**5,38,793.27**	**9,04,766.04**
Expenses:			
Employee benefits expense	20	221.40	299.54
Finance costs	21	4,03,582.82	6,88,807.79
Exchange Rate Variation		0.00	99.30
Depreciation and amortization expense	11	19.13	35.02
CSR Expenses		574.38	1,677.47
Other expenses	22	365.89	520.08
Total Expenses		**4,04,763.62**	**6,91,439.20**
Profit before exceptional and extraordinary items and tax		**1,34,029.65**	**2,13,326.84**
Exceptional items		0.00	0.00
Profit before extraordinary items and tax		**1,34,029.65**	**2,13,326.84**
Extraordinary Items		-	-
Profit before tax		**1,34,029.65**	**2,13,326.84**
Tax expense:			
(1) Current tax (MAT)		28,600.13	45,523.15
(2) Tax For Earlier Years (MAT)		(557.84)	30.62
(3) Deferred tax		46,563.17	74,391.93
		74,605.46	**1,19,945.70**
Profit for the period		**59,424.19**	**93,381.14**
Earnings per equity share (in Rs):	23		
(1) Basic		0.91	1.43
(2) Diluted		0.91	1.43
Significant Accounting Policies and Notes on Financial Statements	1 to 45		

This is the Statement of Profit and 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
Place: New Delhi
Date :

(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

Cash Flow Statement for the half year ended 30th September 2017

(Rs. in Lakhs)

	Particulars	Half year ended 30-09-2017		Year ended 31-03-2017	
A.	**Cash Flow from Operating activities::**				
	Profit Before Tax::	134029.65		213326.84	
	Adjustments for::				
	1-Depreciation	19.13		35.02	
	2-(Profit) / Loss on sale of fixed assets (Net)	0.23		1.69	
	3-Discount on Commercial Papers	12658.95		11135.39	
	4-Exchange Rate Variation	(10.94)		99.30	
	5-Amortisation of Gain on asset securitisation	(31.77)		(80.72)	
	6-Provision for Interest Payable to Income Tax Authorities	0.01		15.45	
	7-Dividend Received	(23.97)		(45.42)	
	8-Amortisation of Forward Premium on Currency Forward Contract	10,653.21		19,736.06	
		157294.50		244223.61	
	Adjustments for-				
	9-Assets given on financial lease	(743240.79)		(1428084.14)	
	10-Capital Recovery on assets given on financial lease	356819.45		656799.68	
	11-Receipt on account of Long term loans	21857.50		18190.83	
	12-Term Loans disbursed	0.00		(3713.00)	
	13-Loans & Advances (Net of Adv. Tax & ERV)	(22849.44)		(1368008.17)	
	14-Other Non Current Assets	(101985.74)		(109241.48)	
	15-Other Current Assets	4631.40		1325.24	
	16-Other Non-Current Liabilities	141968.10		92427.62	
	17-Current Liabilities	914659.96		(4757.79)	
	18-Provisions	8.54		(11.81)	
	19-Direct Taxes Paid	(40434.34)		(44668.94)	
		531434.64		(2189741.96)	
	Net Cash flow from Operations		**688729.14**		(1945518.36)
B.	**Cash Flow from Investment Activities:**				
	1-Purchase of Fixed Assets	(8.27)		(13.66)	
	2-Proceeds from sale of Fixed Assets	0.20		1.28	
	3-Dividend Received	23.97		45.42	
	4-Proceeds from Pass Through Certificates	67.92	**83.82**	145.50	178.54
C.	**Cash flow from Financing activities::**				
	1-Dividend & Dividend Tax Paid	(4034.94)		(66780.62)	
	2-Funds raised through Bonds	1009500.00		1792000.00	
	3-Bonds Redeemed	(160300.00)		(372562.00)	
	4-Term Loans raised	1028983.13		2582985.56	
	5-Term Loans repaid	(1747199.03)		(2158026.66)	
	6-Commercial Paper issued	378121.66		770996.98	
	7-Commercial Paper redeemed	(967500.00)		(502000.00)	
	8-Repayment of External Commercial Borrowings	(960.43)		(220401.36)	
	9-Payment towards Currency Forward Contracts	0.00	**(463389.61)**	(1241.15)	**1824970.75**
	Net Cash Flow During the half year(A+B+C)		**225423.35**		**(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		**226175.10**		**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 half year figures.**

4. **Composition of Cash or Cash Equivalents:**

-Balance in Current Accounts	**674.04**	**750.69**
-Balance in Term Deposit	**225500.00**	**0.00**
-Balance in Franking Machine	**0.04**	**0.04**

	-Balance in RBI-PLA		1.02	1.02
		Total	226175.10	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. 619.02 lakhs (PY 657.36) 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)	**(S.K.Ajmani)**	**(Niraj Kumar)**	**(S .K.Pattanayak)**
(Partner)	Company Secretary	Director Finance	Managing Director
M.No. 090687	& GGM (Term Loans)	DIN: 00795972	DIN: 02396063

Place: New Delhi
Date :

Indian Railway Finance Corporation Limited

Significant Accounting policies and Notes on Financial Statements for the year ended 30th September, 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.

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. **<u>Taxes on Income</u>**

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. **<u>Employee Benefits</u>**

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

Short Term Employee Benefits

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

Post-Employment Benefits

<u>Defined Contribution Plans</u>

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.

<u>Defined Benefit Plans</u>

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. **<u>Provisions, Contingent Liabilities and Contingent Assets</u>**

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.

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 30-09-2017	As at 31-03-2017
AUTHORISED		
1500,00,00,000 (previous year 1500,00,00,000) Equity Share of Rs. 10/-each	15,00,000.00	15,00,000.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
652,64,60,000 (previous year 652,64,60,000) Equity Shares of Rs. 10/- each	6,52,646.00	6,52,646.00
Total	**6,52,646.00**	**6,52,646.00**

Note: The Face Value of equity shares of the Company has been sub-divided from Rs.1000/- to Rs.10/- each in the Annual General Meeting held on 12th September, 2017 and pursuant to the Presidential Directives issued in this regard by Ministry of Railways. Accordingly, the Paid up Equity Shares of the Company stands 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 half year ended 30 September 2017, the Company has not declared any dividend (Previous Year Rs. 44956.45 Lakhs) including corporate dividend tax of Rs. 0.10 Lakhs (Previous Year 7603.99 Lakhs).

2.3 **Reconciliation of the number of shares outstanding is set out below:**

Particulars	**As at 30-09-2017 No. of shares**	As at 31-03-2017 No. of shares
Equity Shares at the beginning of the year	6,52,64,60,000	4,52,64,60,000
Add: Shares issued for cash at par	-	2,00,00,00,000
Equity Shares at the end of the year	**6,52,64,60,000**	**6,52,64,60,000**

2.4 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	**As at 30-09-2017**		As at 31-03-2017	
	No of shares	% held	No of shares	% held
The President of India and his nominees (through Ministry of Railways)	6526460000	100%	6526460000	100%

3. Reserves and Surplus

(Rs. in Lakhs)

Particulars		**As at 30-09-2017**	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		0.00	48424.69
Closing Balance	**'B'**	**487493.92**	**487493.92**
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		59424.19	93381.14
Surplus available for appropriation		59424.19	93381.14
Less: Appropriations			

Particulars		As at 30-09-2017	As at 31-03-2017
Transfer to General Reserve		0.00	0.00
Transfer to Bonds Redemption Reserve		0.00	48424.69
Interim Dividend		0.00	34000.00
Proposed Final Dividend		0.00	3352.46
Dividend Tax		.10	7603.99
Closing Balance	**'D'**	**59424.09**	**0.00**
Total	**(A + B + C + D)**	**607737.80**	**548313.71**

4. Long Term Borrowings

(Rs. in Lakhs)

Particulars	As at 30-09-2017		As at 31-03-2017	
	Non Current	**Current**	Non Current	Current
Secured				
Bonds from Domestic Capital Market	72,84,050.37	5,82,656.00	72,34,750.37	1,92,756.00
Rupee Term Loans from Banks	0.00	0.00	10,000.00	0.00
Foreign Currency Term Loans	6,909.00	1,974.00	7,872.00	1,968.00
Total Secured Borrowings	**72,90,959.37**	**5,84,630.00**	**72,52,622.37**	**1,94,724.00**
Unsecured				
Bonds from Domestic Capital Market	14,10,000.00	0.00	10,00,000.00	0.00
Bonds from Overseas Capital Market	3,29,000.00	1,97,400.00	3,28,000.00	1,96,800.00
Rupee Term Loans from Banks	0.00	0.00	7,08,000.00	0.00
Foreign Currency Term Loans	3,83,570.37	0.00	3,82,404.50	0.00
Total Unsecured Borrowings	**21,22,570.37**	**1,97,400.00**	**24,18,404.50**	**1,96,800.00**
Total Long Term Borrowings	**94,13,529.74**	**7,82,030.00**	**96,71,026.87**	**3,91,524.00**

4.1 The secured bonds issued in the domestic capital market and outstanding as on 30-09-2017 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 30-09-2017 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
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	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	9500.00	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
123rd Series Taxable Non-Cum Bonds	7.33%, Annual	174500.00	Bullet	28-Aug-27
121st Taxable Non Cum - Bonds	7.27%, Annual	205000.00	Bullet	15-Jun-27
54th "B" Taxable Non-Cum. Bonds	10.04%,Semi Annual	32000.00	Bullet	7-Jun-27
120th Taxable Non Cum - Bonds	7.49%, Annual	220000.00	Bullet	30-May-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	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	41000.00	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	7.29%,	19071.38	Bullet	22-Mar-26

Public Issue	Annual			
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	32900.00	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	177832.1	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
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

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	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	80000.00	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
73rd "B" Tax Free Non-Cum. Bonds	6.72%, Semi Annual	83591.00	Bullet	20-Dec-20
49th "O" - FRB Taxable Non-Cum.	7.39%*,	1000.00	Bullet	22-Jun-20

Bonds	Semi Annual			
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
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	80000.00	Redeemable in four equal yearly instalments commencing from 28-09-2019	28-Sep-19
48th "JJ" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	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	7.41%*, 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
Total		**7284050.37**		

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 30-09-2017 is set out below:

(Rs. in Lakhs)

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	20,000.00	Bullet	28-Sep-18
48th "II" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5,000.00	Bullet	17-Sep-18
117th Taxable Non Cum - Bonds	7.15%, Annual	1,48,000.00	Bullet	16-Sep-18
61st Taxable Non-Cum. Bonds	10.60%, Semi Annual	85,500.00	Bullet	11-Sep-18
116th Taxable Non Cum - Bonds	7.00%, Annual	2,16,500.00	Bullet	10-Sep-18
46th "EE" Taxable Non-Cum. Bonds	6.20%, Semi Annual	2,500.00	Bullet	12-Aug-18
46th "O" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1,300.00	Bullet	12-Aug-18
49th "M" - FRB Taxable Non-Cum. Bonds	7.12%*, Semi Annual	1,000.00	Bullet	22-Jun-18
55th "K" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3,300.00	Bullet	7-Jun-18
60th Taxable Non-Cum. Bonds	9.43%, Semi Annual	60,400.00	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	6,000.00	Bullet	27-Apr-18
47th "N" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1,000.00	Bullet	26-Mar-18
73rd "A" Tax Free Non-Cum. Bonds	6.32%, Semi Annual	28,456.00	Bullet	20-Dec-17
43rd "OO" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3,000.00	Bullet	29-Oct-17
Total		**5,82,656.00**		

* Applicable interest rate as on 30-09-2017 (interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half yearly rest). All other interest rates are fixed.

4.2 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 30-09-2017 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.	31-Oct-17	Half Yearly repayable in 9 equal installments	6909.00	1974.00	8883.00
Total				**6909.00**	**1974.00**	**8883.00**

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

4.3 The unsecured bonds issued in the domestic capital market and outstanding as on 30-09-2017 are as follows:

(Rs. in Lakhs)

Series	Interest Rate	Amount outstanding	Terms of Repayment
122nd Series Taxable Bonds*	6.77%, Semi Annual	4,10,000.00	Redeemable in forty equal half yearly instalments commencing from 22-06-2028
110th Series Taxable Bonds*	7.80% p.a., payable Semi Annual	3,00,000.00	Redeemable in forty equal half yearly instalments commencing from 22-06-2027
109th Series Taxable Bonds *	8.02% p.a., payable Semi Annual	5,00,000.00	Redeemable in forty equal half yearly instalments commencing from 30-03-2027
101st Series Taxable Bonds*	7.87% p.a., payable Semi Annual	2,00,000.00	Redeemable in forty equal half yearly instalments commencing from 27-10-2026
Total		**14,10,000.00**	

* 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.

4.4 Maturity profile and interest rate on Unsecured Bonds from Overseas Capital Market (classified as long term borrowing) and amount outstanding as on 30-09-2017 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	3,29,000.00	0.00	Bullet Repayment	26-Feb-19
Reg-S Bonds 2nd Series (USD 300 Million)	3.417 % p.a., Semi Annual	0.00	1,97,400.00	Bullet Repayment	10-Oct-17
Total		**3,29,000.00**	**1,97,400.00**		

4.5 Terms of Repayment of the Unsecured Foreign Currency Loans and amount outstanding as on 30-09-2017 is as follows:

(Rs. in Lakhs)

Description	Rate of Interest (per annum)	Date of Maturity	Repay ment	Non-Current	Current	Total
Syndicated Foreign Currency Loan-USD 400 Mio	6M USD LIBOR+0.60 %	03-Dec-18	Bullet	2,63,200.00	0.00	2,63,200.00

Loan From AFLAC-1	Fixed, 2.85%	10-Mar-26	Bullet	96,000.00	0.00	96,000.00
Loan From AFLAC-2	Fixed, 2.90%	30-Mar-26	Bullet	24,370.37	0.00	24,370.37
Total				**383570.37**	**0.00**	**383570.37**

5. Deferred Tax Liability (Net)

Major components of Net Deferred Tax Liability are as under:

(Rs. in Lakhs)

Particulars	As at 30-09-2017	As at 31-03-2017
Liability on account of difference between WDV as per Income Tax Act, 1961 and the Companies Act, 2013.	922681.27	906257.93
Less: Deferred Tax Asset on account of Unabsorbed Depreciation	237092.21	267233.95
Less: Deferred Tax Asset on account of Provision for Post-Retirement Medical and Pension Plans	34.23	32.32
Net Deferred Tax Liability	**6,85,554.83**	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 Income Tax Act.

6. Other Long Term Liabilities

(Rs. in Lakhs)

Particulars	As at 30-09-2017		As at 31-03-2017	
	Non Current	**Current**	Non Current	Current
Unamortised Portion of Securitisation Gain*	61.50	48.96	83.82	58.41
Currency Forward Contracts	60,948.55	0.00	62,048.55	0.00
Derivative Liabilities (Cross Currency Interest Rate Swap)	30,631.08	0.00	29,110.84	0.00
Interest Accrued but not due	1,33,201.35	3,94,422.88	82,877.00	3,04,299.37
Earnest Money Deposit	0.00	0.05	0.05	0.00
Total	**2,24,842.48**	**3,94,471.89**	**174,120.26**	**3,04,357.78**

*Out of the unrecognized 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. 31.77 Lakhs (P.Y. Rs. 80.72 Lakhs) has been recognized during the year, leaving a balance of Rs. 110.46 Lakhs (P.Y. Rs. 142.23 Lakhs).

7. Long Term Provisions

(Rs. in Lakhs)

Particulars	As at 30-09-2017		As at 31-03-2017	
	Non Current	Current	Non Current	Current
Leave Encashment (Net of funded amount)	13.97	21.06	22.79	14.73
Gratuity (Net of funded amount)	0.00	0.00	0.00	0.00
Post-Retirement Medical & Pension Benefits	98.90	0.00	93.40	0.00
Total	**112.87**	**21.06**	**116.19**	**14.73**

8. Short Term Borrowings

(Rs. in Lakhs)

Particulars	As at 30-09-2017	As at 31-03-2017
Secured		
Working Capital Demand Loan	0.00	0.00
	0.00	**0.00**
Unsecured		
Rupee Term Loans from Banks	0.00	215.90
Commercial Paper	0.00	5,76,719.39
	0.00	**5,76,935.29**
Total	**0.00**	**5,76,935.29**

9. Other Current Liabilities

(Rs. in Lakhs)

Particulars	As at 30-09-2017	As at 31-03-2017
Current Maturities of Long Term Debt (Ref. Note No.4)	7,82,030.00	3,91,524.00
Interest Accrued but not due (Refer Note No.6)	3,94,422.88	3,04,299.37
Unamortized Securitization Gain (Refer Note No. 6)	48.96	58.41
Liability for Matured and Unclaimed Bonds / Interest (Refer Note No. 33)	619.02	657.36
Amount Payable to MOR/Advance Lease Rentals	9,14,614.49	0.00
Earnest Money Deposit	0.05	0.00
Other Payables:		
Statutory Dues	15.37	1.56
Tax Deducted at Source Payable	536.78	1,067.32
Others	951.24	350.70
Total	**20,93,238.79**	**6,97,958.72**

10. Short Term Provisions

(Rs. in Lakhs)

Particulars	**As at 30-09-2017**	As at 31-03-2017
Interest Payable on Income Tax	15.46	15.45
Corporate Social Responsibility (CSR)	789.35	789.35
Employee Benefits (Refer Note No.7)	21.06	14.73
Proposed Final Dividend	0.00	3352.46
Dividend Tax on Proposed Final Dividend	0.00	682.39
Total	**825.87**	**4854.38**

11. Fixed Assets

(Rs. in Lakhs)

S.No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31-03-2017	Additions during the half year	Sale / Adjustment during the half year	As at 30-09-2017	Upto 31-03-2017	For the half year	Adjustments during the half year	As at 30-09-2017	As at 30-09-2017	As at 31-03-2017
	Tangible Assets										
1	**Office Building**	1524.23	0.00	0.00	1524.23	401.06	12.76	0.00	413.82	1110.41	1123.17
2	**Airconditioners, Room Coolers / Heaters**	19.38	0.44	0.00	19.82	17.22	0.12	0.00	17.34	2.48	2.16
3	**Office Equipments**	33.28	3.83	0.65	36.46	26.43	1.15	0.21	27.37	9.10	6.85
4	**Furniture & Fixtures**	90.28	0.00	0.00	90.28	82.29	0.54	0.00	82.83	7.45	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	1.90	0.00	63.38	54.68	2.82	0.00	57.50	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**	**6.17**	**0.65**	**1749.28**	**593.41**	**18.67**	**0.21**	**611.87**	**1137.41**	**1150.35**
	Intangible Assets										
1	**Computer Software**	4.34	2.10	0.00	6.44	3.15	0.45	0.00	3.60	2.84	1.19
	Total	**4.34**	**2.10**	**0.00**	**6.44**	**3.15**	**0.45**	**0.00**	**3.60**	**2.84**	**1.19**
	Total Fixed Assets	**1748.10**	**8.27**	**0.65**	**1755.72**	**596.56**	**19.12**	**0.21**	**615.47**	**1140.25**	**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 30-09-2017		As at 31-03-2017	
Investments (Unquoted Non-Trade)	**Non Current**	**Current**	**Non Current**	**Current**
Investments in Equity				
2,44,000 (P.Y. 2,44,000) 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	392.16	126.86	454.15	132.79
Total	**592.01**	**126.86**	**654.00**	**132.79**
Aggregate Amount of Unquoted Investments	**592.01**	**126.86**	**654.00**	**132.79**

13. Long Term Loans and Advances

(Rs. in Lakhs)

Particulars	As at 30-09-2017		As at 31-03-2017	
	Non Current	**Current**	Non Current	Current
Secured Considered Good				
House Building Advance*	8.44	3.52	10.09	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. 28)	25,69,650.00	0.00	22,60,000.00	0.00
Lease Receivables from Ministry of Railways	94,19,173.80	7,87,866.50	91,08,199.22	7,12,419.74
Amount Recoverable from MOR on account of Exchange Rate Variation (Refer Note No. 27)	77,062.19	40,213.48	76,367.73	41,099.70
Amount Recoverable from MOR on account of MTM - Derivatives	25,630.53	0.00	22,253.00	0.00
Security Deposits	11.19	0.00	9.19	0.00
Loan to Rail Vikas Nigam Ltd.	1,70,413.00	24,132.50	1,94,545.50	21,857.50
Advance to Employees	0.00	0.09	0.00	0.17
TDS & Advance Tax (NET)	13,457.81	0.00	1,065.76	0.00

Particulars	As at 30-09-2017		As at 31-03-2017	
	Non Current	Current	Non Current	Current
Gratuity Funded Assets (Net)	0.00	3.65	0.55	4.56
Total	**122,75,659.96**	**8,52,219.73**	**116,62,704.05**	**7,75,385.40**

* includes Rs. 11.95 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 30-09-2017	As at 31-03-2017
Unsecured Considered Good		
Interest Accrued but not due on Loans	43,859.06	53,016.92
Interest Accrued but not due on Investment in Pass Through Certificates	348.55	333.62
Unabsorbed Forward Premium on Forward Contracts	6,309.05	16,826.12
Finance Charges Accrued but not due on lease advance	2,28,125.76	1,15,362.78
Interest Accrued but not due on Advances to Employees*	9.06	9.18
Derivative Asset (Foreign Currency Interest Rate Swap)	4,553.16	6,187.36
Total	**2,83,204.65**	**1,91,735.98**

* includes Rs. 8.58 lakhs (P.Y. Rs. 8.58 lakhs) to Key Managerial Personnel/Officers of the company

15. Cash and Bank Balances

(Rs. in Lakhs)

Particulars	As at 30-09-2017	As at 31-03-2017
Cash and cash equivalents		
Balance with Banks		
- In Current Accounts	55.02	93.33
- In Term Deposit Account	2,25,500.00	0.00
- In Interest / Redemption Accounts (Ref. Note 33(a))	619.02	657.36
Deposit with Reserve Bank of India		
-In Public Deposit Account	1.02	1.02
Balance in Franking Machine	0.04	0.04
Total	**2,26,175.10**	**751.75**

16. Short Term Loans and Advances

(Rs. in Lakhs)

Particulars	As at 30-09-2017	As at 31-03-2017
Unsecured Considered Good		
Deposit with NCRDC, New Delhi	4.38	4.38
Amount Recoverable from MOR	0.00	289799.87
Tax Refund Receivable*	36.61	36.61
Amount Recoverable from Others	26.23	0.64
Gratuity Funded Assets (Net)	3.65	4.56
Prepaid Expenses	0.11	39.01
Advance to Others	25.67	21.01
Advance to Employees	1.39	0.71
Total	**98.04**	**2,89,906.79**

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

17. Other Current Assets

(Rs. in Lakhs)

Particulars	As at 30-09-2017	As at 31-03-2017
Current Maturities of Long Term		
Loans and Advances (Refer Note No.13)		
Lease Receivables from Ministry of Railways	7,87,866.50	7,12,419.74
Security Deposits	0.00	0.00
Loan to Rail Vikas Nigam Ltd	24,132.50	21,857.50
House Building Advance	3.52	3.73
Advance to Employees	0.09	0.17
Amount Recoverable from MOR on account of Exchange Rate Variation	40,213.48	41,099.70
Current Maturity of Investments		
10 (P.Y. 10) Senior Pass Through Certificates 'N' to 'O' Series of NOVO X Trust Locomotives (Refer Note No. 12)	126.86	132.79
Interest Accrued but not due on Loans & Deposits	16,489.89	20,898.20
Unabsorbed Forward Premium on Forward Contracts	21,252.51	20,976.66
Currency Forward Contracts	1,085.63	0.00
Derivative Assets (Foreign Currency Interest Rate Swap)	447.39	670.48
Total	**8,91,618.37**	**8,18,058.97**

18. Revenue from Operations

(Rs. in Lakhs)

Particulars	Half year ended 30-09-2017	Year ended 31-03-2017
Lease Income:		
- Lease Income	4,13,229.28	769579.64
- Finance Charges on Lease Advance	1,12,762.99	105950.23
	5,25,992.27	**875529.87**
Interest Income from:		
- Loans	11,520.45	24717.45
- Deposits	1,054.54	4265.65

Particulars	Half year ended 30-09-2017	Year ended 31-03-2017
- Investments	75.72	83.75
	12,650.71	**29066.85**
Other Financial Income		
- Gain on Assets Securitization	**31.77**	**80.72**
Total	**5,38,674.74**	**904677.44**

19. Other Income

(Rs. in Lakhs)

Particulars	Half year ended 30-09-2017	Year ended 31-03-2017
Dividend Income	23.97	45.42
Provisions written back	83.59	0.00
Profit on sale of Fixed Assets	0.00	0.11
Misc Income	0.02	27.97
Interest on Income Tax refund	0.00	15.10
Total	**107.59**	**88.60**

20. Employee Benefits Expense

(Rs. in Lakhs)

Particulars	Half year ended 30-09-2017	Year ended 31-03-2017
Salaries, Incentives etc.	178.59	258.55
Contribution to Provident and Other Funds	42.15	40.53
Staff Welfare Expenses	0.66	0.46
Total	**221.40**	**299.54**

21. Finance Cost

(Rs. in Lakhs)

Particulars	Half year ended 30-09-2017	Year ended 31-03-2017
Interest Expenses		
Amortization of Lease Rentals paid in advance	0.00	0.00
Interest on Bonds	3,54,445.69	6,06,303.63
Interest on Rupee Term Loans	7,011.49	4,870.66
Discount on Commercial Paper	12,658.95	11,135.39
Interest and Swap Cost on Foreign Currency Loans*	26,388.37	57,579.47
Interest on delayed payment to MOR	1,986.77	7,658.36
Interest to Income Tax Authorities	0.01	16.98
Sub-Total	**4,02,491.27**	**6,87,564.49**
Other Borrowing Cost		
Bond Issue Expenses / Expenses on Raising of Loans**	607.62	643.03
Bond/Loan/Securitization Servicing Expenses	483.93	600.27
Sub-Total	**1,091.55**	**1,243.30**
Total	**4,03,582.82**	**6,88,807.79**

* Interest and Swap Cost on Foreign Currency Loans includes Rs. 10,653.21 Lakhs (P.Y. Rs. 19,736.06 lakhs) towards Forward Premium on Currency Forward Contracts

22. Other Expenses

(Rs. in Lakhs)

Particulars	**Half year ended 30-09-2017**	Year ended 31-03-2017
Filing Fee	0.63	0.82
Legal & Professional Charges	172.07	145.67
Advertisement & Publicity	24.20	20.44
Printing & Stationery Charges	6.11	10.49
News Paper, Books & Periodicals	0.64	1.19
Conveyance Expenses	3.40	7.33
Travelling - Foreign		
- Directors	0.00	10.26
- Others	0.00	1.95
Travelling - Local		
- Directors	5.71	11.63
- Others	1.92	10.13
Transport Hire Charges	18.63	30.09
Office Maintenance Expenses	46.92	95.26
Vehicle Running & Maintenance	0.72	2.29
Office Equipment Maintenance	8.69	14.61
Electricity Charges	16.34	21.90
Loss on Sale of Fixed Assets	0.23	1.80
Postage Charges	0.60	1.44
Telephone Charges	3.65	6.63
Training Expenses	0.00	2.40
Bank Charges	0.50	1.49
Payment to Auditors		
- Audit Fees	0.00	8.85
- Tax Audit Fee	0.00	2.95
- Quarterly Review	4.43	8.62
- Other Statutory Certifications	0.00	10.03
Miscellaneous Expenses	29.71	68.02
Insurance	0.24	0.26
Fees & Subscription	17.09	13.69
Sponsorship/Donation	0.15	2.01
Ground Rent	0.71	1.15
Property Tax	2.62	2.62
Prior Period Expenditure (NET) (Refer Note No.22.1)	0.00	4.06
Total	**365.89**	**520.08**

22.1. Prior Period Expenditure (Net):

(Rs. in Lakhs)

Particulars	**Half year ended 30-09-2017**	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

Particulars	Half year ended 30-09-2017	Year ended 31-03-2017
Interest on Bonds/Foreign Currency Loans	0.00	0.83
Interest on Bonds	0.00	2.98
Legal & Professional	0.00	0.19
Office Maintenance Expenses	0.00	0.20
Salary Employee Benefits	0.00	-4.50
Transport Hire Charges	0.00	0.00
Total (B)	**0.00**	**4.06**
Prior Period Expenditure (Net) (B-A)	**0.00**	**4.06**

23. Earnings Per Equity Share

Particulars	Half year ended 30-09-2017	Year ended 31-03-2017
Net Profit (Rs. in Lakhs)	59,424.19	93,381.14
Weighted Average Number of Equity shares outstanding	6,52,64,60,000	6,52,64,60,000
Add: Number of potential Equity Share on account of receipt of Share Application Money Pending Allotment	0.00	0.00
Weighted Average Number of Equity shares [including diluted Equity Share] outstanding	6,52,64,60,000	6,52,64,60,000
Earnings Per Share (Rs.) – Basic [Face value of Rs. 10/- per share]	0.91	1.43
Earnings Per Share (Rs.) – Diluted [Face value of Rs. 10/- per share]	0.91	1.43

24.

(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) Lease rentals for the half year ended 30th Sept'2017 have been charged on the Rolling Stock assets acquired by MOR amounting to Rs.7,43,240.79 Lacs against funding to the extent of Rs.6,31,250 Lakhs by the company. Pending execution of the lease agreement, Lease Income of Rs.16,259.92 Lakhs has been accrued for the half year. Similarly, interest on delayed transfer of funds against the assets acquired to the extent of Rs.1,986.77 Lacs has also been provided for during the half year. Lease Rental rate and Internal Rate of Return for the half year ended 30th Sept'2017 has been worked out with reference to the average cost of incremental borrowings made during the half year including carry forward unutilized balance of the previous year plus 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 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.

(d) (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 30th September 2017, such differential has resulted in an amount of Rs.1961 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 half year ended 30th September, 2017 in respect of these foreign currency borrowings, the Company has recovered a sum of Rs.7,935 Lakhs (P.Y. Rs. 17,433 Lakhs) on this account from MOR against a sum of Rs.10,652 Lakhs (P.Y. Rs19,713 Lakhs) incurred towards hedging cost and the balance amount of Rs.2,717 Lakhs (P.Y. Rs 2,280 Lakhs) is recoverable from MOR.

25.

(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. 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. 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 30th September, 2017. Appropriation towards bond redemption reserve would be made at the year end.

(c) As per Section 135 of the Companies Act, 2013 a Corporate Social Responsibility Committee has been formed by the Company. The Company is in the process of identifying CSR activities which are specified in Schedule-VII of the Companies Act, 2013.

i. Gross amount required to be spent by the company during the half year ended 30th September 2017 Rs. 6053.53 Lakhs (including Rs.2,056.16 Lakhs for earlier year).

ii. Amount spent during the half year ended 30th September 2017:

(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	574.38	0.00	574.38

26.

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.

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.

27. Increase in liability due to exchange rate variation on foreign currency loans for purchase of leased assets amounting to Rs. 177.07 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 half year amounting to Rs. 368.83 Lakhs (P.Y. Rs. 69,674 Lakhs) has been recovered from the Lessee, leaving a balance of Rs.1,17,276 Lakhs recoverable from MOR as on 30-09-2017 (P.Y. Rs. 1,17,467 Lakhs).

Loss on account of Increase in the Fair Value of Derivative (Liability) / Decrease in the Fair Value of Derivative Assets other than the Currency Forward Contracts amounting to Rs.4,607 Lacs (PY Gain Rs.5,600 Lacs) has not been charged to the Statement of Profit & Loss as the same is recoverable from the Ministry of Railways (Lessee) since the derivatives have been contracted to hedge the financial risk of the Ministry of Railways (Lessee).

28. 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.25,69,650 Lakhs disbursed to MOR to the end of September, 2017 (P.Y. Rs. 22,60,000 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 mark up over the cost of borrowing on funding of Railway Projects assets under construction has been charged at 0.50% fixed provisionally as communicated by Ministry of Railways (MOR). Any variation in it will be adjusted when the same is finalized.

29. <u>Derivative Instruments</u>

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.

i. 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 30-09-2017			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)
13	850	6,19,163.60	9	550	4,22,848.55

ii. Outstanding foreign exchange forward contract entered into by the Company for hedging the foreign currency risk on interest payment on the External Commercial Borrowing

As at 30-09-2017			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)
1	5.13	3,371.90	--	--	--

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 30-09-2017			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 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 30-09-2017, which have not been hedged, are as follows:

As at 30-09-2017		As at 31-03-2017		Remarks
No. of Loans	Borrowing outstanding in Foreign Currency	No. of Loans	Borrowing outstanding in Foreign Currency	
1	USD 13.50 Million	1	USD 15 Million	Back to back recovery of exchange rate variation from MOR.
-	-	1	USD 300 Million	Back to back recovery of exchange rate variation from MOR.

2	USD 350 Million	2	USD 350 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.

No. of Transaction	Description of Derivative	Notional Principal	Fair Value Asset / (Liability) at 30 th Sept,, 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	(30,631.08)
2	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 182.94 Mio	4,553.16
1	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 200.00 Mio	447.39

30. 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.

31. <u>Contingent Liabilities</u>

a. Claims against the Company not acknowledged as debt – Claims by bondholders in the Consumer / Civil Courts: Rs. 8.72 Lakhs (P.Y. Rs. 8.72 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.

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.

32. Expenditure in Foreign Currency

(Rs. in Lakhs)

	Half year ended 30-09-2017	Year ended 31-03-2017
a) Interest / Swap Cost on Foreign currency borrowings	16,010.47	1,04,306.42
b) Processing Agent / Fiscal Agent / Admin. Fee (Rs. 2.64 Lakhs recoverable from MOR)	9.30	17.73
c) Underwriting / Arranger fee (recoverable from MOR)	0.00	0.00
d) International Credit Rating Agencies Fees	0.00	110.51
e) Others	32.68	19.28

33.

(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 30-09-2017. The Company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 30-09-2017 is Rs.619.02 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 half year ended 30th September 2017, a sum of Rs.0.65 Lakhs was deposited in IEPF (P.Y. Rs. 12.80 Lakhs).

34. 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. 1,54,97,414 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 30-09-2017	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	7,43,241	14,28,084
	1,05,63,860	1,04,77,418
Less: Capital Recovery for the period	3,56,819	6,56,799
Net investment in Lease Receivables	**1,02,07,041**	**98,20,619**

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

(Rs. in Lakhs)

Particulars	As at 30-09-2017	As at 31-03-2017
Gross Investment in Lease	1,50,06,423	1,45,48,332
Unearned Finance Income	47,99,382	47,27,713
Present Value of Minimum Lease Payment (MLP)	1,02,07,041	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 30-09-2017		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	15,49,292	7,87,867	14,77,428	7,12,419
Later than one year and not later than five years	58,32,701	34,01,967	55,88,036	31,84,071
Later than five years	76,24,430	60,17,207	74,82,868	59,24,129
Total	**1,50,06,423**	**1,02,07,041**	**1,45,48,332**	**98,20,619**

The unearned finance income as on 30-9-2017 is Rs. 47,99,382 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.

35. 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. 11,78.69 Lakhs have matured till 30th September 2017, leaving a balance of Rs. 519.02 Lakhs. Details of the amount invested in PTCs and outstanding as on 30th September 2017 is as follows:

Series	Date of Maturity	Nos of PTCs	Face Value per PTC (in Rs)	Total Amt (Rs. in Lakhs)
Series 'N'	15-Oct-17	5	12,97,528.37	64.88
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	Date of Maturity	Nos of PTCs	Face Value per PTC (in Rs)	Total Amt (Rs. in Lakhs)
Series 'U'	15-Apr-21	5	9,42,240.38	47.10
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		**50**		**519.02**

36. 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)	
	30-09-2017	31-03-2017	**30-09-2017**	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	2.10	4.51	2.40	6.36
Current Service Cost	2.35	4.51	9.19	13.93
Benefits Paid	0.00	-10.00	-1.47	-28.15
Actuarial (Gain) / Loss on obligations	2.46	-7.67	9.21	-3.09
Present value of Defined Benefit Obligation at the end of the period	65.91	59.00	90.93	71.60

Changes in the Fair Value of Plan Assets:

(Rs. in Lakhs)

Particulars	**Gratuity (Funded)**		**Leave Encashment (Funded)**	
	30-09-2017	31-03-2017	**30-09-2017**	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	2.36	4.03	1.32	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	(0.13)	0.86	0.62	-0.36

Particulars	**Gratuity (Funded)**		**Leave Encashment (Funded)**	
	30-09-2017	31-03-2017	**30-09-2017**	31-03-2017
Fair Value of Plan Assets at the end of the period	69.55	64.11	55.91	34.08

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

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	30-09-2017	31-03-2017	**30-09-2017**	31-03-2017
Opening net Liability / (Asset) at the beginning of the year	-5.12	8.42	37.52	51.06
Expenses	4.68	-3.54	18.86	14.61
Contribution	-3.21	0.00	-19.88	0.00
Reimbursement paid by the insurer	0.00	-10.00	-1.48	-28.15
Closing net Liability / (Asset) at the end of the period	-3.65	-5.12	35.02	37.52

Actuarial Gain / Loss recognised:

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	30-09-2017	31-03-2017	**30-09-2017**	31-03-2017
Actuarial (Gain) / Loss for the period – obligation	2.46	7.67	9.21	3.08
Actuarial (Gain) / Loss for the period plan assets	0.13	0.86	-0.62	-0.36
Total (Gain) / Loss	2.59	8.53	8.59	2.72
Actuarial Gain / (Loss) recognised in the period	2.59	8.53	8.59	2.72

Amount recognised in the Balance Sheet:

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	30-09-2017	31-03-2017	**30-09-2017**	31-03-2017
Present value of obligations as at the end of the period	65.91	59.00	90.93	71.59
Fair Value of plan assets	69.55	64.11	55.91	34.08
Liability (assets)	-3.64	-5.11	35.02	37.51
Net Liability (assets) recognised in the Balance Sheet	-3.64	-5.11	35.02	37.51

Expenses recognised in statement of Profit & Loss:

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	30-09-2017	31-03-2017	**30-09-2017**	31-03-2017
Current Service Cost	2.35	4.51	9.19	13.93
Interest Cost	2.10	4.51	2.40	6.36
Expected return on plan assets	-2.36	-4.03	-1.32	-2.96
Net Actuarial (Gain) / Loss recognized in the period	2.59	-8.53	8.59	-2.72
Expenses recognised in Statement of Profit & Loss	4.68	-3.54	18.86	14.61

Bifurcation of Liabilities:

(Rs. in Lakhs)

Liabilities	Gratuity (Funded)		Leave Encashment (Funded)	
	30-09-2017	31-03-2017	**30-09-2017**	31-03-2017
Current	-3.65	-4.56	21.06	14.73
Non-Current	0	-0.55	13.97	22.78
Total	**-3.65**	**-5.11**	**35.03**	**37.51**

Actuarial Assumptions:

Assumptions	Gratuity (Funded)		Leave Encashment (Funded)	
	30-09-2017	31-03-2017	**30-09-2017**	31-03-2017
Discount Rate	6.95%	7.15% p.a.	6.95%	7.15% p.a.
Expected Return on Plan Assets	6.95%	7.15% p.a.	6.95%	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 30-09-2017**	Year ended 31-03-2017
Employers' Contribution to EPF	9.65	16.54
Provision towards Post-Retirement Medical & Pension Benefits*	5.50	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.

37. 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.

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

(Rs. in Lakhs)

	Half year ended 30-09-2017					**Year ended 31-03-2017**				
	Gratuity & Leave Encshment *	CSR	Post Retiremnet Medical & Pension	Interest payable to Income Tax	Income Tax	Gratuity & Leave Encshment *	CSR	Post Retiremnet Medical & Pension	Interest payable to Income Tax	Income Tax
Opening Bal.	32.41	789.34	93.40	18.35	1,78,741.17	59.49	789.34	83.25	-	1,33,224.84
Addition during the period	23.54	-	5.50	0.01	28,600.13	11.07	-	10.15	18.35	45,523.15
Amount used / incurred	(24.57)	-	-	(2.90)	-	(38.15)	-	-	-	-
Unused Amount reversed during the period	-	-	-	-	(557.84)	-	-	-	-	(6.82)
Closing Balance	31.38	789.34	98.90	15.46	2,06,783.46	32.41	789.34	93.40	18.35	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.

39. 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)

Amount paid to Key Management Personnel:

(Rs. in Lakhs)

Particulars	Half year ending 30-09-2017	Year ended 31-03-2017
Salary / Allowances	44.68	64.95
Reimbursement	9.31	4.73
Incentive	20.64	26.64

40. Interest on Deposits & Investment (Note No.19) includes Tax Deducted at Source amounting to Rs.15.09 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).

41. 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.

42. 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.

43. 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.

44. Other Disclosures

I. Other key financial parameters:

S.No.	Particulars	As at 30-09-2017	As at 31-03-2017
(i)	Debt Equity Ratio	8.09	8.86
(ii)	Net worth (Rs in Lakhs)	12,60,383.80	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 30-09-2017	As at 31-03-2017
(i)	Capital Fund - a. Tier I	12,32,819.28	11,63,116.73
	- b. Tier II	0.00	0.00
(ii)	Risk weighted assets along-with adjusted value of off balance sheet items	3,55,099.29	3,26,832.85
(iii)	CRAR	347.18%	355.88%
(iv)	CRAR — Tier I Capital	347.18%	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 47 - II for CRAR.

C. Investments

(Rs. in Lakhs)

S.No	Particulars			As at 30-09-2017	As at 31-03-2017
(i)	Value of Investments				
	(i)	Gross Value of Investments			
		(a)	In India	718.87	786.79
		(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	718.87	786.79
		(b)	Outside India.	0.00	0.00
(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 30-09-2017**	As at 31-03-2017
(i)	Notional principal of swap agreements	3,72,340.74	371,209.01
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	5,000.55	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	(25,630.53)	(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 30-09-2017**			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)	4,54,970.20	1,20,370.37	2,51,970.37	4,22,848.57	1,20,004.50	2,51,2014.50
(ii)	Marked to Market Positions (MTM)						
	Asset (+MTM)			5,000.55			6,857.83
	Liability (-MTM)	42,411.55	30,631.08		32,736.58	29,110.83	
(iii)	Credit Exposure[a]	43,473.70	12,037.04	9,927.66	4,228.48	3,600.13	11,769.97
(iv)	Unhedged Exposures[b]	3,59,557.52		1,40,483.00	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 1,20,374.52 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. 13,432.95 Lakhs and Rs 10,380.50 Lakhs is outstanding as on 30th September, 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 30-09-2017 is Rs 519.03 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	23,813.45
3	Total amount of exposures retained to comply with MRR	519.03
	a) Off Balance Sheet Exposures First Loss Others b) On Balance Sheet Exposures First Loss Others	0 0 519.03
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 half year ended 30-09-2017 (Previous Year Nil).

III. Company has not undertaken any assignment transaction during the half year ended 30-09-2017 (Previous Year Nil).

IV. Company has neither purchased nor sold any non-performing financial assets during the half year ended 30-09-2017 (Previous Year Nil)

F. **Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as at 30th September 2017:**

(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*	0	0	0	0	811999	1696287.38	1799284.49	8663664.93	**12971235.80**
Investments	64.88	0	0	0	61.99	221.44	170.71	199.84	**718.87**
Borrowings**	3000.00	0	28456.00	1000.00	550200.00	1220821.00	1324474.81	6148754.56	**9276706.37**
Foreign Currency assets	0	0	0	0	0	0	0	0	**0**
Foreign Currency liabilities ***	197400.00	987.00	0	0	987.00	596148.00	2961.00	120370.37	**918853.37**

*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 30-09-2017	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 (excluding loans where security creation is under process);	0.00	0.00
(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 30-09-2017 is Rs 1,29,71,235.8 Lakhs (PY Rs 1,22,97,021.96 Lakhs). The details are as under:

(Rs in Lakhs)

Particulars	**As at 30-09-2017**	As at 31-03-2017
Ministry of Railways, Govt. of India	1,27,76,690.30	1,20,80,618.96
Rail Vikas Nigam Limited, a wholly owned entity of Ministry of Railways, Govt. of India	1,94,545.50	2,16,403.00
Total	**1,29,71,235.80**	**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 30-09-2017. (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 30-09-2017, 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 30-09-2017:

S. No.	Rating Agency	Rating	Outlook
1	Fitch Ratings	BBB-	Stable
2	Standard & Poor (S&P)	BBB-	Stable
3	Moody's	Baa3	Positive

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 half year ending 30 September 2017.

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 30-09-2017**	As at 31-03-2017
(i)	Total Advances to 20 largest borrowers	1,29,71,235.8	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 30-09-2017**	As at 31-03-2017
(i)	Total Exposure to twenty largest borrowers / customers	1,29,71,235.8	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 Half Year ending 30th September 2017

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	750
(c)	No. of complaints redressed during the year	750
(d)	No. of complaints pending at the end of the year	0

45. (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 :

(S.K.Ajmani)
Company Secretary
& GGM (Term Loans)

(Niraj Kumar)
Director Finance
DIN: 00795972

(S .K.Pattanayak)
Managing Director
DIN: 02396063

SPMG & Co
Chartered Accountants

3322A, 2nd Floor, Bank Street,
Karol Bagh, New Delhi-110005, (India)
Tel : (+) 91 11 28728769, 28727385
Website : www.spmg.in

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

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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.

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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: 509249C

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: 509249C

SPMG & CO. CHARTERED ACCOUNTANTS New Delhi

CA Vinod Gupta
(Partner)
M.No.: 090687

Place: Delhi
Date: 31-07-2017

SPMG & Co
Chartered Accountants

3322A, 2nd Floor, Bank Street,
Karol Bagh, New Delhi-110005, (India)
Tel : (+) 91 11 28728769, 28727385
Website : www.spmg.in

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

To
Board of Directors
Indian Railway Finance Corporation Limited

Dear Sir,

As required by the "Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016" issued by the Reserve Bank of India on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Corporation, we report that:

1. The Company is engaged in the business of non-banking financial institution, having valid certificate of registration as an Infrastructure Finance Company issued by Reserve Bank of India vide No. is B- 14.00013 dated 22.11.2010. Further, the Company is entitled to continue to hold such registration in terms of its asset / income pattern as on 31.03.2017.

2. As per Para 2 (3) of RBI Master Directions on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide No. DNBR.008/03.10.119/2016-17 dated September 1, 2016, these directions except the provisions of paragraph 23 of the said directions relating to submission of information to Reserve Bank in regard to change of address, directors, auditors, etc. shall not apply to a non-banking financial company being a Government Company as defined under clause (45) of Section 2 of the Companies Act, 2013 (18 of 2013) and not accepting / holding public deposit.

3. According to information and explanation given to us, the RBI Directions as to deposits are not applicable to the Company. Therefore, the Board of Directors of the Company has not passed a resolution for non-acceptance of any public deposits.

4. The Company has not accepted any public deposits during the year 2016-17.

5. RBI Master Directions on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide No. DNBR.008/03.10.119/2016-17 dated September 1, 2016, the Accounting Standards, Income recognition, asset classification and provisioning for Bad and Doubtful debts are not

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

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applicable to the Company being a non-banking financial company being a Government Company as defined under clause (45) of Section 2 of the Companies Act, 2013 (18 of 2013) and not accepting / holding public deposit. However, for the Financial year ending 31 March, 2017, the Company has compliedwith the Accounting Standards, and Income recognition norms as per the RBI prudential norms. Further the Company has decided to follow the asset classification and provisioning norms as contained in the aforesaid directions for loans/leases/advances to entities other than Indian Railways, except the requirement of provisioning in respect of standard assets.

6. In terms of RBI Master Circular No. RBI/2015-16/28DNBR (PD) CC.No.055/03.10.119/2015-16 dated July 1, 2015, being a Government Company, it is exempt from submitting NBS-7 to the Reserve Bank of India.

For SPMG & Co.
Chartered Accountants
FRN-509249C

(Vinod Gupta)
(Partner)
M.No. 090687

Place: New 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

(Vinod Gupta)
(Partner)
M.No. 090687
Place: New Delhi
Date : 31-07-2017

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

(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

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) Diluted		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 report of even date

For SPMG & Co.
Chartered Accountants
FRN-509249C

(Vinod Gupta)
(Partner)
M.No. 090687
Place: New Delhi
Date : 31-07-2017

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

(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

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::	213326.84		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		2656.17	
	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	(80.72)		(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)		(1607871.03)	
	12-Capital Recovery on assets given on financial lease	656799.68		577559.37	
	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)	(1368008.17)		-776909.47	
	16-Other Bank Balances (Fixed Deposits with maturity of more than 3 Months)	0.00		0.00	
	17-Other Non Current Assets	(109241.46)		(13042.85)	
	18-Other Current Assets	1325.24		-789.54	
	19-Other Non-Current Liabilities	92427.62		6971.63	
	20-Current Liabilties	-4757.79		28517.70	
	21-Provisions	(11.81)		(122.78)	
	22-Direct Taxes Paid	(44668.94)		(46438.92)	
		(2189741.96)		(1840391.72)	
	Net Cash flow from Operations		(1945518.36)		(1637749.88)
B	Cash Flow from Invetsment 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	(66780.62)		(18239.83)	
	2-Share Capital Riased 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	770996.98		595930.87	
	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	(220401.30)		-633030.00	
	12-Payment towards Currency Forward Contracts	(1241.15)	1824970.75	-2931.80	1758170.27
	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 whereever 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.657.36 lakhs (P.Y. Rs. 1035.68 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-509249C

SPMG & CO. CHARTERED ACCOUNTANTS New Delhi

(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

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.

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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.

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

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):

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

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.

SPMG & CO. CHARTERED ACCOUNTANTS New Delhi

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.

SPMG & CO. New Delhi CHARTERED ACCOUNTANTS

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

SPMG & CO. CHARTERED ACCOUNTANTS New Delhi

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

SPMG & CO. CHARTERED ACCOUNTANTS New Delhi

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

SPMG & CO. CHARTERED ACCOUNTANTS New Delhi

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

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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:

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(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 installments	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	Repayment	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	Repayment	Non-Current	Current	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 31[st] 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.	12[th] April, 2017	380000.00	725.27	379274.73
2	CP series - V	6.33% p.a.	15[th] 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	375.54	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	1740.35	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. <u>Contingent Liabilities</u>

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 30^{th} June 2016)
b) Sh. Niraj Kumar, Additional charge as Managing Director(from 1^{st} July 2016 to 28^{th} July 2016)
c) Sh. P.V.Vaidialingam, Managing Director(from 29^{th} July 2016 to 8^{th} March, 2017)
d) Sh. S.K. Pattanayak, Managing Director(from 9^{th} 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

SPMG & CO. CHARTERED ACCOUNTANTS New Delhi

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

SPMG & Co
Chartered Accountants

3322A, 2nd Floor, Bank Street,
Karol Bagh, New Delhi-110005, (India)
Tel : (+) 91 11 28728769, 28727385
Website : www.spmg.in

NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2017

To
Board of Directors
Indian Railway Finance Corporation Limited

Dear Sir,

As required by the "Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2016" issued by the Reserve Bank of India on the matters specified in Para 3 and 4 of the said Directions to the extent applicable to the Corporation, we report that:

1. The Company is engaged in the business of non-banking financial institution, having valid certificate of registration as an Infrastructure Finance Company issued by Reserve Bank of India vide No. is B- 14.00013 dated 22.11.2010. Further, the Company is entitled to continue to hold such registration in terms of its asset / income pattern as on 31.03.2017.

2. As per Para 2 (3) of RBI Master Directions on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide No. DNBR.008/03.10.119/2016-17 dated September 1, 2016, these directions except the provisions of paragraph 23 of the said directions relating to submission of information to Reserve Bank in regard to change of address, directors, auditors, etc. shall not apply to a non-banking financial company being a Government Company as defined under clause (45) of Section 2 of the Companies Act, 2013 (18 of 2013) and not accepting / holding public deposit.

3. According to information and explanation given to us, the RBI Directions as to deposits are not applicable to the Company. Therefore, the Board of Directors of the Company has not passed a resolution for non-acceptance of any public deposits.

4. The Company has not accepted any public deposits during the year 2016-17.

5. RBI Master Directions on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide No. DNBR.008/03.10.119/2016-17 dated September 1, 2016, the Accounting Standards, Income recognition, asset classification and provisioning for Bad and Doubtful debts are not

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Contd..../2

applicable to the Company being a non-banking financial company being a Government Company as defined under clause (45) of Section 2 of the Companies Act, 2013 (18 of 2013) and not accepting / holding public deposit. However, for the Financial year ending 31 March, 2017, the Company has compliedwith the Accounting Standards, and Income recognition norms as per the RBI prudential norms. Further the Company has decided to follow the asset classification and provisioning norms as contained in the aforesaid directions for loans/leases/advances to entities other than Indian Railways, except the requirement of provisioning in respect of standard assets.

6. In terms of RBI Master Circular No. RBI/2015-16/28DNBR (PD) CC.No.055/03.10.119/2015-16 dated July 1, 2015, being a Government Company, it is exempt from submitting NBS-7 to the Reserve Bank of India.

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

Bansal Sinha & Co.
Chartered Accountants

18/19, Old Rajinder Nagar,
New Delhi-110 060
Phone : 011-25722270, 25853424
Fax : 011-41046530
E-mail : bsc@bansalsinha.com
Visit us at www.bansalsinha.com

Independent Auditor's Report

To the Members of Indian Railway Finance Corporation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Indian Railway Finance Corporation Limited** ('the Company'), which comprise the balance sheet as at 31st March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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 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 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 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 2016 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 give in the "Annexure A", statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid 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 Govt., 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; and
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by Section 143 (5) of the Companies Act 2013, 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 the "Annexure C".

For **Bansal Sinha & Co.**
(Chartered Accountants)
FRN:006184N

TanuPriya Gupta
Partner
M. No:511757

Place:- New Delhi
Date:-August 10, 2016

“Annexure A” to the Independent Auditor’s Report

The Annexure referred to in our Independent Auditor’s Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.***However these Records do not include the particulars of Fixed Assets leased to Ministry of Railways as the same are shown as lease receivables in the books of Accounts.***

(b) The procedures of physical verification of fixed assets followed by the management, in our opinion, are reasonable and adequate in relation to the size of the Company. No physical verification is being carried out for leased fixed assets as the same are booked as Lease receivables in the books of accounts. ***However, Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.***

(c) 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 also the same has been disclosed in Note 31 of the financial statements.

(d) The Company has given an amount of ₹ 943000 Lakhs during the year to Ministry of Railways under leased arrangement for financing the Rly. 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)

(ii) 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. Thus,clause 3(ii) of the Companies (Auditor’s Report) Order, 2016 is not applicable.

(iii) As explained to us and verified from books of accounts and records, the Company has not granted loans, secured or unsecured to any bodies corporate, firm or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (‘the Act’). Further, clauses 3(iii) (a), (b) and (c) of the Companies (Auditor’s Report) Order, 2016 is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

(v) According to the information and explanation given to us, the Company has not accepted any deposits from the public during the year within the meaning of Sec. 73 to 76 or any other relevant provisions of the Companies Act. 2013 and hence the directives issued by the Reserved Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

(vi) The Central Government has not prescribed the maintenance of cost records under section 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, 2016 is not applicable to the Company.

(vii) On the basis of our examination of the records of the Company and according to the information and explanations given to us, in respect of statutory dues:

a) amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees’ state insurance and duty of excise. (Refer Note no 32(d) for sales Tax /VAT).

b) No undisputed amounts payable in respect of provident fund, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

c) There are no dues of sales tax, service tax, value added tax, duty of customs and duty of excise which have not been deposited with the appropriate authorities on account of any dispute. 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- 32C.

(viii) On the basis of our examination of the records of the Company, the company has not defaulted in making Repayments of loans or borrowings to Banks, Financial Institutions, Government or dues to Debenture Holders.

(ix) According to the information and explanations given to us by the management and based on the audit procedure performed, the company has raised moneys by way of public offer of debt instruments and term Loans, the funds raised has been applied for the purpose for which those funds were raised.

(x) To the best of our Knowledge and belief and according to the information and explanations given to us, no fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) 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.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

(xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has raised money through private placement of Equity Shares with Ministry of Railways during the year and the requirements of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. However the company has not made any preferential or private placement of fully or partly convertible debentures during the year.

(xv) According to the information and explanations given by the management and based on our examination of records, 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, the provisions of clause 3 (xv) of the Order are not applicable to the Company.

(xvi) In our opinion, 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 **Bansal Sinha & Co.**
(Chartered Accountants)
FRN: 006184N

Tanupriya Gupta
Partner
M. No: 511757

Place:- New Delhi
Date:-August 10, 2016

"Annexure – B" to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 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 March 31, 2016 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.

Auditor's 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 section 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 judgement, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 March 31, 2016, 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 **Bansal Sinha & Co**
(Chartered Accountants)
FRN: 006184N

TanuPriya Gupta
Partner
M. No: 511757

Place:- New Delhi
Date:-August 10, 2016

Annexure-C to Independent Auditor's Report

Directions under section 143(5) of Companies Act 2013

Sl. No.	Directions	Auditor's Remark
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 examination of the records of the Company, there are no cases of waiver/write off of debts/loans/interest etc. during the year under audit. Hence no comments are made on requirements of Direction No.2.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The Company is 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. Hence no comments are made on requirements of Direction No.3.

For **Bansal Sinha & Co.**
(Chartered Accountants)
FRN: 006184N

TanuPriya Gupta
Partner
M.No: 511757

Place:-New Delhi
Date:-August 10, 2016

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDIAN RAILWAY FINANCE CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of financial statements of **Indian Railway Finance Corporation Limited** for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 10 August 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **Indian Railway Finance Corporation Limited** for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Sd

(B. R. Mondal)
Principal Director (RC)
New Delhi

Place: New Delhi
Dated: 26 August, 2016

Indian Railway Finance Corporation Limited

Balance Sheet as at 31st March 2016

(₹ in Lakhs)

Particulars	Note No.	As at 31-03-2016	As at 31-03-2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	452646.00	358396.00
(b) Reserves & Surplus	3	499889.02	455514.84
		952535.02	**813910.84**
(2) Share Application Money Pending Allotment	4	**200000.00**	**54250.00**
(3) Non-current Liabilities			
(a) Long Term Borrowings	5	7589206.70	6178414.16
(b) Deferred Tax Liabilities (Net)	6	564599.73	496090.55
(c) Other Long Term Liabilities	7	51201.26	222.95
(d) Long Term Provisions	8	124.28	28.99
		8205131.97	**6674756.65**
(4) Current Liabilities			
(a) Short-Term Borrowings	9	567572.03	20000.00
(b) Other Current Liabilities	10	891186.57	1197639.77
(c) Short Term Provisions	11	23613.17	4141.77
		1482371.77	**1221781.54**
Total		**10840038.76**	**8764699.03**
II. ASSETS			
(5) Non-current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		1173.81	1199.38
(ii) Intangible Assets		2.06	1.29
(b) Non-Current Investments	13	786.79	932.29
(c) Long Term Loans and Advances	14	9699935.15	8022967.10
(d) Other Non-current Assets	15	88718.11	46438.17
		9790615.92	**8071538.23**
(6) Current Assets			
(a) Cash and Bank Balances	16	121120.82	506.72
(b) Short Term Loans and Advances	17	168921.47	170.09
(c) Other Current Assets	18	759380.55	692483.99
		1049422.84	**693160.80**
Total		**10840038.76**	**8764699.03**
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

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

For and on behalf of the Board of Directors

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

Tanupriya Gupta	**S.K.Ajmani**	**Niraj Kumar**	**P.V.Vaidialingam**
(Partner)	Company Secretary	Director Finance	Managing Director
M.No. 511757	& GGM (Term Loans)	DIN: 00795972	DIN: 07413701

Place : New Delhi
Date : 10-08-2016

Indian Railway Finance Corporation Limited

Statement of Profit and Loss for the year ended 31st March 2016

(₹ in Lakhs)

Particulars	Note No.	Year ended 31-03-2016	Yer ended 31-03-2015
Revenue from operations	19	750623.92	693879.65
Other income	20	106.57	132.54
Exchange Rate Variation		-	5.07
Total Revenue		**750730.49**	**694017.26**
Expenses:			
Employee benefits expense	21	408.90	309.83
Finance costs	22	551882.51	499183.01
Exchange Rate Variation		12.46	-
Depreciation and amortization expense		34.66	44.21
CSR Expenses		3023.75	2624.80
Other expenses	23	376.63	438.00
Total Expenses		**555738.91**	**502599.85**
Profit before exceptional and extraordinary items and tax		194991.58	191417.41
Exceptional items		**-**	**-**
Profit before extraordinary items and tax		**194991.58**	**191417.41**
Extraordinary Items		-	
Profit before tax		**194991.58**	**191417.41**
Tax expense:			
(1) Current tax (MAT)		41613.14	40710.68
(2) Deferred tax		68509.18	74876.76
		110122.32	**115587.44**
Profit for the period		**84869.26**	**75829.97**
Earnings per equity share (in ₹):	24		
(1) Basic		200.78	211.58
(2) Diluted		199.59	211.41
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

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

For and on behalf of the Board of Directors

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

Tanupriya Gupta
(Partner)
M.No. 511757

S.K.Ajmani
Company Secretary
& GGM (Term Loans)

Niraj Kumar
Director Finance
DIN: 00795972

P.V.Vaidialingam
Managing Director
DIN: 07413701

Place : New Delhi
Date : 10-08-2016

Indian Railway Finance Corporation Limited

Cash Flow Statement for the year Ended 31st March 2016

(₹ in Lakhs)

	Particulars	Year ended 31-03-2016		Year ended 31-03-2015	
A	**Cash Flow from Operating activities**				
	Profit Before Tax:	194991.58		191417.41	
	Adjustments for				
	1. Depreciation	34.66		44.21	
	2. (Profit) /Loss on sale of fixed assets (Net)	0.75		0.66	
	3. Lease Rentals advance amortised	3464.31		6429.43	
	4. Discount on Commercial Papers	2656.17		0.00	
	5. Exchange Rate Variation	12.46		(5.07)	
	6. Amortisation of Interest Restruturing Advance	1.14		7.42	
	7. Amortisation of Gain on asset securitisation	(109.38)		(146.35)	
	8. Provision for Interest Payable to Income Tax Authorities	0.00		169.05	
	9. Dividend Received	(44.90)		(39.53)	
	10. Amortisation of Forward Premium on Currency Forward Contract	1 635.04			
		202641.83		**197877.23**	
	Adjustments for-				
	11. Assets given on financial lease during the year	(1607871.03)		(1077102.40)	
	12. Capital Recovery on assets given on financial lease	577559.37		508503.04	
	13. Receipt on account of Long term loans during the year	17324.17		16425.00	
	14. Term Loans disbursed during the year	(25590.00)		(27300.00)	
	15. Loans & Advances (Net of Adv. Tax & ERV)	(776909.47)		61265.45	
	16. Other Bank Balances (Fixed Deposits with maturity of more than 3 Months)	0.00		178500.00	
	17. Other Non Current Assets	(13042.85)		(2333.84)	
	18. Other Current Assets	(789.54)		2759.03	
	19. Other Non-Current Liabilities	6971.63		0.00	
	20. Current Liabilities	28517.70		50682.90	
	21. Provisions	(122.78)		(8.75)	
	22. Direct Taxes Paid	(46438.92)		(38471.55)	
		(1840391.72)		(327081.12)	
	Net Cash flow from Operations		(1637749.89)		(129203.89)
B	**Cash Flow from Invetsment Activities**				
	1. Purchase of Fixed Assets	(11.84)		(7.91)	
	2. Proceeds from sale of Fixed Assets	1.20		0.13	
	3. Dividend Received	44.90		39.53	
	4. Proceeds from Pass Through Certificates	159.46		174.72	
	5. Investment in Pass Through Certificates	-	**193.72**	-	206.47
C	**Cash flow from Financing activities**				
	1. Dividend & Dividend Tax Paid during the year	(18239.83)		(21395.68)	
	2. Share Capital Riased during the year	40000.00		-	
	3. Share Application Money received	200000.00		54250.00	
	4. Funds raised through Bonds	1920363.94		262500.00	
	5. Bonds Redeemed during the year	(48198.00)		(117441.00)	
	6. Term Loans raised during the year	1075010.30		332454.00	
	7. Term Loans repaid during the year	(1335354.32)		(126834.14)	
	8. Commercial Paper issued	595930.87		0.00	
	9. Commercial Paper redeemed	(302000.00)		0.00	
	10. Funds raised through External Commercial Borrowings	267219.20		0.00	
	11. Repayment of External Commercial Borrowings	(633630.09)		(277725.31)	
	12. Payment towards Currency Forward Contracts	(2931.80)	**1758170.27**		105807.87
	Net Cash Flow During the year (A+B+C)		120614.10		(23189.55)
	Opening Balance of Cash & Cash Equivalents:				
	Balance in the Current Accounts	505.58		23694.91	
	Balance in Franking Machine	0.12		0.34	
	Balance in RBI-PLA	1.02	**506.72**	1.02	23696.27
	Closing Balance of Cash or Cash Equivalents		**121120.82**		506.72
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 whereever 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		1119.77		505.58
	-Cheque in hand		120000.00		0.00
	-Balance in Franking Machine		0.03		0.12
	-Balance in RBI-PLA		1.02		1.02
		Total	**121120.82**		**506.72**
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 ₹ 1035 68 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 and on behalf of the Board of Directors

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

Tanupriya Gupta
(Partner)
M.No. 511757

S.K.Ajmani
Company Secretary
& GGM (Term Loans)

Niraj Kumar
Director Finance
DIN: 00795972

P.V.Vaidialingam
Managing Director
DIN: 07413701

Place : New Delhi
Date : 10-08-2016

Significant Accounting policies and Notes on Financial Statements for the year ended 31st March, 2016

Company overview

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

1. Significant Accounting Policies

I. Basis for preparation of Financial Statements

a) The Financial Statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles, provisions of the Companies Act, 2013 and the applicable guidelines issued by the Reserve Bank of India as adopted consistently by the Company.

b) **Use of Estimates**

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

II. **Revenue Recognition**

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

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

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

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

III. **Foreign Currency Transactions**

a) **Initial Recognition**

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

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

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

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

c) **Exchange Differences**

i) Exchange differences arising on the actual settlement of monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than the exchange differences on settlement of foreign currency loans and interest thereon recoverable separately from the lessee under the lease agreements, are recognised as income or expenses in the year in which they arise.

ii) Notional exchange differences arising on reporting of outstanding monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than the exchange differences on translation of such monetary assets and liabilities recoverable separately from the lessee under the lease agreement, are recognised as income or expenses in the year in which they arise.

ii) In respect of forward exchange contracts, the difference between the forward rate and exchange rate on the date of transaction are recognised as income or expenses over the life of the contract.

IV. Investments

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

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

V. **Leased Assets**

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

VI. **Fixed Assets, Depreciation and Amortization**

a) Fixed assets are stated at cost, less accumulated depreciation. Cost includes all expenses incurred to bring the assets to their present location and condition.

b) Depreciation on Fixed Assets is provided on straight-line method over the useful 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.

b) Documentation, processing & other charges paid on Long Term Loans are charged to the Statement of Profit & Loss in the year in which the expenses are incurred.

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

IX. Taxes on Income

Tax expense comprises Current Tax and Deferred Tax.

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

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

X. Employee Benefits

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

Short Term Employee Benefits

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

Post-Employment Benefits

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 Railway 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.

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.

2. Share Capital

(₹ in Lakhs)

Particulars	**As at 31-03-2016**	As at 31-03-2015
AUTHORISED 1500,00,000 (previous year 500,00,000) Equity Share of ₹ 1000/-each	**1500000.00**	500000.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP 4,52,64,600 (previous year 3,58,39,600) Equity Shares of ₹ 1000/- each	**452646.00**	358396.00
Total	**452646.00**	358396.00

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

2.2 The Company declares and pays dividend in Indian Rupees. During the year ended March 31, 2016, the total dividend appropriation was ₹ 40859.02 Lakhs (Previous Year ₹18239.84 Lakhs) including corporate dividend tax of ₹ 6911.02 Lakhs (Previous Year 3039.84 Lakhs).

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

Particulars	**As at 31-03-2016 No. of shares**	As at 31-03-2015 No. of shares
Equity Shares at the beginning of the year	**35839600**	33520000
Add: Shares issued for cash at par	**9425000**	2319600
Equity Shares at the end of the year	**45264600**	35839600

2.4 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	**As at 31-03-2016**		As at 31-03-2015	
	No of shares	**% held**	No of shares	% held
The President of India and his nominees (through Ministry of Railways)	**45264600**	**100%**	35839600	100%

3. **Reserves and Surplus**

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Securities Premium Account		
Opening Balance	57.15	57.15
Add: Received during the period	363.94	0.00
Closing Balance - 'A'	**421.09**	**57.15**
Bonds Redemption Reserve		
Opening Balance	395058.99	337329.19
Add: Transfer from Surplus	44010.24	57590.13
Add: Transfer of Excess Provision towards Dividend Distribution Tax on Proposed Final Dividend for the Previous Year	0.00	139.67
Closing Balance - 'B'	**439069.23**	**395058.99**
General Reserve		
Opening Balance	60398.70	60421.39
Less: Adjustment of the Written Down Value of the Fixed Assets in terms of Schedule II of the Companies Act, 2013	0.00	-22.69
Closing Balance - 'C'	**60398.70**	**60398.70**
Surplus		
Opening Balance	0.00	0.00
Add: Profit for the year as per statement of Profit and Loss	84869.26	75829.97
Surplus available for appropriation	84869.26	75829.97
Less: Appropriations		
Transfer to General Reserve	0.00	0.00
Transfer to Bonds Redemption Reserve	44010.24	57590.13
Interim Dividend	15000.00	15000.00
Proposed Final Dividend	18948.00	200.00
Dividend Tax	6911.02	3039.84
Closing Balance - 'D'	**0.00**	**0.00**
Total A + B + C + D	**499889.02**	**455514.84**

4. Share Application Money Pending Allotment

The Company had opening balance of Share Application Money of ₹54250 Lakhs received from its existing Shareholder i.e. President of India through Ministry of Railways, Government of India, in respect of which the Company issued 54,25,000 equity shares of ₹1,000/- each at par on 11th May 2015.

The Company received ₹ 40,000 Lakhs of Share Application Money during the year from its existing shareholder on 31st December 2015 in respect of which 40,00,000 equity shares of ₹ 1,000/- were allotted at par on 16th February 2016.

The Company has further received ₹ 80,000 Lakhs and ₹ 120000 Lakhs on 22nd March 2016 and 31st March 2016 respectively from its existing Shareholder towards Share Application Money in respect of 200,00,000 equity shares of ₹ 1,000/- each to be issued to them at par on Private Placement basis. The allotment of these shares was pending on 31st March, 2016. However, pursuant to the approval by the Board of Directors in their meeting held on 11thMay 2016 these shares have been allotted and issued.

5. Long Term Borrowings

(₹ in Lakhs)

Particulars	**As at 31-03-2016**		As at 31-03-2015	
Secured	**Non Current**	**Current**	Non Current	Current
Bonds from Domestic Capital Market	5935506.37	372562.00	5088068.37	48198.00
Rupee Term Loans from Banks	0.00	1972.00	1972.00	430717.10
Foreign Currency Term Loans	10015.50	2003.10	11350.80	1891.80
Total Secured Borrowings	**5945521.87**	**376537.10**	**5101391.17**	**480806.90**
Unsecured				
Bonds from Domestic Capital Market	700000.00	0.00	0.00	0.00
Bonds from Overseas Capital Market	534160.00	83462.50	583305.00	126120.00
Rupee Term Loans from Banks	20300.00	0.00	0.00	100911.94
Foreign Currency Term Loans	389224.83	133540.00	493717.99	220710.00
Total Unsecured Borrowings	**1643684.83**	**217002.50**	**1077022.99**	**447741.94**
Total Long Term Borrowings	**7589206.70**	**593539.60**	**6178414.16**	**928548.84**

5.1 The secured bonds issued in the domestic capital market and outstanding as on 31-03-2016 are secured by first paripassu 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 31-03-2016 is set out below:

(₹ in Lakhs)

Series	**Interest Rate**	**Amount outstanding**	**Terms of Repayment**	**Date of Maturity**
104th ‘A’ Series Tax Free Bonds Public Issue	7.50%, Annual	36963.42	Bullet Repayment	21-Dec-35
104th Series Tax Free Bonds Public Issue	7.25%, Annual	29441.58	Bullet Repayment	21-Dec-35
71st “E” Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-35
70th “E” Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-35
71st “D” Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-34
70th “D” Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-34
71st “C” Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-33
70th “C” Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-33
71st “B” Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-32
70th “B” Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-32
71st “A” Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-31
76th “B” Taxable Non-Cum. Bonds	9.47%, Semi Annual	99500.00	Bullet Repayment	10-May-31
70th “A” Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-31
108th ‘A’ Series Tax Free Bonds Public Issue	7.64%, Annual	119431.30	Bullet Repayment	22-Mar-31
108th Series Tax Free Bonds Public Issue	7.35%, Annual	101637.60	Bullet Repayment	22-Mar-31

Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
103rd ‘A’ Series Tax Free Bonds Public Issue	7.53%, Annual	107421.72	Bullet Repayment	21-Dec-30
103rd Series Tax Free Bonds Public Issue	7.28%, Annual	205731.03	Bullet Repayment	21-Dec-30
70th “AA” Taxable Non-Cum. Bonds	8.79%, Semi Annual	141000.00	Bullet Repayment	4-May-30
67th “B” Taxable Non-Cum. Bonds	8.80%, Semi Annual	38500.00	Bullet Repayment	3-Feb-30
96th Series Tax Free Bonds Public Issue	8.63%,Annual	94791.32	Bullet Repayment	26-Mar-29
96th A Series Tax Free Bonds Public Issue	8.88%,Annual	43641.41	Bullet Repayment	26-Mar-29
92nd Series Tax Free Bonds Public Issue	8.40%,Annual	109018.68	Bullet Repayment	18-Feb-29
92nd A Series Tax Free Bonds Public Issue	8.65%,Annual	68835.91	Bullet Repayment	18-Feb-29
94th A Series Tax Free Non-Cum Bonds	8.55%,Annual	1300.00	Bullet Repayment	12-Feb-29
93rd A Series Tax Free Non-Cum Bonds	8.55%,Annual	165000.00	Bullet Repayment	10-Feb-29
90th A Series Tax Free Non-Cum Bonds	8.48%,Annual	5500.00	Bullet Repayment	27-Nov-28
89th A Series Tax Free Non-Cum Bonds	8.48%,Annual	73800.00	Bullet Repayment	21-Nov-28
87th ‘A’ Series (Non-Retail), Tax Free Bonds Public Issue	7.04% Annual	21867.42	Bullet Repayment	23-Mar-28
87th ‘A’ Series (Retail), Tax Free Bonds Public Issue	7.54% Annual	4520.96	Bullet Repayment	23-Mar-28
86th ‘A’ Series (Non-Retail), Tax Free Bonds Public Issue	7.34% Annual	229705.93	Bullet Repayment	19-Feb-28
86th ‘A’ Series (Retail), Tax Free Bonds Public Issue	7.84% Annual	26185.10	Bullet Repayment	19-Feb-28
83rd ‘A’ Tax Free Non-Cum. Bonds	7.39% Annual	9500.00	Bullet Repayment	6-Dec-27
82nd ‘A’ Tax Free Non-Cum. Bonds	7.38% Annual	3000.00	Bullet Repayment	30-Nov-27
81st ‘A’ Tax Free Non-Cum. Bonds	7.38%, Annual	6670.00	Bullet Repayment	26-Nov-27
54th “B” Taxable Non-Cum. Bonds	10.04%,Semi Annual	32000.00	Bullet Repayment	7-Jun-27
80th ‘A’ Series (Non-Retail), Tax Free Bonds Public Issue	8.10%, Annual	274635.39	Bullet Repayment	23-Feb-27
80th ‘A’ Series (Retail), Tax Free Bonds Public Issue	8.30%, Annual	34929.80	Bullet Repayment	23-Feb-27
53rd “C” Taxable Non-Cum. Bonds	8.75%, Semi Annual	41000.00	Bullet Repayment	29-Nov-26
79th “A” Tax Free Non-Cum. Bonds	7.77%, Annual	19151.00	Bullet Repayment	8-Nov-26

Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
76th “A” Taxable Non-Cum. Bonds	9.33%, Semi Annual	25500.00	Bullet Repayment	10-May-26
75th Taxable Non-Cum. Bonds	9.09%, Semi Annual	15000.00	Bullet Repayment	31-Mar-26
74th Taxable Non-Cum. Bonds	9.09%, Semi Annual	107600.00	Bullet Repayment	29-Mar-26
107th ‘A’ Series Tax Free Bonds Public Issue	7.29%, Annual	19071.38	Bullet Repayment	22-Mar-26
107th Series Tax Free Bonds Public Issue	7.04%, Annual	4859.72	Bullet Repayment	22-Mar-26
106th Series Tax Free Bonds Public Issue	7.04%, Annual	105000.00	Bullet Repayment	3-Mar-26
102nd ‘A’ Series Tax Free Bonds Public Issue	7.32%, Annual	36894.86	Bullet Repayment	21-Dec-25
102nd Series Tax Free Bonds Public Issue	7.07%, Annual	36747.39	Bullet Repayment	21-Dec-25
100th Series Tax Free Non-Cum Bonds	7.15%, Annual	32900.00	Bullet Repayment	21-Aug-25
99th Series Tax Free Non-Cum Bonds	7.19%, Annual	113900.00	Bullet Repayment	31-Jul-25
69th Taxable Non-Cum. Bonds	8.95%, Semi Annual	60000.00	Bullet Repayment	10-Mar-25
67th “A” Taxable Non-Cum. Bonds	8.65%, Semi Annual	20000.00	Bullet Repayment	3-Feb-25
65th “O” Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-24
95th Series Tax Free Bonds Public Issue	8.19%,Annual	23115.20	Bullet Repayment	26-Mar-24
95th A Series Tax Free Bonds Public Issue	8.44%,Annual	12973.84	Bullet Repayment	26-Mar-24
91st Series Tax Free Bonds Public Issue	8.23%,Annual	177832.10	Bullet Repayment	18-Feb-24
91st A Series Tax Free Bonds Public Issue	8.48%,Annual	52625.46	Bullet Repayment	18-Feb-24
63rd “B” Taxable Non-Cum. Bonds	8.65%, Semi Annual	31500.00	Bullet Repayment	15-Jan-24
62nd “B” Taxable Non-Cum. Bonds	8.50%, Semi Annual	28500.00	Bullet Repayment	26-Dec-23
90th Series Tax Free Non-Cum Bonds	8.35%,Annual	5700.00	Bullet Repayment	27-Nov-23
89th Series Tax Free Non-Cum Bonds	8.35%,Annual	48700.00	Bullet Repayment	21-Nov-23
61st “A” Taxable Non-Cum. Bonds	10.70%, Semi Annual	61500.00	Bullet Repayment	11-Sep-23
65th “N” Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-23
88th Taxable Non-Cum. Bonds	8.83% Annual	110000.00	Bullet Repayment	25-Mar-23
87th Series (Non-Retail), Tax Free Bonds Public Issue	6.88% Annual	13487.78	Bullet Repayment	23-Mar-23

Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
87th Series (Retail), Tax Free Bonds Public Issue	7.38% Annual	3029.22	Bullet Repayment	23-Mar-23
86th Series (Non-Retail), Tax Free Bonds Public Issue	7.18% Annual	265518.43	Bullet Repayment	19-Feb-23
86th Series (Retail), Tax Free Bonds Public Issue	7.68% Annual	15929.61	Bullet Repayment	19-Feb-23
85th Tax Free Non-Cum. Bonds	7.19% Annual	9500.00	Bullet Repayment	14-Dec-22
84th Tax Free Non-Cum. Bonds	7.22% Annual	49990.00	Bullet Repayment	7-Dec-22
83rd Tax Free Non-Cum. Bonds	7.22% Annual	3000.00	Bullet Repayment	6-Dec-22
82nd Tax Free Non-Cum. Bonds	7.22% Annual	4100.00	Bullet Repayment	30-Nov-22
81st Tax Free Non-Cum. Bonds	7.21% Annual	25600.00	Bullet Repayment	26-Nov-22
58th “A” Taxable Non-Cum. Bonds	9.20%, Semi Annual	50000.00	Bullet Repayment	29-Oct-22
54th “A” Taxable Non-Cum. Bonds	9.95%, Semi Annual	15000.00	Bullet Repayment	7-Jun-22
55th “O” Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-22
65th “M” Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-22
80th Series (Non-Retail) Tax Free Bonds Public Issue	8%, Annual	280820.04	Bullet Repayment	23-Feb-22
80th Series (Retail) Tax Free Bonds Public Issue	8.15%, Annual	36503.77	Bullet Repayment	23-Feb-22
53rd “B” Taxable Non-Cum. Bonds	8.68%, Semi Annual	22500.00	Bullet Repayment	29-Nov-21
79th Tax Free Non-Cum. Bonds	7.55%, Annual	53960.00	Bullet Repayment	8-Nov-21
78th Taxable Non-Cum. Bonds	9.41%, Semi Annual	150000.00	Bullet Repayment	28-Jul-21
55th “N” Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-21
77th Taxable Non-Cum. Bonds	9.57%, Semi Annual	124500.00	Bullet Repayment	31-May-21
52nd “B” Taxable Non-Cum. Bonds	8.64%, Semi Annual	70000.00	Bullet Repayment	17-May-21
76th Taxable Non-Cum. Bonds	9.27%, Semi Annual	39000.00	Bullet Repayment	10-May-21
65th “L” Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-21
51st Taxable Non-Cum. Bonds	7.74%, Semi Annual	45000.00	Bullet Repayment	22-Dec-20
73rd “B” Tax Free Non-Cum. Bonds	6.72%, Semi Annual	83591.00	Bullet Repayment	20-Dec-20
49th “O” - FRB Taxable Non-Cum. Bonds	7.78%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-20
72nd Taxable Non-Cum. Bonds	8.50%, Semi Annual	80000.00	Bullet Repayment	22-Jun-20
55th “M” Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-20
65th “K” Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-20
68th “B” Tax Free Non-Cum. Bonds	6.70%, Semi Annual	92721.00	Bullet Repayment	8-Mar-20
67th Taxable Non-Cum. Bonds	8.55%, Semi Annual	17500.00	Bullet Repayment	3-Feb-20
48th “JJ” Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-19
49th “N” - FRB Taxable Non-Cum. Bonds	7.65%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-19
66th Taxable Non-Cum. Bonds	8.60%, Semi Annual	50000.00	Bullet Repayment	11-Jun-19

Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
55th “L” Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-19
65th “AA” Taxable Non-Cum. Bonds	8.19%, Semi Annual	56000.00	Bullet Repayment	27-Apr-19
65th “J” Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-19
105th Series Taxable Non-Cum Bonds	8.33%, Annual	150000.00	Bullet Repayment	26-Mar-19
47th “O” Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-19
63rd “A” Taxable Non-Cum. Bonds	8.55%, Semi Annual	170500.00	Bullet Repayment	15-Jan-19
62nd “A” Taxable Non-Cum. Bonds	8.45%, Semi Annual	50000.00	Bullet Repayment	26-Dec-18
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	100000.00	Redeemable in five equal yearly instalments commencing from 28-09-2018	28-Sep-18
48th “II” Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-18
61st Taxable Non-Cum. Bonds	10.60%, Semi Annual	85500.00	Bullet Repayment	11-Sep-18
46th “EE” Taxable Non-Cum. Bonds	6.20%, Semi Annual	2500.00	Bullet Repayment	12-Aug-18
46th “O” Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-18
49th “M” - FRB Taxable Non-Cum. Bonds	7.72%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-18
55th “K” Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-18
60th Taxable Non-Cum. Bonds	9.43%, Semi Annual	60400.00	Bullet Repayment	23-May-18
45th “OO” Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-18
65th “I” Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-18
47th “N” Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-18
73rd “A” Tax Free Non-Cum. Bonds	6.32%, Semi Annual	28456.00	Bullet Repayment	20-Dec-17
43rd “OO” Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-17
48th “HH” Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-17
42nd “O” Taxable Non-Cum. Bonds	8%, Semi Annual	1000.00	Bullet Repayment	29-Aug-17
46th “N” Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-17
49th “L” - FRB Taxable Non-Cum. Bonds	7.71%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-17
54th Taxable Non-Cum. Bonds	9.81%, Semi Annual	22000.00	Bullet Repayment	7-Jun-17
55th “J” Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-17
45th “NN” Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-17
65th “H” Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-17
98th Series Taxable Non-Cum Bonds	7.95%, Annual	120000.00	Bullet Repayment	10-Apr-17
Total		**5935506.37**		

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 31-03-2016 is set out below:

(₹ in Lakhs)

Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
47th "M" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-17
68th "A" Tax Free Non-Cum. Bonds	6.3%, Semi Annual	64262.00	Bullet Repayment	8-Mar-17
97th Taxable Non-Cum. Bonds #	7.83%, Annual	262500.00	Bullet Repayment	22-Jan-17
53rd "A" Taxable Non-Cum. Bonds	8.57%, Semi Annual	12500.00	Bullet Repayment	29-Nov-16
43rd "NN" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-16
48th "GG" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-16
42nd "N" Taxable Non-Cum. Bonds	8%, Semi Annual	1000.00	Bullet Repayment	29-Aug-16
46th "M" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-16
49th "K" - FRB Taxable Non-Cum. Bonds	7.70%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-16
55th "I" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-16
52nd "A" Taxable Non-Cum. Bonds	8.41%, Semi Annual	11000.00	Bullet Repayment	17-May-16
45th "MM" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-16
65th "G" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-16
Total		**372562.00**		

* Applicable interest rate as on 31-03-2016 (interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half yearly rest). All other interest rates are fixed.

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

5.2 Rupee Term Loans availed from Banks are secured by first 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 31-03-2016 is set out below:

(₹ in Lakhs)

Name of Bank	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Central Bank of India(3)	8.25%, Fixed	1-Apr-16	Half Yearly	0.00	648.00	648.00
Central Bank of India(4)	8.25%, Fixed	1-Apr-16	Half Yearly	0.00	648.00	648.00
United Bank of India (2)	8.91%, Fixed	1-Apr-16	Half Yearly	0.00	676.00	676.00
Total				**0.00**	**1972.00**	**1972.00**

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

5.3 Foreign Currency Term Loans availed are secured by first 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 31-03-2016 is as follows:

(₹ In Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Bank of India	6M USD LIBOR+1.25%	30-Apr-16	Half Yearly	10015.50	2003.10	12018.60
Total				**10015.50**	**2003.10**	**12018.60**

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

5.4 The unsecured bonds issued in the domestic capital market and outstanding as on 31-03-2016 are as follows:

Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
109th Series Taxable Bonds *	8.02%, Semi Annual	500000.00	Redeemable in forty equal half yearly instalments commencing from 30-03-2027	30-Mar-27
101st Series Taxable Bonds*	7.87% , Semi Annual	200000.00	Redeemable in forty equal half yearly instalments commencing from 27-10-2026	27-Oct-26
Total		**700000.00**		

* Interest Payable after initial moratorium of 5 year. The above mentioned bonds carry fixed interest rate for 10 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.

The date of maturity indicates the date of payment of 1st installment.

5.5 Maturity profile and interest rate on Unsecured Bonds from Overseas Capital Market (classified as long term borrowing) and amount outstanding as on 31-03-2016 is set out below:

(₹ In Lakhs)

Particulars	Interest Rate	Non-Current	Current	Term of Repayment	Date of Maturity
Reg-S Bonds 3rd Series (USD 500 Million)	3.917%, Semi Annual	333850.00	0.00	Bullet Repayment	26-Feb-19
Reg-S Bonds 2nd Series (USD 300 Million)	3.417%, Semi Annual	200310.00	0.00	Bullet Repayment	10-Oct-17
US PP Bonds 2017 (USD 125 Million)	5.94%, Semi Annual	0.00	83462.50	Bullet Repayment	28-Mar-17
Total		**534160.00**	**83462.50**		

5.6 Terms of Repayment of the Unsecured Rupee Term Loans from Banks and amount outstanding as on 31-03-2016 is as follows:

(₹ In Lakhs)

Name of Bank	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Allahabad Bank	9.70%, Linked to Base Rate	28-Jun-17	Bullet	7500.00	0.00	7500.00
Bank of Maharashtra	9.70%, Linked to Base Rate	28-Jun-17	Bullet	7500.00	0.00	7500.00
Central Bank of India	9.70%, Linked to Base Rate	28-Apr-17	Bullet	5300.00	0.00	5300.00
Total				**20300.00**	**0.00**	**20300.00**

5.7 Terms of Repayment of the Unsecured Foreign Currency Loans and amount outstanding as on 31-03-2016 is as follows:

(₹ in Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Syndicated Foreign Currency Loan-USD 200 Mio	6M USD LIBOR+1.25%	28-Sep-16	Bullet	0.00	133540.00	133540.00
Syndicated Foreign Currency Loan-USD 400 Mio	6M USD LIBOR+0.60%	03-Dec-18	Bullet	267080.00	0.00	267080.00
Loan From AFLAC-1	Fixed, 2.85%	10-Mar-26	Bullet	97415.20	0.00	97415.20
Loan From AFLAC-2	Fixed, 2.90%	30-Mar-26	Bullet	24729.63	0.00	24729.63
Total				**389224.83**	**133540.00**	**522764.83**

6 Deferred Tax Liability (Net)

Major components of Net Deferred Tax Liability are as under:

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Liability on account of difference between WDV as per Income Tax Act, 1961 and the Companies Act, 2013.	866348.36	839597.54
Less: Deferred Tax Asset on account of Unabsorbed Depreciation	301719.82	343506.99
Less: Deferred Tax Asset on account of Provision for Post-Retirement Medical and Pension Plans	28.81	0.00
Net Deferred Tax Liability	**564599.73**	**496090.55**

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 1961 and as worked out as per the Companies Act, 2013 is considered for providing DTL.

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

7 Other Long Term Liabilities

(₹ in Lakhs)

Particulars	As at 31-03-2016		As at 31-03-2015	
	Non Current	Current	Non Current	Current
Unamortised Portion of Securitisation Gain*	142.23	80.72	222.95	109.38
Forward Contracts	44087.40	0.00	0.00	0.00
Interest Accrued but not due on Borrowings	6971.58	287677.87	0.00	247452.37
Earnest Money Deposit	0.05	0.00	0.00	0.00
Total	**51201.26**	**287758.59**	**222.95**	**247561.75**

* Out of the unrecognised gain of ₹ 332.33 Lakhs (P.Y. ₹ 478.68 Lakhs), in respect of the Securitisation transactions executed during the previous years, a sum of ₹ 109.38 Lakhs (P.Y. ₹ 146.35 Lakhs) has been recognised during the year ended 31st March 2016, leaving a balance of ₹ 222.95 Lakhs (P.Y. ₹ 332.33 Lakhs).

8 Long Term Provisions

(₹ in Lakhs)

Particulars	**As at 31-03-2016**		As at 31-03-2015	
	Non Current	**Current**	Non Current	Current
Provision for Leave Encashment (Net of funded assets)	37.12	13.94	28.99	13.50
Provision for Gratuity (Net of funded assets)	3.91	4.51	0.00	0.00
Provision for Post-Retirement Medical & Pension	83.25	0.00	0.00	0.00
Total	**124.28**	**18.45**	**28.99**	**13.50**

9 Short Term Borrowings

(₹ in Lakhs)

Particulars	**As at 31-03-2016**	As at 31-03-2015
Secured		
Rupee Term Loans from Banks	0.00	20000.00
Working Capital Demand Loan*	249985.00	0.00
	249985.00	**20000.00**
Unsecured		
Rupee Term Loans from Banks	21000.00	0.00
Commercial Paper (Note-1)	296587.03	0.00
	317587.03	**0.00**
Total	**567572.03**	**20000.00**

*Secured against paripassu charge on the Lease Receivables

Note-1 (₹ In Lakhs)

Face Value of Commercial Papers	302000.00
Less Unexpired Discount	5412.97
	296587.03

10 Other Current Liabilities

(₹ in Lakhs)

Particulars	**As at 31-03-2016**	As at 31-03-2015
Current Maturities of Long Term Debt (Ref. Note No.5)	593539.60	928548.84
Amount payable to MOR	0.00	15669.63
Interest Accrued but not due (Refer Note No.7)	287677.87	247452.37
Unamortised Securitisation Gain (Refer Note No. 7)	80.72	109.38
Liability for Matured and Unclaimed Bonds / Interest (Refer Note No. 35)	1035.68	390.94
Other Payables:	0	0
Statutory Dues	1.49	1.76
Tax Deducted at Source Payable	1849.24	1804.32
Dividend Tax	3053.65	2999.12
Others	3948.32	663.41
Total	**891186.57**	**1197639.77**

11 Short Term Provisions

(₹ in Lakhs)

Particulars	**As at 31-03-2016**	As at 31-03-2015
Provision for Tax (Net of Taxes Paid)	0.00	2875.19
Provision for Interest Payable on Income Tax	0.00	223.01
Provision for CSR	789.35	789.35
Provision for Employee Benefits (Refer Note No.8)	18.45	13.50
Proposed Final Dividend	18948.00	200.00
Dividend Tax on Proposed Final Dividend	3857.37	40.72
Total	**23613.17**	**4141.77**

12 Fixed Assets

(₹ in Lakhs)

		GROSS BLOCK				**DEPRECIATION**				**NET BLOCK**	
S. No.	DESCRIPTION	As at 01-04-15	Additions during the year	Sale/Adjust-ment during the year	**As at 31-03-16**	Upto 01-04-15	For the year	Adjustments during the year	**As at 31-03-16**	**As at 31-03-16**	As at 31-03-15
	Tangible Assets										
1	Office Building	1524.23	0.00	0.00	1524.23	350.02	25.52	0.00	375.54	1148.69	1174.21
2	Airconditioners, Room Coolers/Heaters	20.60	0.00	0.54	20.06	16.97	0.31	0.09	17.19	2.87	3.63
3	Office Equipments	30.88	1.73	1.11	31.50	20.65	3.78	0.24	24.19	7.31	10.23
4	Furniture & Fixtures	86.14	0.00	0.75	85.39	82.82	0.58	0.10	83.30	2.09	3.32
5	Franking Machine	1.19	0.00	0.00	1.19	0.35	0.28	0.00	0.63	0.56	0.84
6	Computer	52.93	7.73	0.94	59.72	50.50	2.00	0.93	51.57	8.15	2.43
7	Motor Car	10.24	0.00	0.00	10.24	5.98	0.85	0.00	6.83	3.41	4.26
8	Photo Copier	1.90	0.74	1.05	1.59	1.54	0.42	1.05	0.91	0.68	0.36
9	Water Cooler	0.29	0.00	0.00	0.29	0.20	0.05	0.00	0.25	0.04	0.09
10	Electric-installation	1.80	0.00	0.00	1.80	1.80	0.00	0.00	1.80	0.00	0.00
	Total	**1730.20**	**10.20**	**4.39**	**1736.01**	**530.83**	**33.79**	**2.41**	**562.20**	**1173.81**	**1199.38**
	Intangible Assets										
1	Computer Software	2.70	1.64	-	4.34	1.41	0.87	-	2.28	2.06	1.29
	Total	**2.70**	**1.64**	**-**	**4.34**	**1.41**	**0.87**	**-**	**2.28**	**2.06**	**1.29**
	Total Fixed Assets	**1732.90**	**11.84**	**4.39**	**1740.35**	**532.24**	**34.66**	**2.41**	**564.48**	**1175.87**	**1200.67**
	Previous year	1726.58	7.91	1.59	**1732.90**	466.15	44.21	-21.88	532.23	1200.67	1260.43

13 Non Current Investments (At Cost)

(₹ in Lakhs)

Particulars	**As at 31-03-2016**		As at 31-03-2015	
Investments (Unquoted Non-Trade)	**Non Current**	**Current**	Non Current	Current
Investments in Equity				
48,800 (P.Y. 48,800) Equity Shares of IRCON International Ltd.	199.85	0.00	199.85	0.00
Other Investments				
55 (P.Y. 65) Senior Pass Through Certificates 'M' to 'W' Series of NOVO X Trust Locomotives	586.94	145.50	732.44	159.46
Total	**786.79**	**145.50**	**932.29**	**159.46**
Aggregate Amount of Unquoted Investments	**786.79**	**145.50**	**932.29**	**159.46**

14 Long Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31-03-2016		As at 31-03-2015	
	Non Current	Current	Non Current	Current
Secured Considered Good				
House Building Advance*	13.82	3.73	17.55	3.92
Unsecured Considered Good				
Capital Advances				
- Advance to FA & CAO	253.01	0.00	253.01	0.00
- Advance to Ministry of Railways for Projects	0.00	0.00	215523.88	0.00
Advance against Lease of Rly Infrastructure Assets (Refer Note No. 29)	943000.00	0.00	0.00	0.00
Lease Receivables from Ministry of Railways	8415158.05	634176.45	7471159.98	547862.86
Amount Recoverable from MOR on account of Exchange Rate Variation (Refer Note No. 28)	126860.35	68278.03	130710.86	102233.60
Security Deposits	9.19	300.00	10.66	0.00
Loan to Rail Vikas Nigam Ltd.	212690.00	18190.83	205290.83	17324.17
Advance to Employees*	0.14	0.22	0.33	0.63
TDS & Advance Tax (NET)	1950.59	0.00	0.00	0.00
Lease Rentals Paid in Advance (Refer Note No. 34a)	0.00	0.00	0.00	3464.31
Interest Restructuring Advance to IDBI (Refer Note No. 42)	0.00	0.00	0.00	1.14
Total	**9699935.15**	**720949.26**	**8022967.10**	**670890.63**

* includes ₹ 17.55 lakhs(P.Y.₹ 21.61 lakhs) to Key Managerial Personnel/Officers of the company

15 Other Non Current Assets

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Unsecured Considered Good		
Interest Accrued but not due on Loans	49718.34	46106.25
Interest Accrued but not due on Investment in Pass Through Certificates	342.27	325.58
Unabsorbed Forward Premium on Forward Contracts	29237.09	0.00
Finance Charges Accrued but not due on lease advance	9412.55	0.00
Interest Accrued but not due on Advances to Employees*	7.86	6.34
Total	**88718.11**	**46438.17**

* includes ₹ 7.02 lakhs (P.Y. ₹ 5.22 lakhs) to Key Managerial Personnel/Officers of the company

16 Cash and Bank Balances

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Cash and cash equivalents		
Balance with Banks		

Particulars	As at 31-03-2016	As at 31-03-2015
- In Current Accounts	84.09	114.64
- In Interest / Redemption Accounts (Ref. Note 35)	1035.68	390.94
Cheque in hand	120000.00	0.00
Deposit with Reserve Bank of India		
-In Public Deposit Account	1.02	1.02
Balance in Franking Machine	0.03	0.12
Total	**121120.82**	**506.72**

17 Short Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Unsecured Considered Good		
Deposit with NCRDC, New Delhi	4.38	4.38
Amount Recoverable from MOR	168464.22	0.00
Tax Refund Receivable*	96.47	96.47
Amount Recoverable from Others	305.08	0.92
Funded (Net) on Account of Gratuity	0.00	0.89
Prepaid Expenses	29.67	45.96
Advance to Others	21.01	21.01
Advance to Employees	0.64	0.46
Total	**168921.47**	**170.09**

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

18 Other Current Assets

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Current Maturities of Long Term Loans and Advances (Refer Note No.14)		
Lease Receivables from Ministry of Railways	634176.45	547862.86
Security Deposits	300.00	0.00
Loan to Rail Vikas Nigam Ltd	18190.83	17324.17
House Building Advance	3.73	3.92
Advance to Employees	0.22	0.63
Amount Recoverable from MOR on account of Exchange Rate Variation	68278.03	102233.60
Lease Rentals Paid in Advance	0.00	3464.31
Interest Restructuring Advance to IDBI	0.00	1.14
Current Maturity of Investments		
10 (P.Y. 10) Senior Pass Through Certificates ‘K’ to ‘L’ Series of NOVO X Trust Locomotives (Refer Note No. 13)	145.50	159.46
Interest Accrued but not due on Loans & Deposits	22223.44	21433.90
Unabsorbed Forward Premium on Forward Contracts	16062.35	0.00
Total	**759380.55**	**692483.99**

19 Revenue from Operations

(₹ in Lakhs)

Particulars	**Yearended 31-03-2016**	Year ended 31-03-2015
Lease Income:		
- Lease Income	709001.60	**639465.83**
- Finance Charges on Lease Advance	9412.55	0.00
	718414.15	**639465.83**
Interest Income from:		
- Loans	25063.67	24328.87
- Deposits	6948.76	29835.64
- Investments	87.96	102.96
	32100.39	**54267.47**
Other Financial Income		
- Gain on Assets Securitization	**109.38**	**146.35**
Total	**750623.92**	**693879.65**

20 Other Income

(₹ in Lakhs)

Particulars	**Year ended 31-03-2016**	Year ended 31-03-2015
Dividend Income	44.90	39.53
Provisions written back*	61.60	58.52
Profit on sale of Fixed Assets	0.04	0.03
Misc. Income	0.03	1.02
Prior Period Income (NET) (Refer Note No. 23.1)	0.00	33.44
Total	**106.57**	**132.54**

* Provision written back includes a sum of ₹ 44 Lakhs (P.Y. ₹ 54 Lakhs) written back on account of Provision for interest payable to Income Tax Authorities

21 Employee Benefits Expense

(₹ in Lakhs)

Particulars	**Year ended 31-03-2016**	Year ended 31-03-2015
Salaries, Incentives etc.	298.77	266.45
Contribution to Provident and Other Funds	110.01	43.38
Staff Welfare Expenses	0.12	0.00
Total	**408.90**	**309.83**

22 Finance Cost

(₹ in Lakhs)

Particulars	**Year ended 31-03-2016**	Year ended 31-03-2015
Interest Expenses		
Amortisation of Lease Rentals paid in advance	3464.31	6429.43
Interest on Bonds*	461828.20	400065.63
Interest on Rupee Term Loans	2668.96	25725.52

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Discount on Commercial Paper	2656.17	0.00
Interest and Swap Cost on Foreign Currency Loans**	50478.01	52869.89
Interest on delayed payment to MOR	23213.42	13092.41
Interest to Income Tax Authorities	0.00	223.01
Sub-Total	**544309.07**	**498405.89**
Other Borrowing Cost		
Bond Issue Expenses / Expenses on Raising of Loans***	6975.52	292.68
Bond/Loan/Securitization Servicing Expenses	597.92	484.44
Sub-Total	**7573.44**	**777.12**
Total	**551882.51**	**499183.01**

* Interest on bonds are net of interest capitalized of ₹ Nil (P.Y. ₹ 16672.88 lakhs)

** Interest and Swap Cost on Foreign Currency Loans include ₹1635.04 lakhs (P.Y. Nil) towards Forward Premium on Currency Forward Contracts

***Bond Issue Expenses/Expenses on loans includes ₹ 16.49 Lakhs (P.Y. ₹ 5.62 Lakhs) paid to Auditors for other certification as detailed below:

(₹ in Lakhs)

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
For Certification of Prospectus/Information Memorandum for issuance of bonds	16.49	0.00
For Audit of interim periods (Half Year / Nine Months)	0.00	5.62
	16.49	**5.62**

23 Other Expenses

(₹ in Lakhs)

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Filing Fee	0.67	0.40
Legal & Professional Charges	81.06	129.41
Advertisement & Publicity	12.92	23.49
Printing & Copying Charges	3.37	2.91
Stationery Charges	7.78	7.07
News Paper, Books & Periodicals	3.19	3.22
Conveyance Expenses	6.36	9.84
Travelling – Local		
- Directors	9.70	13.42
- Others	10.05	9.38
Transport Hire Charges	30.10	30.08
Office Maintenance Expenses	54.07	50.01
Vehicle Running & Maintenance	2.85	2.25
Office Equipment Maintenance	11.29	14.27

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Electricity Charges	19.90	20.77
Loss on Sale of Fixed Assets	0.79	0.69
Postage Charges	2.11	1.46
Telephone Charges	6.66	7.47
Training Expenses	7.80	11.12
Bank Charges	1.74	1.97
Payment to Auditors		
- Audit Fees	8.63	5.70
- Tax Audit Fee	2.88	1.90
- Quarterly Review	8.57	5.62
- Other Statutory Certifications	2.00	2.82
Miscellaneous Expenses	50.74	39.25
Insurance	0.27	0.31
Fees & Subscription	7.76	30.03
Sponsorship/Donation	0.20	9.04
Stipend	0.00	0.34
Ground Rent	1.15	1.14
Property Tax	2.62	2.62
Prior Period Expenditure (NET) (Refer Note No.23.1)	19.40	0.00
Total	**376.63**	**438.00**

23.1 Prior Period Expenditure (Net):

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Income		
Interest on deposits	0.00	0.42
Interest on Loans	0.00	-1.76
Total (A)	**0.00**	**-1.34**
Expenditure		
Bond Issue Exp.	0.37	-16.69
Bond Servicing Exp.	0.00	2.52
Interest on Bonds/Foreign Currency Loans	0.02	-22.56
Interest on Bonds	5.16	0.00
Interest Others	0.00	1.24
Legal & Professional	0.00	0.58
Printing & Copying Exp.	0.00	0.07
Salary Employee Benefits	13.63	0.06
Transport Hire Charges	0.22	0.00
Total (B)	**19.40**	**-34.78**
Prior Period Expenditure (Net) (B-A)	**19.40**	**-33.44**

24 Earnings Per Equity Share

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Net Profit (₹ in Lakhs)	84869.26	75829.97
Weighted Average Number of Equity shares outstanding	42270065	35839600
Add: Number of potential Equity Share on account of receipt of Share Application Money Pending Allotment	251366	29726
Weighted Average Number of Equity shares [including diluted Equity Share] outstanding	42521431	35869326
Earnings Per Share (₹) – Basic [Face value of ₹ 1,000/- per share]	200.78	211.58
Earnings Per Share (₹) – Diluted [Face value of ₹ 1,000/- per share]	199.59	211.41

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 ₹10610 Lakhs accruing to the company (P.Y.₹ 10048 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 2016 in respect of these foreign currency borrowings, the company has recovered a sum of ₹ 20149 Lakhs (P.Y. ₹ 23073 Lakhs) on this account from MOR against which a sum of ₹ 1629 Lakhs (P.Y. Nil) has been incurred towards hedging cost and the balance amount of ₹ 18520 Lakhs (P.Y. ₹ 23073 Lakhs) so recovered has been refunded to MOR.

26 (a) 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. 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.

(b) In terms of Reserve Bank of India Notification No.DNBC.138/CGM (VSNM) – 2000 dated 13th January 2000, provisions of Section 45 IC of the Reserve Bank of India Act, 1934 (2 of 1934) regarding creation of Reserve Fund, do not apply to the Company.

(c) In terms of the Ministry of Corporate Affairs circular dated 18th April, 2002, the Company, being a Non-Banking Finance Company registered with RBI, is required to create Bond Redemption Reserve equivalent to 50% of the value of the bonds raised through Public issue by the redemption date of such Bonds. Subsequently, the requirement for creation of Bond Redemption Reserve in case of Public Issue of bonds by Non-Banking Finance Company registered with RBI was brought down to 25% by MCA vide their circular dated 11th Feb, 2013. 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 ₹ 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, 2016. However, the company restricted its dividend payment to ₹ 33948 Lakhs and the balance profit after the payment of dividend and dividend distribution tax thereon for the year ended 31st March 2016 has been transferred to Bond Redemption Reserve.

(d) As per Section 135 of the Companies Act, 2013 a Corporate Social Responsibility Committee has been formed by the Company. During the year the Company has undertaken CSR activities as approved by the CSR Committee which are specified in Schedule-VII of the Companies Act, 2013.

(i) Gross amount required to be spent by the company during the year ₹ 3361.27 Lakhs (including ₹68.27 Lakhs for earlier year).

(ii) Amount spent during the year on CSR:

(₹ 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	2901.98	121.77	3023.76

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 Increase in liability due to exchange rate variation on foreign currency loans for purchase of leased assets, amounting to ₹ 81806 Lakhs (P.Y. ₹ 62274 Lakhs) has not been charged to Statement of Profit and Loss as the same is recoverable from the Ministry of Railways (lessee) separately as per lease agreements. The exchange rate variation on foreign currency loans repaid during the year amounting to ₹ 119612 Lakhs (P.Y. ₹ 60655 Lakhs) has been recovered from the Lessee, leaving a balance of ₹ 195138 Lakhs recoverable from MOR as on 31-03-2016 (P.Y. ₹ 232944 Lakhs).

29 A letter dated 23rd July, 2015 received from MOR authorised Company to draw funds from LIC in consultation with the Ministry of Railways (MOR) for funding of Railway Projects in line with leasing methodology adopted by Company for funding Railway Projects in past. Accordingly, the Company has prepared and sent the Lease Agreement to the MOR. Pending execution of the Lease Agreement, the Company has disbursed ₹ 9430 crore to MOR during FY 2015-16 and has shown the same as ‘Advance against Lease of Rly. Infrastructure Assets’. The borrowing costs in respect of any advances towards development or construction of such Railway Infrastructure Assets have been charged to the Statement of Profit and Loss, and, correspondingly, the amount

payable by Lessee, towards any pre-lease disbursement has been accounted for as Income. The mark up on such leases is yet to be fixed; hence, the same will be accounted for as and 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 31-03-2016			As at 31-03-2015		
No. of Contracts	Borrowing outstanding in Foreign Currency (USD Million)	INR Equivalent (Lacs)	No. of Contracts	Borrowing outstanding in Foreign Currency	INR Equivalent (Lacs)
6	400	311167.40	-	-	

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 31-03-2016			As at 31-03-2015			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 31-03-2016, which have not been hedged, are as follows:

As at 31-03-2016		As at 31-03-2015		Remarks
No. of Loans	Borrowing outstanding in Foreign Currency	No. of Loans	Borrowing outstanding in Foreign Currency	
1	USD 18 Million	1	USD 21 Million	Back to back recovery of exchange rate variation from MOR.
3	USD 625 Million	5	USD 1175 Million	Back to back recovery of exchange rate variation from MOR.
2	USD 500 Million	2	USD 900 Million	Back to back recovery of exchange rate variation from MOR.

c. The Company has two floating rate swaps and has converted its liability in Fixed Rate JPY to USD LIBOR. The notional principal underlying the floating rate swap is JPY 15 Billion (USD 182.94 Million).

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

32 Contingent Liabilities

a. Claims against the Company not acknowledged as debt – Claims by bondholders in the Consumer / Civil Courts: ₹ 15.74 Lakhs (P.Y. ₹ 15.74 Lakhs).

b. Claims against the Company not acknowledge as debt – relating to service matter pending in Hon'ble Delhi High Court and amount not quantifiable.

c. The Income Tax assessments of the Company have been completed up to the Assessment Year 2013–14. The disputed demand of tax including interest thereon amount to ₹ 96.76 Lakhs out of which ₹ 46.94 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.

The Income Tax Department has raised a demand of ₹ 39947.99 Lacks u/s 201(1) of the Income Tax Act, 1961 towards non-deduction of tax at source and interest thereon. The Company has filed an appeal against the order before the CIT(Appeals) on 28th April, 2016. Further, a rectification u/s 154 has also been filed on 20th May, 2016. Considering the fact that the demand has been made by the Income Tax Department for non-deduction of tax at source involving reimbursement of expenses, principal repayment on foreign currency loans and interest / swap cost payments which are either exempted or for which Non-deduction tax certificate u/s 197 / 195(3) issued by the income Tax Departments have been submitted by the respective payees. The Company is confident that the demands will be either deleted or substantially reduced and accordingly no provision is considered necessary.

d. The Company does not pay sales tax on purchase of leased assets. In the event of Sales tax on purchase / lease of rolling stock becoming payable, the same is recoverable from Ministry of Railways in terms of the lease agreements. Since, there is no sales tax demand and the amount is unascertainable, no provision is made in the accounts.

33 Expenditure in Foreign Currency

(₹ in Lakhs)

	Year ended 31-03-2016	Year ended 31-03-2015
a) Interest / Swap Cost on Foreign currency borrowings	47400.10	48448.68
b) Processing Agent / Fiscal Agent / Admin. Fee (₹ 2.64 Lakhs recoverable from MOR)	19.34	43.05
c) Underwriting / Arranger fee (recoverable from MOR)	3054.65	0.00
d) International Credit Rating Agencies Fees	93.21	84.86
e) Others (₹ 25.78 Lakhs recoverable from MOR)	27.65	22.53

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

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

Amount paid in settlement of future lease rentals as above, is being amortised in the accounts over the remaining period of the leases. During the year ended 31st March 2016, an amount of ₹ 3464 Lakhs (P.Y. ₹ 6429 Lakhs) has been charged to Statement of Profit & Loss on account of such amortisation.Since the entire future lease rental liability has been paid, there is no liability payable for unexpired lease period (Previous Year - ₹ Nil).

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

Even though, there is a mismatch in the tenor of the lease and sub-lease, there is no overall mismatch in the present value of entire lease rentals payable and receivable. During the year ended 31st March 2016, the company received lease rentals of ₹ Nil Lakhs (P.Y. ₹ 6551 Lakhs) and amortised (expensed) lease rentals of ₹ Nil (P.Y. ₹ Nil) on these transactions.

35 (a) The Company discharges its obligation towards payment of interest and redemption of bonds, for which warrants are issued, by depositing the respective amounts in the designated bank accounts. Reconciliation of such accounts is an ongoing process and has been completed upto 31-03-2016. The company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 31-03-2016 is ₹ 1035.68 Lakhs (P.Y. ₹ 390.94 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 2016,no amount was due for deposit in IEPF (P.Y. ₹ 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 ₹ 13326089 Lakhs (P.Y. ₹ 11718218 Lakhs) owned by the company and leased to the Ministry of Railways is as under:

(₹ in Lakhs)

Particulars	**As at 31-03-2016**	As at 31-03-2015
Gross Value of Assets acquired & Leased upto the end of previous Financial Year	11718218	10641115

Particulars	**As at 31-03-2016**	As at 31-03-2015
Less: Capital Recovery provided upto last Year	3699195	3190692
Capital Recovery outstanding on leased assets as at the end of last year	8019023	7450423
Add: Gross Value of Assets acquired and Leased during the period	1607871	1077103
	9626894	8527526
Less: Capital Recovery for the period	577560	508503
Net investment in Lease Receivables	**9049334**	**8019023**

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

(₹ in Lakhs)

Particulars	**As at 31-03-2016**	As at 31-03-2015
Gross Investment in Lease	13503344	12192103
Unearned Finance Income	4454010	4173080
Present Value of Minimum Lease Payment (MLP)	9049334	8019023

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

(₹ in Lakhs)

Particulars	**As at 31-03-2016**		As at 31-03-2015	
	Gross Investment In Lease	**Present Value of MLP**	Gross Investment in Lease	Present Value of MLP
Not later than one year	1340885	634176	1184096	547863
Later than one year and not later than five years	5106253	2831043	4492817	2442725
Later than five years	7056206	5584115	6515190	5028435
Total	**13503344**	**9049334**	**12192103**	**8019023**

The unearned finance income as on 31-3-2016 is ₹ 4454010 Lakhs (Previous Year ₹ 4173080 Lakhs). The unguaranteed residual value accruing to the benefit of the Company at the end of lease period is ₹ Nil (P.Y. Nil).

The company has leased rolling stock assets to the Ministry of Railways (MOR). Besides, during the current year, the lease in respect of Railway Projects funded by the Company during the year 2011-12 has commenced. 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 securtised. Accordingly, the company had invested ₹ 1697.71 Lakhs in the Pass Through Certificates (PTCs) issued by the ‘Special Purpose Vehicle’ towards

Minimum Retention Requirement. Out of the amount invested in PTCs, ₹ 965.27 Lakhs have matured till 31st March 2016, leaving a balance of ₹ 732.44 Lakhs. Details of the amount invested in PTCs and outstanding as on 31st March, 2015 is as follows:

(₹ in Lakhs)

Series	Date of Maturity	Nos of PTCs	Face Value per PTC (in Rs)	Total Amt
Series 'K'	15-Apr-16	5	1488333.09	74.42
Series 'L'	15-Oct-16	5	1421683.11	71.08
Series 'M'	15-Apr-17	5	1358357.85	67.92
Series 'N'	15-Oct-17	5	1297528.37	64.88
Series 'O'	15-Apr-18	5	1239733.28	61.99
Series 'P'	15-Oct-18	5	1184216.00	59.21
Series 'Q'	15-Apr-19	5	1131468.11	56.57
Series 'R'	15-Oct-19	5	1080799.13	54.04
Series 'S'	15-Apr-20	5	1032399.18	51.62
Series 'T'	15-Oct-20	5	986166.66	49.31
Series 'U'	15-Apr-21	5	942240.38	47.10
Series 'V'	15-Oct-21	5	900045.32	45.00
Series 'W'	15-Apr-22	5	585908.19	29.30
Total		**65**		**732.44**

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

Defined Benefit Plan

Changes in Present Value of Defined Obligations:

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	**31-03-2016**	31-03-2015
Present value of Defined Benefit Obligation at the beginning of the year	61.79	50.03	81.05	60.83
Interest Cost	4.69	4.39	5.70	5.27
Current Service Cost	4.55	3.80	11.47	8.90
Benefits Paid	0.00	0.00	-10.26	-2.31
Actuarial (Gain) / Loss on obligations	-3.38	3.57	-5.42	8.36
Present value of Defined Benefit Obligation at the end of the period	67.65	61.79	82.54	81.05

Changes in the Fair Value of Plan Assets:

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	**31-03-2016**	31-03-2015
Fair Value of Assets at the beginning of the year	62.68	57.51	38.56	23.71
Expected Return on plan assets	5.06	4.73	2.99	2.45
Contributions	0.00	0.00	0.00	15.08
Benefits Paid	0.00	0.00	-10.26	-2.31
Reimbursement paid by the insurer	-8.67	0.00	0.00	0.00
Actuarial Gain / (Loss) on plan assets	0.15	0.44	0.20	-0.38
Fair Value of Plan Assets at the end of the period	59.22	62.68	31.48	38.55

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

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	**31-03-2016**	31-03-2015
Opening net Liability / (Asset) at the beginning of the year	-0.90	-7.48	42.49	37.12
Expenses	0.65	6.58	8.57	20.46
Contribution	0.00	0.00	0.00	15.08
Reimbursement paid by the insurer	8.67	0.00	0.00	0.00
Closing net Liability / (Asset) at the end of the period	8.42	-0.90	51.06	42.50

Actuarial Gain / Loss recognised:

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	**31-03-2016**	31-03-2015
Actuarial Gain / (Loss) for the period – obligation	3.38	-3.57	5.42	-8.37
Actuarial Gain / (Loss) for the period plan assets	0.15	0.44	0.20	-0.38
Total Gain / (Loss)	3.53	-3.13	5.62	-8.75
Actuarial Gain / (Loss) recognised in the period	3.53	-3.13	5.62	-8.75

Amount recognised in the Balance Sheet:

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	**31-03-2016**	31-03-2015
Present value of obligations as at the end of the period	67.65	61.79	82.54	81.05
Fair Value of plan assets	59.22	62.68	31.48	38.56
Liability (assets)	8.43	-0.89	51.06	42.49
Net Liability (assets) recognised in the Balance Sheet	8.43	-0.89	51.06	42.49

Expenses recognised in statement of Profit & Loss:

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	**31-03-2016**	31-03-2015
Current Service Cost	4.55	3.80	11.47	8.90
Interest Cost	4.68	4.39	5.70	5.27
Expected return on plan assets	-5.06	-4.73	-2.99	-2.45
Net Actuarial (Gain) / Loss recognized in the period	-3.53	3.13	-5.62	8.74
Expenses recognised in Statement of Profit & Loss	0.65	6.59	8.56	20.46

Bifurcation of Liabilities:

(₹ in Lakhs)

Liabilities	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	**31-03-2016**	31-03-2015
Current	4.51	-0.89	13.94	13.50
Non-Current	3.91	0.00	37.12	28.99
Total	**8.43**	**-0.89**	**51.06**	**42.49**

Actuarial Assumptions:

Assumptions	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	**31-03-2016**	31-03-2015
Discount Rate	7.70% p.a.	7.80% p.a.	7.70% p.a.	7.80% p.a.
Expected Return on Plan Assets	7.70% p.a.	8% p.a.	7.70.% p.a.	8.% 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

(₹ in Lakhs)

Particulars	**Year ended 31-03-2016**	Year ended 31-03-2015
Employers' Contribution to EPF	17.54	16.34
Provision towards Post-Retirement Medical & Pension*	83.25	0.00

* The Board of Directors has approved the implementation of post-retirement medical and pension benefits for which provision has been made w.e.f 1st January 2007 in terms of DPE guidelines.

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

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

(₹ in Lakhs)

	Year ended 31-03-2016					Year ended 31-03-2015				
	Gratuity & Leave Encashment*	**LTC***	**CSR**	**Interest payable to Income Tax**	**Income Tax/FBT**	**Gratuity & Leave Encashment***	**LTC***	**CSR**	**Interest payable to Income Tax**	**Income Tax/FBT**
Opening Bal.	41.60	0.00	789.34	223.01	120921.99	29.64	3.45	800.03	60.74	100494.19
Addition during the period	9.22	0.00	0.00	0.00	41613.14	27.04	0.00	0.00	223.01	40710.68
Amount used / incurred	8.67	0.00	0.00	-179.09	-29310.29	-15.08	0.00	-10.69	-6.78	-20282.88
Unused Amount reversed during the period	0.00	0.00	0.00	-43.92	0.00	0.00	-3.45	0.00	-53.96	0.00
Closing Balance	59.49	0.00	789.34	0.00	133224.84	41.60	0.00	789.34	223.01	120921.99

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

Provision for Income Tax is in terms of Income Tax Act, 1961 and shall be adjusted after completion of assessment. Provision for Tax has been shown as net of TDS and Advance Tax in note no.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

b) Sh. Niraj Kumar, Director Finance (from 1st July, 2015)

Sh. D.C. Arya, Director Finance (upto 30th June, 2015)

c) Sh. S.K.Ajmani, Company Secretary & Group General Manager (TL)

Amount paid to Key Management Personnel:

(₹ in Lakhs)

Particulars	2015-16	2014-15
Salary / Allowances	89.91	84.47
Reimbursement	1.76	1.18
Incentive	38.57	36.51

42 During the year 2004-05, the company restructured the rate of interest on certain outstanding borrowings from IDBI Ltd. and paid ₹ 1378 Lakhs as advance, representing a portion of the future savings in the interest cost. This advance amount is being amortised over the balance tenor of the borrowings. During the year, a sum of ₹ 1.14 Lakhs (P.Y. ₹7.42 Lakhs) has been amortised, leaving a balance of ₹ Nil as on 31-03-2016 (P.Y. ₹ 1.14 Lakhs).

43 Interest on Deposits (Note No.19) includes Tax Deducted at Source amounting to ₹ 9.48 Lakhs (P.Y. ₹ 19.66 Lakhs). Ministry of Railways has also deducted tax at source amounting to ₹ 27256 Lakhs (P.Y. ₹ 24612 Lakhs).

44 The Company is in the process or compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). As the Company has not received the relevant information till finalisation of accounts, disclosure in this regard could not be made.

45 The Company has a system of physical verification of assets given on lease. The physical verification is carried out on a sample basis, as 100% physical verification of rolling assets is neither logistically possible nor considered necessary. In addition, Ministry of Railways (Lessee) provides a certificate each year that the leased assets are maintained in good working condition as per laid down norms, procedures and standards. In the opinion of the management, the aforesaid system is satisfactory considering the fact that the assets are maintained and operated by the Central Government.

46 Accounting Standards -30, 31 & 32 pertaining to Financial Instruments-Recognition & Measurement, Financial Instruments-Presentation and Financial Instruments-Disclosure were to be made mandatory by the Institute of Chartered Accountants of India (ICAI) with effect from 1st April, 2011. However, the ICAI has announced indefinite postponement of the application of AS-30, 31 and 32 as the provisions contained in AS-30, 31 and 32 are not expected to continue in their present form as these Accounting Standards are based on International Accounting Standard-39 and 32 which are currently under review by the International Accounting Standard Board. Further, these Standards have not been notified by the Ministry of Corporate Affairs (MCA). Accordingly, the Company has not adopted AS-30, 31 and 32.

47 **Change in Accounting Policy:**

Hitherto, the advance provided to Ministry of Railways for development / construction of Railway Projects to be leased out to them, pending the completion of construction and commencement of the lease, was accounted for as 'Capital Advance' and the borrowing cost attributable to such advance, net of recovery from the prospective lessee (MOR), was capitalized to the cost of projects in terms of Accounting Standrad-16.

However, in terms of AS-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'. By virtue of MOR letter dated 23rd July, 2015 authorising company to draw funds from LIC for funding Railway Projects on the leasing methodology adopted in past and disbursement of funds by Company to MOR, the inception of lease has taken place. Further, the leasing arrangement between the Company and MOR are classified as financial leases in terms of AS-19. An amount of ₹ 943000 Lakhs disbursed to MOR for carrying out construction of Railway Projects, which, upon completion of construction, will belong to the Company, has been shown as 'Advance against Lease of Railway Infrastructure Assets'. The borrowing costs on such advances given by the Company to MOR (Lessee) for construction of Railway Infrastructure Assets has been expensed out and the amount payable by the Lessee (MOR),has been accrued as Income.

As a result of the change, the Revenue from Operations has increased by ₹ 9412.55 Lacs with a corresponding increase in the Finance Cost. There is no change in the net Profit for the year.

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 BansalSinha& Co.	For and on behalf of the Board of Directors
Chartered Accountants	
FRN-006184N	

Tanupriya Gupta	**S.K.Ajmani**	**Niraj Kumar**	**P.V.Vaidialingam**
(Partner)	Company Secretary	Director Finance	Managing Director
M.No. 511757	& GGM (Term Loans)	DIN:00795972	DIN: 07413701

Place: New Delhi
Date : 10-08-2016

THE ISSUER

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