

**INDIAN
RAILWAY
FINANCE
CORPORATION**

ANNUAL REPORT 2016-17



FUTURE ON TRACK



Hon'ble Minister of Railways Sh. Suresh P. Prabhu receiving the Interim Dividend Cheque of ₹ 340 Crore for 2016-17 from Company Management

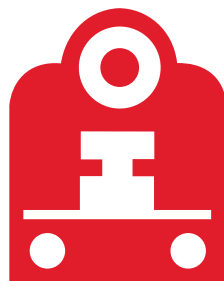


Shareholders in the Annual General Meeting held on 12th September, 2017 at Rail Bhavan, New Delhi



Company Management in the Annual General Meeting held on 12th September, 2017 at Rail Bhavan, New Delhi

ANNUAL REPORT 2016-17



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



Corporate Vision

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

Corporate Mission

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

Corporate Objectives

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

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

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Board of Directors



Shri B.N. Mohapatra
Chairman
(From 20.04.2017)



Shri Shahzad Shah
Chairman
(From 28.11.2016 to 28.02.2017)



Shri K.B. Nanda
Chairman
(From 06.10.2016 to 31.10.2016)



Shri S.K. Pattanayak
Managing Director
(From 09.03.2017)



Shri P.V. Vaidialingam
Managing Director
(From 29.07.2016 to 08.03.2017)



Shri Niraj Kumar*
Director Finance
(From 01.07.2015)



Ms. Sharmila Chavaly
Director
(From 21.11.2012)



Shri S. K. Goel
Independent Director
(From 31.12.2013 to 31.12.2016)



Shri Kishor J. Devani
Independent Director
(From 01.04.2016)



Smt. Aditi Sengupta Ray
Independent Director
(From 19.09.2017)

* Also held additional charge of the post of Managing Director from 01.07.2016 to 28.07.2016

Corporate Information



Shri Sanjay Upreti
Chief Vigilance Officer
(From 09.10.2015)

Shri Sanjeev K. Ajmani
Company Secretary

Bankers
Corporation Bank • Vijaya Bank

Internal Auditors
M/s Shiv & Associates
Chartered Accountants
103 & 105, Plot No. 1
I.P.Extension, Patparganj
Delhi - 110092

Statutory Auditors
M/s SPMG & Co.
Chartered Accountants
3322 A, 2nd Floor,
Bank Street, Karol Bagh,
New Delhi - 110 005

Secretarial Auditors
M/s Navneet K Arora & Co LLP
Company Secretaries
E 8/1, LGF,
Near Geeta Bhawan Mandir,
Malviya Nagar, New Delhi-110 017



Chairman's Statement

Dear Shareholders,



It gives me great pleasure to welcome you all to the Thirtieth Annual General Meeting of the Indian Railway Finance Corporation Limited. The audited accounts of your Company for the year ended 31st March 2017, along with the Directors' Report

and its accompaniments are with you and with your consent, I would consider them as read.

Ever since its inception nearly three decades ago, IRFC has been consistently meeting the borrowing targets assigned to it by the Ministry of Railways while ensuring timely servicing of debt. Your Company has provided funding of over Rs.1.80 lakh crore to the Ministry of Railways and other Railway Entities at the end of 2016-17. The Company continues to maintain high degree of operational efficiency manifested in its low overhead to turnover ratio of less than 0.11% which is an unparalleled feat. In view of the performance, your Company has been consistently rated 'Excellent' by the Department of Public Enterprises. Before I present an account of your Company's achievements in 2016-17; I would like to dwell upon the macroeconomic environmentals the same has a bearing on the performance and prospects of your Company.

Economic Review:

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). According to The World Bank, the Indian economy is likely grow at 7.6 per cent in 2017-18, followed by further acceleration to 7.8 per cent in 2018-19. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, Reserve Bank of India's (RBI) inflation focus supported by benign global commodity prices. India's consumer confidence index stood at 136 in the fourth quarter of 2016, topping the global list of countries on the same parameter, because of strong consumer sentiment, according to a leading market research agency. Moody's has affirmed the Government of India's Baa3

rating with a positive outlook stating that the reforms by the government will enable the country to perform better compared to its peers over the medium term.

The accommodative monetary policy stance adopted by RBI and demonetisation move initiated by the Govt. of India had led to a decline in the interest rates in the Indian Financial Markets. The Reserve Bank of India had brought about a 50-bps reduction in the Repo Rate in two tranches of 25 bps each in April, 2016 and October, 2016 respectively. The demonetization moves launched by the Govt. of India had left the Bank with huge liquidity. However, the rate cut has not fully percolated down due to structural rigidities in the credit market and increasing level of NPAs in the banking sector.

Easing of inflationary conditions and a stable Rupee had provided reasonable grounds to Reserve Bank of India to signal softening of monetary policy stance. RBI reduced the policy Repo Rate by 25 bps to 6.50% in April, 2016. Nevertheless, the RBI continued to factor in the uncertainties surrounding the inflation which emanated from unseasonal rains, upturn in the international commodity prices, implementation of 7th Central Pay Commission report etc. in its policy stance. Closely monitoring the movement in food prices, the central bank maintained its policy rate at 6.50% till August, 2016 despite increasing expectation of a rate cut by the Industry. However, inflationary pressures easing further amid a favourable and normal monsoon, the RBI brought about a further reduction in the Repo rate by 25 bps to 6.25%. Subsequently, the Govt. of India launched its demonetisation move and started withdrawing Specified Bank Notes (SBNs) which led to unprecedented spur of liquidity in the banking system and provided adequate leeway to the Banks for reduction in the interest rates. However, in the 4th Quarter, the interest rate showed an upward bias due to uncertainty surrounding the US Presidential election and an expected hawkish policy stand on rate hike by US Fed.

Reflecting the market sentiments, the 10-year benchmark Government bond yield which averaged 7.57% in March 2016, showed a downward bias and

averaged around 7.46% during the 1st quarter of FY 2016-17. The Benchmark G-Sec Yield registered a consistent decline during the 2nd quarter of FY 2016-17 and averaged around 7.15%. Amid the demonetisation move launched by the Govt. in November, 2016 and huge growth in liquidity in the banking sector coupled with the reduction in repo rate by 25 bps by RBI in October, 2016, the Benchmark G-Sec Yield registered sharp decline and averaged 6.61% in the third quarter of FY 2016-17. The interest continued to follow downward trend and recorded an average of 6.42% for the month of January, 2017. However, the Benchmark G-Sec Yield reversed its trend and started going up consistently and averaged 6.74% and 6.84% amid a hawkish guidance by US Fed.

The credit spread between 'AAA' rated corporate bonds and the Benchmark G-Sec Yield registered an increase of 17 bps from an average of 46 bps during the year 2015-16 to 63 bps in 2016-17.

Railway Sector:

Indian Railways continue to play a critical role in the country's growth. Investment in the Railways has a larger multiplier effect on the rest of the economy. There has been a significant growth in the Annual Plan Outlay of Indian Railways in recent years. The Annual Plan Outlay of Indian Railways which remained at Rs.60,100 Crore for the year 2012-13, has gone up consistently and reached a level of Rs.1,21,000 Crore for the year 2016-17. The Annual Plan outlay for the year 2017-18 has been pegged at Rs.1,31,000 Crore. Besides, the Indian Railways has embarked on a massive expansion plan with a total plan outlay of Rs.8.56 lakh crore over the next 5 (five) years commencing from the financial year 2015-16. The enormous investment in Indian Railways will lead to significant capacity enhancement, network decongestion, electrification, redevelopment of stations, improvement in passenger amenities etc.

Contribution to Railway CAPEX:

Since its inception spanning nearly three decades, your Company has played a stellar role in supporting rolling stock acquisition by Indian Railways. During the year 2016-17, your Company funded moving asset acquisition of 608 locomotives, 2280 passenger coaches and 10,000 freight wagons valued at Rs. 14,281 crore. To the end of March, 2017, your

Company has funded total acquisition of 8,998 locomotives, 47,825 passenger coaches and 2,14,456 wagons to the tune of Rs.1,51,319 crore, besides providing funding support of Rs. 3,612 crore to other Railway entities such as Rail Vikas Nigam Limited, Rail Tel Corporation etc. In addition, the Company has funded select capacity enhancement works to the extent of Rs.2078 Crore during the year 2011-12. Further, your Company has been assigned the task of funding Railway Projects through Institutional Finance, against which a sum of Rs.22,600 Crore has been disbursed to MOR to the end of March, 2017. Thus, the cumulative funding to the Rail Sector till 31st March, 2017 is Rs.1,79,609 crore. This mirrors your Company's importance in the overall asset acquisition plans of the Ministry of Railways.

Operational and Financial Performance during 2016-17:

I would now like to share with you some of the highlights of your Company's performance since the last Annual General Meeting held in August, 2016. The Company was originally set a target of borrowing of Rs.20000 crore including Rs.19760 Crore for funding Rolling Stock Assets and Rs.240 Crore for meeting the debt financing needs of Rail Vikas Nigam Ltd. (RVNL). In the Union Budget for FY 2017-18, the Revised Estimate for target of funding by IRFC to MOR (for Rolling Stock Assets) and RVNL for FY 2016-17 was estimated at Rs.17,945 Crore which was further downsized to Rs.16,830 Crore at the Final Modification stage. The Final Revised Target included Rs.16,793 Crore for creation of Rolling Stock Assets and Rs.37 Crore for meeting the debt financing needs of RVNL. The Company had a carry forward unutilised balance of Rs.1180 Crore lying with MOR out of the remittances made in the previous year for funding Rolling Stock Assets. After accounting for the aforesaid carry forward unutilised balance of Rs.1180 Crore, the entire amount for funding Rolling Stock Assets and meeting the debt financing needs of RVNL was met out of issuance of taxable bonds in the domestic capital market.

The weighted average cost of the pool of incremental borrowings and carry forward unutilised balance with MOR for the year 2016-17 arrives at 7.15% p.a. as against 7.62% p.a. for FY 2015-16, a year-to-year reduction of 47bps. This is an incredible and remarkable achievement in view of the fact that the Company did



not have access to low cost bearing tax free bonds during 2016-17 which formed 63% of the total mobilisation from the domestic market for the previous year 2015-16. The Cost of Borrowing delivered by the Company is 12 bps lower than the cost of borrowing by Benchmark AAA Rated Corporates of equivalent tenors prevailing at the relevant points in time when the borrowings were made. The Company could achieve this feat through constant monitoring of the market, proper timing of its borrowing and appropriate selection of instruments so as to minimise the cost of borrowings and in turn, the cost to MOR.

As you are aware, the Ministry of Railways has executed a Memorandum of Understanding (MOU) with the Life Insurance Corporation of India (LIC) for availing Rs.1.50 Lakh Crore through Institutional Finance route (EBR-IF) for funding Railway Projects. Your Company being the sole financial institution in the Rail Sector has been assigned the additional task of funding Railway Projects through Institutional Finance from LIC. The cumulative disbursement for Railway Projects till 31.3.2017 is Rs. 22,600 Crore (including Rs.9430 Crore for FY 2015-16 and Rs.13,170 Crore for FY 2016-17) which was met by drawing a sum of Rs.10,000 Crore from LIC through issuance of bonds, and the balance amount was raised through short term bridge loans/internal accruals to be recouped at a later date.

I am happy to report that your Company continues to enjoy the highest credit rating from the three leading credit rating agencies. During the Financial Year 2016-17, the Company was accorded highest possible ratings both for its long term and short-term borrowings programme. For the long term domestic borrowings, the Company was awarded "CRISIL AAA/Stable rating by CRISIL, "(ICRA) AAA" rating by ICRA and "CARE AAA" ratings by CARE. Similarly, the Company's short term domestic borrowings were rated "P1+", "A1+" and "PR1+" by CRISIL, ICRA and CARE respectively. Besides, the three prominent International Credit Rating Agencies namely Standard & Poor's, Moody's and FITCH have awarded to IRFC "BBB-(Stable)", "Baa3 (Positive)" and "BBB-(Stable)" respectively. Besides, the Company obtained an issue specific credit rating of "BBB+ (Stable)" from Japanese Credit Rating Agency. The Credit rating is at par with the rating accorded to India (Sovereign Rating).

I now turn to the financial performance of your Company. IRFC has exhibited a healthy financial performance for FY 2016-17 by registering a trend compliant year-on-year growth in its profit. The Profit Before Tax (PBT) has registered a growth of 9.40% from Rs.1949.92 Crore for the previous year ended 31st March, 2016 to Rs.2133.27 Crore for the year ended 31st March, 2017. Corresponding to the growth in PBT, the Profit After Tax (PAT) for the current year under review has gone up to Rs.934 crores as compared to Rs.849 crore for the previous year, an increase of 10.00%. This is considered creditable because such result has become possible despite IRFC maintaining a thin mark up of 50 bps over its own cost during the year, as also the requirement of the Company's accounts bearing a high of 55.57% of its PBT towards taxes.

As required under the relevant Accounting Standards, IRFC is required to provide for Deferred Tax Liability (DTL). Accordingly, a sum of Rs.743.92crore has been provided in the Accounts for 2016-17. As members are aware, besides paying Minimum Alternate Tax and fairly high dividend, year on year provision for DTL has had an adverse impact on the growth of net worth of the Company which has necessitated equity infusion at regular intervals to maintain the D/E Ratio at an acceptable level. One of the steps taken by your Company to address the issue has been to peg the total dividend for the year at Rs374 crore, which is about 40 per cent of Profit After Tax as per the Presidential Directive issued by the Ministry of Railways but significantly lower than 5 per cent of Net Worth as per the Ministry of Finance guidelines.

CSR Activities:

As a responsible corporate citizen, your Company attaches high importance to activities related to Corporate Social Responsibility (CSR) and has strictly adhered to the relevant provisions of the Companies Act, 2013 in this regard. CSR Budget for the year 2016-17 was pegged at Rs.36.35 Crore. A total number of 15 CSR Projects were undertaken at a budgeted expenditure of Rs.28.87 Crore. Besides, a total sum of Rs.7.48 crore including a sum of Rs.3.74 Crore each was contributed to 'Swatch Bharat Kosh' and 'Clean Ganga Fund'. The CSR Projects include 12 projects related to 'Environmental sustainability and promoting renewable energy' at a total budgeted cost of Rs.26.62

Crete, 1 project pertaining to Protection of National Heritage' at a budgeted cost of Rs.0.10 Crore, 1 project for 'Livelihood enhancement of differently abled sections of the society' at a budgeted expenditure of Rs.2 Crore and 1 project pertaining to 'enhancement of amenities for disabled' at a budgeted expenditure of Rs.0.16 Crore. Against the budgeted expenditure of Rs.28.87 Crore, a sum of Rs.8.29 Crore has already been disbursed to the end of March, 2017.

Human Resources:

Despite the scale of operations and the challenging environment in which IRFC operates, your Company has functioned with a high degree of productivity and efficiency. IRFC is widely acclaimed for its business skills, quick decision making and negotiating capabilities in raising large resources at benchmark pricing levels. The Company strives to maintain the highest standards of corporate governance and has adhered to the guidelines laid down by the law and various regulatory bodies. Consistently high service to all stake holders has been ensured, partly by outsourcing some of the back-office activities to professional agencies. The standing earned by the Company in financial markets at home and overseas is the direct outcome of its deep understanding of business, ethical and transparent business practices and accumulation and nurturing of professional expertise over the last three decades. The support it receives from the Ministry of Railways and the trust reposed by the Ministry in the Company's professional capabilities has enhanced its stature. To cope up with tremendous increase in the business, the Company has effected a modest increase in its workforce by inducting 4 executives and 3 supporting staff. Your Company is also planning to suitably revamp its Organisation Structure and adopt state-of-the-art ERP technology to meet the extensive increase in the workload, to retain the existing talent pool and to usher in more professionalism for managing the future challenges.

Way Ahead:

The current year poses tough challenges for the Company. In line with the Government's decision, your

Company is gearing up to enter the capital market with its maiden Initial Public Offering (IPO) of equity shares. Considering its strong fundamentals, the Company is expected to unlock tremendous value. The prerequisite activities for filing the Draft Red Herring Prospectus (DRHP) with the Securities Exchange Board of India has since been completed.

For the current fiscal, your Company has been assigned borrowing target of Rs.40,000 Crore including Rs.21,546 Crore for funding rolling stock assets, Rs.18,314 Crore for financing Railway Projects through Institutional Finance and Rs.140 Crore for meeting the debt financing needs of RVNL.

I am confident that with the intellectual and managerial capabilities, the available skill sets and the ingenuity of the team, your company shall prove its worth in accomplishing the tasks on hand and ensure all round excellence in the coming years.

Acknowledgements:

IRFC's outstanding performance year after year would not have been possible without the unstinted support and cooperation of numerous individuals and organizations including Shareholders, my colleagues on the Board of Directors, officers and staff of Ministry of Railways, Ministry of Finance, Department of Public Enterprises, C&AG of India, Statutory Auditors, Banks, Financial Institutions, Securities and Exchange Board of India, Reserve Bank of India, National Securities Depository Limited and Central Depository Services (India) Limited. I wish to place on record my gratitude to all of them. I also wish to place on record the highest appreciation for the hard work and sincere efforts put in by the small but highly committed team at IRFC. Their untiring commitment and application enabled the Company to deliver excellent results.

B.N. Mohapatra
Chairman

Place : New Delhi
Dated : 12th September, 2017



Directors' Report

Dear Shareholders,

Your Directors have the pleasure in presenting the Thirtieth Annual Report of the Company along with the Audited Financial Statements, Auditor's Report and Review of the Accounts by the Comptroller & Auditor General of India for the financial year ended 31st March, 2017.

1. FINANCIAL HIGHLIGHTS

The financial performance of your Company for the year ended 31st March, 2017 is summarised below:

(₹ in lakh)

	Particulars	Year ended 31-03-2017	Year ended 31-03-2016
I.	Revenue from operations	904677.44	750623.92
II.	Other income	88.60	106.57
III.	Total Revenue (I+II)	904766.04	750730.49
IV.	Expenses:		
	Finance costs	688807.79	551877.11
	Depreciation and amortization expense	35.02	34.66
	Other expenses	2596.39	3827.14
	Total Expenses	691439.20	555738.91
V.	Profit before tax (III-IV)	213326.84	194991.58
VI.	Tax Expense:		
	(1) Current tax	45523.15	41613.14
	(2) Tax For Earlier Years	30.62	0.00
	(3) Deferred Tax	74391.93	68509.18
	Total Taxes	119945.70	110122.32
VII.	Profit (Loss) for the current year from continuing operations (V-VI)	93381.14	84869.26

Profit Before Tax (PBT) of your Company went up to Rs. 2133.27 crore during 2016-17 as compared to Rs. 1,949.92 crore for the previous year, registering a growth of 9.40%.

Profit After Tax (PAT) has registered a healthy growth of 10.02% to Rs. 933.81 Crore for the year 2016-17 as against Rs. 848.69 Crore for the previous year.

For appropriate comparison of the Profit Before

Tax (PBT) and Profit After Tax (PAT) with the figures of 2015-16, it would be expedient to discount the impact of one time items like interest earned amounting to Rs. 37.60 crore from the funds collected for Tax-free Bonds kept in Escrow Collection account with Bank in 2015-16, higher issue expenses incurred for issuance of Tax Free Bonds to the extent of Rs. 63.27 crore under public issue in 2015-16 and lower incidence of Corporate Social Responsibility (CSR)

expenditure by Rs.13.47 crore in the year 2016-17 as CSR expenditure actually incurred has only been recognized in Profit & Loss A/c in terms of Guidance Note issued by the Institute of Chartered Accountants of India. Since claims from the Implementing Agencies for the year 2016-17 are awaited, there is no underspending. If the impact of the aforesaid items is factored in, the comparable PBT of the Company for the year 2016-17 works to Rs. 2,119.80 crore as against Rs. 1,975.80 crore for the year 2015-16, registering a growth of 7.30%. Similarly, the comparable PAT would work out to Rs. 923.57 crore for the year 2016-17 as against Rs. 860.04 crore for the year 2015-16, indicating a trend compliant growth of 7.30%

2. Dividend

Your Company seeks to strike a judicious balance between the return to the shareholders and retaining a reasonable portion of the profit to maintain a healthy financial leverage with a view to supporting and sustaining future borrowings and growth. The overriding requirement to maintain Debt to Equity ratio of the Company within the acceptable limits acts as a deterrent to declaration of higher amount of dividend.

The Board had, therefore, declared an Interim Dividend of Rs. 340 crore during 2016-17. It is further proposed to declare a Final Dividend of Rs. 33.52 crore. The total amount of Rs. 373.52 crore comprising interim and final dividend works out to 40% of the PAT of the Company.

3. Reserves

After providing for Dividend and Dividend Tax, the balance amount of Profit After Tax of Rs. 484.25 crore has been transferred to Bond Redemption Reserve.

4. Share Capital

The entire paid up capital of the Company amounting to Rs.6,526.46 crore continues to be held by the President of India and his nominees.

The above Capital includes amount of Rs. 2,000

crore received during the year 2015-16. It was reported in the last Annual Report for the year 2015-16 that the Company had received two Equity infusions in the Paid-up Capital of the Company from MOR amounting to Rs. 800 crore and 1,200 crore on 22nd March, 2016 and 31st March, 2016 respectively. The allotment of 2,00,00,000 equity shares against the above funds was made on 11th May, 2016. These funds were shown as 'Share Application Money Pending Allotment' in that Report.

5. Independent Evaluators' Assessment

5.1.Credit Ratings

Domestic: During the financial year 2016-17, the Company's long term domestic borrowing programme was awarded the highest credit rating of "CRISIL AAA/Stable", "[ICRA] AAA (Stable)" and "CARE AAA [Triple A]" by CRISIL, ICRA and CARE respectively. With a view to comply with the requirements of Basel II norms, the Company also got its short term borrowing programme rated, obtaining the highest rating of "CRISIL A1+", "[ICRA] A1+", and "CARE A1+ [A One Plus]" by CRISIL, ICRA and CARE.

International: During the financial year 2016-17, three international credit rating agencies – Standard & Poor's, Fitch and Moody's – have awarded to IRFC "BBB- with Stable Outlook", "BBB- with Stable Outlook" and "Baa3 with Positive Outlook" ratings respectively. Besides, the Company obtained an issuer specific credit rating of "BBB+ with Stable Outlook" from Japanese Credit Rating Agency. Each of the four credit ratings is equivalent to India's sovereign rating, and is of investment grade.

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

Based on evaluation of its performance for the year 2015-16, the Company obtained 'Excellent' grading from the Department of Public Enterprises (DPE) for its performance vis-à-vis the targets set out in the MOU. Out of the last twenty years, your Company has been rated



'Excellent' on eighteen occasions. The Company is committed to continuing all efforts to maintain high standards of performance in future as well.

In terms of the MOU entered into with the Ministry of Railways (MOR) for the year 2016-17, it has been stated therein that with a view to ensuring measurability and reliability of achievements against the parameters set out in the MOU, the figures be either reflected in the Annual Report for the year 2016-17 or related information be furnished by means of providing resolution passed by the Board and / or by providing physical document. Accordingly, some of the related information is given here under :-

- (i) Report on Corporate Governance for the year 2016-17 was submitted to Department of Public Enterprises (DPE) through MOR on 6th July 2017.
- (ii) Completed Data Sheet, containing PE Survey, was submitted to DPE on 5th September, 2016.
- (iii) The Company has submitted a certificate to DPE through MOR that it has complied with all the guidelines issued by DPE from time to time on various subjects.

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

6. Market Borrowings during 2016-17

The Company was originally given a target of borrowing of Rs.40,985 crore including Rs.19,760 Crore for funding Rolling Stock Assets, Rs.240 Crore for meeting the debt financing needs of Rail Vikas Nigam Ltd. (RVNL) and Rs. 20,985 crore for funding Railway Projects through Institutional Finance from LIC. The target of the borrowing was finally brought down to Rs. 30,000 crore comprising of Rs. 16,792.87 crore for funding Railway Stock Assets, Rs. 13,170 core for funding Railway Projects and Rs. 37.13 crore for RVNL. However, the final acquisition of Railway Stock Assets by the MOR was Rs. 14,280.84 crore, leaving an unutilised balance of Rs. 2,512.03 crore. The Company had a carry forward of

unutilised balance of Rs.1,179.79 Crore lying with MOR out of the remittances made in the previous year for funding Rolling Stock Assets. After accounting for the aforesaid carry forward unutilised balance of Rs.1,179.79 Crore, the entire amount for funding Rolling Stock Assets and the debt financing needs of RVNL were met out of issuance of taxable bonds in the domestic capital market.

The weighted average cost of the pool of incremental borrowings for rolling stock and carry forward unutilised balance with MOR for the year 2016-17 arrives at 7.15% p.a. as against 7.62% p.a. for FY 2015-16, an year-to-year reduction of 47 basis points. This is a credible achievement in view of the fact that the Company did not have access to low cost bearing tax free bonds during 2016-17 which formed 63% of the total mobilisation from the domestic market for the previous year 2015-16. The average cost of borrowings delivered by the Company was higher only by 18 basis points (bps) than the average benchmark 10 year G-Sec yield as compared to 63 bps for other 'AAA' rated corporates. The cost of fund Borrowing delivered by the Company is 12 bps lower than the cost of borrowing by Benchmark AAA Rated Corporates of equivalent tenors prevailing at the relevant points in time when the borrowings were made. The Company was able to achieve this feat through constant monitoring of the market, proper timing of its borrowing and appropriate selection of instruments. This has led to minimisation of the cost of borrowings and in turn has reduced the cost of MOR.

Requirements for project funding were also met through a mix of LIC borrowings, terms loans and internal accruals.

7. Redemption of Bonds/Repayment of Loans

The Directors are pleased to report that during the year under review, your Company successfully redeemed bonds and discharged its other debt obligations amounting to Rs. 11,814.12 crore in an

efficient manner, without a single instance of delay or default in debt servicing. These included Bonds valued at Rs. 3,725.62 crore, Term Loans worth ` 2,932.57 crore, External Commercial Borrowings (ECB) of Rs. 2,190.06 crore and Commercial Papers of value Rs.2,965.87 crore. Your Company is set to honour obligations towards redemption of Bonds, repayment of Loans and ECBs amounting to around Rs. 9,682.43 crore during the current financial year.

Your Company's internal generations are adequate to meet the repayment / redemption obligations. Surplus funds, if any, after meeting the repayment obligations are invested prudently in the form of Fixed Deposits with Banks.

The Company continues to maintain its impeccable track record of servicing its debt in time and there has not been a single instance of default since its inception.

8. Internal Financial Control Systems & their adequacy and Risk Management

Effective risk management is central to ensure a robust and healthy finance for the Company. While management of credit risk is accorded high priority amongst various risk mitigation efforts of a business, this is virtually a non-issue in the case of your Company, in as much as an overwhelming segment of its assets is in the form of lease receivables from the Ministry of Railways, carrying zero risk. The Company's selective forays into other areas in the form of loans to Rail Vikas Nigam Limited and funding of railway projects carry suitable protection as the same has the cash flows constituting IRFC's receivables originate in the Ministry of Railways.

As regards the Operational Risk, the Company has in place adequate internal control systems commensurate with the nature and volume of its business. Efficient maintenance of accounts is facilitated by a professional and reputed firm of Chartered Accountants engaged as Retainer of Accounts. Control is exercised by the executives and employees of the Company, who are accountable for the work done by the aforesaid

firm. Thereafter, the same is audited periodically by the Internal Auditors. The function of Internal Audit has been assigned to another reputed firm of Chartered Accountants. The scope of internal audit is well defined and is very exhaustive to take care all crucial functions and business of the Company. Based on their report, steps are taken at regular intervals to further strengthen the existing systems and procedures. Their significant observations are discussed in the Audit Committee Meetings regularly. The Statutory Auditors of the Company are appointed by Comptroller and Auditor General (C&AG) of India, and the appointment is rotated periodically. Besides, the accounts of the Company are subject to supplementary audit by the office of C&AG as required under the Companies Act. The C&AG also conducts proprietary audit of the Company. The Company has implemented Accounts Manual and Internal Audit Manual this year. The Company has also implemented a policy for temporary placement of funds with the Banks in order to strengthen its cash management system. The track record of your Company with regard to handling its operational risk has been excellent.

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



Given the carefully drafted provisions in the Lease Agreement signed by IRFC with MOR each year, there is a very good matching of the interest rate sensitivity profile of its assets and liabilities. In the circumstances, exposure of the Company to Interest Rate Risk is negligible. Further, for the Railway Projects financed through Institutional Finance, it is proposed to adopt the lease structure akin to the structure of bonds which will minimise the liquidity and interest rate risk.

The cash flows of your Company are highly predictable, shielding it largely against liquidity related issues even in a volatile market. Besides, with the quality of credit to it commanding high level of respect amongst investors, both domestic and international, the Liquidity Risk in the case of IRFC is perceived at a very low level.

Your Company has consistently been adopting prudent, efficient and cost-effective risk management strategies to safeguard its operations against Exchange Rate Variation risk on its overseas borrowings. The Company strives to eliminate at opportune time the exchange rate variation risk in respect of principal repayments. Timing is important in such hedging transactions. The Company recognises the fact that contracting a hedge at a time subsequent to the drawdown does not expose it to any undue risk because of longer maturities. The Risk Management Committee regularly monitors the FX Exposure. In accordance with the policy, the Company has hedged part of its foreign currency exposure thereby mitigated the exchange rate fluctuation risk to that extent.

Some of the outstanding foreign currency borrowings of the Company with tenor longer than five years are either having bullet repayment or amortised repayment in half-yearly instalments. As a result of amortized repayments, the risk gets significantly mitigated by virtue of repayments taking place progressively at different points of time. Keeping in view the volatility in the foreign exchange markets, the Company has been taking recourse to selective hedging of the ECBs

outstanding both on principal and interest amount. With a view to effectively supplement its in-house expertise on the matter, your Company usually resorts to external expert advice from reputed professional consultants, while taking hedging decisions.

Reserve Bank of India (RBI) have made it mandatory for all the Banks offering derivative products to ensure that all their clients who have business dealings must obtain certification regarding adoption of Risk Management Policy duly approved by their Board of Directors. In compliance with the RBI Guidelines, Board approved Risk Management Policy is in place. The Company also has constituted Risk Management Committee which comprises Managing Director and the Director Finance. The Committee meets regularly to review and monitor the foreign currency exposure and other risks.

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

9. RBI Prudential Norms

Your Company is registered as a Non-Banking Finance Company with the Reserve Bank of India. Being a Government Company and not accepting public deposits, the exemption from Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions except paragraph 26 with respect to change of address, Directors, Auditors etc., continues to be applicable in the new Directions issued by the Reserve Bank of India for the year 2015 vide Notification No. DNBR.008/CGM(CDS)-2015 dated 27th March, 2015. 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.

10. Lease Arrangement with the Ministry of Railways 2016-17

As you are aware, the financial relationship of the Company with the Ministry of Railways is based on a Finance Lease arrangement which is regulated by a standard lease agreement. In respect of the incremental assets acquired during 2016-17 through IRFC funding, lease rentals have been fixed at Rs. 54.525 per thousand per half year (PTPH) over a primary lease tenor of 15 years. The cost (IRR) to Ministry of Railways is 7.65% p.a. payable semiannually. Viewed in the context of the relatively high interest rates ruling during most parts of the year, the pricing is considered attractive for the Ministry. As regards the cost to be charged from RVNL for the lending to them during the year, the same has been worked out based on the average cost of borrowings during the year. The cost to RVNL has accordingly been fixed at 8.19% p.a.(annual).

11. Resource Mobilisation for 2017-18

In the Budget for 2017-18, the annual borrowing target for IRFC has been fixed at Rs.40,000 crore which includes Rs. 21,546.37 crore for funding of Rolling Stock assets and funding of Railway projects through Institutional Finance to the extent of Rs.18,313.63 crore. A target of Rs. 140 crore for meeting the debt funding requirements of RVNL has also been given.

The Company is confident of meeting the challenge and hopeful to raise the required amount during the year through judicious mix of Bonds, availment of loans, external commercial borrowings route, etc. at most competitive rates and terms.

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

Your Directors take pleasure in sharing with you their perception that business of the Company stands on a sound platform and is running well. The robust business model involving strong and mutually beneficial relationship with MOR has

become its unique forte. However, the uncertainties in the global markets and the widening of corporate spreads, as well as by interventions of Reserve Bank of India to bring inflation under control, points to strong likelihood of the cost of raising financial resources remain on the higher side. While the Company's operations have necessarily to be circumscribed by the conditions set out by the macroeconomic environment, the Company maintains its unflinching commitment to make funds available to the Railways at the most competitive pricing feasible.

The business of the Company with the Ministry has grown considerably during the last ten years. From an annual target of Rs. 2,957 crore in 2004-05, the borrowing target assigned for the current year 2017-18 stands at Rs. 40,000 crore comprising Rs. 21,546.37 crore for Rolling Stock assets, Rs. 140 crore for RVNL and Rs. 18313.63 crore for Railway Projects to be funded through LIC loan. The trend represented by more than thirteen-fold increase in annual borrowing target over a period of twelve years is likely to continue.

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

Under the arrangement, amount totaling of Rs. 10,000 crore was drawn from LIC during the years 2015-16 and 2016-17. During the current financial year 2017-18, a sum of Rs. 4,100 crore has been disbursed by LIC.

In the Union Budget for the year 2017-18, the Government has announced listing of shares of your Company on bourses. As a pre-requisite for listing, the public shareholding of such companies has to be not less than 25%, which is to be achieved within a period of three years. Accordingly, the Government of India has proposed to divest upto 25% of its holding.



Besides, the Company proposes additional issue of equity shares to the extent of 5% to increase its net worth in order to maintain Debt to Equity Ratio within the acceptable limits.

13. Report on Corporate Governance

The Government considers good corporate governance practices a sine qua non for sustainable business that aims at generating long term value for its shareholders and all other stakeholders. Accordingly, it has been laying increasing emphasis upon development of best corporate governance practices amongst Central Public Sector Enterprises (CPSEs). In pursuance of this philosophy, your Company continues to comply with the 'Guidelines on Corporate Governance for Central Public Sector Enterprises' issued by Government of India, Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises (DPE) in May, 2010.

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

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

14. Corporate Social Responsibility

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

In terms of Section 135 of the Companies Act, 2013 (the Act), read with Schedule VIII thereof and also the CSR Rules, the Company has constituted a CSR Committee (the Committee) comprising Independent Director, the Managing Director and Director Finance. Independent Director is the Chairman of the Committee. Under the Act, the Company is required to spend at least two percent of the average of its net profits of the three immediately preceding financial years. The

Department of Public Enterprises (DPE) has also issued guidelines in this regard which, inter alia, require the Central Public Sector Enterprises (CPSEs) to frame a 'CSR and Sustainability Policy'. The Guidelines also make it mandatory for the CPSEs undertake CSR activities under the provisions of the Act and the Rules thereunder.

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

CSR activities during 2016-17

During the year 2016-17, the Company was required to spend Rs. 36.23 crore, being 2% of its average net profits of the last three years, on CSR activities under the Act. The Company spent a sum of Rs. 15.71 crore. Claims for the balance amount of Rs 20.52 crore are awaited from the implementing agencies.

Following expenses, inter alia, were incurred by the Company during 2016-17 :-

The Company spent Rs. 1.74 crore and Rs.0.59 crore for setting up of Solar Systems at Dhuburi Distt., Assam and Leh and Kargil Districts of J&K. A sum of Rs. 0.68 crore was spent for setting up of environment friendly 100 KWp Solar Plant at North-Western Railway, Jaipur. Further, an amount of Rs.0.31 crore was spent for installation of solar lighting system at Bhadohi, a backward district of State of Uttar Pradesh.

The Company spent a sum of Rs. 0.46 crore on a project for setting up of Solid Waste Management Plants including waste management to Energy Plants of capacity of 15 tons per day at 8 (Varanasi, Allahabad, Patliputra (Patna), Secunderabad, Chhatrapati Shivaji Terminus, Chennai, Sealdah and Howrah) Railway Stations. The Company also spent a total sum of Rs. 2.32 crore for Plantation of trees on 109 hectares of Railway Land in the State of Haryana.

The Company also spent a total sum of Rs. 0.50

crore for Waste Water Recycling Plant at Sawaimadhopur Railway Station.

In an effort towards improving capacity building of Divyaangs (persons with disabilities), the Company distributed aids & appliances through ALIMCO at Latur / Beed (Maharashtra), Lucknow Rural (UP), Indore (MP) and Haridwar / Rishikesh at a cost of Rs. 1.00 crore. The Company also spent a total sum of Rs. 0.61 crore for Installation of 11 Bio-toilets for Divyang passengers at railway stations - North-Western Railway, Jaipur.

The Company also spent a total sum of Rs. 0.06 crore for construction of Hospital at Baranagar, Kolkata. This expenditure pertains to the year 2011-12.

The Company has deposited in Clean Ganga Fund & Swachh Bharat Kosh, Rs. 3.71 crore each.

CSR Activities proposed during 2017-18

During the year 2017-18, the Company is required to spend about Rs. 36.35 crore under the Act. Preliminary study on projects is being undertaken. The detail of all the projects / activities would be provided in the next Annual Report.

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

15. Directors Responsibility Statement

As required under Section 134(3)(c) of the Companies Act, 2013, it is confirmed that :

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records, in accordance with the provisions of

the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud or other irregularities; and

- d) The Directors have prepared the annual accounts on 'going concern' basis.
- e) The Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. Human Resource Management

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

During the year 2016-17, process of augmenting staff strength was initiated and 7 (seven) new employees have been recruited. Present staff strength of the Company stands at 24.

The existing small working strength of 24 personnel is complemented to an extent by outsourcing a few non-core activities to professional agencies. The high level of employee productivity and operational efficiency is reflected in an impressively low cost of operations (overhead) to turnover ratio of 0.11%.

Such high levels of efficiency would not have been possible but for the Company laying deep emphasis on upgrading skills of its employees and keeping them abreast of latest developments and industry practices. The Company is committed to enhancing the professional expertise of all its employees. As a matter of general practice, the Company relies on training programmes involving assessment of training needs and providing necessary inputs to Company personnel, including through customised training programmes. In the year 2016-17, 2 (two) Executives and 3 (three) Non-executives were sent for training for a total of 21 man days to



improve their knowledge and skills in their relevant areas of operations.

The Directors are also imparted training in the need based manner. Shri Kishor J. Devani, Independent Director, underwent training for two days conducted by the DPE. The course, 'Orientation Programme for Capacity Building of Non-official Directors of CPSEs', was to sensitise newly appointed independent directors about their role and responsibilities in context of the Companies Act, 2013.

While selecting the training programme, the Company lays emphasis on development of the skill and knowledge of its executives in the new vistas of Finance and Information Technology, besides developing the leadership and managerial skills for the future. During the year 2016-17, three non-executives of the Company were sent for training in "Health & Stress Management"; one executive of the Company had training in "Vigilance Training" and two executives of the Company have undergone training in "Written Business Communication".

17. Statutory Auditors & Secretarial Auditors

M/s SPMG & Company, Chartered Accountants, have been appointed as Statutory Auditors by Comptroller & Auditor General of India to audit the accounts of the Company for the year 2017-18. Secretarial Audit under Section 204 of the Act has been conducted by M/s Navneet K. Arora & Co., Company Secretaries, the existing Secretarial Auditors.

18. Other Disclosures under the applicable provisions of the Companies Act, 2013

18.1. Number of Meetings of the Board

The details are given in Corporate Governance Report which is enclosed as Annexure-I.

18.2. Certificate of Independence by Independent Director

Shri Kishor J. Devani, Independent Director, has given a declaration that he meets the criteria of independence as laid down under Section 149 (6) of the Act.

18.3. Material changes, if any, that may affect financial position of the Company

No material changes and commitments have occurred, between the end of the financial year to which the financial statements relate and the date of this Report, which may affect the financial position of the Company.

18.4. Internal financial control systems and their adequacy

This has been discussed in Para 8.

18.5. Audit Committee

The details pertaining to composition of Audit Committee are included in the Corporate Governance Report, which is enclosed at Annexure-I.

18.6. Statutory Auditors' Report and Secretarial Auditors' Report

The Secretarial as well as Statutory Auditors in their Secretarial Audit Report and Corporate Governance Compliance Report respectively have observed that the Company is not having adequate number of Independent Directors on their Board. Further, due to non-availability of sufficient number of Independent Directors, constitution of Audit Committee and Nomination & Remuneration Committee is not in line with requirements of the Companies Act, 2013.

Since the Directors are appointed by the Government on the Board of the Company, requests had been made to MOR for filling up the vacancy of one Independent Director urgently.

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

18.7. Risk Management

The Board of the Company has formed a Risk Management Committee comprising Managing Director and Director Finance to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for reviewing the foreign exchange rate fluctuation risk plan and ensuring its effectiveness. Five

meetings of the Committee were held during the year. The proceedings of the meetings of the Risk Management Committee were placed before the Board of Directors in their subsequent meetings.

The Company has also a Risk Management Policy in place. The details of Risk Management have been covered in Para 8.

18.8. Particulars of loans, guarantees and investments

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

18.9. Transactions with related parties

None of the transactions with related parties falls under the scope of Section 188(1) of the Act.

18.10. Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company

There are no significant and/or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company.

18.11 Disclosure under Foreign Exchange Management Act, 1999

The Company has obtained a Certificate from its Statutory Auditors that it is in compliance with the relevant provisions of the Foreign Exchange Management Act, 1999 pertaining to derivatives.

18.12. Extract of Annual Return

As provided under Section 92(3) of the Act, the extract of Annual Return is given in Annexure-V in the prescribed Form MGT-9, which forms part of this report.

18.13. Particulars of Employees receiving high remuneration & other particulars of employees

Since the IRFC is a Government Company, provisions of Section 197 are not applicable on it. Hence, the details have not been given.

18.14. Deposits from public

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

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

Pursuant to the Provision of Section 134(3)(m) of the Companies Act, 2013 in respect of Conservation of Energy and Technology absorption, following steps have been taken by your Company :-

To save power, the Company now purchases LED / LCD monitors while replacing the old monitors. Employees are encouraged to keep their gadgets in power saving mode, wherever possible. The Company now replaces its old electrical items, gadgets, etc. with the power efficient units.

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

18.16 Expenditure on R&D

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

19. Official Language

The Company is committed to achieving extensive use of Hindi in transaction of its official business, and in the process also bring about compliance with provisions of Official Language Act and Official Language Policy of the Government of India. Considerable efforts were made to achieve the targets set under Annual Programme issued by Department of Official Language, Government of India. Provisions of Section 3(3) of the Official Language Act were fully complied with. Effective measures were taken to bring about progressively higher use of Hindi in day-to-day working of the Company. Ensuring more intensive use of bilingual / Hindi software, purchase of sufficient number of Hindi books, periodicals and journals for the office library in keeping with improving readership, and holding



workshops to promote awareness and use of Hindi as official language formed core of the approach in the matter, even as the biggest driver has been a sense of pride inculcated amongst constituents of the Company in transacting their official work in Hindi.

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

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

20. Presidential Directives

One Presidential Directive No. 2011/PL/64/3/Pt.1 dated 29th April, 2016 was received asking the Railway Public Sector Undertakings to pay the Dividend @ 40% of Profit After Tax for the years 2015-16 and 2016-17.

Further, interim dividend for the financial year 2016-17 shall be 20 percent higher than the interim dividend of 2015-16 and total dividend for the financial year 2016-17 shall be minimum 40 percent of Profit After Tax.

The Company has complied with the above Directive.

21. Right to Information Act, 2005

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

22. Women Employees

Your Company has a very small organizational setup, presently comprising 24 employees in all.

These include two women employees, one in the post of Assistant Manager and one working as Section Officer. The Company would endeavour to further improve the number as and when an opportunity arises.

23. Information under sexual harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013

No case of sexual harassment at the work place was reported in the last financial year.

The Company has an Internal Complaint Committee where women employees can register their complaints against sexual harassment.

24. Board of Directors and Key Managerial Personnel

Since the last Annual General Meeting in August, 2016, following changes have taken place in the composition of the Board of Directors.

1. Shri Sanjoy Mookerjee, the then part time non-official Chairman, superannuated on 30th August, 2016.
2. Shri K.B. Nanda was part time non-official Chairman of the Company from 6th October, 2016 to 31st October, 2016.
3. Shri Shahzad Shah was part time non-official Chairman of the Company from 28th November, 2016 to 28th February, 2017
4. Shri B.N. Mohapatra has been appointed as Part-time Chairman of the Company vide MOR Order No.2000/PL/47/2 dated 20th April, 2017. Shri B.N. Mohapatra completed his post-graduation in Political Science. He also holds LL.B. degree. Shri Mohapatra has worked at various higher level management posts in the Indian Railways like DRM/ Tinsukia, NFR, Assistant General Manager (AGM) on East Coast Railway. In Railway Board he has worked in various directorates like Pay Commission, Establishment, Expenditure and Accounts as Executive Director and Advisor. He was also Director on the Board of Karnataka Rail Infrastructure Development Corporation

(K-RIDE).

5. Shri P.V. Vaidialingam was appointed as Managing Director of the Company vide MOR Order No. 2009/E(O)II/40/24 dated 28th July, 2016. He assumed charge on 29th July, 2016. He relinquished charge of the post on 9th March, 2017 consequent upon appointment of Shri S.K. Pattanayak as Managing Director of the Company.
6. Shri S.K. Pattanayak has been appointed Managing Director of the Company Vide Ministry of Railways (MOR) Order No. 2015 / E (O) II / 40 / 9 dated 16th February, 2017. Shri S.K. Pattanayak holds M.Sc. Tech degree in Applied Geology from ISM, Dhanbad and a Master's Degree in Public Management from Lee Kuan Yew School of Public Policy, National University of Singapore. Shri Pattanayak is Indian Railway Accounts Service (IRAS) Officer of 1989 batch. Prior to joining IRFC, he was Director (Finance) in Heavy Engineering Corporation Limited at Ranchi
7. After completion of his tenure of 3 (three) years, Shri S.K. Goel ceased to be the Independent Director of the Company on 31st December 2016.

Directors place on record their appreciation of the services rendered and contributions made by Shri Sanjoy Mookerjee, Shri K.B. Nanda and Shri Shahzad Shah as Chairman of the Company during their respective tenure(s).

The Board also placed on record the rich contribution made by Shri P.V. Vaidialingam as Managing Director of the Company.

The Directors also place on record their appreciation of the guidance given by Shri S.K. Goel during his stint as Independent Director of the Company.

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

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

of the Company.

25. Comments of the Comptroller & Auditor General of India

The Comptroller & Auditor General of India has undertaken supplementary audit on accounts of the Company for the year ended 31st March, 2017 and have had no comments upon or supplements to the Auditors' Report under Section 143(6) of the Companies Act, 2013.

26. Acknowledgements

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

The Board of Directors express their deep appreciation in recognition of the valuable contribution made by the Company's small team of officers and employees, which has enabled the Company to successfully meet the increasing level of funding targets set by the Ministry of Railways, while consolidating its position as one of the most vibrant public financial institutions in the country. The Company also gratefully acknowledges the highly useful and substantive contribution of Retainer of Accounts and its Registrars and Transfer Agents.

For and on behalf of Board of Directors

Place: New Delhi

Date: 29th August, 2017

Managing Director



Report on Corporate Governance

ANNEXURE - I

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

IRFC is in compliance with relevant provisions contained in the Guidelines on Corporate Governance for Central Public Sector Enterprises (hereinafter referred to as Government Guidelines), issued by Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India. The Company is also complying with the Circular, to the extent applicable, dated 1st July, 2015 issued by Reserve Bank of India under their Master Circular – “Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015”. In this connection, relevant details are furnished below :-

Company's Philosophy on the Code of Governance

The Company looks upon Corporate Governance as an enterprise-wide endeavour targeted at value creation in the form of striking optimum balance between the profit it earns for its Shareholders and the spread it charges from Ministry of Railways on the cost of funds transferred to them. This is sought to be achieved by conducting the business in a professional manner, using a combination of delegation and accountability amongst key executives in the Company; focussed attention and transparency in operations of the Company; skill upgrades through need-based training, etc.; and high level of investor / lender satisfaction through timely debt servicing and grievance settlement.

To foster best Corporate Governance practices, the Company has formulated a “Code of Business

Conduct and Ethics for its Board Members and Senior Management” in June, 2008, which seeks to bring high level of ethics and transparency in managing its business affairs. The same has also been posted on the website of the Company (www.irfc.nic.in).

Affirmation by all Directors and senior Officers of the Company to the effect that they have complied with and not violated the Code is required to be obtained at the end of each year. The requirement stands fulfilled for 2016-17. A declaration to this effect, duly signed by the Managing Director (CEO), is at Annexure-VI and forms part of this Report.

Board of Directors

As on the date of the Report, there are 5 (five) Directors on the Board of the Company. Financial Commissioner (Railways) is the ex-officio Non-Executive Chairman of the Company. Besides Managing Director and Director Finance, one Director is nominated by Ministry of Finance. One Independent Director is also in position. One post of Independent Director, which fell vacant on 31.12.2016, is yet to be filled up by the Government. As provided in the Articles of Association of IRFC, the appointment of Directors and payment of their remuneration are determined by the President of India.

Meetings of Board of Directors

The Board of Directors has been holding its meetings regularly. 6 (six) such meetings were held during the year under review, as listed below :-

Serial No.	Board Meeting No.	Date
1.	226	11.05.2016
2.	227	29.06.2016
3.	228	10.08.2016
4.	229	23.08.2016
5.	230	09.11.2016
6.	231	10.02.2017

Attendance at the Meetings of the Board of Directors during 2016-17 :-

Name of the Director	Number of Meetings of BOD held during their tenure	Number of Meetings attended	Attendance at the AGM	Directorship in other Companies	No. of Committee positions held in public companies including IRFC
Shri Sanjoy Mookerjee Chairman / IRFC From 16.10.2015 to 31.08.2016	4	4	NA	None	1*
Shri K. B Nanda Chairman / IRFC From 06.10.2016 to 31.10.2016	Nil	Nil	Nil	Nil	Nil
Shri. Shahzad Shah Chairman / IRFC From 28.11.2016 to 28.02.2017	1	1	No	None	Nil
Shri Rajiv Datt Managing Director / IRFC From 14.11.2011 to 30.06.2016	2	2	No	None	5**
Shri Niraj Kumar Managing Director/IRFC From 01.07.2016 to 28.07.2016	Nil	Nil	NA	Nil	Nil
Shri P.V. Vaidialingam Managing Director / IRFC From 29.07.2016 to 08.03.2017	4	4	Yes	None	5****
Shri S. K. Pattanayak Managing Director / IRFC From 09.03.2017	Nil	Nil	NA	None	5@
Ms. Sharmila Chavaly Director / IRFC From 21.11.2012	6	6	No	2	5□
Shri S.K. Goel Director / IRFC From 31.12.2013 to 31.12.2016	5	5	Yes	1	4#
Shri Niraj Kumar Director Finance / IRFC From 01.07.2015	6	6	Yes	None	3\$
Shri Kishor J. Devani Independent Director From 01.04.2016	6	4	Yes	None	4+



1. Shri Sanjoy Mookerjee superannuated on 30th August, 2016.
*Shri Mookerjee was Member of the Remuneration Committee during the year. He ceased to be the Member of the Committee from 11th May, 2016, consequent upon appointment of Shri Kishor J. Devani, Independent Director.
2. No Board or General Meeting was held during the tenure of Shri K.B. Nanda as Non Official Part-time Chairman of the Company.
3. Only one Board Meeting was held during the tenure of Shri Shahzad Shah as Non Official Part-time Chairman of the Company.
4. Shri B.N. Mohapatra has been appointed as Part-time Chairman of the Company vide MOR Order No.2000/PL/47/2 dated 20th April, 2017.
Shri Mohapatra is Member of the Nomination & Remuneration Committee.
5. Shri Rajiv Datt, superannuated on 30th June, 2016.
** During his tenure as Managing Director, Shri Datt was member of the CSR Committee, Stakeholders Relationship Committee, Risk Management Committee, Bond Committee and Audit Committee.
6. Shri Niraj Kumar, officiated as Managing Director of the Company from 1st July, 2016 vide MOR Order No.2009/E(O)II/40/24 dated 29th June, 2016. He relinquished charge of the post consequent upon appointment of Shri P.V. Vaidialingam as Managing Director on 29th July, 2016
7. Shri P.V. Vaidialingam was appointed as Managing Director of the Company vide MOR Order No. 2009/E(O)II/40/24 dated 28th July, 2016. He assumed charge on 29th July, 2016. He relinquished charge of the post on 9th March, 2017 consequent upon appointment of Shri S.K. Pattanayak as Managing Director of the Company.
***Shri Vaidialingam was Member of the CSR Committee, Stakeholders Relationship Committee, Risk Management Committee, Bond Committee and Audit Committee.
8. Shri S.K. Pattanayak has been appointed Managing Director of the Company vide Ministry of Railways (MOR) Order No. 2015 / E (O) II / 40 / 9 dated 16th February, 2017.
@Shri Pattanayak is Member of the CSR Committee, Stakeholders Relationship Committee, Risk Management Committee, Bond Committee and Audit Committee.
9. Ms. Sharmila Chavaly is Director in ONGC Videsh Nigam Limited (OVNL) and India Infrastructure Finance Company Limited (IIFCL).
øMs. Chavaly is member of the Management & Investment Committee and CSR Committee in IIFCL. She is also member of the Human Resources Management & Remuneration Committee in OVNL besides being member of the Audit Committee and Remuneration Committee in IRFC.
10. Shri S.K. Goel was Director in Informerics Valuation and Rating Private Ltd.
#Shri Goel was Chairman of the Audit Committee, CSR Committee, Stakeholders Relationship Committee and Nomination & Remuneration Committee of IRFC.
11. \$ Shri Niraj Kumar, Director Finance is Member of CSR Committee, Stakeholders Relationship Committee, Risk Management Committee and Bond Committee.
12. Shri Kishor J. Devani was appointed as Part-time Non-official Director vide MOR Order No.2003/PL/60/1(pt.) dated 01.04.2016.
+Shri Devani is Chairman of the Audit Committee, CSR Committee, Stakeholders Relationship Committee, and Nomination & Remuneration Committee of the Company.

Remuneration paid to Managing Director and Director Finance

Remuneration was paid by the Company during 2016-17 to its Functional Directors as follows :-

Name of the Director	Salary & Allowances	Perquisites	Contribution to PF & Benefits	Total
Shri Rajiv Datt, Managing Director From 01.04.2016 to 30.06.2016	Rs. 6,56,949/-	Rs. 73,215/-	Rs. 64,551/-	Rs. 7,94,715/-
Shri Niraj Kumar, Director Finance	Rs. 31,13,063/-	Rs. 16,363/-	Rs. 2,58,142/-	Rs. 33,87,568/-
Shri S.K. Pattanayak Managing Director From 09.03.2017 to 31.03.2017)	Rs. 1,75,988/-	-	Rs. 15,634/-	Rs. 1,91,622/-

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

A Sitting Fee of Rs. 20,000/- per Meeting is paid to Independent Director(s) for attending Board meetings or meetings of Committee(s) of the Board.

No remuneration / fee is paid to Government Nominee Directors.

Information placed before the Board

Information placed before the Board of Directors from time to time broadly includes items specified in the Government Guidelines and any other information considered relevant and useful in facilitating meaningful and focused deliberations on issues concerning the Company and taking decisions in an informed and efficient manner. Additionally, Directors on the Board are free to seek and access all information pertaining to the business of the Company, as and when required. In case of urgency, resolutions are passed by circulation, which are noted by the Board in their next Meeting. Minutes of the Meetings of the Committee(s) constituted by the Board are also placed in their next Meeting (of the Board) for their information and noting.

Audit Committee

In accordance with provisions of Section 177 of the Companies Act, 2013 read with the

Government Guidelines, the Company has an Audit Committee. At present, the Audit Committee comprises three members - Shri Kishor J. Devani, Independent Director, Ms. Sharmila Chavaly Nominee Director, Shri S.K. Pattanayak, Managing Director. Shri Kishor J Devani is the Chairman of the Audit Committee. Company Secretary acts as Secretary to the Audit Committee.

During the financial year 2016-17, four Meetings of the Committee were held on 3rd May, 2016, 9th August, 2016, 9th November, 2016 and 10th February, 2017. Participation of the Members in these Meetings is outlined below :-

Sl. No.	Name of the Member of the Audit Committee	Number of Meetings held during their tenure	Number of Meetings attended
1.	Ms. Sharmila Chavaly Director / IRFC	4	2
2.	Shri Rajiv Datt Managing Director	1	1
3.	Shri P.V. Vaidilingam Managing Director	3	3
4.	Shri S.K. Goel Non-Official / Independent Director	3	3
5.	Shri Kishor J. Devani Non- Official / Independent Director	4	3



After adoption of the Government Guidelines read with the Companies Act, 2013, role of Audit Committee covers the list of functions stated in the said Guidelines which, inter alia, include the following:-

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

Nomination & Remuneration Committee and Stakeholders' Relationship Committee

As required in the Section 178(1) of the Companies Act, 2013, the Company is required to constitute Nomination & Remuneration Committee (the Committee) comprising three or

more non-executive Directors out of which not less than half shall be independent directors. The Section further requires that Chairperson (of the Company) may be appointed as member of the Committee but shall not chair such Committee.

In compliance with the above, the Board of Directors have constituted a Nomination & Remuneration Committee of the Company. At present, the Committee is chaired by Shri Kishor J. Devani / Independent Director. Shri B.N. Mohapatra, Chairman / IRFC & Financial Commissioner Ms. Sharmila Chavaly, Nominee Director of Ministry of Finance are the other members. During financial year 2016-17, two Meetings of the Committee were held on 19th April, 2016 and 21st June, 2016. Both the Meetings were chaired by Shri S.K. Goel, who ceased to be its Chairman consequent upon completion of his tenure on 31st December 2016.

In line with Section 178(5) of the Companies Act, 2013, the Company has constituted Stakeholders Relationship Committee. At present, the Committee comprises Kishor J. Devani, who is Chairman of the Committee, Managing Director / IRFC and Director Finance / IRFC are its Members.

The Committee held its first Meeting on 9th June, 2016 chaired by Shri S.K. Goel in which all the Members were present except Shri Kishor J. Devani, Independent Director.

Meeting of Independent Directors

One meeting of Independent Directors was held during the year on 16th December, 2016.

Disclosures

The Company has not entered into any transaction, with the Directors or the Management or their relatives or the companies and the firms, etc. in which they are interested directly or through their relatives. Further, the transactions with Ministry of Railways and / or its entities are in the ordinary course of business and at arm's length.

The Company has complied with provisions of all major laws applicable to it and no penalty has

been imposed or any strictures passed against the Company by the Stock Exchanges or SEBI on any matter related to capital market during the last three years.

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

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

During the year, the Administrative and Office expenses remained static at 0.11% of the turnover. Last year also, the figure was 0.11%.

Auditors of the Company have audited and accorded an unqualified certification to its accounts for the year 2016-17.

Means of Communication

During 2016-17, Unaudited Half-yearly Financial Results for the half year periods ended 30th September, 2016 and 31st March, 2017 were subject to limited review by Auditors of the Company, and published in selected national newspapers of repute both in English and Hindi, besides being submitted to the National Stock Exchange and BSE Limited. The same were also sent by registered post to all the registered Bondholders of the Company. Besides, the aforesaid Unaudited Half-yearly results as also Unaudited Quarterly results were, hosted on the website of the Company.

Information Memorandum in respect of issuance of the bonds of the Company has been hosted on the website of National Stock Exchange and BSE Limited. Annual Accounts of the Company for the last 5 years are also available on the website of the Company.

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

Training of Board Members

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

Whistle Blower Policy

In line with extant best practices and also under Section 177 of the Companies Act, 2013, the Company has framed a Whistle Blower Policy, and the same has been communicated to all employees of the Company. For convenience of all stakeholders, the said policy has also been hosted on the website of the Company. No personnel of the Company has been denied access to the Audit Committee in the context of action under the Policy.

Registrar & Transfer Agents / Investors' Grievance Committee

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

As on 31.03.2017, there were no complaints from investors pending for more than 12 days. Registrars have also confirmed that all investor



grievances were redressed within 12 days of receipt of the same.

CEO / CFO Certification

As required under the Government Guidelines, a Certificate related to truthfulness of Financial Statements, bonafide nature of transactions & adequacy of internal controls, etc., duly signed by Shri S.K. Pattanayak, Managing Director (CEO) and Shri Niraj Kumar, Director Finance (CFO) was placed before the Board of Directors in their Meeting held on 29th August, 2017. The same is enclosed as Annexure-VII.

General Body Meetings

Details of venue and timing of last three Annual General Meetings (AGM) are as under :-

AGM No.	AGM Date	Location	Time
29	29th August, 2016	Committee Room (237), 2nd Floor, Rail Bhawan, New Delhi.	3.00 P.M.
28	16th September, 2015	Committee Room (237), 2nd Floor, Rail Bhawan, New Delhi.	4.00 P.M.
27	27th August, 2014	Committee Room (237), 2nd Floor, Rail Bhawan, New Delhi.	5.00 P.M.

Five Special Resolutions were passed in the 28th Annual General Meeting held on 16th September, 2015.

One Special Resolution was also passed in the 29th Annual General Meeting held on 29th August, 2016. Rail Bhawan, New Delhi.

General Shareholder Information

Annual General Meeting :

Date: 12th September, 2017
Day : Tuesday
Time: 4.00 p.m.

Financial Calendar

Financial year of the Company spans the period

1st April to 31st March of the following year.

Publication of Unaudited Financial Results

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

Half year ended 30.09.2016

- Financial Express - 11th November, 2016
- Jansatta (Hindi) - 11th November, 2016

Half year ended 31.03.2017

- Financial Express - 14th May, 2017
- Jansatta (Hindi) - 14th May, 2017

Dematerialisation of Bonds

All Bonds issued by the Company have been made available in dematerialized form. The same are listed with National Stock Exchange. However, some of the investors have exercised option to retain the Bonds in physical form. The Listing Fee for the year 2017-18 has been paid to the Stock Exchanges.

Trustees of the Bonds

The Trustees appointed for the Bonds issued by the Company are as under :-

1.	SBI CAP Trustee Co. Limited Apeejay House, 6th Floor, 3, Dinshaw Wachh Road, Churchgate Mumbai – 400 020	For the Bonds issued under 81st Series and onwards
2.	Indian Bank 254-260, Shanmugam Salai, Chennai – 600 014	For the Bonds issued under 42nd 'M' Series to 80th 'A' Series

Compliance Certificate on Corporate Governance

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

Secretarial Audit

In terms of the Corporate Governance Voluntary Guidelines, Secretarial Audit of the Company was

got conducted by an independent practicing firm of Company Secretaries, M/s Navneet K. Arora & Co. LLP, New Delhi.

The Report was taken on record by the Board of Directors in their Meeting held on 29th August, 2017.

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

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

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

Rationale: The Nomination & Remuneration Committee has since been constituted. Scope of work of the Committee is as envisaged under applicable provisions of the Section 178 of the Companies Act, 2013 (the Act) read with the exemptions granted by the Government of India vide their Notification dated 5th June, 2015. The scope of work of the Nomination & Remuneration Committee is, inter alia, to formulate the criteria for determining qualifications, positive attributes and independence and recommend to Board a policy, relating to the remuneration for senior management (one level below Board level) and other employees (not being Directors). Since the Directors on the Board of IRFC are appointed by the Government, the Committee will have no role in search and selection of Non-executive and Independent Directors.

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

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

Government Companies are exempt from applicability of Section 197 of the Act provisions of which, after exemption, inter alia, are similar to above Guidelines.

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

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

Guideline Nos. C.2. (ii), (iii) and (iv) in regard to determination of remuneration of Executive Directors and executive Chairman, etc. and informing the principles, criteria and the basis of remuneration policy of the Company to the Shareholders.

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

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

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

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

Rationale: This clause is not applicable in so far as appointment of the external auditor is made by the Office of the Comptroller and Auditor General of India. However, the Audit Committee gives its recommendation on fixation of external auditor's remuneration and out of pocket expenses.

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

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



The Annual Report on CSR activities to be included in the Board's Report

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR Policy and project or programs.

Vision of the Company's CSR & Sustainability Policy is to address social, economic and environmental concerns of the society in a sustainable manner. This would enable the Company to achieve its mission of clean, green, educated and capable India.

Since the Company operates with nominal staff strength of 24 employees only, its endeavour would be to take up short term activities, which can be completed within one year. However, long term projects, if any, would be divided into annual plans and targets. Further, the projects would be taken on pan India basis as the Company does not have any local area of operation. For large projects having greater social, economical and environmental impact, the Company would share pool of resources with other Railway / Central Public Sector Enterprises. Due importance would be given to such activities, which are peripheral to the activities of Indian Railways.

The projects would be implemented through the entity(s) having an established track record of three years in undertaking similar programs or project but the endeavor would be to appoint Central or State Government / Agency / Department of Public Sector Undertaking for implementation. Impact Assessment shall be done where value of project is Rs. 5 crore or more.

If any amount remains unspent or surplus arises out of the CSR projects in a particular year, the same shall be carried forward to next year and shall not form part of the business profits of the Company.

Website : www.irfc.nic.in

2. The composition of CSR Committee

IRFC's CSR Committee for deciding and implementing its CSR activities comprises (i) Shri S. K. Pattanayak, Managing Director, (ii) Shri Niraj Kumar, Director Finance and (iii) Shri Kishor J. Devani, Independent Director, who is its Chairman. The Committee is assisted by the Company Secretary & Assistant Manager.

Meetings of the Committee are held in need based manner.

3. Average net profit of the Company for the last three financial years

The average net profit of the Company as worked out under the Companies Act, 2013, for last three years was Rs. 1,811.59 crore.

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

The Company was required to spend Rs. 36.23 crore but spent Rs. 15.71 crore towards CSR activities in financial year 2016-17.

5. Details of CSR spent during the financial year

(a) Total amount to be spent for the financial year 2016-17

Rs. 36.23 crore

(b) Amount unspent, if any

Unspent amount Rs. 20.52 crore. Out of the total commitment made for a sum of Rs. 36.23 crore for 2016-17 against 18 projects (list enclosed), a sum of Rs. 15.71 crore was actually disbursed till 31st March 2017. The balance amount though committed will actually be disbursed in 2017-18 on receipt of claim / bills.

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

(₹ in lakh)

S. N.	CSR Project or Activity identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs: Direct expenditure on projects	Cumulative expenditure up to the reporting period (excluding previous years expenditure)	Amount spent : Direct(D) or through implementing agency (IA)
1	1	1	1	1	1	1	1
1	Setting up of Solar Photovoltaic Systems and to provide Solar Lanterns	Environment Sustainability	Other; Villages Dhuburi Distt., of Assam	192.83	173.54	173.54	IA
2	Setting up of Solar Photovoltaic Systems	Environment Sustainability	Villages of Leh & Kargil Districts of J&K and provide equal number of Solar Lanterns	292.50	58.50	58.50	IA
3	Setting up of Solid Waste Management Plants including waste management to Energy Plants of capacity of 15 tons per day	Environment Sustainability	8 (Varanasi, Allahabad, Patliputra (Patna), Secunderabad, Chhatrapati Shivaji Terminus, Chennai, Sealdah and Howrah) stations	1000.00	46.00	46.00	IA
4	Plantation on 109 hectares	Environment Sustainability	Railway Land in the State of Haryana-MOR	480.00	232.40	232.40	IA
5	Installation of 11 Bio-toilets for Divyang passengers	Environment Sustainability	Station circulating areas / platforms of Jaipur(1), Gandhinagar(1), Rewari(5), Durgapura(1), Alwar(1), Khairthal(1) and Phulera(1) railway stations - North Western Railway, Jaipur	61.00	61.00	61.00	IA
6	Provision of environment friendly 100 Kwp Solar Plant	Environment Sustainability	4 stations viz. Alwar, Bandikui, Phulera and Dausa falling - North- Western Railway, Jaipur	340.00	68.00	68.00	IA



(₹ in lakh)

S. N.	CSR Project or Activity identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs: Direct expenditure on projects	Cumulative expenditure up to the reporting period (excluding previous years expenditure)	Amount spent : Direct(D) or through implementing agency (IA)
7	Solar Water Pumping system for way side Railway Station where power supply is unreliable	Promoting Health Care	Rly. stations - Northern Railway	37.50	-	-	IA
8	Solar street light along with LED luminary	Environment Sustainability	Northern Railway	30.00	-	-	IA
9	Provision of Waste Water Recycling Plant of 3.0 lakh per liter per day capacity	Environment Sustainability	Sawaimadhopur Railway Station	50.00	50.00	50.00	IA
10	Funding for operation and maintenance of Plant of converting bio-degradable waste into electricity and bio-manure	Environment Sustainability	Kishanganj Railway staff colony	10.00	-	-	IA
11	Distribution of aids & appliances to the Divyaangs through ALIMCO	Capacity Building	Latur / Beed (Maha.), Lucknow Rural (UP), Indore (MP) and Haridwar / Rishikesh	200.00	100.00	100.00	IA
12	Installation of 14 W 600 solar lighting system	Environment Sustainability	Villages of District Bhadohi (U.P.)	153.00	30.60	30.60	IA
13	Commissioning of energy efficient lighting solutions	Environment Sustainability	Tinsukia	14.26	-	-	IA
14	Installation of lift in the building at Najafgarh Unit of Prerna Niketan Sangh, New Delhi	Capacity Building	New Delhi	16.00	-	-	IA

(₹ in lakh)

S. N.	CSR Project or Activity identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs: Direct expenditure on projects	Cumulative expenditure up to the reporting period (excluding previous years expenditure)	Amount spent : Direct(D) or through implementing agency (IA)
15	Renovation work of building of Raja Rammohun Roy Memorial Museum, Kolkata for running of vocational courses, to meet salary & establishment costs and for making provision for fees waiver upto 20% of students enrolment or giving scholarship, as and when necessary, for underprivileged girls and handicapped women	Capacity Building	Kolkata	10.00	3.00	3.00	IA
16	Construction of Hospital at Baranagar (Balance payment to HPL for 2011-12)	Promoting Health Care	Baranagar	-	6.49	6.49	IA
17	Contribution to Swachh Bharat Kosh	Environment Sustainability	Baranagar	373.96	370.72	370.72	D
18	Contribution to Clean Ganga Fund	Environment Sustainability	Baranagar	373.96	370.72	370.72	D
	Total :			3635.00	1570.96	1570.96	

6. **In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

Against the commitment of Rs. 36.23 crore the Company has disbursed Rs. 15.71 crore during the year. The balance amount will be disbursed in 2017-18 on receipt of claim / bills.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.**

The CSR Committee of the Directors has confirmed that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

S. K. Pattanayak
Managing Director

Kishor J. Devani
Chairman, CSR Committee



Secretarial Audit Report

(For the Financial Year ended on 31st March, 2017)

The Members,

Indian Railway Finance Corporation Limited

Regd. Office: UG Floor, East Tower,
NBCC Place, Bhasham Pitamah Marg,
Pragati Vihar, Lodhi Road
New Delhi - 110003

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by the Indian Railway Finance Corporation Limited having CIN NO U65910DL1986GOI026363 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board - Processes and Compliance -Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period ended on 31st March 2017 according to the provisions of:

- (I) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. No Transaction other than repayment of the foreign currency loan was held during the financial year hence applicable to the Company during the audit period to that extent only;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. ;
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; - No such transaction was held during the financial year. Hence the Regulations were not applicable to the Company during the audit period;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Shares Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; The Company was not engaged in the activities relating to Registrar to a Issue and was also not acting as Share Transfer Agent, Hence, the aforesaid Regulations were not applicable to the Company during the audit period;
 - (d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee

- Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;-
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Since the Equity Shares of the Company are not listed, the Regulations stated at (v) (d) to (h) of the above were are not applicable on the Company during the audit period;
 - (vi) Other labour, environment and specific applicable Acts / Laws to the Company for which Secretarial Audit was conducted as an overview audit and was generally based/ relied upon the documents provided to us and Management Confirmation Certificate provided by the Management of the Company & other audit report and certificates given by other professionals.

The Company has complied with the following Acts / Laws applicable to the Company during the audit period:

- (a) Reserve Bank of India Act read with Non-Banking Financial Companies (Reserve Bank) Directions 1998 issued by Reserve Bank of India as amended till date;
- (b) Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises-March 2010 issued by the Ministry of Heavy Industries & Public Enterprises (Department of Public Enterprises), Government of India;
- (c) Corporate Governance Voluntary Guidelines, 2009 issued by Ministry of Corporate Affairs, Government of India;
- (d) The Employees Provident Fund & Miscellaneous Provisions Act 1952 & The Employees Deposit-Linked Insurance Scheme, 1976 and Employees Provident Fund Scheme, 1952;
- (e) The Contract Labour (Regulations and Abolition) Act 1970;
- (f) Maternity Benefit Act 1961;
- (g) Minimum Wages Act, 1948;
- (h) Environment (Protection) Act 1986 read with The Environment (Protection) Rules 1986 and other Environment Laws;
- (i) Indian Stamp Act 1899;
- (j) The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act 2013 read with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules 2013; and
- (k) Right to Information Act 2005.

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

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

We have not examined the applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

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

- *Constitution of Board of the Company was without appointment of minimum number of Independent Directors by the Government of India during the period from 31st December 2016 to 31st March 2017 due to completion of tenure of Independent Director, Shri Satish Kumar Goel (DIN No. 06742476) w.e.f. 31st December 2016.*
- *Constitution of Audit Committee and Nomination & Remuneration Committee were without minimum number of Independent Directors during the Period from 31st December 2016 to 31st March 2017 due to completion of tenure of Independent Director, Shri Satish Kumar Goel (DIN No. 06742476) w.e.f. 31st December 2016.*



We further report that:

- 1) The Company has complied with the Companies Act 2013, Corporate Governance Guidelines for Central Public Sector Enterprises, 2010 issued by Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India in respect of constitution of the Board with proper balance of Executive, Non-Executive Directors & Independent Directors.
- 2) Adequate notice was given to all Directors to schedule the Board Meetings at least seven days in advance and agenda and detailed notes thereon were also sent in advance to all the Directors subsequently, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting for meaningful participation at the Meeting.
- 3) Majority decision is carried through while the dissenting member's views, if any, are captured and recorded as part of the Minutes.
- 4) a. The Company has obtained requisite approval, permission, confirmation from Registrar of Companies, NCT of Delhi & Haryana, BSE Limited, National Stock Exchange of India Limited, Debenture Trustee and other regulated bodies in respect of various private placement of Secured, Redeemable, Non-Convertible, Taxable Bonds in the nature of Debentures and has duly complied with the applicable provisions of the laws, rules and guidelines
b. The Company has allotted 20,000,000 equity shares of Rs. 1,000/- each to President of India at the Board Meeting of the Company held on May 11, 2016. All the applicable compliances of the Companies Act 2013 relating to allotment of shares were duly complied by the Company.
- 5) There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act 2013, Depositories Act and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- 6) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

We further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with other applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no instances of:

- a) Public / Preferential Issue of Shares / Sweat Equity.
- b) Buy-back of Securities.
- c) Merger / Amalgamation / Reconstruction, etc. and
- d) Foreign Technical Collaborations.

For Navneet K Arora & Co LLP
Company Secretaries

CS Navneet Arora
Managing Partner
CS: 3214, COP: 3005

Place: New Delhi

Date: 31st July 2017

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

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

The Members,

Indian Railway Financial Corporation Limited

Regd. Office: UG Floor, East Tower,
NBCC Place, Bhisham Pitamah Marg,
Pragati Vihar, Lodhi Road
New Delhi - 110003

Our report of even date is to be read along with this letter as under:

- 1) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
- 4) Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the company.

For Navneet K Arora & Co LLP
Company Secretaries

CS Navneet Arora
Managing Partner
FCS: 3214, COP: 3005

Place: New Delhi
Date: 31st July 2017



A N N E X U R E - I V

S P M G & Co.

Chartered Accountants

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

Auditors' Certificate on Compliance of Conditions of Corporate Governance

To,

The Members of Indian Railway Finance Corporation Limited

We have examined the compliance of the conditions of Corporate Governance by Indian Railway Finance Corporation Limited (the "Company") for the year ended March 31, 2017.

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

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

1. Company did not have requisite number of Independent Directors on its Board during the period from 31st December 2016 to 31st March 2017;
2. Audit Committee and Nomination & Remuneration Committee did not have requisite number of Independent Directors during the Period from 31st December 2016 to 31st March 2017.

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

For **S P M G & Co.**

Chartered Accountants

FRN-509249C

Vinod Gupta

Partner

Membership No. 090687

Place: New Delhi

Date: 28th August 2017

A N N E X U R E - V

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 2015-16
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]**

I. REGISTRATION AND OTHER DETAILS:

- | | | |
|---|---|---|
| I) CIN | – | U65910DL1986GOI026363 |
| ii) Registration Date | – | 12.12.1986 |
| iii) Name of the Company | – | Indian Railway Finance Corporation Limited |
| iv) Category / Sub-Category of the Company | – | Infrastructure Finance Company |
| v) Address of the Registered office
and contact details | – | Indian Railway Finance Corporation Limited
Upper Ground Floor, East Tower,
NBCC Place, Pragati Vihar,
Lodhi Road, New Delhi – 110 003
Contact No(s) – 011 – 2436 9766 – 69
Website – www.irfc.nic.in |
| vi) Whether listed company (Yes / No) | - | Yes, It is listed in Wholesale Debt Market
segment of National Stock Exchange
BSE Limited. |
| vii) Name, Address and Contact details of Registrar
and Transfer Agent, if any | - | Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No. 31 & 32,
Gachibowli, Financial District,
Nanakramguda, Serilingampally,
Hyderabad – 500 032 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	Leasing of Rolling Stock Assets to MOR	-	85.07
2.	Finance Charges on Lease Advance	-	11.71

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and Address of the Company	CIN / GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
			NIL		



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(I) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				Shareholding at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	4,52,64,600	4,52,64,600	100	-	6,52,64,600	6,52,64,600	100	44.18
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	4,52,64,600	4,52,64,600	100	-	6,52,64,600	6,52,64,600	100	44.18
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
(1) Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
I) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (1):-	-	-	-	-	-	-	-	-	-
(2) Non – Institutions									
a) Bodies Corp.									
I) Indian	-	-	-	-	-	-	-	-	-
II) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
I) Individual Shareholdersholding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
II) Individual Shareholdersholding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Share held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	4,52,64,600	4,52,64,600	100	-	6,52,64,600	6,52,64,600	100	44.18

(II) Shareholding of Promoters

S. N.	Shareholder's name	No. of Shares held at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	President of India through Ministry of Railways	4,52,64,600	100	-	6,52,64,600	100	-	44.18
	TOTAL	4,52,64,600	100	-	6,52,64,600	100	-	44.18

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

S. N.	Promoter	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	President of India through Ministry of Railways				
	At the beginning of the year	4,52,64,600	100	6,52,64,600	100
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			- Equity of Rs. 800.00 crore (80,00,000 Shares) was received on 22.03.2016 and allotted on 11.05.2016. - Equity of Rs. 1200 crore (1,20,00,000 Shares) received on 31.03.2016 and allotted on 11.05.2016	
	At the end of the year	4,52,64,600	100	6,52,64,600	100

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

S. N.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company



(V) Shareholding of Directors and Key Managerial Personnel:

S. N.	For each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		NIL		
	At the end of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakh)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
I) Principal Amount	6572043.97	2178274.36	-	8750318.33
II) Interest due but not paid	-	-	-	-
III) Interest accrued but not due	281377.06	13272.39	-	294649.45
Total (i+ii+iii)	6853421.03	2191546.75	-	9044967.78
Change in Indebtedness during the financial year				
* Addition	1518621.50	1660840.71	-	3179462.22
* Reduction	626697.60	571069.86	-	1111969.07
Net Change	891923.90	1089770.86	-	2067493.15
Indebtedness at the end of the financial year				
I) Principal Amount	7447346.37	3192139.80	-	10639486.17
II) Interest due but not paid	-	-	-	-
III) Interest accrued but not due	297998.56	89177.81	-	294649.45
Total (i+ii+iii)	7745344.93	3281317.61	-	10934135.62

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		¹ Shri Rajiv Datt, Managing Director	² Shri S.K. Pattanayak, Managing Director	Shri Niraj Kumar, Director Finance	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	33.85	1.76	31.13	66.74
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.73	-	0.16	0.89
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - As % of profit - Other, specify	- -	- -	- -	- -
5.	Other, please specify	-	-	-	-
	Total (A)	34.58	1.76	31.29	67.63
	Ceiling as per the Act	-	-	-	-

* Not applicable under the exemptions granted by the Government of India vide its Notification dated 5th June, 2015.

¹Shri Rajiv Datt was Managing Director of the Company till 30th June, 2016

²Shri S.K. Pattanayak assumed charge of the post of the Managing Director on 9th March, 2017

B. Remuneration to other Directors:

(₹ in lakh)

Particulars of Remuneration	Name of Directors				Total Amount
	Shri S.K. Goel	Shri Kishore J. Devani	Shri Shahzad Shah	Shri K.B. Nanda	
Independent Directors					
* Fee for attending Board Committee Meetings	2.70	2.52			5.22
* Commission	-	-			-
* Others, please specify	-	-			-
Total (1)	2.70	2.52			5.22
Other Non-Executive Directors	Shri Sanjoy Mookerjee	Ms. Sharmila Chavaly	Shri Shahzad Shah	Shri K.B. Nanda	
* Fee for attending Board Committee Meetings	-	-	-	-	-
* Commission	-	-	-	-	-
* Others, please specify	-	-	-	-	-
Total (2)	-	-	-	-	-
Total (B)=(1+2)	2.70	2.52			5.22
Total Managerial Remuneration	-	-	-	-	-
Overall Ceiling as per the Act	-	-	-	-	-



C. TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sl. No.	Particulars of Remuneration	Company Secretary	Total
		Shri S.K. Ajmani Group General Manager (Term Loans) & Company Secretary	
1.	Gross salary	(Rs. in lakh)	(Rs. in lakh)
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	26.88	26.88
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.15	2.15
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
5.	Others, please specify	-	-
	Total	29.03	29.03

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHR OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

A N N E X U R E - V I

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

I hereby affirm that all Board Members and Senior Management personnel have confirmed compliance on their part of the “Code of Business Conduct and Ethics for Board Members and Senior Management” for the year 2016-17.

Place : New Delhi

Date : 29.08.2017

S. K. Pattanayak
Managing Director

A N N E X U R E - V I I

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

In relation to the audited financial accounts of the Company as at 31st March, 2017, we hereby certify that

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

Niraj Kumar

Director Finance - CFO

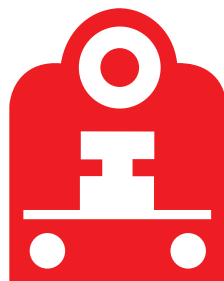
Dated : 29 .08.2017

S. K. Pattanayak

Managing Director- CFO



ANNUAL ACCOUNTS 2016-17



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



Indian Railway Finance Corporation Limited

Balance Sheet as at 31st March 2017

(₹ 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

For and on behalf of the Board of Directors

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

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

Niraj Kumar
Director Finance
DIN: 00795972

S .K.Pattanayak
Managing Director
DIN: 02396063

Indian Railway Finance Corporation Limited

Statement of Profit and Loss for the year ended 31st March 2017

(₹ in Lakhs)

Particulars	Note No.	Year ended 31-03-2017	Year ended 31-03-2016
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		0.00	0.00
Profit Before Extraordinary Items and Tax		213326.84	194991.58
Extraordinary Items		0.00	0.00
Profit Before Tax		213326.84	194991.58
Tax Expenses:			
(1) Current Tax (MAT)		45523.15	41613.14
(2) Tax For Earlier Years (MAT)		30.62	0.00
(3) Deferred Tax		74391.93	68509.18
		119945.70	110122.32
Profit for the period		93381.14	84869.26
Earnings per equity share (in ₹):	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

For and on behalf of the Board of Directors

Vinod Gupta
Partner
M.No. 090687

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

Niraj Kumar
Director Finance
DIN: 00795972

S .K.Pattanayak
Managing Director
DIN: 02396063

Place: New Delhi
Date : 31-07-2017



Indian Railway Finance Corporation Limited

Cash Flow Statement for the Year Ended 31st March 2017

(₹ in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
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 Paper	11135.39	2656.17
5. Exchange Rate Variation	99.30	12.46
6. Amortisation of Interest Restructuring 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 Balance (Fixed Deposits with maturity of more than 3 months)	0.00	0.00
17. Other Non Current Assets	(109241.48)	(13042.85)
18. Other Current Assets	1325.24	(789.54)
19. Other Non-Current Liabilities	92427.62	6971.63
20. Current Liabilities	(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 Investment Activities:		
1. Purchase of Fixed Assets	(13.66)	(11.84)
2. Proceeds from sale of Fixed Assets	1.28	1.20
3. Dividend Received	45.42	44.90
4. Proceeds from Pass Through Certificates	145.50	159.46
5. Investment in Pass Through Certificates	0.00	0.00
	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 Raised during the year	0.00	40000.00
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	(220401.36)	(633630.09)
12. Payment towards Currency Forward Contracts	(1241.15)	(2931.80)
	1824970.75	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	0.00
Balance in Franking Machine	0.03	0.12
Balance in RBI-PLA	1.02	1.02
	121120.82	506.72
Closing Balance of Cash & 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 where ever found necessary to make them comparable with the current year figures.
4. Composition of Cash & Cash Equivalents at the end of the year:

-Balance in 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	1.02
	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 & Cash Equivalents.
6. Balance in Current Accounts includes a sum of ₹ 657.36 lakhs (P.Y. Rs. 1035.68 Lakhs) lying unpaid in Interest/ Redemption Accounts is not available for use by the Company.

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

For SPMG & Co.
Chartered Accountants
FRN-509249C

Vinod Gupta
(Partner)
M.No. 090687

Place: New Delhi
Date : 31.07.2017

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

For and on behalf of the Board of Directors

Niraj Kumar
Director Finance
DIN : 00795972

S. K. Pattanayak
Managing Director
DIN : 02396063

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.

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**

- l) Exchange differences arising on the actual settlement of monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than the exchange differences on settlement of foreign currency loans



and interest thereon recoverable separately from the lessee under the lease agreements, are recognised as income or expenses in the year in which they arise.

- ii) Notional exchange differences arising on reporting of outstanding monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than the exchange differences on translation of such monetary assets and liabilities recoverable separately from the lessee under the lease agreement, are recognised as income or expenses in the year in which they arise.

IV. Investments

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

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

V. Leased Assets

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

VI. Fixed Assets, Depreciation and Amortization

- a) Fixed assets are stated at cost, less accumulated depreciation. Cost includes all expenses incurred to bring the assets to their present location and condition.
- b) Depreciation on Fixed Assets is provided on straight-line method over the useful life of assets as prescribed under Part-C of Schedule II of the Companies Act, 2013. Depreciation on assets purchased / sold during a period is proportionately charged.
- c) Software are amortized over 5 years on straight-line method.

VII. a) Securitisation of Lease Receivables

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

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

b) Assignment of Lease Receivables

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

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

- a) Bond Issue expenses including management fee on issue of bonds (except discount on deep discount bonds) and interest on application money are charged to Statement of Profit and Loss in the year of occurrence. Upfront discount on deep discount bonds is amortised over the tenor of the bonds. Discount on commercial papers is amortized proportionately over the tenor of the respective commercial papers.

- b) Documentation, processing & other charges paid on Long Term Loans are charged to the Statement of Profit & Loss in the year in which the expenses are incurred.
- c) Incidental expenses incurred in connection with the Securitisation transaction executed during the year are charged to the Statement of Profit and Loss of the same year.

IX. Taxes on Income

Tax expense comprises Current Tax and Deferred Tax.

Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961. Deferred tax expense or benefit is recognised on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods. 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 Standard-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

Particulars	(₹ in Lakhs)	
	As at 31-03-2017	As at 31-03-2016
AUTHORISED 1500,00,000 (previous year 1500,00,000) Equity Share ₹ 1000/- each	1500000.00	1500000.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP 6,52,64,600 (previous year 4,52,64,600) Equity Shares ₹ 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 Rs. 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

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

(₹ 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	0.00	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.



5. Long Term Borrowings

(₹ in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
	Non Current	Current	Non Current	Current
Secured				
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:

(₹ in Lakhs)

Series	Interest Rate (Per Annum)	Amount outstanding (₹ in Lakhs)	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	04-May-35
71st "D" Taxable Non-Cum.Bonds	8.83%,Semi Annual	22000.00	Bullet Repayment	14-May-34
70th "D" Taxable Non-Cum.Bonds	8.72%,Semi Annual	1500.00	Bullet Repayment	04-May-34
71st "C" Taxable Non-Cum.Bonds	8.83%,Semi Annual	22000.00	Bullet Repayment	14-May-33
70th "C" Taxable Non-Cum.Bonds	8.72%,Semi Annual	1500.00	Bullet Repayment	04-May-33
71st "B" Taxable Non-Cum.Bonds	8.83%,Semi Annual	22000.00	Bullet Repayment	14-May-32
70th "B" Taxable Non-Cum.Bonds	8.72%,Semi Annual	1500.00	Bullet Repayment	04-May-32
71st "A" Taxable Non-Cum.Bonds	8.83%,Semi Annual	22000.00	Bullet Repayment	14-May-31
76th "B" Taxable Non-Cum.Bonds	9.47%,Semi Annual	99500.00	Bullet Repayment	10-May-31
70th "A" Taxable Non-Cum.Bonds	8.72%,Semi Annual	1500.00	Bullet Repayment	04-May-31

Series	Interest Rate (Per Annum)	Amount outstanding (₹ in Lakhs)	Terms of Repayment	Date of Maturity
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
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



Series	Interest Rate (Per Annum)	Amount outstanding (₹ in Lakhs)	Terms of Repayment	Date of Maturity
118th Taxable Non Cum - Bonds	7.83%, Annual	295000.00	Bullet Repayment	21-Mar-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
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

Series	Interest Rate (Per Annum)	Amount outstanding (₹ in Lakhs)	Terms of Repayment	Date of Maturity
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
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



Series	Interest Rate (Per Annum)	Amount outstanding (₹ in Lakhs)	Terms of Repayment	Date of Maturity
115th Taxable Non Cum - Bonds	6.73%, Annual	80000.00	Bullet Repayment	23-Jan-22
53rd "B" Taxable Non-Cum. Bonds	8.68%, Semi Annual	22500.00	Bullet Repayment	29-Nov-21
114th Taxable Non Cum - Bonds	6.70%, Annual	200000.00	Bullet Repayment	24-Nov-21
113th Taxable Non Cum - Bonds	7.24%, Annual	65000.00	Bullet Repayment	8-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
119th Taxable Non - Cum Bonds	7.20%, Annual	237500.00	Bullet Repayment	31-May-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
112th Taxable Non - Cum Bonds	6.92%, Annual	150000.00	Bullet Repayment	10-Nov-19
48th "JJ" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-19

Series	Interest Rate (Per Annum)	Amount outstanding (₹ in Lakhs)	Terms of Repayment	Date of Maturity
111th Taxable Non Cum - Bonds	7.65%, Annual	100000.00	Bullet Repayment	30-Jul-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
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
117th Taxable Non Cum - Bonds	7.15%, Annual	148000.00	Bullet Repayment	16-Sep-18
61st Taxable Non-Cum. Bonds	10.60%, Semi Annual	85500.00	Bullet Repayment	11-Sep-18
116th Taxable Non Cum - Bonds	7.00%, Annual	216500.00	Bullet Repayment	10-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



Series	Interest Rate (Per Annum)	Amount outstanding (₹ in Lakhs)	Terms of Repayment	Date of Maturity
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
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:

(₹ 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 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		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:

(₹ 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:

(₹ in Lakhs)

Name of Bank	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:

(₹ 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:

(₹ 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		

5.6 Terms of Repayment of the Unsecured Rupee Term Loans from Banks and amount outstanding as on 31-03-2017 is as follows:

(₹ 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:

(₹ 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:

(₹ in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
	Non Current	Current	Non Current	Current
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	

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

(₹ 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

(₹ 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

(₹ 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
Commercial Paper - I (Note-9.1)	576719.39	296587.03
	576935.29	317587.03
Total	576935.29	567572.03

9.1 Details of Commercial paper o/s as on 31st March, 2017 is as below:

(₹ 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

(₹ in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Current Maturities of Long Term Debt (Ref. Note No.5)	391524.00	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

(₹ 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

12. Fixed Assets

(₹ in Lakhs)

S.No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31-03-16	Additions during the year	Sale / Adjustment during the year	As at 31-03-17	Upto 31-03-16	For the year	Adjustments during the year	As at 31-03-17	As at 31-03-17	As at 31-03-16
	<u>Tangible Assets</u>										
1.	Office Building	1524.23	0.00	0.00	1524.23	375.54	25.52	0.00	401.06	1123.17	1148.69
2.	Airconditioners, Room Coolers/Heaters	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	0.00	0.00	1.19	0.63	0.28	0.00	0.91	0.28	0.56
6.	Computer	59.72	1.76	0.00	61.48	51.57	3.11	0.00	54.68	6.80	8.15
7.	Motor Car	10.24	0.00	0.00	10.24	6.83	0.85	0.00	7.68	2.56	3.41
8.	Photo Copier	1.59	0.00	0.00	1.59	0.91	0.15	0.00	1.06	0.53	0.68
9.	Water Cooler	0.29	0.00	0.00	0.29	0.25	0.04	0.00	0.29	0.00	0.04
10.	Electric-Installation	1.80	0.00	0.00	1.80	1.80	0.00	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
	<u>Intangible Assets</u>										
1.	Computer Software	4.34	0.00	0.00	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



13. Non Current Investments (At Cost)

(₹ in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
	Non Current	Current	Non Current	Current
Investments (Unquoted Non-Trade)				
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

(₹ 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

15. Other Non Current Assets

(₹ 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

(₹ 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

(₹ 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



18. Other Current Assets

(₹ 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

(₹ 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

(₹ 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
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

(₹ 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

(₹ 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

(₹ 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
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



(₹ in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
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):

(₹ 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
Legal & Professional	0.19	0.00
Office Maintenance Expenses	0.20	0.00
Salary Employee Benefits	-4.50	13.63
Transport Hire Charges	0.00	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 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 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:

(₹ 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).

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 of its External Commercial Borrowings.

Outstanding long term forward exchange contracts entered into by the Company which have been use 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



- 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.

No. of Transaction	Description of Derivative	Notional Principal	Fair Value Asset / (Liability) at 31st March, 2017 (Rs. Lakhs)
2	Cross Currency Interest Rate Swap (JPY Fixed Interest Rate Liability to USD Floating Rate Liability)	JPY 15 Bn. / USD 182.94 Mio	(29110.84)
2	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 182.94 Mio	6187.36
1	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 200.00 Mio	670.48

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

32 Contingent Liabilities

- a) Claims against the Company not acknowledged as debt – Claims by bondholders in the Consumer / Civil Courts: Rs. 8.72 Lakhs (P.Y. Rs. 15.74 Lakhs).
- b) Claims against the Company not acknowledge as debt – relating to service matter pending in Hon'ble Supreme Court - amount not ascertainable.
- c) The Income Tax assessments of the Company have been completed up to the Assessment Year 2014–15. The disputed demand of tax including interest thereon amount to Rs. 138.19 Lakhs out of which Rs. 74.96 Lakhs has been adjusted by the Department from the refunds pertaining to other years. The Company has already filed appeals against the said tax demands and the same are pending at various appellate levels. Based on decisions of the Appellate authorities in other similar matters and interpretation of relevant provisions, the Company is confident that the demands will be either deleted or substantially reduced and accordingly no provision is considered necessary.

During the year 2015-16, the Income Tax Department had raised demand of Rs. 39949.01 Lakhs u/s 201(1) of the Income Tax Act, 1961 towards non-deduction of tax at source and interest thereon for the Assessment Years 2011-12, 2012-13 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.

- 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

(₹ 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 Lakh (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	2001-02
			22302	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).
- 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:

(₹ 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:-

(₹ 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:

(₹ 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
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:

(₹ in Lakhs)

Series	Date of Maturity	Nos of PTCs	Face Value per PTC (in Rs)	Total Amt
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



(₹ in Lakhs)

Series	Date of Maturity	Nos of PTCs	Face Value per PTC (in Rs)	Total Amt
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		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:

(₹ 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:

(₹ 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

(₹ in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
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:

(₹ 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
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:

(₹ 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:

(₹ 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:

(₹ 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

Bifurcation of Liabilities:

(₹ 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:

(₹ in Lakhs)

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

(₹ 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.

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

(₹ 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:

- Sh. Rajiv Datt, Managing Director (upto 30th June 2016)
- Sh. Niraj Kumar, Additional charge as Managing Director(from 1st July 2016 to 28th July 2016)
- Sh. P.V.Vaidialingam, Managing Director(from 29th July 2016 to 8th March, 2017)
- Sh. S.K. Pattanayak, Managing Director(from 9th March, 2017 onwards)
- Sh. Niraj Kumar, Director Finance
- Sh. S.K.Ajmani, Company Secretary & Group General Manager (TL)

Amount paid to Key Management Personnel:

(₹ 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 of 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.

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.

47 Other Disclosures

I Other key financial parameters:

(₹ in Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
1	Debt Equity Ratio	8.86	7.59
2	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:

(₹ in Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
1	Capital Fund - a. Tier I	1163116.73	1107203.85
	- b. Tier II	0.00	0.00
2	Risk weighted assets along-with adjusted value of off balance sheet items	326832.85	333277.08
3	CRAR	355.88%	332.22%
4	CRAR — Tier I Capital	355.88%	332.22%

(₹ in Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
5	CRAR — Tier II Capital	0.00	0.00
6	Amount of subordinated debt raised as Tier-II capital	0.00	0.00
7	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

(₹ in Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
(i)	Value of Investments		
(i)	(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	
(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
	Less : Write-off / write-back of excess provisions during the year	0.00	0.00
	(iii) 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:

(₹ in Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
1	Notional principal of swap agreements	371,209.01	122,144.83
2	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	6,857.84	0.00



(₹ in Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
3	Collateral required by NBFC upon entering into swaps-	0.00	0.00
4	Concentration of credit risk arising from swaps	0.00	0.00
5	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.

IV Quantitative Disclosures on Risk Exposure in Derivatives in respect of Loan Liabilities:

(₹ in Lakhs)

S.No.	Particulars	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
1	Derivatives (Notional Principal Amount)						
	For hedging)	422848.57	120004.50	2512014.50	311167.40	122144.82	
2	Marked to Market Positions (MTM)						
	Asset (+MTM)			6857.83	588.02		
	Liability (-MTM)	32736.58	29110.83		110.12	27852.93	
3	Credit Exposure ^a	4228.48	3600.13	11769.97	3699.70	3664.34	
4	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:

(₹ in Lakhs)

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
3	Total amount of exposures retained to comply with MRR	586.94
	a) Off Balance Sheet Exposures	0
	First Loss	0
	Others	0
	b) Off Balance Sheet Exposures	586.94
	First Loss	0
	Others	0
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:

(₹ in Lakhs)

Description	Up to 30 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Advances*	378067.37	0.00	0.00	356209.87	0.00	1586027.68	1697273	8279444.29	12297021.96
Investments	67.92	0.00	0.00	0.00	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency liabilities ***	984	0.00	0.00	0.00	197784	594336	3936	120004.50	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.
- II. Exposure to Capital Market:

(₹ in Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
a	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
b	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
c	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
d	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
e	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	0.00	0.00
f	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
g	Bridge loans to companies against expected equity flows / issues;	0.00	0.00
	All exposures to Venture Capital Funds (both registered and unregistered)	0.00	0.00
	Total Exposure to Capital Market	199.85	199.85

III. Details of financing of parent Company products:

Company does not have a parent company.

IV. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded

The Reserve Bank of India has issued Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 vide notification no.DNBR.009/CGM (CDS)-2015 dated 27th March 2015. The Company, being a Government Company, these Directions, except the provisions contained in Paragraph 25 thereof, are not applicable to the Company.

V. Unsecured Advances

- a) The outstanding amounts against unsecured loans, advances & lease receivables as at 31.03.2017 is Rs 12297021.96 Lakhs (PY Rs 10223215.33 Lakhs). The details are as under:

(₹ 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

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:

(₹ in Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
1	Total Advances to 20 largest borrowers	12297021.96	10223215.33
2	Percentage of Advances to 20 largest borrowers to Total Advances of the Company	100%	100%

- c) Concentration of Exposures:

(₹ in Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
1	Total Exposure to twenty largest borrowers / customers	12297808.75	10224147.62
2	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 F.Y. 2016-17

S.No.	Particulars	Number of complaints
1	No. of complaints pending at the beginning of the year	0
2	No. of complaints received during the year	2348
3	No. of complaints redressed during the year	2348
4	No. of complaints pending at the end of the year	0

48. a) Unless otherwise stated, the figures have been rounded off to Rupees Lakhs.

- b) Previous year figures have been regrouped / rearranged, wherever necessary, in order to make them comparable with those of the current year.

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

For SPMG & Co.

Chartered Accountants
FRN-509249C

For and on behalf of the Board of Directors

Vinod Gupta

Partner

M.No. 090687

Place: New Delhi

Date : 31-07-2017

S.K.Ajmani

Company Secretary
& G.G.M. (Term Loans)

Niraj Kumar

Director Finance
DIN: 00795972

S .K.Pattanayak

Managing Director
DIN: 02396063

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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 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;



- (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 F.Y the company is required to be transfer Rs. 12.80 (P.Y NIL) Lakhs 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.
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 "Annexure C".

For SPMG & Co.
Chartered Accountants
FRN-509249C

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.
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.
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

Vinod Gupta

(Partner)

M.No. 090687

Place: New 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.

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

Vinod Gupta

(Partner)

M.No. 090687

Place: New 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 lease hold 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 Finance Company and not engages in the business of any trading, manufacturing, mining or processing, and does not maintain any inventory of any nature of either with itself or with any third party.

For SPMG & Co.
Chartered Accountants
FRN-509249C

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



REGD. OFFICE, Bank Street,
Kalyan Nagar, New Delhi-110005, India
Tel: (+91) 11 22728700, 22727385
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

Contd.../2

: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 complied with 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
PRN-509249C**

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

**Place: New Delhi
Date : 31-07-2017**



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 2017.

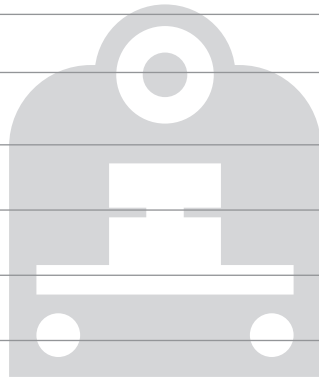
The preparation of financial statements of Indian Railway Finance Corporation Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed 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 31 July 2017.

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 2017. 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.

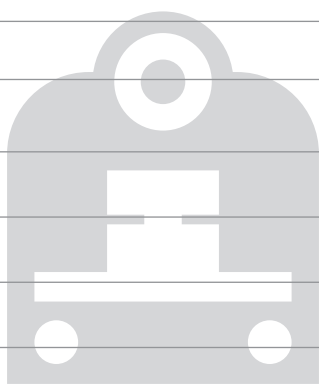
For and on the behalf of the
Comptroller & Auditor General of India

Place: New Delhi
Dated: 28th August, 2017

B.R Mondal
Principal Director of Audit
Railway Commercial, New Delhi



***FUTURE ON
TRACK***



FUTURE ON TRACK



IRFC stall in CSR Fair, Pragati Maidan, New Delhi from 4th to 6th May, 2017



MD, IRFC visit to the plant site of Central Electronics Ltd office in August, 2017 for collaboration on CSR activities



Camp at Indore, Madhya Pradesh in Feb, 2017 for distribution of Aids & Appliances to Divyaangs (person with disability)



Camp at Latur, Maharashtra in March, 2017 for distribution of Aids & Appliances to Divyaangs



Signing of MoU with Ministry of Railways
for FY 2017-18



MD, IRFC in 'Smart Railways Conclave' at
FICCI Federation House ,New Delhi



MD, IRFC in 'National Conference on
Decarbonising Indian Railways'
at India Habitat Centre, New Delhi



Diwali Milan Celebrations at India International Centre, New Delhi on 14th October 2017



Farewell to Ex. MD IRFC, Shri P.V. Vaidialingam at India Habitat Centre, New Delhi on 1st August 2017



IRFC Family



INDIAN RAILWAY FINANCE CORPORATION LTD.
(A GOVERNMENT OF INDIA ENTERPRISE)

Upper Ground Floor, East Tower, NBCC Place,
Pragati Vihar, Lodhi Road, New Delhi - 110003