

ANNUAL REPORT

2015-16



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

Snapshots of Annual General Meeting held in August, 2016

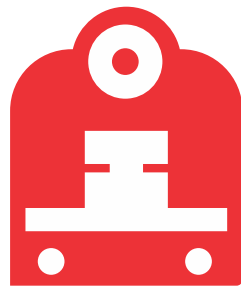


Snapshot of MOU signed between Managing Director / IRFC and Divisional Railway Manager, North Western Railway, Jaipur for the Project 'Installation of Solar Lighting System at Alwar, Bandikui, Dausa and Phulera Railway Stations' funded by the Company in its CSR Activities during the year 2016 – 17.





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



VISION

To be the pivotal and premier Financial Services Company for the development of Rail Transport Sector while maintaining its symbiotic relationship with the Ministry of Railways.

MISSION

To make IRFC one of the leading Financial Service 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.

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



Sh. K.B. Nanda
Chairman
(From 06.10.2016)



Sh. S. Mookerjee
Chairman
(From 16.10.2015
to 31.08.2016)



Smt. Rajalakshmi Ravikumar
Chairperson
(From 30.10.2014
to 30.09.2015)



Sh. P. V. Vaidialingam
Managing Director
(From 29.07.2016)



Sh. Rajiv Datt
Managing Director
(Upto to 30.06.2016)



Sh. Niraj Kumar *
Director Finance
(From 01.07.2015)
* Also held additional charge of the
post of Managing Director from
01.07.2016 to 28.07.2016)



Sh. D. C. Arya
Director Finance
(Upto 30.06.2015)



Ms. Sharmila Chavaly
Director
(From 21.11.2012)



Sh. S. K. Goel
Independent Director
(From 31.12.2013)



Sh. Kishor J. Devani
Independent Director
(From 01.04.2016)





CORPORATE INFORMATION



Shri Sanjay Upreti
Chief Vigilance Officer
(From 09.10.2015)



Sumita Mukherjee
Chief Vigilance Officer
(Upto 26.08.2015)

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

Secretarial Auditors
M/s Navneet K Arora & Co.
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 this Twenty Ninth Annual General Meeting of the Indian Railway Finance Corporation Limited. The audited accounts of your Company for the financial year ended 31st March, 2016, along with the Directors' Report

and its accompaniments are with you. I trust I have your consent to take them as read.

A landmark in asset financing was reached during financial year 2015-16, when your Company's cumulative funding to the Rail Sector crossed Rs. 1.50 lakh crore, which is an important milestone. Ever since its inception nearly three decades ago, your Company has invariably met the borrowing targets assigned to it by the Ministry of Railways and has been consistently rated 'Excellent' by the Department of Public Enterprises. Before, I present an account of your Company's performance during financial year 2015-16, I would like to dwell upon some of the important developments in the domestic and global economy that shaped the business environment in which your Company operated during the last year.

Economic Overview:

Global Economic conditions continued to weaken amid sharp decline in global commodity prices and heightened volatility in global financial markets. Overall, 2015 ended with world GDP growth declining from 3.4% in 2014 to 3.1%. However, the improvement in India's economic fundamentals accelerated in the year 2015 with the combined impact of strong Government reforms, RBI's inflation focus and benign global commodity process which has led to India emerging as the fastest growing major economy in the world. In spite of two consecutive monsoon failures (2014 and 2015) and damage to crops from unseasonal rains in early 2015, India's GDP growth, driven by manufacturing & allied activities in the primary sector and policy push towards public investments, moved from 7.2% in fiscal 2015 to 7.6% in fiscal 2016. The macro-economic parameters like inflation, current account position and

fiscal balance showed considerable improvements. The GDP growth is expected to register an upward increase by 20 bps to 7.8% in fiscal 2017 from 7.6% in fiscal 2016 with both inflation and current account deficit remaining in the comfort zone.

During the financial year 2015-16, RBI reduced the policy Repo Rate by 25 bps to 7.25% in June, 2015. Nevertheless, RBI continued targeting inflation and factored in the base effect in its policy stance. It did not deviate from the conservative monetary policy and stayed firm in its stance of combating long-term inflation and was successful in bringing down the retail inflation to below 6 per cent in fiscal 2016. Closely monitoring the movement in food prices, the Central Bank maintained its policy rate at 7.25% till August in spite of increasing pressure from the industry. As inflationary pressure started coming down due to hawkish stance of RBI and low oil and commodity prices, it created considerable room for the policy maker to adopt a more accommodative monetary policy. In order to provide boost to the Indian Economy amid global slowdown, RBI reduced the repo rate by 50 bps in September, 2015 to 6.75%. However, in the 4th Quarter, the interest rate showed an upward bias on account of uncertainty on the likely fiscal stance in the Union Budget and an expected rate hike by US Fed.

Railway Sector:

Apart from providing most important mode of public transport and cost-effective long distance transport system, Indian Railways plays a pivotal role in reviving economic growth in the Country. Investment in the Railways has a larger multiplier effect on the rest of the economy. There has been a significant increase in the annual plan outlay of Indian Railways which achieved a figure of Rs. 93,155 crore during the fiscal 2016 as compared to Rs.58,719 crore for the previous year, an year-to-year increase of 58.65% against an average increase of 8.20% during the last five years ending fiscal 2015. The Annual Plan Outlay for fiscal 2017, has been budgeted at Rs.1.21 lakh crore, an increase of 30% over the previous year. Besides, the Indian Railways has embarked on a massive expansion plan with an outlay of Rs.8.56 lakh crore over the five years commencing from fiscal 2016. The enormous investment in the Indian Railways will lead to significant



capacity enhancements and network decongestion. Growth in both freight and passenger earnings of Indian Railways moderated during fiscal 2016. While freight earnings registered an year-to-year growth of 5.7 percent, passenger earnings went up by 7.6 percent over the previous year. However, Indian Railways initiated stringent economy and austerity measures which helped maintain the operating ratio at 90.5% for the fiscal 2016.

Contribution to Railway CAPEX:

Since its inception spanning nearly three decades, your Company has played a stellar role in supporting the developmental needs of Indian Railways by consistently funding a quarter of the annual plan outlay. Funding of rolling stock for the Ministry of Railways (MOR) remains the core business of your Company. During 2015-16, your Company funded acquisition of 592 locomotives, 2,667 passenger coaches and 9,756 freight wagons valued at Rs.14,000.22 crore. From its inception to the end of March 2016, your Company has funded acquisition of 8,390 locomotives, 45,545 passenger coaches and 2,04,456 freight wagons, valued at Rs. 1,37,038 crore. In addition, your Company has provided funding support of Rs. 3,575 crore to other Railway entities such as Rail Vikas Nigam Ltd., Railtel Corporation, etc. Besides, the Company has funded select capacity enhancement works to the extent of Rs. 2,078 crore during financial year 2011-12. Further, the Company was assigned the additional task of funding Railway Projects through Institutional Finance, against which a sum of Rs.9,430 crore has been provided to Indian Railways during the year 2015-16. Thus, the cumulative funding to the Rail Sector till 31st March, 2016 stands at Rs.1,52,121 crore. This is a reflection of your Company's importance in the overall asset acquisition and expansion plans of the Ministry of Railways.

Operational and Financial Performance during 2015-16:

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 September, 2015. You may recall that for the year 2015-16, your Company was assigned a borrowing target of Rs.17,655 crore for creation of Rolling Stock Assets for the Indian Railways and meeting the debt financing needs of RVNL by way

of Loan which was downsized to Rs.11,847.57 crore in the Railway Budget presented to the Parliament on 25th February, 2016. Subsequently, the target of borrowing was again enhanced to Rs. 15,435.90 crore at the Final Modification stage. The final revised target included Rs. 15,180 crore for creation of Rolling Stock Assets and Rs. 255.90 crore for meeting the debt financing needs of Rail Vikas Nigam Ltd. (RVNL). Further, Ministry of Railways had identified additional Rolling Stock Assets to the tune of Rs. 98.02 crore for the year 2014-15. Thus, the total borrowing target of MOR for Rolling Stock Assets, including the requirement of RVNL, was Rs. 15,533.92 crore. All the targets were successfully met and the amounts of Rs.15,278.02 crore (including excess assets of Rs. 98.02 crore created for the year 2014-15) and the Rs. 255.90 crore were remitted to MOR and RVNL respectively before the close of the year.

The weighted average cost of borrowing for the above pool of funds for the year 2015-16 remained at 7.62% as against 8.46% for the year 2014-15. The weighted average cost achieved by your Company is considered very competitive in the market scenario that prevailed during 2015-16. On a year to year basis, the Company was able to lower the cost of borrowings by 84 bps as against 56 bps reduction in the Benchmark 10 Year G-Sec. Further, the cost of borrowings is 59 bps lower than 10 Year AAA Benchmark which averaged 8.21% during the year 2015-16. The Company's endeavour to keep average cost low was facilitated by high quantum of issuance of Tax-free Bonds. IRFC was authorised to issue Tax-free bonds to the tune of Rs.6,000 crore during the year 2015-16 for which Notification was issued by Central Board of Direct Taxes (CBDT) on 6th July, 2015. Later with efforts of the Railway Ministry, IRFC was given additional allocation of Tax-free Bonds of Rs. 3,500 crore for which the Notification was issued on 26th February, 2016 (CBDT).

The Company constantly monitors its borrowing portfolio and resorts to financial restructuring / re-engineering of its high cost loan portfolio to reduce the cost. During the year 2015-16, the Company refinanced its syndicated foreign currency loan of USD 400 Million by availing a fresh loan of equivalent amount for a tenor of 3 years matching the residual tenor of the loan. This helped



bring down the cost of loan, leading to a net saving of around Rs. 32.79 crore over the balance life of the loan which will be passed on to Railways.

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. Being the sole financial institution in the Rail Sector, your Company has been assigned the additional role of drawing the target amount through Institutional Finance from LIC by issuance of bonds for funding Railway Projects. The tenor of bonds issued to LIC has been kept at 30 years door-to-door with an interest moratorium of 5 years and principal moratorium of 10 years. The repayment will be made in 40 equal half yearly instalments after the moratorium period. Interest rate is linked to 30 bps over the Benchmark 10 Year G-Sec Yield subject to resetting at 10 years' interval. The target of borrowing through Institutional Finance from LIC for the year 2015-16 which was initially pegged at Rs. 17,136 crore, was finally brought down to Rs. 9,430 crore. Your Company had met the target against Institutional Finance before the closure of the fiscal by drawing Rs. 7,000 crore from LIC through issuance of bonds. The balance amount of Rs. 2,430 crore was raised from Short Term borrowing sources which was recouped during the current fiscal through further draw of funds from LIC.

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 2015-16, the Company was accorded highest possible ratings both for its long term and short term domestic 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 "A1+" by CRISIL, ICRA and CARE. Besides, the three prominent International Credit Rating Agencies namely Standard & Poor's, Moody's and FITCH have awarded to your Company "BBB-(Stable)", "Baa3 (Positive)" and "BBB-(Stable)" respectively rating at par with the Sovereign. Also, the Company obtained an issue specific credit rating of "BBB+ (Positive)" from Japanese Credit Rating Agency,

at par with the rating accorded to India (Sovereign Rating).

I now turn to the financial performance of your Company. Based on the audited accounts, the Profit Before Tax (PBT) has gone up to Rs. 1,949.92 crore for the year ended 31st March, 2016 as against Rs. 1,914.17 crore for the previous year ended 31st March, 2015, registering a marginal growth of 1.87%. The Compounded Annual Growth Rate (CAGR) of PBT during the last five years is a healthy 16.77%. However, the year-to-year rate of growth in the profit has come down due to higher incidence of Bonds issue / servicing expenses by Rs. 67.96 crore on account of two public issues of Tax-free Bonds during the year and expiry of sub-leases which was contributing an amount of Rs. 65.60 crore annually to the bottom-line. Discounting the impact of such items mentioned above, the comparable PBT for the year 2015-16 works out to Rs. 2,087.37 crore as against Rs. 1,914.17 crore for the previous year, reflecting a growth of 9.05%. Profit After Tax (PAT) registered an year-to-year growth of 11.92% to Rs. 848.69 crore for the year 2015-16 as against Rs. 758.30 crore for the previous year 2014-15. The higher year-to-year growth in PAT as compared to PBT, is attributed to higher incidence of Deferred Tax Liability, due to increase in effective corporate tax rate to 34.608% from 33.99%, leading to additional provision towards DTL to the tune of Rs. 77 crore on account of revaluation of accumulated DTL pertaining to earlier years in the accounts for the year 2014-15. This is indeed creditable despite a thin mark up of 50 bps over cost of incremental borrowings during the year, as also the requirement of the Company's accounts bearing a high incidence of 55.5685% on its PBT towards taxes.

As required under the relevant Accounting Standards, your Company is required to provide for Deferred Tax Liability (DTL). Accordingly, a sum of Rs. 685.09 crore has been provided in the Accounts for 2015-16. 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. The Company requires equity infusion at regular intervals from MOR to maintain its debt-to-equity ratio at an acceptable level. In view of this, the Company has been able to peg



the total dividend for the year at Rs. 339.48 crore, which is 40 per cent of Profit After Tax as per the Presidential Directive issued by the Ministry of Railways which is significantly lower than 5 per cent of the Net Worth as per Ministry of Finance Guidelines.

CSR Activities:

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. The CSR Budget for the year 2015-16 was Rs. 32.97 crore. Company's CSR initiatives were directed at promoting environmental sustainability and renewable energy, development of weaker sections of the society and development of backward regions, enhancement of Vocational-cum-Skill Development for marginalized and disadvantageous sections of Rural Society, promotion of health care and protection of national heritage etc. Besides, the Company's CSR initiatives include contribution of a sum of Rs.10.57 crore each to 'Swatch Bharat Kosh' and 'Clean Ganga Fund' respectively. In the coming years, your Company is committed to pursue these activities with greater vigour.

Human Resources:

Your Company has established a new paradigm of successfully running a big business with a small but highly productive team of 18 staff and executives. Your Company is widely respected for its productivity levels, pace of decision making and negotiation skills at mobilising 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 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. There are no un-redressed investor grievances. The overhead to turnover ratio continues to remain at an incomparable level of 0.11 per cent. 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.

Way Ahead:

The current year poses tough challenges for the Company. For the current fiscal, your Company has been assigned borrowing target of Rs.19,760 crore for funding the Rolling Stock Assets of the Ministry of Railways. In addition, the quantum of funding for select bankable projects of RVNL has been fixed at Rs.240 crore. Besides, the target of funding through Institutional Finance from LIC has been kept at Rs.20,985 crore. I am confident that the intellectual and managerial capabilities, the available skill sets and the ingenuity of the team shall prove equal to the task and ensure all round brilliance in the coming years.

Acknowledgements:

Excellent performance of your Company on sustained basis would not have been possible without unqualified and constructive support and cooperation of a variety of persons and organisations. My special thanks are to 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, Ministry of Corporate Affairs, Securities and Exchange Board of India, Reserve Bank of India, National Securities Depository Limited and Central Depository Services (India) Limited. I wish to place on record gratitude to all of them. I also acknowledge with appreciation the assiduous efforts of the small team of officers and staff that have ensured that the Company consistently delivers exceptional performance. Their unstinted efforts, commitment and application enabled the Company to deliver excellent results.

Sanjoy Mookerjee
Chairman

Place : New Delhi

Dated :29thAugust, 2016



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-ninth 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, 2016.

1. FINANCIAL HIGHLIGHTS

The financial performance of your Company for the year ended 31st March, 2016 is summarised below:

(₹ in lakh)

	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
I.	Revenue from operations	750623.92	693879.65
II.	Other income	106.57	137.61
III.	Total Revenue (I+II)	750730.49	694017.26
IV.	Expenses:		
	Finance costs	551882.51	499183.01
	Depreciation and amortization expense	34.66	44.21
	Other expenses	3821.74	3372.63
	Total Expenses	555738.91	502599.85
V.	Profit Before Tax (III-IV)	194991.58	191417.41
VI.	Tax expense:		
	(1) Current tax	41613.14	40710.68
	(2) Tax For Earlier Years	0.00	0.00
	(3) Deferred tax	68509.18	74876.76
	Total Taxes	110122.32	115587.44
VII.	Profit (Loss) for the current year from continuing operations (V-VI)	84869.26	75829.97

Profit Before Tax (PBT) of your Company went up to ₹ 1,949.92 crore during 2015-16 as compared to ₹ 1,914.17 crore for the previous year, registering a growth of 1.87%.

Profit After Tax (PAT) has registered a healthy growth of 11.92% to ₹ 848.69 Crore for the year 2015-16 as against ₹ 758.30 Crore for the previous year. PAT was lower by ₹ 78 Crore during the year 2014-15 on account of higher provision for deferred tax liability due to increase in the corporate surcharge from 10% to 12%, leading to increase in the effective corporate tax rate to 34.608% from 33.99%. However, provision towards current tax (MAT) for the year 2015-16 has been increased by ₹ 7.43 Crore due to increase in the effective MAT rate to 21.3416% from 20.9605% on account of increase in surcharge to 12% from 10%. If

the impact of increase in tax rates as mentioned above is nullified, the PAT for the previous year would have been ₹ 834.12 crore as against ₹ 848.69 crore for the current year under review. This implies that the year-to-year growth rate in PAT for the current year under review would have been around 1.75%, almost similar to the growth in PBT.

2. Dividend

Your Company seeks to strike a judicious balance between the need for providing an appropriate return to the shareholders and retaining a reasonable portion of the profit to maintain a healthy financial leverage with a view to supporting and sustaining future borrowings and growth consistent with Ministry of Railway's (MOR's) expectations. The overriding requirement to maintain Debt to Equity ratio of the Company within the



acceptable limits and act as deterrent to declaration of higher amount of dividend.

The Board had, therefore, declared an Interim Dividend of ₹ 150 crore during 2015-16. It is further proposed to declare a final dividend of ₹ 189.48 crore. The total amount of ₹ 339.48 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 ₹ 440.10 crore has been transferred to Bond Redemption Reserve.

4. Share Capital

The entire paid up capital of the Company amounting to ₹ 6,526.46 crore continues to be held by the President of India and his nominees. This includes fresh equity infusion of ₹ 2,400 crore during the year 2015-16. Out of this, a sum of ₹ 2,000 crore was received on 31st March, 2016, and lay in the form of Share Application money as on 31st March, 2016.

5. Independent Evaluators' Assessment

5.1. Credit Ratings

Domestic: During the financial year 2015-16, 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 2015-16, 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 issue 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 2014-15, 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 nineteen years, your Company has been rated 'Excellent' on seventeen 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 hereunder :-

- (i) Report on Corporate Governance for the year 2015-16 was submitted to Department of Public Enterprises (DPE) through MOR on 21st April, 2016.
- (ii) Completed Data Sheet, containing PE Survey, was submitted to DPE on 7th September, 2015.
- (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 2015-16

The Company was given a target of borrowing of ₹ 17,655 crore comprising ₹ 17,276 crore for creation of rolling stock assets for the Ministry of Railways (MOR), an amount of ₹ 379 crore by way of loan to Rail Vikas Nigam Ltd (RVNL) for investment in bankable projects being executed by them on behalf of MOR. Further, a target of ₹ 17,136 crore was given to raise funds through Life Insurance Corporation of India (LIC) for funding of Railway projects. All the targets were revised later during the year. These targets were later scaled down to ₹ 15,180 crore, ₹ 255.90 crore and ₹ 9,430 crore for rolling stock assets, RVNL and Railway projects funding respectively. All the targets were successfully met and amounts totalling ₹ 24,865.90 crore, which were 100% of the mandate for disbursement(s), were remitted during the year to MOR and RVNL respectively. However, assets to the tune of ₹ 1,180 crore were short identified



by the MOR for the year 2015-16 and this amount would now form part of the borrowings for the year 2016-17.

The borrowings during the year comprised of Taxable Bonds of ₹ 1,500 crore. A sum of ₹ 9,500 crore was raised by issuance of Tax-free Bonds through Private Placement (₹ 2,518 crore) Public Issue (₹ 6,982 crore). Further, a sum of ₹ 7,000 crore were raised from LIC at 30 bps over 10 year benchmark G-Sec rate. The remaining amount was remitted by the Company by taking bridge loans from Banks and other sources.

The marginal cost of incremental borrowings from domestic market for rolling stock for the year 2015-16 was 7.62% as against 8.46% for the year 2014-15. The marginal cost of borrowing is considered quite competitive considering the market scenario that prevailed.

IRFC's cost competitiveness vis-à-vis other 'AAA' Rated Entities is reflected in the fact that the average Cost of Borrowings of the Company from the domestic market for the year 2015-16 remained at 7.62% as against 8.21% for other 'AAA' Rated Entities. Thus, the Company managed to enjoy a cost advantage of 59 bps over other 'AAA' Rated Entities.

6.1 PRUDENT FUND MANAGEMENT

The Company resorts to meticulous fund management by deploying its investible surplus judiciously. Considering the downward trend in the interest rates, the Company ploughed back its investible temporary surplus funds to the core business which led to substantial decline in the tenor of fixed deposits. However, efficient fund management helped the Company earn yield on Fixed Deposits of tenor of 30 days or more, which was 25 bps higher than the SBI 1 Year Fixed Deposit Rate.

7. Redemption of Bonds / Repayment of Loans

Your Directors are pleased to report that during the year under review, your Company successfully redeemed bonds and discharged its other debt obligations amounting to ₹ 9,491.62 crore in an efficient manner, without a single instance of delay or default in debt servicing. These included Bonds valued at ₹ 481.98 crore, Term Loans worth ₹ 5,316.28 crore and External Commercial Borrowings (ECB) of ₹ 3,693.36 crore. Your Company is set to honour obligations towards redemption of Bonds, repayment of Loans and ECBs amounting to around ₹ 5,935.40 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 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. The same is commented upon periodically by the Internal Auditors. A multiple tier control mechanism is in place. Besides control exercised by and specific accountability assigned to executives and employees of the Company for various functions, efficient maintenance of accounts is facilitated by a professional and reputed firm of Chartered Accountants engaged as Retainers of Accounts. The function of Internal Audit has been assigned to another reputed firm of Chartered Accountants. The 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 track record of your Company in regard to handling its operational risk has been excellent.



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

Given the carefully drafted provisions in the Lease Agreement signed by IRFC with MOR each year, there is a very good matching of the interest rate sensitivity profile of its assets and liabilities. In the circumstances, exposure of the Company to Interest Rate Risk is negligible. Further, for the Railway Projects financed through LIC funds, it is proposed to adopt the lease structure akin to the structure of bonds issued to LIC 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 in all cases where bullet repayments are involved with tenor not exceeding five years. Timing is important in such hedging transactions. The Company recognises the fact that contracting a hedge at a time subsequent to the drawdown does not expose it to any undue risk because of longer maturities. The Risk Management Committee regularly monitors the FX Exposure. In accordance with the policy of hedging selectively in a

need based manner and also taking into account the cost of hedging, the Company 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 in time. Keeping in view the volatility in the foreign exchange markets, the Company intends to watch the situation and would suitably hedge the transactions at appropriate time. At present all the outstanding unhedged borrowings from offshore market are in USD terms, and would be hedged at opportune time. Till such time, the Exchange Rate Variation and Interest Rate Variation risks would stand transferred to MOR in terms of the Lease Agreement. With a view to effectively supplementing its in-house expertise in 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 available 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.

10. Lease Arrangement with the Ministry of Railways 2015-16

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 2015-16 through IRFC funding, lease rentals have been fixed at ₹ 55.98 per thousand per half year (PTPH) over a primary lease tenor of 15 years. The cost (IRR) to Ministry of Railways is 8.12% p.a. Viewed in the context of the relatively high interest rates ruling during most parts of the year, the pricing is considered attractive for the Ministry. As regards the cost to be charged from RVNL for the lending to them during the year, the same has been worked out based on the average cost of borrowings during the year. The cost to RVNL has accordingly been fixed at 8.68% p.a. (annual).

11. Resource Mobilisation for 2016-17

In the Railway Budget for 2016-17, the annual borrowing target for IRFC was fixed at all time high figure of ₹ 40,985 crore which included ₹ 19,760 crore for funding of Rolling Stock Assets, and for funding of Railway projects through LIC the target amount is ₹ 20,985 crore. A target of ₹ 240 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.

This year, no allocation has been made by Ministry of Finance in the current fiscal for issuance of Tax-free bonds to the Government owned institutions.

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 MOR has tied up a loan of ₹ 1,50,000 crore from LIC to be drawn in tranches over a period of five years for their projects funding. IRFC, being funding arm of MOR, has been entrusted with the job of borrowing the same from LIC on MOR's behalf. The Ministry has been requested to ensure that the business model be the same as is of Rolling Stock Assets.

The business of the Company with the Ministry has grown considerably in the last ten years. From an annual target of ₹ 2,957 crore in 2004-05, the borrowing target assigned for the current year 2016-17 stands at ₹ 40,985 crore comprising ₹ 19,760 crore for Rolling Stock assets, ₹ 240 crore for RVNL and ₹ 20,985 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 ten years is likely to continue. This is bound to further accentuate the problem of the Company's financial gearing requiring additional equity infusion. Frequent instances of additional equity infusion(s) amounting to ₹ 6,294.46 crore in tranches from the year 2006-07 to 2015-16 did help to some extent. It would be expedient for the Company to continue to have further equity infusion(s) not only to sustain future borrowing programmes but also to keep its gearing ratio well below 10:1. Given the nature of the problem, the Company would do well to explore all possible options for equipping itself appropriately to meet this challenge. It is in this context that in the last financial year 2015-16, Authorised Capital of the Company was enhanced from ₹ 5,000 crore to ₹ 15,000 crore.

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 two Independent Directors and the Managing Director. One of the 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 behalf 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 2015-16

During the year 2015-16, the Company was required to spend ₹ 32.97 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 ₹ 29.628 crore. Claims for the balance amount of ₹ 3.342 crore are awaited from the implementing agencies.

The Company spent ₹ 0.973 crore for installation of RO plants at 6 stations of North East Region falling under Northeast Frontier Railway.

The Company also spent ₹ 0.35 crore on a project for convertibility of Bio-waste into electricity and usable bio-manure at Delhi.

The Company further spent a sum of ₹ 0.144 crore on a project for setting up Pilot plants for disposal of Municipal Solid Waste in an environment friendly manner in the areas falling under Northern Railway, Central Railway, Western Railway and North West Railway.

The Company also spent a total sum of ₹ 5.019 crore for setting up of SPV Power Plants at different Railway Stations of the Country and for providing solar powered street lights in the two backward districts in the state of Uttar Pradesh.

In an effort towards improving capacity building of Divyaangs (persons with disabilities), the Company organised one camp each in Hardoi (UP) and Khajuraho (MP) for distribution of Aids and Appliances to them. The camps were organised in association with Artificial Limbs Manufacturing Company Limited, a Government Company, at a cost of ₹ 1.149 crore.

For preservation of national heritage, the Company spent a sum of ₹ 50 lakh for creation of Heritage Laboratory-cum-Museum at National Academy of Indian Railways, Vadodara.

For treatment, care and providing accommodation to poor children suffering from cancer, a sum of ₹ 26 lakh was spent.

With the intent to provide amenities to common passengers like wheel chairs, water chillers, etc. at the Stations falling under North Central Railway, Allahabad, a provision of ₹ 46 lakh was been made.

The balance amount has been equally deposited in Clean Ganga Fund & Swachh Bharat Kosh, ₹ 10.57 crore each.

Activities proposed during 2016-17

During the year 2016-17, the Company is required to spend about ₹ 36.35 crore under the Act. The Board of Directors have already shortlisted 10 projects. Further, preliminary study on some more 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. The existing small working strength of 18 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 be possible but for the Company laying deep emphasis on upgrading skills of its employees and keeping them abreast of latest developments and industry practices. The Company is committed to enhancing the professional expertise

of all its employees. As a matter of general practice, the Company relies on training interventions involving assessment of training needs and providing necessary inputs to Company personnel, including through customised training programmes. In the year 2015-16, 8 (eight) Executives and 3 (three) Non-executives were sent for training for a total of 26 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.

A capsule course tailor-made for the Company's executives in the areas of Finance with focus on Rail Finance was designed by IIM, Lucknow in June, 2015.

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 2015-16, two executives of the Company underwent training in "E-Governance leveraging Information Technology Initiatives" and "Advanced FX and Interest Risk Management" organised by SCOPE and "Quantant Market Solutions" respectively in May, 2015 and June, 2015. As part of its drive for improving leadership skills, two Senior Executives were imparted training under the programmes "Training of Trainers Programme" and "The Art of Successful Leadership Management" organized by ICCSSR and MDI respectively in the month of May, 2015 and November, 2015. Besides, other executives and staff of the Company have participated in training / work-shops organised by reputed institutes ICAI, CRISIL, NPC etc.

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 2016-17. 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 S.K. Goel, Independent Director, has given a declaration that he meets the criteria of independence as laid down under Section 149 (6) of the Act. Similar declaration has also been given by Shri Kishor J. Devani, who was appointed as Independent Director on 1st April, 2016.

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 and Audit Committee. Further, due to non-availability of sufficient number of Independent Directors, the Company has not constituted Nomination and Remuneration Committee in line with the Section 178 of the Companies Act, 2013 (the Act).

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.

The second Independent Director has been appointed on 1st April, 2016 and the Nomination & Remuneration Committee has since been re-constituted in line with Section 178 of the Act.

Their Reports 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 risk management plan and ensuring its effectiveness. Eight 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 Company has also appointed M/s Mecklai & Co. to ensure that risks identified by the business and functions are systematically addressed through mitigating actions on a continuing basis.

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.

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 has been received asking the Railway Public Sector Undertakings to pay the Dividend @ 40% of Profit After Tax for the year 2015-16.

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.

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 18 employees in all. Out of these, four employees are in Section Officers' grade, one in Dy. Manager and one in Assistant Manager category. 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 in the next recruitment process.

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 September, 2015, following changes have taken place in the composition of the Board of Directors.



- i). Smt. Rajalakshmi Ravikumar, the then part-time Chairperson of the Company demitted Office on 30th September, 2015 consequent upon her superannuation.
- ii). Shri Sanjoy Mookerjee was appointed part time non-official Chairman of the Company vide Ministry of Railways (MOR) Order No. 2009/PL/47/2 dated 16th October, 2015. Shri Mookerjee holds Graduate degrees in Humanities and Science (Physics Honours) from Delhi and Calcutta University respectively. He also holds Masters' degree in Business Administration. He has a rich experience in Railways, Corporate and Finance sectors.
- iii). Shri Rajiv Datt, the then Managing Director, superannuated on 30th June, 2016.
- iv). Shri P.V. Vaidialingam has been appointed as Managing Director of the Company vide MOR's Order No. 2009/E(O)II/40/24 dated 28th July, 2016. Shri Vaidialingam holds Post-graduate degree in Science. He also holds Management Diploma from Rotman School of Management, Canada. Shri Vaidialingam assumed charge on 29th July, 2016. He has rich experience in Railways, Corporate and Finance sectors.
- v). Shri Niraj Kumar, Director Finance, was entrusted with the additional charge of the post of Managing Director vide MOR's Order No. 2009/E(O)II/40/24 dated 29th June, 2016. Shri Niraj Kumar held the post from 1st July, 2016 to 28th July, 2016.
- vi). Shri Kishor Jinabhai Devani has been appointed Part-time Non-official Director (Independent Director) of the Company vide Order No.2003/PL/60/1(pt.) dated 1st April, 2016. Shri Devani is a qualified Chartered Accountant besides holding Bachelors Degree in Law and has rich experience in academics, finance, taxation and legal matters. He also holds Diploma in Financial Management and has done Certificate Course(s) in Information Technology, Import-Export Management, Merchant Banking & Financial Services, Secondary Markets and Capital Markets from reputed Institutes.

Directors place on record their appreciation of the services rendered and contribution made by Smt. Rajalakshmi Ravikumar and Shri Rajiv Datt during their tenure as Chairperson and Managing Director of the Company respectively.

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, 2016 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, Public Enterprises Selection Board, Department of Public Enterprises, National Informatics Centre, other Departments of the Government and the Reserve Bank of India, for their co-operation, assistance, active & timely support, and guidance rendered from time to time. The Company is also thankful to all its Bondholders, Banks, Financial Institutions, Arrangers, Securities and Exchange Board of India, National Stock Exchange, Bombay Stock Exchange, Life Insurance Corporation of India and General Insurance Corporation of India and its subsidiaries for reposing their confidence and trust in the Company. The Company looks forward to their continued support for sustaining its excellent performance levels. The Company expresses gratitude to the Comptroller & Auditor General of India, the Statutory Auditors and the Internal Auditors for their valuable support and guidance.

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

For and on behalf of Board of Directors

Place: New Delhi

Date : 10.08.2016

Managing Director



Report on Corporate Governance

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

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

Company's Philosophy on the Code of 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 2015-16. 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 6 Directors on the Board of the Company. Financial Commissioner (Railways) is the ex-officio Non-Executive Chairperson of the Company. Besides Managing Director and Director Finance, one Director is nominated by Ministry of Finance. Two Independent Directors are also in position. 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. Five such meetings were held during the year under review, as listed below :-

Serial No.	Board Meeting No.	Date
1.	221	11.05.2015
2.	222	25.08.2015
3.	223	26.10.2015
4.	224	16.02.2016
5.	225	04.03.2016



Attendance at the Meetings of the Board of Directors during 2015-16 :-

Name of the Director	Number of Meetings of BOD held during their tenure	Number of Meetings attended	Attendance at the AGM	Directorship in other Companies	No. of Committee positions held in Public Companies including IRFC
Smt. Rajalakshmi Ravikumar Chairperson / IRFC (30.10.2014 to 30.09.2015)	2	2	Yes	None	1 *
Shri Sanjoy Mookerjee Chairman / IRFC From 16.10.2015	3	3	NA	None	1 **
Shri Rajiv Datt Managing Director / IRFC (14.11.2011 to 30.06.2016)	5	5	Yes	None	5 ***
Ms. Sharmila Chavaly Director / IRFC From 21.11.2012	5	3	No	2	5 ?
Shri S.K. Goel Director / IRFC From 31.12.2013	5	5	Yes	1	4 #
Shri D.C. Arya Director Finance / IRFC (31.12.2011 to 30.06.2015)	1	1	NA	None	4 ¥
Shri Niraj Kumar Director Finance / IRFC From 01.07.2015	4	4	Yes	None	3 \$

Notes :

- Smt. Rajalakshmi Ravikumar superannuated on 30th September, 2015.
- * Smt. Rajalakshmi was Member of the Remuneration Committee during the year.
- Shri Sanjoy Mookerjee has been appointed Non-official / Part-time Chairman of the Company vide Ministry of Railways (MOR) Order No. 2009/PL/47/2 dated 16th October, 2015.
- ** Shri Mookerjee was Member of the Remuneration Committee during the year. He has ceased to be the Member of the Committee from 11th May, 2016, consequent upon appointment of Shri Kishor J. Devani, Independent Director.
- Shri Rajiv Datt, Managing Director has superannuated on 30th June, 2016.
- *** Shri Datt was member of the CSR Committee, Stakeholders Relationship Committee, Risk Management Committee, Bond Committee and Audit Committee during 2015-16.
- Shri P.V. Vaidialingam has been 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.
- Ms. Sharmila Chavaly is Director in ONGC Videsh Nigam Limited (OVNL) and India Infrastructure Finance Company Limited (IIFCL).
- ? Ms. 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.
- Shri S.K. Goel is Director in Informerics Valuation and Rating Private Ltd.
- # Shri Goel is Chairman of Audit Committee, CSR Committee, Stakeholders Relationship Committee and Nomination & Remuneration Committee of IRFC.
- Shri D.C. Arya, Director Finance superannuated on 30th June, 2015.
- ¥ Shri Arya was Member of Stakeholders Relationship Committee, Risk Management Committee, Bond Committee and CSR Committee.
- Shri Niraj Kumar has been appointed as Director Finance vide MOR Order No. 2014/E(O)II/40/12 dated 01.04.2015. He assumed charge on 01.07.2015
- \$ Shri Niraj is Member of Stakeholders Relationship Committee, Risk Management Committee and Bond Committee.
He was also member of the CSR Committee till 11th May, 2016. He has ceased to be the Member of the Committee consequent upon appointment of Shri Kishor J. Devani, Independent Director.
- Shri Kishor J. Devani has been appointed as Part-time Non-official Director vide MOR Order No.2003/PL/60/1(pt.) dated 01.04.2016.

**Remuneration paid to Managing Director and Director Finance**

Remuneration was paid by the Company during 2015-16 to its Functional Directors as follows :-

Name of the Director	Salary & Allowances	Perquisites	Contribution to PF & Benefits	Total
Shri Rajiv Datt, Managing Director	₹ 32,54,511/-	₹ 21,33,514/-	₹ 2,48,735/-	₹ 56,36,760/-
Shri Niraj Kumar, Director Finance	₹ 19,32,375/-	₹ 10,30,573/-	₹ 1,68,183/-	₹ 31,31,131/-
Shri D.C. Arya, Director Finance	₹ 8,36,171/-	₹ 3,34,118/-	₹ 54,135/-	₹ 12,24,424/-

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

A Sitting Fee of ₹ 20,000/- per Meeting is paid since July, 2015 to Independent Director(s) for attending Board meetings or meetings of Committee(s) of the Board. Prior to that, Sitting Fee of ₹ 5,000/- per Meeting was being paid.

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.

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 S.K. Goel, Independent Director / IRFC, Shri Kishor J. Devani, Independent Director and Shri P.V. Vaidialingam, Managing Director. Shri S.K. Goel is the Chairman of the Audit Committee. Company Secretary acts as Secretary to the Audit Committee.

During the financial year 2015-16, four Meetings of the Committee were held on 11th May, 2015, 20th July, 2015,

14th October, 2015 and 9th February, 2016. 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	None
2.	Shri Rajiv Datt Managing Director	4	4
3.	Shri S.K. Goel non- Official / Independent Director	4	4

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

- To hold discussion with Auditors periodically about :-
 - Internal control systems and compliance thereof
 - Scope of audit including observations of the auditors.
 - Review of the quarterly, half yearly and annual financial statements before submission to the Board.
 - Any other matter as may be referred to it by the Board.
- To perform the following functions :-
 - Overseeing the Company's financial reporting process and system for disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
 - Reviewing with the management the annual financial statements with primary focus on accounting policies



and practices, compliance with accounting standards and guidelines of stock exchange(s), major accounting entries, qualifications in draft audit reports, related party transactions & the going concern assumption.

- Holding discussions with external auditors to ascertain any area(s) of concern.
- Reviewing the Company's financial and risk management strategies.

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. The Committee is chaired by Shri S.K. Goel / Independent Director. Shri Kishor J. Devani / Independent Director and Ms. Sharmila Chavaly, Nominee Director of Ministry of Finance are the other members. During financial year 2015-16, one Meeting of the erstwhile Remuneration Committee was held on 2nd June, 2015.

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

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

Meeting of Independent Directors

Till the close of the year, the Company had only one Independent Director. Hence, no meeting of Independent Directors could be held during the year. The new Independent Director has since been appointed by the Government on 1st April, 2016. Meeting of the Independent Directors of the Company would be held in due course.

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 at 0.11% of the turnover as against the similar figure of 0.11% in the last year.

Auditors of the Company have audited and accorded an unqualified certification to its accounts for the year 2015-16.

Means of Communication

During 2015-16, Unaudited Half-yearly Financial Results for the half year periods ended 30th September, 2015 and 31st March, 2016 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 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 31.03.2016, 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 P.V. Vaidialingam, Managing Director (CEO) and Shri Niraj Kumar, Director Finance (CFO) was placed before the Board of Directors in their Meeting held on 10th August, 2016. 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
28	16 th September, 2015	Committee Room (237), 2 nd Floor, Rail Bhawan, New Delhi.	4.00 P.M.
27	27 th August, 2014	Committee Room (237), 2 nd Floor, Rail Bhawan, New Delhi.	5.00 P.M.
26	20 th September, 2013	Committee Room (237), 2 nd Floor, Rail Bhawan, New Delhi.	4.30 P.M.

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

General Shareholder Information

Annual General Meeting :

Date : 29th August, 2016

Day : Monday

Time : 3.00 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 30.09.2015	
- Financial Express	27.10.2015
- Jansatta (Hindi)	27.10.2015
Half year ended 31.03.2016	
- Financial Express	13.05.2016
- Jansatta (Hindi)	13.05.2016



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 2016-17 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 6 th Floor, 3, Dinshaw Wachh Road Churchgate Mumbai – 400 020	For the Bonds issued under 81 st Series and onwards
2.	Indian Bank, 254-260, Shanmugam Salai Chennai – 600 014	For the Bonds issued under 42 nd 'M' Series to 80 th '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., New Delhi.

The Report was taken on record by the Board of Directors in their Meeting held on 10th August, 2016.

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: Being a 100% Government owned Company, Directors of IRFC are appointed by the Government. Due to non-appointment of the Independent Director till 31st March, 2016, the Nomination & Remuneration Committee could not be constituted during the year 2015-16. After appointment of new Independent Director on 1st April, 2016, the Committee has since been constituted on 11th May, 2016. Their scope of work 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). As stated earlier, the Directors on the Board of IRFC are appointed by the Government. Thus, 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 17 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 ₹ 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 P.V. Vaidialingam, Managing Director, (ii) Shri Kishor J. Devani, Independent Director and (iii) Shri S.K. Goel, 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 ₹ 1,646.79 crore.

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

The Company was required to spend ₹ 32.93 crore but spent Rs, 32.97 crore towards CSR activities in financial year 2015-16.

5. Details of CSR spent during the financial year

(a) Total amount to be spent for the financial year 2015-16

₹ 32.97 crore

(b) Amount unspent, if any

NIL. Out of the total commitment made for a sum of ₹ 32.97 crore for 2015-16 against 14 projects (list enclosed), a sum of ₹ 29.63 crore was actually disbursed till the date of this report. The balance amount though committed will actually be disbursed in 2016-17 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	2	3	4	5	6	7	8
1	Installation of RO plants through North Frontier Railway, Guwahati	Making Available Safe Drinking Water	Other; 6 Railway Stations of North-East Region	100.000	97.329	97.329	IA
2	Convertibility of Bio-waste into Electricity and usable bio-manure through Indian Railways Organisations for Alternate Funds (IROAF)	Environment Sustainability	Delhi (Kishanganj Railway Station)	35.000	35.000	35.000	IA
3	Pilot plants for disposal of Municipal Solid Waste in an environment friendly manner through MM / MOR	Environment Sustainability	NR/ Delhi, CR/ Mumbai, WR/ Mumbai, NWR/ Jaipur	150.000	14.344	14.344	IA
4	Provision of 70 KWP Solar Plant – at 4 Stations of Ajmer Division	Environment Sustainability	Marwar, Rani, Falna and Ranapratap Nagar Railway Stations	329.000	230.300	230.300	IA
5	Creation of Heritage Laboratory–cum–Museum at National Academy of Indian Railways	Protection of National Heritage	Vadodara (Gujrat)	67.000	50.000	50.000	IA
6	Distribution of Aids and Appliances to PWDs through ALIMCO	Capacity Building	Hardoi (UP) & Khajuraho (MP)	130.000	114.887	114.887	IA
7	Treatment, care and accommodation to poor children suffering from cancer through CanKids	Promoting Health Care	Delhi	26.000	26.000	26.000	IA



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)
8	Solar Power Generation through IROAF	Environment Sustainability	Pathankot, Amritsar, Jammu Tawi Railway Stations	99.000	99.000	99.000	IA
9	495 Solar Powered Street Lights for 33 villages through CEL	Environment Sustainability	Bhadohi & Nearby locations (UP)	143.377	129.039	129.039	IA
10	Solar Powered Street Lights for 53 places through CEL	Environment Sustainability	Bhadaura & Sadar Block of Ghazipur (UP)	48.082	43.274	43.274	IA
11	Providing passenger amenities like wheel chairs, water chillers etc. at through DRM, NCR, Allahabad	Capacity Building; Making Available Safe Drinking Water	Allahabad, Kanpur, Mirzapur, Tundla and Aligarh Railway Stations	46.040	0.000	0.000	IA
12	LED lighting Project of Assam (Balance payment of the year 2014-15 to Energy Efficiency Services Limited)	Environment Sustainability	Assam	10.166	10.166	10.166	IA
13	Contribution to 'Clean Ganga Fund'	Environment Sustainability		1,056.668	1056.668	1056.668	D
14	Contribution to 'Swachh Bharat Kosh'	Environment Sustainability		1,056.668	1056.668	1056.668	D
	Total :-			3,297.001	2962.675	2962.675	

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.

All the funds have been spent.

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.

P.V. Vaidialingam
Managing Director

S.K. Goel
Chairman, CSR Committee



Secretarial Audit Report

[For the Financial Year ended on 31st March, 2016]

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Indian Railway Finance Corporation Limited
Regd. Office: UG Floor, East Tower,
NBCC Place, Bhisam 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 (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 2016** 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 2016** 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 thereunder;
- (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.
- (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 (Prohibition of Insider Trading) Regulations, 2009;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (d) 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;
 - (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;-

(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) (e) to (h) 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:

(a) The Simplified Debt Listing Agreements entered into with National Stock Exchange of India Limited & BSE Ltd;

(b) 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;

(c) 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;

(d) Corporate Governance Voluntary Guidelines, 2009 issued by Ministry of Corporate Affairs, Government of India.

(e) The Employees State Insurance Act 1948 and The Employees State Insurance (General) Regulation, 1950 and The Employees State Insurance Rules, 1950

(f) The Employees Provident Fund & Miscellaneous Provisions Act 1952 & The Employees Deposit-Linked Insurance Scheme, 1976 and Employees Provident Fund Scheme, 1952

(g) The Contract Labour (Regulations and Abolition) Act 1970.

(h) Maternity Benefit Act 1961

(i) Minimum Wages Act, 1948

(j) Environment (Protection) Act 1986 read with The Environment (Protection) Rules 1986 and other Environment Laws.

(k) Indian Stamp Act 1899.

(l) 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.

(m) Right to Information Act 2005.

We have also examined compliance with the applicable clauses of the Debt Listing Agreement entered into by the Company with BSE Ltd and National Stock Exchange of India Ltd.

We have also examined compliance by the Company with the Secretarial Standards issued by The Institute of Company Secretaries of India applicable from 1st July, 2015.

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.

We further report that:

1) The Company has complied with 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 except as under:



- Constitution of Board without appointment of minimum number of Independent Directors by the Government of India during the year and default in convening of Meeting of Independent Directors at least once in a calendar year.
- Constitution and convening of Audit Committee & Remuneration Committee Meetings without minimum number of Independent Directors on the Audit Committee & Remuneration Committee during the year.

Further the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except as stated above.

- 2) Adequate notice is given to all Directors to schedule the Board Meetings at least seven days in advance and agenda and detailed notes on agenda 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 and for meaningful participation at the meeting.
- 3) Majority decision is carried through while the dissenting members' 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, Securities & Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Debenture Trustee and other regulated bodies in respect of public issue & 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. Company has allotted 54,25,000 equity shares of ₹1,000/- each and 40,00,000 equity shares of ₹1,000/- each to President of India at Board Meeting held on May 11, 2015 and February 16, 2016 respectively. All the applicable compliances of the Companies Act 2013 relating to allotment of shares are 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.
Company Secretaries

CS Navneet Arora
Proprietor
FCS:3214, COP:3005

Place: New Delhi
Date: 29th July 2016

[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]



Annexure –“A”

To,
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) Wherever 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.
Company Secretaries

CS Navneet Arora
Proprietor
FCS:3214, COP:3005

Place: New Delhi
Date: 29th July 2016



ANNEXURE – IV

BANSAL SINHA & CO.

Chartered Accountants

18/19, OLD REJINDER NAGAR

NEW DELHI - 110 060

PHONE : 25722270, 25853424

Email : bsc@bansalsinha.com

Visit us at www.bansalsinha.com

Auditors' Certificate on Compliance of Conditions of Corporate Governance

To,

The Members of Indian Railway Finance Corporation Limited

We have examined the compliance of the conditions of Corporate Governance by Indian Railway Finance Corporation Limited (the "Company") for the year ended March 31, 2016.

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. Constitution of Board due to non appointment of minimum number of Independent Directors by the Government of India;
2. Constitution and convening of Audit Committee Meetings without minimum number of Independent Directors in the Audit Committee;
3. Constitution of Nomination and Remuneration Committee due to non appointment of minimum number of Independent Directors on the Board.

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 **Bansal Sinha & Co.**

Chartered Accountants

FRN-006184N

Tanupriya Gupta

Partner

Membership No. 511757

Place: New Delhi

Date: 23rd August 2016



**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 Ltd.
Upper Ground Floor, East Tower,
NBCC Place, Pragati Vihar,
Lodhi Road, New Delhi – 110 003
Contact No. – 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 and 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	-	92.16

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S.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				No. of Shares held 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	-	3,58,39,600	3,58,39,600	100	-	4,52,64,600	4,52,64,600	100	26.30
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	3,58,39,600	3,58,39,600	100	-	4,52,64,600	4,52,64,600	100	26.30
(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 ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii)) Individual Shareholdersholding nominal share capital in excess of ₹ 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)	-	3,58,39,600	3,58,39,600	100	-	4,52,64,600	4,52,64,600	100	26.30



ii) Shareholding of Promoters

S. N.	Shareholder's name	Shareholding 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	3,58,39,600	100	-	4,52,64,600	100	-	-
	Total	3,58,39,600	100	-	4,52,64,600	100	-	-

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	3,58,39,600	100	4,52,64,600	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 ₹ 542.50 crore (54,25,000 shares) was received on 30.03.2015 and allotted on 11.05.2015. - Equity of ₹ 400 crore (40,00,000 shares) received on 31.12.2015 and allotted on 16.02.2016	100		100
	At the end of the year	4,52,64,600	100	4,52,64,600	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
			NIL		



(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
	At the beginning of the year				
1.	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

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5582198.07	1524764.93	-	7106963.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	241282.99	6169.38	-	247452.37
Total (i+ii+iii)	5823481.06	1530934.31	-	7354415.37
Change in Indebtedness during the financial year				
* Addition	1501377.06	733572.39	-	2234949.45
* Reduction	721422.09	390546.98	-	1111969.07
Net Change	779954.97	343025.41	-	1122980.38
Indebtedness at the end of the financial year				
i) Principal Amount	6322058.97	1860687.33	-	8182746.30
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	281377.06	13272.39	-	294649.45
Total (i+ii+iii)	6603436.03	1873959.72	-	8477395.75



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
		Shri Rajiv Datt, Managing Director	Shri D.C. Arya, Director Finance	Shri Niraj Kumar, Director Finance	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	68.82	37.02	19.32	125.16
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3.60	0.61	0.22	4.43
	(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)	72.42	37.63	19.54	129.59
	Ceiling as per the Act	-	-	-	-

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

B. Remuneration to other Directors:

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Shri S.K. Goel	Shri Sanjoy Mokerjee	Ms. Sharmila Chavaly	
	Independent Directors	Shri S.K. Goel			
	* Fee for attending Board Committee Meetings	2.00			2.00
	* Commission	-			
	* Others, please specify	-			
	Total (1)	2.00			2.00
	Other Non-Executive Directors	Smt. Rajalakshmi Ravikumar	Shri Sanjoy Mokerjee	Ms. Sharmila Chavaly	
	* Fee for attending Board Committee Meetings				
	* Commission				
	* Others, please specify				
	Total (2)	-	-	-	-
	Total (B)=(1+2)	2.00	-	-	2.00
	Total Managerial Remuneration	-	-	-	
	Overall Ceiling as per the Act	-	-	-	-



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

Sl. No.	Particulars of Remuneration	Company Secretary	Total
		Shri S.K. Ajmani General Manager (Term Loans) & Company Secretary	
1.	Gross salary	(₹ in lakh)	(₹ in lakh)
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	37.47	37.47
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.69	2.69
	(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	40.16	40.16

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					
Punishment			NIL		
Compounding					

**ANNEXURE - VI****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 2015-16.

Place : New Delhi
Date : 10.08.2016

P.V. Vaidialingam
Managing Director

ANNEXURE - VII**Chief Executive Officer and Chief Financial Officer Certification**

In relation to the audited financial accounts of the Company as at 31st March, 2016, 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 of advance, borrowing costs and finance costs for lease of railway infrastructure assets. 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)

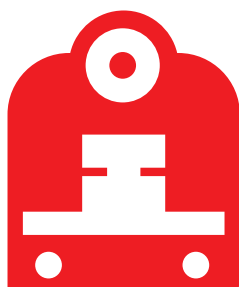
P.V. Vaidialingam
Managing Director
(CEO)

Dated :10.08.2016





ANNUAL ACCOUNTS 2015-16



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



Indian Railway Finance Corporation Limited

Balance Sheet as at 31st March 2016

(₹ in Lakhs)

Particulars	Note No.	As at 31-03-2016	As at 31-03-2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	452646.00	358396.00
(b) Reserves & Surplus	3	499889.02	455514.84
		952535.02	813910.84
(2) Share Application Money Pending Allotment	4	200000.00	54250.00
(3) Non-current Liabilities			
(a) Long Term Borrowings	5	7589206.70	6178414.16
(b) Deferred Tax Liabilities (Net)	6	564599.73	496090.55
(c) Other Long Term Liabilities	7	51201.26	222.95
(d) Long Term Provisions	8	124.28	28.99
		8205131.97	6674756.65
(4) Current Liabilities			
(a) Short-Term Borrowings	9	567572.03	20000.00
(b) Other Current Liabilities	10	891186.57	1197639.77
(c) Short Term Provisions	11	23613.17	4141.77
		1482371.77	1221781.54
Total		10840038.76	8764699.03
II. ASSETS			
(5) Non-current Assets			
(a) Fixed Assets	12		
(i) Tangible Assets		1173.81	1199.38
(ii) Intangible Assets		2.06	1.29
(b) Non-Current Investments	13	786.79	932.29
(c) Long Term Loans and Advances	14	9699935.15	8022967.10
(d) Other Non-current Assets	15	88718.11	46438.17
		9790615.92	8071538.23
(6) Current Assets			
(a) Cash and Bank Balances	16	121120.82	506.72
(b) Short Term Loans and Advances	17	168921.47	170.09
(c) Other Current Assets	18	759380.55	692483.99
		1049422.84	693160.80
Total		10840038.76	8764699.03
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

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

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

Tanupriya Gupta
(Partner)
M.No. 511757

Place : New Delhi
Date : 10-08-2016

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

Niraj Kumar
Director Finance
DIN: 00795972

P.V.Vaidialingam
Managing Director
DIN: 07413701

For and on behalf of the Board of Directors



Indian Railway Finance Corporation Limited

Statement of Profit and Loss for the year ended 31st March 2016

(₹ in Lakhs)

Particulars	Note No.	Year ended 31-03-2016	Year ended 31-03-2015
Revenue from operations	19	750623.92	693879.65
Other income	20	106.57	132.54
Exchange Rate Variation		-	5.07
Total Revenue		750730.49	694017.26
Expenses:			
Employee benefits expense	21	408.90	309.83
Finance costs	22	551882.51	499183.01
Exchange Rate Variation		12.46	-
Depreciation and amortization expense		34.66	44.21
CSR Expenses		3023.75	2624.80
Other expenses	23	376.63	438.00
Total Expenses		555738.91	502599.85
Profit before exceptional and extraordinary items and tax		194991.58	191417.41
Exceptional items		-	-
Profit before extraordinary items and tax		194991.58	191417.41
Extraordinary Items		-	-
Profit before tax		194991.58	191417.41
Tax expense:			
(1) Current tax (MAT)		41613.14	40710.68
(2) Deferred tax		68509.18	74876.76
		110122.32	115587.44
Profit for the period		84869.26	75829.97
Earnings per equity share (in ₹):	24		
(1) Basic		200.78	211.58
(2) Diluted		199.59	211.41
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

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

For and on behalf of the Board of Directors

For Bansal Sinha & Co.

Chartered Accountants
FRN-006184N

Tanupriya Gupta
(Partner)
M.No. 511757

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

Niraj Kumar
Director Finance
DIN: 00795972

P.V.Vaidialingam
Managing Director
DIN: 07413701

Place : New Delhi
Date : 10-08-2016



Indian Railway Finance Corporation Limited

Cash Flow Statement for the year Ended 31st March 2016

(₹ in Lakhs)

Particulars	Year ended 31-03-2016		Year ended 31-03-2015	
A Cash Flow from Operating activities:				
Profit Before Tax:	194991.58		191417.41	
Adjustments for:				
1. Depreciation	34.66		44.21	
2. (Profit) /Loss on sale of fixed assets (Net)	0.75		0.66	
3. Lease Rentals advance amortised	3464.31		6429.43	
4. Discount on Commercial Papers	2656.17		0.00	
5. Exchange Rate Variation	12.46		(5.07)	
6. Amortisation of Interest Restructuring Advance	1.14		7.42	
7. Amortisation of Gain on asset securitisation	(109.38)		(146.35)	
8. Provision for Interest Payable to Income Tax Authorities	0.00		169.05	
9. Dividend Received	(44.90)		(39.53)	
10. Amortisation of Forward Premium on Currency Forward Contract	1,635.04			
	202641.83		197877.23	
Adjustments for-				
11. Assets given on financial lease during the year	(1607871.03)		(1077102.40)	
12. Capital Recovery on assets given on financial lease	577559.37		508503.04	
13. Receipt on account of Long term loans during the year	17324.17		16425.00	
14. Term Loans disbursed during the year	(25590.00)		(27300.00)	
15. Loans & Advances (Net of Adv. Tax & ERV)	(776909.47)		61265.45	
16. Other Bank Balances (Fixed Deposits with maturity of more than 3 Months)	0.00		178500.00	
17. Other Non Current Assets	(13042.85)		(2333.84)	
18. Other Current Assets	(789.54)		2759.03	
19. Other Non-Current Liabilities	6971.63		0.00	
20. Current Liabilities	28517.70		50682.90	
21. Provisions	(122.78)		(8.75)	
22. Direct Taxes Paid	(46438.92)		(38471.55)	
	(1840391.72)		(327081.12)	
Net Cash flow from Operations		(1637749.89)		(129203.89)
B Cash Flow from Investment Activities:				
1. Purchase of Fixed Assets	(11.84)		(7.91)	
2. Proceeds from sale of Fixed Assets	1.20		0.13	
3. Dividend Received	44.90		39.53	
4. Proceeds from Pass Through Certificates	159.46		174.72	
5. Investment in Pass Through Certificates	-		-	
		193.72		206.47
C Cash flow from Financing activities:				
1. Dividend & Dividend Tax Paid during the year	(18239.83)		(21395.68)	
2. Share Capital Riased during the year	40000.00		-	
3. Share Application Money received	200000.00		54250.00	
4. Funds raised through Bonds	1920363.94		262500.00	
5. Bonds Redeemed during the year	(48198.00)		(117441.00)	
6. Term Loans raised during the year	1075010.30		332454.00	
7. Term Loans repaid during the year	(1335354.32)		(126834.14)	
8. Commercial Paper issued	595930.87		0.00	
9. Commercial Paper redeemed	(302000.00)		0.00	
10. Funds raised through External Commercial Borrowings	267219.20		0.00	
11. Repayment of External Commercial Borrowings	(633630.09)		(277725.31)	
12. Payment towards Currency Forward Contracts	(2931.80)			
	1758170.27			105807.87
Net Cash Flow During the year (A+B+C)		120614.10		(23189.55)
Opening Balance of Cash & Cash Equivalents:				
Balance in the Current Accounts	505.58		23694.91	
Balance in Franking Machine	0.12		0.34	
Balance in RBI-PLA	1.02		1.02	
		506.72		23696.27
Closing Balance of Cash or Cash Equivalents		121120.82		506.72
1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on Cash Flow Statement notified under the Companies (Accounting Standard) Rules, 2006.				
2. Figures in bracket represent cash outflow from respective activities				
3. Previous year figures have been regrouped / rearranged wherever found necessary to make them comparable with the current year figures.				
4. Composition of Cash or Cash Equivalents at the end of the year:				
-Balance in Current Accounts		1119.77		505.58
-Cheque in hand		120000.00		0.00
-Balance in Franking Machine		0.03		0.12
-Balance in RBI-PLA		1.02		1.02
		Total		506.72
		121120.82		506.72
5. Balance in Term Deposits with different Banks for original maturity of more than three months have not been included as Cash or Cash Equivalents				
6. Balance in Current Accounts includes a sum of ₹ 1035.68 lakhs lying unpaid in Interest/Redemption A/Cs is not available for use by the Company.				

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

For and on behalf of the Board of Directors

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

Tanupriya Gupta
(Partner)
M.No. 511757

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

Niraj Kumar
Director Finance
DIN: 00795972

P.V.Vaidialingam
Managing Director
DIN: 07413701

Place : New Delhi
Date : 10-08-2016

**Significant Accounting policies and Notes on Financial Statements for the year ended 31st March, 2016****Company overview**

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

1. Significant Accounting Policies**I. Basis for preparation of Financial Statements**

a) The Financial Statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles, provisions of the Companies Act, 2013 and the applicable guidelines issued by the Reserve Bank of India as adopted consistently by the Company.

b) Use of Estimates

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

II. Revenue Recognition

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

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

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

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

III. Foreign Currency Transactions**a) Initial Recognition**

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

b) Recognition at the end of Accounting Period

Foreign Currency monetary assets and liabilities, other than the foreign currency liabilities swapped into Indian Rupees, are reported using the year end exchange rates in accordance with the provisions of Accounting Standard – 11 notified by the Ministry of Corporate Affairs.

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

c) Exchange Differences

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



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

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

IV. Investments

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

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

V. Leased Assets

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

VI. Fixed Assets, Depreciation and Amortization

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

VII. (a) Securitisation of Lease Receivables

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

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

(b) Assignment of Lease Receivables

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

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

- a) Bond Issue expenses including management fee on issue of bonds (except discount on deep discount



bonds) and interest on application money are charged to Statement of Profit and Loss in the year of occurrence. Upfront discount on deep discount bonds is amortised over the tenor of the bonds.

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

IX. Taxes on Income

Tax expense comprises Current Tax and Deferred Tax.

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

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

X. Employee Benefits

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

Short Term Employee Benefits

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

Post-Employment Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the company makes provision in the Books or specified contributions to a separate entity. The company's contribution is recognised as an expense in the Statement of Profit & Loss during the period in which the employee has rendered services.

Defined Benefit Plans

The liability in respect of defined benefit plans is recognised at the present value of the amount payable as per Actuarial Valuation.

Actuarial gain and losses in respect of defined benefit plans are charged to the Statement of Profit and Loss.

XI. Provisions, Contingent Liabilities and Contingent Assets

The Company recognizes provisions when it has a present obligation as a result of a past event. This occurs when it becomes probable that an outflow of resources embodying economic benefits might be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Provisions are determined based on Management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligations or a reliable estimate of the amount cannot be made.

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

XII. Leasing of Railway Infrastructure Assets

In terms of Accounting 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 Railway Infrastructure Assets'
- ii. The borrowing costs in respect of the funds advanced by the Lessor for construction period of Infrastructure Assets, are charged to the Statement of Profit and Loss.
- iii. The implicit finance charges are accrued as income.

XIII. Cash and Cash Equivalents

Cash and Cash Equivalents include Cash in hand, Cheque in hand, demand deposits with banks, term deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

XIV. Cash Flow Statement

Cash flows are reported using the indirect method, whereby Profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

2. Share Capital

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
AUTHORISED 1500,00,000 (previous year 500,00,000) Equity Share of ₹ 1000/-each	1500000.00	500000.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP 4,52,64,600 (previous year 3,58,39,600) Equity Shares of ₹ 1000/- each	452646.00	358396.00
Total	452646.00	358396.00

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

2.2 The Company declares and pays dividend in Indian Rupees. During the year ended March 31, 2016, the total dividend appropriation was ₹ 40859.02 Lakhs (Previous Year ₹18239.84 Lakhs) including corporate dividend tax of ₹ 6911.02 Lakhs (Previous Year 3039.84 Lakhs).

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

Particulars	As at 31-03-2016 No. of shares	As at 31-03-2015 No. of shares
Equity Shares at the beginning of the year	35839600	33520000
Add: Shares issued for cash at par	9425000	2319600
Equity Shares at the end of the year	45264600	35839600

2.4 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31-03-2016		As at 31-03-2015	
	No of shares	% held	No of shares	% held
The President of India and his nominees (through Ministry of Railways)	45264600	100%	35839600	100%



3. Reserves and Surplus

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Securities Premium Account		
Opening Balance	57.15	57.15
Add: Received during the period	363.94	0.00
Closing Balance - 'A'	421.09	57.15
Bonds Redemption Reserve		
Opening Balance	395058.99	337329.19
Add: Transfer from Surplus	44010.24	57590.13
Add: Transfer of Excess Provision towards Dividend Distribution Tax on Proposed Final Dividend for the Previous Year	0.00	139.67
Closing Balance - 'B'	439069.23	395058.99
General Reserve		
Opening Balance	60398.70	60421.39
Less: Adjustment of the Written Down Value of the Fixed Assets in terms of Schedule II of the Companies Act, 2013	0.00	-22.69
Closing Balance - 'C'	60398.70	60398.70
Surplus		
Opening Balance	0.00	0.00
Add: Profit for the year as per statement of Profit and Loss	84869.26	75829.97
Surplus available for appropriation	84869.26	75829.97
Less: Appropriations		
Transfer to General Reserve	0.00	0.00
Transfer to Bonds Redemption Reserve	44010.24	57590.13
Interim Dividend	15000.00	15000.00
Proposed Final Dividend	18948.00	200.00
Dividend Tax	6911.02	3039.84
Closing Balance - 'D'	0.00	0.00
Total A + B + C + D	499889.02	455514.84

4. Share Application Money Pending Allotment

The Company had opening balance of Share Application Money of ₹54250 Lakhs received from its existing Shareholder i.e. President of India through Ministry of Railways, Government of India, in respect of which the Company issued 54,25,000 equity shares of ₹1,000/- each at par on 11th May 2015.

The Company received ₹ 40,000 Lakhs of Share Application Money during the year from its existing shareholder on 31st December 2015 in respect of which 40,00,000 equity shares of ₹ 1,000/- were allotted at par on 16th February 2016.

The Company has further received ₹ 80,000 Lakhs and ₹ 120000 Lakhs on 22nd March 2016 and 31st March 2016 respectively from its existing Shareholder towards Share Application Money in respect of 200,00,000 equity shares of ₹ 1,000/- each to be issued to them at par on Private Placement basis. The allotment of these shares was pending on 31st March, 2016. However, pursuant to the approval by the Board of Directors in their meeting held on 11th May 2016 these shares have been allotted and issued.



5. Long Term Borrowings

(₹ in Lakhs)

Particulars	As at 31-03-2016		As at 31-03-2015	
	Non Current	Current	Non Current	Current
Secured				
Bonds from Domestic Capital Market	5935506.37	372562.00	5088068.37	48198.00
Rupee Term Loans from Banks	0.00	1972.00	1972.00	430717.10
Foreign Currency Term Loans	10015.50	2003.10	11350.80	1891.80
Total Secured Borrowings	5945521.87	376537.10	5101391.17	480806.90
Unsecured				
Bonds from Domestic Capital Market	700000.00	0.00	0.00	0.00
Bonds from Overseas Capital Market	534160.00	83462.50	583305.00	126120.00
Rupee Term Loans from Banks	20300.00	0.00	0.00	100911.94
Foreign Currency Term Loans	389224.83	133540.00	493717.99	220710.00
Total Unsecured Borrowings	1643684.83	217002.50	1077022.99	447741.94
Total Long Term Borrowings	7589206.70	593539.60	6178414.16	928548.84

5.1 The secured bonds issued in the domestic capital market and outstanding as on 31-03-2016 are secured by first paripassu charge on the present / future Rolling stock assets / lease receivables of the Company.

5.1.1 Maturity profile and Rate of Interest of the bonds (classified as Long Term Borrowings) issued in the domestic capital market and amount outstanding as on 31-03-2016 is set out below:

(₹ in Lakhs)

Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
104th 'A' Series Tax Free Bonds Public Issue	7.50%, Annual	36963.42	Bullet Repayment	21-Dec-35
104th Series Tax Free Bonds Public Issue	7.25%, Annual	29441.58	Bullet Repayment	21-Dec-35
71st "E" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-35
70th "E" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-35
71st "D" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-34
70th "D" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-34
71st "C" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-33
70th "C" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-33
71st "B" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-32
70th "B" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-32
71st "A" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet Repayment	14-May-31
76th "B" Taxable Non-Cum. Bonds	9.47%, Semi Annual	99500.00	Bullet Repayment	10-May-31
70th "A" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet Repayment	4-May-31
108th 'A' Series Tax Free Bonds Public Issue	7.64%, Annual	119431.30	Bullet Repayment	22-Mar-31
108th Series Tax Free Bonds Public Issue	7.35%, Annual	101637.60	Bullet Repayment	22-Mar-31



Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
103rd 'A' Series Tax Free Bonds Public Issue	7.53%, Annual	107421.72	Bullet Repayment	21-Dec-30
103rd Series Tax Free Bonds Public Issue	7.28%, Annual	205731.03	Bullet Repayment	21-Dec-30
70th "AA" Taxable Non-Cum. Bonds	8.79%, Semi Annual	141000.00	Bullet Repayment	4-May-30
67th "B" Taxable Non-Cum. Bonds	8.80%, Semi Annual	38500.00	Bullet Repayment	3-Feb-30
96th Series Tax Free Bonds Public Issue	8.63%, Annual	94791.32	Bullet Repayment	26-Mar-29
96th A Series Tax Free Bonds Public Issue	8.88%, Annual	43641.41	Bullet Repayment	26-Mar-29
92nd Series Tax Free Bonds Public Issue	8.40%, Annual	109018.68	Bullet Repayment	18-Feb-29
92nd A Series Tax Free Bonds Public Issue	8.65%, Annual	68835.91	Bullet Repayment	18-Feb-29
94th A Series Tax Free Non-Cum Bonds	8.55%, Annual	1300.00	Bullet Repayment	12-Feb-29
93rd A Series Tax Free Non-Cum Bonds	8.55%, Annual	165000.00	Bullet Repayment	10-Feb-29
90th A Series Tax Free Non-Cum Bonds	8.48%, Annual	5500.00	Bullet Repayment	27-Nov-28
89th A Series Tax Free Non-Cum Bonds	8.48%, Annual	73800.00	Bullet Repayment	21-Nov-28
87th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.04% Annual	21867.42	Bullet Repayment	23-Mar-28
87th 'A' Series (Retail), Tax Free Bonds Public Issue	7.54% Annual	4520.96	Bullet Repayment	23-Mar-28
86th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.34% Annual	229705.93	Bullet Repayment	19-Feb-28
86th 'A' Series (Retail), Tax Free Bonds Public Issue	7.84% Annual	26185.10	Bullet Repayment	19-Feb-28
83rd 'A' Tax Free Non-Cum. Bonds	7.39% Annual	9500.00	Bullet Repayment	6-Dec-27
82nd 'A' Tax Free Non-Cum. Bonds	7.38% Annual	3000.00	Bullet Repayment	30-Nov-27
81st 'A' Tax Free Non-Cum. Bonds	7.38%, Annual	6670.00	Bullet Repayment	26-Nov-27
54th "B" Taxable Non-Cum. Bonds	10.04%, Semi Annual	32000.00	Bullet Repayment	7-Jun-27
80th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	8.10%, Annual	274635.39	Bullet Repayment	23-Feb-27
80th 'A' Series (Retail), Tax Free Bonds Public Issue	8.30%, Annual	34929.80	Bullet Repayment	23-Feb-27
53rd "C" Taxable Non-Cum. Bonds	8.75%, Semi Annual	41000.00	Bullet Repayment	29-Nov-26
79th "A" Tax Free Non-Cum. Bonds	7.77%, Annual	19151.00	Bullet Repayment	8-Nov-26



Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
76th "A" Taxable Non-Cum. Bonds	9.33%, Semi Annual	25500.00	Bullet Repayment	10-May-26
75th Taxable Non-Cum. Bonds	9.09%, Semi Annual	15000.00	Bullet Repayment	31-Mar-26
74th Taxable Non-Cum. Bonds	9.09%, Semi Annual	107600.00	Bullet Repayment	29-Mar-26
107th 'A' Series Tax Free Bonds Public Issue	7.29%, Annual	19071.38	Bullet Repayment	22-Mar-26
107th Series Tax Free Bonds Public Issue	7.04%, Annual	4859.72	Bullet Repayment	22-Mar-26
106th Series Tax Free Bonds Public Issue	7.04%, Annual	105000.00	Bullet Repayment	3-Mar-26
102nd 'A' Series Tax Free Bonds Public Issue	7.32%, Annual	36894.86	Bullet Repayment	21-Dec-25
102nd Series Tax Free Bonds Public Issue	7.07%, Annual	36747.39	Bullet Repayment	21-Dec-25
100th Series Tax Free Non-Cum Bonds	7.15%, Annual	32900.00	Bullet Repayment	21-Aug-25
99th Series Tax Free Non-Cum Bonds	7.19%, Annual	113900.00	Bullet Repayment	31-Jul-25
69th Taxable Non-Cum. Bonds	8.95%, Semi Annual	60000.00	Bullet Repayment	10-Mar-25
67th "A" Taxable Non-Cum. Bonds	8.65%, Semi Annual	20000.00	Bullet Repayment	3-Feb-25
65th "O" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-24
95th Series Tax Free Bonds Public Issue	8.19%, Annual	23115.20	Bullet Repayment	26-Mar-24
95th A Series Tax Free Bonds Public Issue	8.44%, Annual	12973.84	Bullet Repayment	26-Mar-24
91st Series Tax Free Bonds Public Issue	8.23%, Annual	177832.10	Bullet Repayment	18-Feb-24
91st A Series Tax Free Bonds Public Issue	8.48%, Annual	52625.46	Bullet Repayment	18-Feb-24
63rd "B" Taxable Non-Cum. Bonds	8.65%, Semi Annual	31500.00	Bullet Repayment	15-Jan-24
62nd "B" Taxable Non-Cum. Bonds	8.50%, Semi Annual	28500.00	Bullet Repayment	26-Dec-23
90th Series Tax Free Non-Cum Bonds	8.35%, Annual	5700.00	Bullet Repayment	27-Nov-23
89th Series Tax Free Non-Cum Bonds	8.35%, Annual	48700.00	Bullet Repayment	21-Nov-23
61st "A" Taxable Non-Cum. Bonds	10.70%, Semi Annual	61500.00	Bullet Repayment	11-Sep-23
65th "N" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-23
88th Taxable Non-Cum. Bonds	8.83% Annual	110000.00	Bullet Repayment	25-Mar-23
87th Series (Non-Retail), Tax Free Bonds Public Issue	6.88% Annual	13487.78	Bullet Repayment	23-Mar-23



Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
87th Series (Retail), Tax Free Bonds Public Issue	7.38% Annual	3029.22	Bullet Repayment	23-Mar-23
86th Series (Non-Retail), Tax Free Bonds Public Issue	7.18% Annual	265518.43	Bullet Repayment	19-Feb-23
86th Series (Retail), Tax Free Bonds Public Issue	7.68% Annual	15929.61	Bullet Repayment	19-Feb-23
85th Tax Free Non-Cum. Bonds	7.19% Annual	9500.00	Bullet Repayment	14-Dec-22
84th Tax Free Non-Cum. Bonds	7.22% Annual	49990.00	Bullet Repayment	7-Dec-22
83rd Tax Free Non-Cum. Bonds	7.22% Annual	3000.00	Bullet Repayment	6-Dec-22
82nd Tax Free Non-Cum. Bonds	7.22% Annual	4100.00	Bullet Repayment	30-Nov-22
81st Tax Free Non-Cum. Bonds	7.21% Annual	25600.00	Bullet Repayment	26-Nov-22
58th "A" Taxable Non-Cum. Bonds	9.20%, Semi Annual	50000.00	Bullet Repayment	29-Oct-22
54th "A" Taxable Non-Cum. Bonds	9.95%, Semi Annual	15000.00	Bullet Repayment	7-Jun-22
55th "O" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-22
65th "M" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-22
80th Series (Non-Retail) Tax Free Bonds Public Issue	8%, Annual	280820.04	Bullet Repayment	23-Feb-22
80th Series (Retail) Tax Free Bonds Public Issue	8.15%, Annual	36503.77	Bullet Repayment	23-Feb-22
53rd "B" Taxable Non-Cum. Bonds	8.68%, Semi Annual	22500.00	Bullet Repayment	29-Nov-21
79th Tax Free Non-Cum. Bonds	7.55%, Annual	53960.00	Bullet Repayment	8-Nov-21
78th Taxable Non-Cum. Bonds	9.41%, Semi Annual	150000.00	Bullet Repayment	28-Jul-21
55th "N" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-21
77th Taxable Non-Cum. Bonds	9.57%, Semi Annual	124500.00	Bullet Repayment	31-May-21
52nd "B" Taxable Non-Cum. Bonds	8.64%, Semi Annual	70000.00	Bullet Repayment	17-May-21
76th Taxable Non-Cum. Bonds	9.27%, Semi Annual	39000.00	Bullet Repayment	10-May-21
65th "L" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-21
51st Taxable Non-Cum. Bonds	7.74%, Semi Annual	45000.00	Bullet Repayment	22-Dec-20
73rd "B" Tax Free Non-Cum. Bonds	6.72%, Semi Annual	83591.00	Bullet Repayment	20-Dec-20
49th "O" - FRB Taxable Non-Cum. Bonds	7.78%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-20
72nd Taxable Non-Cum. Bonds	8.50%, Semi Annual	80000.00	Bullet Repayment	22-Jun-20
55th "M" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-20
65th "K" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-20
68th "B" Tax Free Non-Cum. Bonds	6.70%, Semi Annual	92721.00	Bullet Repayment	8-Mar-20
67th Taxable Non-Cum. Bonds	8.55%, Semi Annual	17500.00	Bullet Repayment	3-Feb-20
48th "JJ" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-19
49th "N" - FRB Taxable Non-Cum. Bonds	7.65%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-19
66th Taxable Non-Cum. Bonds	8.60%, Semi Annual	50000.00	Bullet Repayment	11-Jun-19



Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
55th "L" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-19
65th "AA" Taxable Non-Cum. Bonds	8.19%, Semi Annual	56000.00	Bullet Repayment	27-Apr-19
65th "J" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-19
105th Series Taxable Non-Cum Bonds	8.33%, Annual	150000.00	Bullet Repayment	26-Mar-19
47th "O" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-19
63rd "A" Taxable Non-Cum. Bonds	8.55%, Semi Annual	170500.00	Bullet Repayment	15-Jan-19
62nd "A" Taxable Non-Cum. Bonds	8.45%, Semi Annual	50000.00	Bullet Repayment	26-Dec-18
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	100000.00	Redeemable in five equal yearly instalments commencing from 28-09-2018	28-Sep-18
48th "II" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-18
61st Taxable Non-Cum. Bonds	10.60%, Semi Annual	85500.00	Bullet Repayment	11-Sep-18
46th "EE" Taxable Non-Cum. Bonds	6.20%, Semi Annual	2500.00	Bullet Repayment	12-Aug-18
46th "O" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-18
49th "M" - FRB Taxable Non-Cum. Bonds	7.72%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-18
55th "K" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-18
60th Taxable Non-Cum. Bonds	9.43%, Semi Annual	60400.00	Bullet Repayment	23-May-18
45th "OO" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-18
65th "I" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-18
47th "N" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-18
73rd "A" Tax Free Non-Cum. Bonds	6.32%, Semi Annual	28456.00	Bullet Repayment	20-Dec-17
43rd "OO" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-17
48th "HH" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-17
42nd "O" Taxable Non-Cum. Bonds	8%, Semi Annual	1000.00	Bullet Repayment	29-Aug-17
46th "N" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-17
49th "L" - FRB Taxable Non-Cum. Bonds	7.71%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-17
54th Taxable Non-Cum. Bonds	9.81%, Semi Annual	22000.00	Bullet Repayment	7-Jun-17
55th "J" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-17
45th "NN" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-17
65th "H" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-17
98th Series Taxable Non-Cum Bonds	7.95%, Annual	120000.00	Bullet Repayment	10-Apr-17
Total		5935506.37		



5.1.2 Maturity profile and Rate of Interest of the secured bonds (classified as Other Current Liabilities) issued in the domestic capital market and amount outstanding as on 31-03-2016 is set out below:

(₹ in Lakhs)

Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
47th "M" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet Repayment	26-Mar-17
68th "A" Tax Free Non-Cum. Bonds	6.3%, Semi Annual	64262.00	Bullet Repayment	8-Mar-17
97th Taxable Non-Cum. Bonds #	7.83%, Annual	262500.00	Bullet Repayment	22-Jan-17
53rd "A" Taxable Non-Cum. Bonds	8.57%, Semi Annual	12500.00	Bullet Repayment	29-Nov-16
43rd "NN" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet Repayment	29-Oct-16
48th "GG" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet Repayment	17-Sep-16
42nd "N" Taxable Non-Cum. Bonds	8%, Semi Annual	1000.00	Bullet Repayment	29-Aug-16
46th "M" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet Repayment	12-Aug-16
49th "K" - FRB Taxable Non-Cum. Bonds	7.70%*, Semi Annual	1000.00	Bullet Repayment	22-Jun-16
55th "I" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet Repayment	7-Jun-16
52nd "A" Taxable Non-Cum. Bonds	8.41%, Semi Annual	11000.00	Bullet Repayment	17-May-16
45th "MM" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet Repayment	13-May-16
65th "G" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet Repayment	27-Apr-16
Total		372562.00		

* Applicable interest rate as on 31-03-2016 (interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half yearly rest). All other interest rates are fixed.

Call Option / Put Option exercisable on 15th April 2016.

5.2 Rupee Term Loans availed from Banks are secured by first paripassu charge on the present / future rolling stock assets / lease receivables of the Company. Terms of Repayment of Secured Term Loans and amount outstanding as on 31-03-2016 is set out below:

(₹ in Lakhs)

Name of Bank	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Central Bank of India(3)	8.25%, Fixed	1-Apr-16	Half Yearly	0.00	648.00	648.00
Central Bank of India(4)	8.25%, Fixed	1-Apr-16	Half Yearly	0.00	648.00	648.00
United Bank of India (2)	8.91%, Fixed	1-Apr-16	Half Yearly	0.00	676.00	676.00
Total				0.00	1972.00	1972.00

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

5.3 Foreign Currency Term Loans availed are secured by first paripassu charge on the present / future rolling stock assets / lease receivables of the Company. Terms of Repayment of the Foreign Currency term loan and amount outstanding as on 31-03-2016 is as follows:

(₹ In Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Bank of India	6M USD LIBOR+1.25%	30-Apr-16	Half Yearly	10015.50	2003.10	12018.60
Total				10015.50	2003.10	12018.60

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



5.4 The unsecured bonds issued in the domestic capital market and outstanding as on 31-03-2016 are as follows:

Series	Interest Rate	Amount outstanding	Terms of Repayment	Date of Maturity
109th Series Taxable Bonds *	8.02%, Semi Annual	500000.00	Redeemable in forty equal half yearly instalments commencing from 30-03-2027	30-Mar-27
101st Series Taxable Bonds*	7.87% , Semi Annual	200000.00	Redeemable in forty equal half yearly instalments commencing from 27-10-2026	27-Oct-26
Total		700000.00		

* Interest Payable after initial moratorium of 5 year. The above mentioned bonds carry fixed interest rate for 10 years. The interest rate would be reset at the end of each subsequent 10th year to the then prevailing Benchmark G-Sec Yield plus 30bps.

The date of maturity indicates the date of payment of 1st installment.

5.5 Maturity profile and interest rate on Unsecured Bonds from Overseas Capital Market (classified as long term borrowing) and amount outstanding as on 31-03-2016 is set out below:

(₹ In Lakhs)

Particulars	Interest Rate	Non-Current	Current	Term of Repayment	Date of Maturity
Reg-S Bonds 3 rd Series (USD 500 Million)	3.917%, Semi Annual	333850.00	0.00	Bullet Repayment	26-Feb-19
Reg-S Bonds 2 nd Series (USD 300 Million)	3.417%, Semi Annual	200310.00	0.00	Bullet Repayment	10-Oct-17
US PP Bonds 2017 (USD 125 Million)	5.94%, Semi Annual	0.00	83462.50	Bullet Repayment	28-Mar-17
Total		534160.00	83462.50		

5.6 Terms of Repayment of the Unsecured Rupee Term Loans from Banks and amount outstanding as on 31-03-2016 is as follows:

(₹ In Lakhs)

Name of Bank	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Allahabad Bank	9.70%, Linked to Base Rate	28-Jun-17	Bullet	7500.00	0.00	7500.00
Bank of Maharashtra	9.70%, Linked to Base Rate	28-Jun-17	Bullet	7500.00	0.00	7500.00
Central Bank of India	9.70%, Linked to Base Rate	28-Apr-17	Bullet	5300.00	0.00	5300.00
Total				20300.00	0.00	20300.00



5.7 Terms of Repayment of the Unsecured Foreign Currency Loans and amount outstanding as on 31-03-2016 is as follows:

(₹ in Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Syndicated Foreign Currency Loan-USD 200 Mio	6M USD LIBOR+1.25%	28-Sep-16	Bullet	0.00	133540.00	133540.00
Syndicated Foreign Currency Loan-USD 400 Mio	6M USD LIBOR+0.60%	03-Dec-18	Bullet	267080.00	0.00	267080.00
Loan From AFLAC-1	Fixed, 2.85%	10-Mar-26	Bullet	97415.20	0.00	97415.20
Loan From AFLAC-2	Fixed, 2.90%	30-Mar-26	Bullet	24729.63	0.00	24729.63
Total				389224.83	133540.00	522764.83

6 Deferred Tax Liability (Net)

Major components of Net Deferred Tax Liability are as under:

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Liability on account of difference between WDV as per Income Tax Act, 1961 and the Companies Act, 2013.	866348.36	839597.54
Less: Deferred Tax Asset on account of Unabsorbed Depreciation	301719.82	343506.99
Less: Deferred Tax Asset on account of Provision for Post-Retirement Medical and Pension Plans	28.81	0.00
Net Deferred Tax Liability	564599.73	496090.55

Pursuant to the clarification issued by the Central Board of Direct Taxes (CBDT) vide their circular No. 2 dated 9th February 2001, the Company, being the legal owner of the assets given on financial lease, continues to claim depreciation under the Income Tax Act, by adding back the depreciation as per the Companies Act, on notional basis, as the leased assets are not capitalized in the books of account of the Company. The WDV of assets under the Income Tax Act 1961 and as worked out as per the Companies Act, 2013 is considered for providing DTL.

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

7 Other Long Term Liabilities

(₹ in Lakhs)

Particulars	As at 31-03-2016		As at 31-03-2015	
	Non Current	Current	Non Current	Current
Unamortised Portion of Securitisation Gain*	142.23	80.72	222.95	109.38
Forward Contracts	44087.40	0.00	0.00	0.00
Interest Accrued but not due on Borrowings	6971.58	287677.87	0.00	247452.37
Earnest Money Deposit	0.05	0.00	0.00	0.00
Total	51201.26	287758.59	222.95	247561.75

* Out of the unrecognised gain of ₹ 332.33 Lakhs (P.Y. ₹ 478.68 Lakhs), in respect of the Securitisation transactions executed during the previous years, a sum of ₹ 109.38 Lakhs (P.Y. ₹ 146.35 Lakhs) has been recognised during the year ended 31st March 2016, leaving a balance of ₹ 222.95 Lakhs (P.Y. ₹ 332.33 Lakhs).

**8 Long Term Provisions**

(₹ in Lakhs)

Particulars	As at 31-03-2016		As at 31-03-2015	
	Non Current	Current	Non Current	Current
Provision for Leave Encashment (Net of funded assets)	37.12	13.94	28.99	13.50
Provision for Gratuity (Net of funded assets)	3.91	4.51	0.00	0.00
Provision for Post-Retirement Medical & Pension	83.25	0.00	0.00	0.00
Total	124.28	18.45	28.99	13.50

9 Short Term Borrowings

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Secured		
Rupee Term Loans from Banks	0.00	20000.00
Working Capital Demand Loan*	249985.00	0.00
	249985.00	20000.00
Unsecured		
Rupee Term Loans from Banks	21000.00	0.00
Commercial Paper (Note-1)	296587.03	0.00
	317587.03	0.00
Total	567572.03	20000.00

*Secured against paripassu charge on the Lease Receivables

Note-1 (₹ In Lakhs)

Face Value of Commercial Papers	302000.00
Less Unexpired Discount	5412.97
	296587.03

10 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Current Maturities of Long Term Debt (Ref. Note No.5)	593539.60	928548.84
Amount payable to MOR	0.00	15669.63
Interest Accrued but not due (Refer Note No.7)	287677.87	247452.37
Unamortised Securitisation Gain (Refer Note No. 7)	80.72	109.38
Liability for Matured and Unclaimed Bonds / Interest (Refer Note No. 35)	1035.68	390.94
Other Payables:	0	0
Statutory Dues	1.49	1.76
Tax Deducted at Source Payable	1849.24	1804.32
Dividend Tax	3053.65	2999.12
Others	3948.32	663.41
Total	891186.57	1197639.77



11 Short Term Provisions

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Provision for Tax (Net of Taxes Paid)	0.00	2875.19
Provision for Interest Payable on Income Tax	0.00	223.01
Provision for CSR	789.35	789.35
Provision for Employee Benefits (Refer Note No.8)	18.45	13.50
Proposed Final Dividend	18948.00	200.00
Dividend Tax on Proposed Final Dividend	3857.37	40.72
Total	23613.17	4141.77

12 Fixed Assets

(₹ in Lakhs)

S. No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01-04-15	Additions during the year	Sale/Adjustment during the year	As at 31-03-16	Upto 01-04-15	For the year	Adjustments during the year	As at 31-03-16	As at 31-03-16	As at 31-03-15
	Tangible Assets										
1	Office Building	1524.23	0.00	0.00	1524.23	350.02	25.52	0.00	375.54	1148.69	1174.21
2	Airconditioners, Room Coolers/Heaters	20.60	0.00	0.54	20.06	16.97	0.31	0.09	17.19	2.87	3.63
3	Office Equipments	30.88	1.73	1.11	31.50	20.65	3.78	0.24	24.19	7.31	10.23
4	Furniture & Fixtures	86.14	0.00	0.75	85.39	82.82	0.58	0.10	83.30	2.09	3.32
5	Franking Machine	1.19	0.00	0.00	1.19	0.35	0.28	0.00	0.63	0.56	0.84
6	Computer	52.93	7.73	0.94	59.72	50.50	2.00	0.93	51.57	8.15	2.43
7	Motor Car	10.24	0.00	0.00	10.24	5.98	0.85	0.00	6.83	3.41	4.26
8	Photo Copier	1.90	0.74	1.05	1.59	1.54	0.42	1.05	0.91	0.68	0.36
9	Water Cooler	0.29	0.00	0.00	0.29	0.20	0.05	0.00	0.25	0.04	0.09
10	Electric-installation	1.80	0.00	0.00	1.80	1.80	0.00	0.00	1.80	0.00	0.00
	Total	1730.20	10.20	4.39	1736.01	530.83	33.79	2.41	562.20	1173.81	1199.38
	Intangible Assets										
1	Computer Software	2.70	1.64	-	4.34	1.41	0.87	-	2.28	2.06	1.29
	Total	2.70	1.64	-	4.34	1.41	0.87	-	2.28	2.06	1.29
	Total Fixed Assets	1732.90	11.84	4.39	1740.35	532.24	34.66	2.41	564.48	1175.87	1200.67
	Previous year	1726.58	7.91	1.59	1732.90	466.15	44.21	-21.88	532.23	1200.67	1260.43

13 Non Current Investments (At Cost)

(₹ in Lakhs)

Particulars	As at 31-03-2016		As at 31-03-2015	
	Non Current	Current	Non Current	Current
Investments (Unquoted Non-Trade)				
Investments in Equity				
48,800 (P.Y. 48,800) Equity Shares of IRCON International Ltd.	199.85	0.00	199.85	0.00
Other Investments				
55 (P.Y. 65) Senior Pass Through Certificates 'M' to 'W' Series of NOVO X Trust Locomotives	586.94	145.50	732.44	159.46
Total	786.79	145.50	932.29	159.46
Aggregate Amount of Unquoted Investments	786.79	145.50	932.29	159.46

**14 Long Term Loans and Advances**

(₹ in Lakhs)

Particulars	As at 31-03-2016		As at 31-03-2015	
	Non Current	Current	Non Current	Current
Secured Considered Good				
House Building Advance*	13.82	3.73	17.55	3.92
Unsecured Considered Good				
Capital Advances				
- Advance to FA & CAO	253.01	0.00	253.01	0.00
- Advance to Ministry of Railways for Projects	0.00	0.00	215523.88	0.00
Advance against Lease of Rly Infrastructure Assets (Refer Note No. 29)	943000.00	0.00	0.00	0.00
Lease Receivables from Ministry of Railways	8415158.05	634176.45	7471159.98	547862.86
Amount Recoverable from MOR on account of Exchange Rate Variation (Refer Note No. 28)	126860.35	68278.03	130710.86	102233.60
Security Deposits	9.19	300.00	10.66	0.00
Loan to Rail Vikas Nigam Ltd.	212690.00	18190.83	205290.83	17324.17
Advance to Employees*	0.14	0.22	0.33	0.63
TDS & Advance Tax (NET)	1950.59	0.00	0.00	0.00
Lease Rentals Paid in Advance (Refer Note No. 34a)	0.00	0.00	0.00	3464.31
Interest Restructuring Advance to IDBI (Refer Note No. 42)	0.00	0.00	0.00	1.14
Total	9699935.15	720949.26	8022967.10	670890.63

* includes ₹ 17.55 lakhs (P.Y. ₹ 21.61 lakhs) to Key Managerial Personnel/Officers of the company

15 Other Non Current Assets

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Unsecured Considered Good		
Interest Accrued but not due on Loans	49718.34	46106.25
Interest Accrued but not due on Investment in Pass Through Certificates	342.27	325.58
Unabsorbed Forward Premium on Forward Contracts	29237.09	0.00
Finance Charges Accrued but not due on lease advance	9412.55	0.00
Interest Accrued but not due on Advances to Employees*	7.86	6.34
Total	88718.11	46438.17

* includes ₹ 7.02 lakhs (P.Y. ₹ 5.22 lakhs) to Key Managerial Personnel/Officers of the company

16 Cash and Bank Balances

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Cash and cash equivalents		
Balance with Banks		



Particulars	As at 31-03-2016	As at 31-03-2015
- In Current Accounts	84.09	114.64
- In Interest / Redemption Accounts (Ref. Note 35)	1035.68	390.94
Cheque in hand	120000.00	0.00
Deposit with Reserve Bank of India		
-In Public Deposit Account	1.02	1.02
Balance in Franking Machine	0.03	0.12
Total	121120.82	506.72

17 Short Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Unsecured Considered Good		
Deposit with NCRDC, New Delhi	4.38	4.38
Amount Recoverable from MOR	168464.22	0.00
Tax Refund Receivable*	96.47	96.47
Amount Recoverable from Others	305.08	0.92
Funded (Net) on Account of Gratuity	0.00	0.89
Prepaid Expenses	29.67	45.96
Advance to Others	21.01	21.01
Advance to Employees	0.64	0.46
Total	168921.47	170.09

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

18 Other Current Assets

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Current Maturities of Long Term Loans and Advances (Refer Note No.14)		
Lease Receivables from Ministry of Railways	634176.45	547862.86
Security Deposits	300.00	0.00
Loan to Rail Vikas Nigam Ltd	18190.83	17324.17
House Building Advance	3.73	3.92
Advance to Employees	0.22	0.63
Amount Recoverable from MOR on account of Exchange Rate Variation	68278.03	102233.60
Lease Rentals Paid in Advance	0.00	3464.31
Interest Restructuring Advance to IDBI	0.00	1.14
Current Maturity of Investments		
10 (P.Y. 10) Senior Pass Through Certificates 'K' to 'L' Series of NOVO X Trust Locomotives (Refer Note No. 13)	145.50	159.46
Interest Accrued but not due on Loans & Deposits	22223.44	21433.90
Unabsorbed Forward Premium on Forward Contracts	16062.35	0.00
Total	759380.55	692483.99

**19 Revenue from Operations**

(₹ in Lakhs)

Particulars	Yearended 31-03-2016	Year ended 31-03-2015
Lease Income:		
- Lease Income	709001.60	639465.83
- Finance Charges on Lease Advance	9412.55	0.00
	718414.15	639465.83
Interest Income from:		
- Loans	25063.67	24328.87
- Deposits	6948.76	29835.64
- Investments	87.96	102.96
	32100.39	54267.47
Other Financial Income		
- Gain on Assets Securitization	109.38	146.35
Total	750623.92	693879.65

20 Other Income

(₹ in Lakhs)

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Dividend Income	44.90	39.53
Provisions written back*	61.60	58.52
Profit on sale of Fixed Assets	0.04	0.03
Misc. Income	0.03	1.02
Prior Period Income (NET) (Refer Note No. 23.1)	0.00	33.44
Total	106.57	132.54

* Provision written back includes a sum of ₹ 44 Lakhs (P.Y. ₹ 54 Lakhs) written back on account of Provision for interest payable to Income Tax Authorities

21 Employee Benefits Expense

(₹ in Lakhs)

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Salaries, Incentives etc.	298.77	266.45
Contribution to Provident and Other Funds	110.01	43.38
Staff Welfare Expenses	0.12	0.00
Total	408.90	309.83

22 Finance Cost

(₹ in Lakhs)

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Interest Expenses		
Amortisation of Lease Rentals paid in advance	3464.31	6429.43
Interest on Bonds*	461828.20	400065.63
Interest on Rupee Term Loans	2668.96	25725.52



Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Discount on Commercial Paper	2656.17	0.00
Interest and Swap Cost on Foreign Currency Loans**	50478.01	52869.89
Interest on delayed payment to MOR	23213.42	13092.41
Interest to Income Tax Authorities	0.00	223.01
Sub-Total	544309.07	498405.89
Other Borrowing Cost		
Bond Issue Expenses / Expenses on Raising of Loans***	6975.52	292.68
Bond/Loan/Securitization Servicing Expenses	597.92	484.44
Sub-Total	7573.44	777.12
Total	551882.51	499183.01

* Interest on bonds are net of interest capitalized of ₹ Nil (P.Y. ₹ 16672.88 lakhs)

** Interest and Swap Cost on Foreign Currency Loans include ₹1635.04 lakhs (P.Y. Nil) towards Forward Premium on Currency Forward Contracts

***Bond Issue Expenses/Expenses on loans includes ₹ 16.49 Lakhs (P.Y. ₹ 5.62 Lakhs) paid to Auditors for other certification as detailed below:

(₹ in Lakhs)

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
For Certification of Prospectus/Information Memorandum for issuance of bonds	16.49	0.00
For Audit of interim periods (Half Year / Nine Months)	0.00	5.62
	16.49	5.62

23 Other Expenses

(₹ in Lakhs)

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Filing Fee	0.67	0.40
Legal & Professional Charges	81.06	129.41
Advertisement & Publicity	12.92	23.49
Printing & Copying Charges	3.37	2.91
Stationery Charges	7.78	7.07
News Paper, Books & Periodicals	3.19	3.22
Conveyance Expenses	6.36	9.84
Travelling – Local		
- Directors	9.70	13.42
- Others	10.05	9.38
Transport Hire Charges	30.10	30.08
Office Maintenance Expenses	54.07	50.01
Vehicle Running & Maintenance	2.85	2.25
Office Equipment Maintenance	11.29	14.27



Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Electricity Charges	19.90	20.77
Loss on Sale of Fixed Assets	0.79	0.69
Postage Charges	2.11	1.46
Telephone Charges	6.66	7.47
Training Expenses	7.80	11.12
Bank Charges	1.74	1.97
Payment to Auditors		
- Audit Fees	8.63	5.70
- Tax Audit Fee	2.88	1.90
- Quarterly Review	8.57	5.62
- Other Statutory Certifications	2.00	2.82
Miscellaneous Expenses	50.74	39.25
Insurance	0.27	0.31
Fees & Subscription	7.76	30.03
Sponsorship/Donation	0.20	9.04
Stipend	0.00	0.34
Ground Rent	1.15	1.14
Property Tax	2.62	2.62
Prior Period Expenditure (NET) (Refer Note No.23.1)	19.40	0.00
Total	376.63	438.00

23.1 Prior Period Expenditure (Net):

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Income		
Interest on deposits	0.00	0.42
Interest on Loans	0.00	-1.76
Total (A)	0.00	-1.34
Expenditure		
Bond Issue Exp.	0.37	-16.69
Bond Servicing Exp.	0.00	2.52
Interest on Bonds/Foreign Currency Loans	0.02	-22.56
Interest on Bonds	5.16	0.00
Interest Others	0.00	1.24
Legal & Professional	0.00	0.58
Printing & Copying Exp.	0.00	0.07
Salary Employee Benefits	13.63	0.06
Transport Hire Charges	0.22	0.00
Total (B)	19.40	-34.78
Prior Period Expenditure (Net) (B-A)	19.40	-33.44



24 Earnings Per Equity Share

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Net Profit (₹ in Lakhs)	84869.26	75829.97
Weighted Average Number of Equity shares outstanding	42270065	35839600
Add: Number of potential Equity Share on account of receipt of Share Application Money Pending Allotment	251366	29726
Weighted Average Number of Equity shares [including diluted Equity Share] outstanding	42521431	35869326
Earnings Per Share (₹) – Basic [Face value of ₹ 1,000/- per share]	200.78	211.58
Earnings Per Share (₹) – Diluted [Face value of ₹ 1,000/- per share]	199.59	211.41

- 25 (a)** Lease rental is charged on the assets leased from the first day of the month in which the assets have been identified and placed on line as per the Standard Lease Agreements executed between the Company and MOR from year to year.
- (b) Ministry of Railways (MOR) charges interest on the value of the assets identified prior to the payments made by the company, from the first day of the month in which the assets have been identified and placed on line to the first day of the month in which the money is paid to the MOR. However, no interest is charged from the MOR on the amount paid by the company prior to identification of Rolling stock by them.
- (c) (i) Interest rate variation on the floating rate linked rupee borrowings and interest rate and exchange rate variations on interest payments in the case of foreign currency borrowings are adjusted against the Lease Income in terms of the variation clauses in the lease agreements executed with the Ministry of Railways. During the year, such differential has resulted in an amount of ₹10610 Lakhs accruing to the company (P.Y. ₹ 10048 Lakhs), which has been accounted for in the Lease Income.
- (ii) In respect of foreign currency borrowings, which have not been hedged, variation clause have been incorporated in the lease agreements specifying notional hedging cost adopted for working out the cost of funds on the leases executed with MOR. Hedging cost in respect of these foreign currency borrowings is compared with the amount recovered by the company on such account and accordingly, the same is adjusted against the lease income. During the year ended 31st March 2016 in respect of these foreign currency borrowings, the company has recovered a sum of ₹ 20149 Lakhs (P.Y. ₹ 23073 Lakhs) on this account from MOR against which a sum of ₹ 1629 Lakhs (P.Y. Nil) has been incurred towards hedging cost and the balance amount of ₹ 18520 Lakhs (P.Y. ₹ 23073 Lakhs) so recovered has been refunded to MOR.
- 26 (a)** The Reserve Bank of India has issued Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 vide notification no.DNBR.009/CGM(CDS)-2015 dated 27th March 2015. The Company, being a Government Company, these Directions, except the provisions contained in Paragraph 25 thereof, are not applicable to the Company. Further, Reserve Bank of India (RBI) vide letter dated 19th March 2010 has sought a road map from the Company for compliance with the prudential norms issued by RBI. The Company has requested for exemption from the applicability of prudential norms relating to single party exposure and assignment of zero risk weight to lease receivables from MOR vide letter dated 3rd May, 2010.
- (b) In terms of Reserve Bank of India Notification No.DNBC.138/CGM (VSNM) – 2000 dated 13th January 2000, provisions of Section 45 IC of the Reserve Bank of India Act, 1934 (2 of 1934) regarding creation of Reserve Fund, do not apply to the Company.



- (c) In terms of the Ministry of Corporate Affairs circular dated 18th April, 2002, the Company, being a Non-Banking Finance Company registered with RBI, is required to create Bond Redemption Reserve equivalent to 50% of the value of the bonds raised through Public issue by the redemption date of such Bonds. Subsequently, the requirement for creation of Bond Redemption Reserve in case of Public Issue of bonds by Non-Banking Finance Company registered with RBI was brought down to 25% by MCA vide their circular dated 11th Feb, 2013. Further, the Companies (Share Capital and Debentures) Rules, 2014 dated 3rd April, 2014 also mandates the Non-Banking Finance Companies registered with RBI to create Bond Redemption Reserve equivalent to 25% of the value of the Bonds raised through public issue by the redemption dates of such bonds. Accordingly, the Company is required to transfer 50% of the value of the bonds raised through public issue during FY 2011-12 and 25% of the value of Bonds raised through Public Issue during 2012-13, FY 2013-14 and FY 2015-16 to Bond Redemption Reserve by the redemption dates of such Bonds. The Company has raised ₹ 2488167.37 Lakhs through public issue of bonds in FY 2011-12, FY 2012-13, FY 2013-14 and FY 2015-16. The average residual maturity of the above mentioned bonds is more than 10 years as on 31st March, 2016. However, the company restricted its dividend payment to ₹ 33948 Lakhs and the balance profit after the payment of dividend and dividend distribution tax thereon for the year ended 31st March 2016 has been transferred to Bond Redemption Reserve.
- (d) As per Section 135 of the Companies Act, 2013 a Corporate Social Responsibility Committee has been formed by the Company. During the year the Company has undertaken CSR activities as approved by the CSR Committee which are specified in Schedule-VII of the Companies Act, 2013.
- (i) Gross amount required to be spent by the company during the year ₹ 3361.27 Lakhs (including ₹68.27 Lakhs for earlier year).
- (ii) Amount spent during the year on CSR:

(₹ in Lakhs)

		In cash	Yet to be paid in cash	Total
(1)	Construction/acquisition of any asset	0.00	0.00	0.00
(2)	On purpose other than (1) above	2901.98	121.77	3023.76

- 27 The Finance Act, 2001 provides for levy of service tax on the finance and interest charges recovered through lease rental installments on the Financial Leases entered on or after 16-07-2001. The Central Government vide Order No.1/1/2003-ST dated 30th April 2003 and subsequent clarification dated 15-12-2006 issued by Ministry of Finance has exempted the Lease Agreements entered between the Company and Ministry of Railways from levy of Service Tax thereon u/s 93(2) of Finance Act, 1994.
- 28 Increase in liability due to exchange rate variation on foreign currency loans for purchase of leased assets, amounting to ₹ 81806 Lakhs (P.Y. ₹ 62274 Lakhs) has not been charged to Statement of Profit and Loss as the same is recoverable from the Ministry of Railways (lessee) separately as per lease agreements. The exchange rate variation on foreign currency loans repaid during the year amounting to ₹ 119612 Lakhs (P.Y. ₹ 60655 Lakhs) has been recovered from the Lessee, leaving a balance of ₹ 195138 Lakhs recoverable from MOR as on 31-03-2016 (P.Y. ₹ 232944 Lakhs).
- 29 A letter dated 23rd July, 2015 received from MOR authorised Company to draw funds from LIC in consultation with the Ministry of Railways (MOR) for funding of Railway Projects in line with leasing methodology adopted by Company for funding Railway Projects in past. Accordingly, the Company has prepared and sent the Lease Agreement to the MOR. Pending execution of the Lease Agreement, the Company has disbursed ₹ 9430 crore to MOR during FY 2015-16 and has shown the same as 'Advance against Lease of Rly. Infrastructure Assets'. The borrowing costs in respect of any advances towards development or construction of such Railway Infrastructure Assets have been charged to the Statement of Profit and Loss, and, correspondingly, the amount



payable by Lessee, towards any pre-lease disbursement has been accounted for as Income. The mark up on such leases is yet to be fixed; hence, the same will be accounted for as and when the same is fixed.

30 Derivative Instruments

The Company judiciously contracts financial derivative instruments in order to hedge currency and / or interest rate risk. All derivative transactions contracted by the company are in the nature of hedging instruments with a defined underlying liability. The company does not deploy any financial derivative for speculative or trading purposes.

- a. The Company uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations in respect its External Commercial Borrowings.

Outstanding long term forward exchange contracts entered into by the Company which have been used for hedging the foreign currency risk on repayment of External Commercial Borrowings (principal portion):

As at 31-03-2016			As at 31-03-2015		
No. of Contracts	Borrowing outstanding in Foreign Currency (USD Million)	INR Equivalent (Lacs)	No. of Contracts	Borrowing outstanding in Foreign Currency	INR Equivalent (Lacs)
6	400	311167.40	-	-	

- b. In respect of following External Commercial Borrowings, the Company has executed cross currency swap to hedge the foreign exchange exposure in respect of both principal outstanding and interest payments and converted its underlying liability from one foreign currency to another:

As at 31-03-2016			As at 31-03-2015			Remarks
No. of Contracts	Borrowing outstanding in Foreign Currency	Notional USD Equivalent	No. of Contracts	Borrowing outstanding in Foreign Currency	Notional USD Equivalent	
1	JPY 12 Billion	145.90 Million	1	JPY 12 Billion	145.90 Million	Back to back recovery of INR/ USD exchange rate variation from MOR.
1	JPY 3 Billion	37.04 Million	1	JPY 3 Billion	37.04 Million	Back to back recovery of INR/ USD exchange rate variation from MOR.

The foreign currency borrowings outstanding as on 31-03-2016, which have not been hedged, are as follows:

As at 31-03-2016		As at 31-03-2015		Remarks
No. of Loans	Borrowing outstanding in Foreign Currency	No. of Loans	Borrowing outstanding in Foreign Currency	
1	USD 18 Million	1	USD 21 Million	Back to back recovery of exchange rate variation from MOR.
3	USD 625 Million	5	USD 1175 Million	Back to back recovery of exchange rate variation from MOR.
2	USD 500 Million	2	USD 900 Million	Back to back recovery of exchange rate variation from MOR.



- c. The Company has two floating rate swaps and has converted its liability in Fixed Rate JPY to USD LIBOR. The notional principal underlying the floating rate swap is JPY 15 Billion (USD 182.94 Million).

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

32 Contingent Liabilities

- a. Claims against the Company not acknowledged as debt – Claims by bondholders in the Consumer / Civil Courts: ₹ 15.74 Lakhs (P.Y. ₹ 15.74 Lakhs).
- b. Claims against the Company not acknowledge as debt – relating to service matter pending in Hon'ble Delhi High Court and amount not quantifiable.
- c. The Income Tax assessments of the Company have been completed up to the Assessment Year 2013–14. The disputed demand of tax including interest thereon amount to ₹ 96.76 Lakhs out of which ₹ 46.94 Lakhs has been adjusted by the Department from the refunds pertaining to other years. The Company has already filed appeals against the said tax demands and the same are pending at various appellate levels. Based on decisions of the Appellate authorities in other similar matters and interpretation of relevant provisions, the Company is confident that the demands will be either deleted or substantially reduced and accordingly no provision is considered necessary.

The Income Tax Department has raised a demand of ₹ 39947.99 Lacks u/s 201(1) of the Income Tax Act, 1961 towards non-deduction of tax at source and interest thereon. The Company has filed an appeal against the order before the CIT(Appeals) on 28th April, 2016. Further, a rectification u/s 154 has also been filed on 20th May, 2016. Considering the fact that the demand has been made by the Income Tax Department for non-deduction of tax at source involving reimbursement of expenses, principal repayment on foreign currency loans and interest / swap cost payments which are either exempted or for which Non-deduction tax certificate u/s 197 / 195(3) issued by the income Tax Departments have been submitted by the respective payees. The Company is confident that the demands will be either deleted or substantially reduced and accordingly no provision is considered necessary.

- d. The Company does not pay sales tax on purchase of leased assets. In the event of Sales tax on purchase / lease of rolling stock becoming payable, the same is recoverable from Ministry of Railways in terms of the lease agreements. Since, there is no sales tax demand and the amount is unascertainable, no provision is made in the accounts.

33 Expenditure in Foreign Currency

(₹ in Lakhs)

	Year ended 31-03-2016	Year ended 31-03-2015
a) Interest / Swap Cost on Foreign currency borrowings	47400.10	48448.68
b) Processing Agent / Fiscal Agent / Admin. Fee (₹ 2.64 Lakhs recoverable from MOR)	19.34	43.05
c) Underwriting / Arranger fee (recoverable from MOR)	3054.65	0.00
d) International Credit Rating Agencies Fees	93.21	84.86
e) Others (₹ 25.78 Lakhs recoverable from MOR)	27.65	22.53

34 a. The Company has not taken on lease any Rolling Stock assets during the year. All the assets taken on lease were in the years prior to 01-04-2001, with aggregate value of ₹ 157082 Lakhs (ownership of the



same vests with the lessors) stand sub-leased to Ministry of Railways. The company has paid future lease rental liability in full on all the above leases as outlined below:

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

Amount paid in settlement of future lease rentals as above, is being amortised in the accounts over the remaining period of the leases. During the year ended 31st March 2016, an amount of ₹ 3464 Lakhs (P.Y. ₹ 6429 Lakhs) has been charged to Statement of Profit & Loss on account of such amortisation. Since the entire future lease rental liability has been paid, there is no liability payable for unexpired lease period (Previous Year - ₹ Nil).

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

Even though, there is a mismatch in the tenor of the lease and sub-lease, there is no overall mismatch in the present value of entire lease rentals payable and receivable. During the year ended 31st March 2016, the company received lease rentals of ₹ Nil Lakhs (P.Y. ₹ 6551 Lakhs) and amortised (expensed) lease rentals of ₹ Nil (P.Y. ₹ Nil) on these transactions.

35 (a) The Company discharges its obligation towards payment of interest and redemption of bonds, for which warrants are issued, by depositing the respective amounts in the designated bank accounts. Reconciliation of such accounts is an ongoing process and has been completed upto 31-03-2016. The company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 31-03-2016 is ₹ 1035.68 Lakhs (P.Y. ₹ 390.94 Lakhs).

(b) The Company is required to transfer any amount remaining unclaimed and unpaid in such interest and redemption accounts after completion of 7 years to Investor Education Protection Fund (IEPF) administered by the Ministry of Corporate Affairs, Government of India. During the year ended 31st March 2016, no amount was due for deposit in IEPF (P.Y. ₹ Nil).

36 Long Term Loans and Advances (Note No.14) include Lease Receivables representing the present value of future Lease Rentals receivable on the finance lease transactions entered into by the company since inception as per the Accounting Standard (AS) – 19 notified by the Ministry of Corporate Affairs.

Reconciliation of the Lease Receivable amount on the Gross value of Rolling Stock assets worth ₹ 13326089 Lakhs (P.Y. ₹ 11718218 Lakhs) owned by the company and leased to the Ministry of Railways is as under:

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Gross Value of Assets acquired & Leased upto the end of previous Financial Year	11718218	10641115



Particulars	As at 31-03-2016	As at 31-03-2015
Less: Capital Recovery provided upto last Year	3699195	3190692
Capital Recovery outstanding on leased assets as at the end of last year	8019023	7450423
Add: Gross Value of Assets acquired and Leased during the period	1607871	1077103
	9626894	8527526
Less: Capital Recovery for the period	577560	508503
Net investment in Lease Receivables	9049334	8019023

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

(₹ in Lakhs)

Particulars	As at 31-03-2016	As at 31-03-2015
Gross Investment in Lease	13503344	12192103
Unearned Finance Income	4454010	4173080
Present Value of Minimum Lease Payment (MLP)	9049334	8019023

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

(₹ in Lakhs)

Particulars	As at 31-03-2016		As at 31-03-2015	
	Gross Investment In Lease	Present Value of MLP	Gross Investment in Lease	Present Value of MLP
Not later than one year	1340885	634176	1184096	547863
Later than one year and not later than five years	5106253	2831043	4492817	2442725
Later than five years	7056206	5584115	6515190	5028435
Total	13503344	9049334	12192103	8019023

The unearned finance income as on 31-3-2016 is ₹ 4454010 Lakhs (Previous Year ₹ 4173080 Lakhs). The unguaranteed residual value accruing to the benefit of the Company at the end of lease period is ₹ Nil (P.Y. Nil).

The company has leased rolling stock assets to the Ministry of Railways (MOR). Besides, during the current year, the lease in respect of Railway Projects funded by the Company during the year 2011-12 has commenced. A separate lease agreement for each year of lease has been executed and as per the terms of the lease agreements, lease rentals are received half yearly in advance. The leases are non-cancellable and shall remain in force until all amounts due under the lease agreements are received.

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

In terms of the RBI Guidelines on Minimum Retention Requirement issued by the Reserve Bank of India as applicable to the Non-Banking Finance Companies, the company being the originator, had opted to retain a minimum of 5% of the book value of the receivables being securitised. Accordingly, the company had invested ₹ 1697.71 Lakhs in the Pass Through Certificates (PTCs) issued by the 'Special Purpose Vehicle' towards



Minimum Retention Requirement. Out of the amount invested in PTCs, ₹ 965.27 Lakhs have matured till 31st March 2016, leaving a balance of ₹ 732.44 Lakhs. Details of the amount invested in PTCs and outstanding as on 31st March, 2015 is as follows:

(₹ in Lakhs)

Series	Date of Maturity	Nos of PTCs	Face Value per PTC (in Rs)	Total Amt
Series 'K'	15-Apr-16	5	1488333.09	74.42
Series 'L'	15-Oct-16	5	1421683.11	71.08
Series 'M'	15-Apr-17	5	1358357.85	67.92
Series 'N'	15-Oct-17	5	1297528.37	64.88
Series 'O'	15-Apr-18	5	1239733.28	61.99
Series 'P'	15-Oct-18	5	1184216.00	59.21
Series 'Q'	15-Apr-19	5	1131468.11	56.57
Series 'R'	15-Oct-19	5	1080799.13	54.04
Series 'S'	15-Apr-20	5	1032399.18	51.62
Series 'T'	15-Oct-20	5	986166.66	49.31
Series 'U'	15-Apr-21	5	942240.38	47.10
Series 'V'	15-Oct-21	5	900045.32	45.00
Series 'W'	15-Apr-22	5	585908.19	29.30
Total		65		732.44

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

Defined Benefit Plan

Changes in Present Value of Defined Obligations:

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
Present value of Defined Benefit Obligation at the beginning of the year	61.79	50.03	81.05	60.83
Interest Cost	4.69	4.39	5.70	5.27
Current Service Cost	4.55	3.80	11.47	8.90
Benefits Paid	0.00	0.00	-10.26	-2.31
Actuarial (Gain) / Loss on obligations	-3.38	3.57	-5.42	8.36
Present value of Defined Benefit Obligation at the end of the period	67.65	61.79	82.54	81.05

**Changes in the Fair Value of Plan Assets:**

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
Fair Value of Assets at the beginning of the year	62.68	57.51	38.56	23.71
Expected Return on plan assets	5.06	4.73	2.99	2.45
Contributions	0.00	0.00	0.00	15.08
Benefits Paid	0.00	0.00	-10.26	-2.31
Reimbursement paid by the insurer	-8.67	0.00	0.00	0.00
Actuarial Gain / (Loss) on plan assets	0.15	0.44	0.20	-0.38
Fair Value of Plan Assets at the end of the period	59.22	62.68	31.48	38.55

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

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
Opening net Liability / (Asset) at the beginning of the year	-0.90	-7.48	42.49	37.12
Expenses	0.65	6.58	8.57	20.46
Contribution	0.00	0.00	0.00	15.08
Reimbursement paid by the insurer	8.67	0.00	0.00	0.00
Closing net Liability / (Asset) at the end of the period	8.42	-0.90	51.06	42.50

Actuarial Gain / Loss recognised:

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
Actuarial Gain / (Loss) for the period – obligation	3.38	-3.57	5.42	-8.37
Actuarial Gain / (Loss) for the period plan assets	0.15	0.44	0.20	-0.38
Total Gain / (Loss)	3.53	-3.13	5.62	-8.75
Actuarial Gain / (Loss) recognised in the period	3.53	-3.13	5.62	-8.75



Amount recognised in the Balance Sheet:

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
Present value of obligations as at the end of the period	67.65	61.79	82.54	81.05
Fair Value of plan assets	59.22	62.68	31.48	38.56
Liability (assets)	8.43	-0.89	51.06	42.49
Net Liability (assets) recognised in the Balance Sheet	8.43	-0.89	51.06	42.49

Expenses recognised in statement of Profit & Loss:

(₹ in Lakhs)

	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
Current Service Cost	4.55	3.80	11.47	8.90
Interest Cost	4.68	4.39	5.70	5.27
Expected return on plan assets	-5.06	-4.73	-2.99	-2.45
Net Actuarial (Gain) / Loss recognized in the period	-3.53	3.13	-5.62	8.74
Expenses recognised in Statement of Profit & Loss	0.65	6.59	8.56	20.46

Bifurcation of Liabilities:

(₹ in Lakhs)

Liabilities	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
Current	4.51	-0.89	13.94	13.50
Non-Current	3.91	0.00	37.12	28.99
Total	8.43	-0.89	51.06	42.49

Actuarial Assumptions:

Assumptions	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
Discount Rate	7.70% p.a.	7.80% p.a.	7.70% p.a.	7.80% p.a.
Expected Return on Plan Assets	7.70% p.a.	8% p.a.	7.70% p.a.	8% p.a.
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate			
Future Salary Increase	6% p.a.	6% p.a.	6% p.a.	6% p.a.
Retirement	60 yrs.	60 yrs.	60 yrs.	60 yrs.

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

**Defined Contribution Plan**

(₹ in Lakhs)

Particulars	Year ended 31-03-2016	Year ended 31-03-2015
Employers' Contribution to EPF	17.54	16.34
Provision towards Post-Retirement Medical & Pension*	83.25	0.00

* The Board of Directors has approved the implementation of post-retirement medical and pension benefits for which provision has been made w.e.f 1st January 2007 in terms of DPE guidelines.

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

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

(₹ in Lakhs)

	Year ended 31-03-2016					Year ended 31-03-2015				
	Gratuity & Leave Encashment*	LTC*	CSR	Interest payable to Income Tax	Income Tax/FBT	Gratuity & Leave Encashment*	LTC*	CSR	Interest payable to Income Tax	Income Tax/FBT
Opening Bal.	41.60	0.00	789.34	223.01	120921.99	29.64	3.45	800.03	60.74	100494.19
Addition during the period	9.22	0.00	0.00	0.00	41613.14	27.04	0.00	0.00	223.01	40710.68
Amount used / incurred	8.67	0.00	0.00	-179.09	-29310.29	-15.08	0.00	-10.69	-6.78	-20282.88
Unused Amount reversed during the period	0.00	0.00	0.00	-43.92	0.00	0.00	-3.45	0.00	-53.96	0.00
Closing Balance	59.49	0.00	789.34	0.00	133224.84	41.60	0.00	789.34	223.01	120921.99

*The above provisions are liabilities in accordance with terms of employment.

Provision for Income Tax is in terms of Income Tax Act, 1961 and shall be adjusted after completion of assessment. Provision for Tax has been shown as net of TDS and Advance Tax in note no.14 under Long Term Loan and Advances.

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

Key Management Personnel:

- Sh. Rajiv Datt, Managing Director
- Sh. Niraj Kumar, Director Finance (from 1st July, 2015)
Sh. D.C. Arya, Director Finance (upto 30th June, 2015)
- Sh. S.K.Ajmani, Company Secretary & Group General Manager (TL)

**Amount paid to Key Management Personnel:****(₹ in Lakhs)**

Particulars	2015-16	2014-15
Salary / Allowances	89.91	84.47
Reimbursement	1.76	1.18
Incentive	38.57	36.51

- 42** During the year 2004-05, the company restructured the rate of interest on certain outstanding borrowings from IDBI Ltd. and paid ₹ 1378 Lakhs as advance, representing a portion of the future savings in the interest cost. This advance amount is being amortised over the balance tenor of the borrowings. During the year, a sum of ₹ 1.14 Lakhs (P.Y. ₹7.42 Lakhs) has been amortised, leaving a balance of ₹ Nil as on 31-03-2016 (P.Y. ₹ 1.14 Lakhs).
- 43** Interest on Deposits (Note No.19) includes Tax Deducted at Source amounting to ₹ 9.48 Lakhs (P.Y. ₹ 19.66 Lakhs). Ministry of Railways has also deducted tax at source amounting to ₹ 27256 Lakhs (P.Y. ₹ 24612 Lakhs).
- 44** The Company is in the process 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.
- 45** The Company has a system of physical verification of assets given on lease. The physical verification is carried out on a sample basis, as 100% physical verification of rolling assets is neither logistically possible nor considered necessary. In addition, Ministry of Railways (Lessee) provides a certificate each year that the leased assets are maintained in good working condition as per laid down norms, procedures and standards. In the opinion of the management, the aforesaid system is satisfactory considering the fact that the assets are maintained and operated by the Central Government.
- 46** Accounting Standards -30, 31 & 32 pertaining to Financial Instruments-Recognition & Measurement, Financial Instruments-Presentation and Financial Instruments-Disclosure were to be made mandatory by the Institute of Chartered Accountants of India (ICAI) with effect from 1st April, 2011. However, the ICAI has announced indefinite postponement of the application of AS-30, 31 and 32 as the provisions contained in AS-30, 31 and 32 are not expected to continue in their present form as these Accounting Standards are based on International Accounting Standard-39 and 32 which are currently under review by the International Accounting Standard Board. Further, these Standards have not been notified by the Ministry of Corporate Affairs (MCA). Accordingly, the Company has not adopted AS-30, 31 and 32.

47 Change in Accounting Policy:

Hitherto, the advance provided to Ministry of Railways for development / construction of Railway Projects to be leased out to them, pending the completion of construction and commencement of the lease, was accounted for as 'Capital Advance' and the borrowing cost attributable to such advance, net of recovery from the prospective lessee (MOR), was capitalized to the cost of projects in terms of Accounting Standard-16.

However, in terms of AS-19, the inception of lease takes place 'at the earlier of the date of the lease agreement and the date of a commitment by the parties to the principal provisions of the lease'. By virtue of MOR letter dated 23rd July, 2015 authorising company to draw funds from LIC for funding Railway Projects on the leasing methodology adopted in past and disbursement of funds by Company to MOR, the inception of lease has taken place. Further, the leasing arrangement between the Company and MOR are classified as financial leases in terms of AS-19. An amount of ₹ 943000 Lakhs disbursed to MOR for carrying out construction of Railway Projects, which, upon completion of construction, will belong to the Company, has been shown as 'Advance against Lease of Railway Infrastructure Assets'. The borrowing costs on such advances given by the Company



to MOR (Lessee) for construction of Railway Infrastructure Assets has been expensed out and the amount payable by the Lessee (MOR), has been accrued as Income.

As a result of the change, the Revenue from Operations has increased by ₹ 9412.55 Lacs with a corresponding increase in the Finance Cost. There is no change in the net Profit for the year.

- 48** (a) Unless otherwise stated, the figures have been rounded off to Rupees Lakhs.
(b) Previous year figures have been regrouped / rearranged, wherever necessary, in order to make them comparable with those of the current year.

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

For BansalSinha & Co.

Chartered Accountants
FRN-006184N

For and on behalf of the Board of Directors

Tanupriya Gupta
(Partner)
M.No. 511757

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

Niraj Kumar
Director Finance
DIN:00795972

P.V.Vaidialingam
Managing Director
DIN: 07413701

Place: New Delhi

Date : 10-08-2016

**IRFC Auditor's Report 2015-16****Bansal Sinha & Co.**

Chartered Accountants

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Independent Auditor's Report**To the Members of Indian Railway Finance Corporation Limited****Report on the Financial Statements**

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) The Company being the government company wholly owned by the Central Govt., therefore section 164(2) shall not apply vide Notification no. GSR 463(E) dated 5th June 2015;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 30 to the financial statements; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by Section 143 (5) of the Companies Act 2013, we have considered the directions / sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact to the financial statement of the company given in the "Annexure C".

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

TanuPriya Gupta
Partner

M. No:511757

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

**“Annexure A” to the Independent Auditor’s Report**

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. **However these Records do not include the particulars of Fixed Assets leased to Ministry of Railways as the same are shown as lease receivables in the books of Accounts.**
- (b) The procedures of physical verification of fixed assets followed by the management, in our opinion, are reasonable and adequate in relation to the size of the Company. No physical verification is being carried out for leased fixed assets as the same are booked as Lease receivables in the books of accounts. **However, Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.**
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of office building are not held in the name of the company, the sale/transfer deed is yet to be executed in favour of the company also the same has been disclosed in Note 31 of the financial statements.
- (d) The Company has given an amount of ₹ 943000 Lakhs during the year to Ministry of Railways under leased arrangement for financing the Rly. Infrastructure Projects. However agreement for the same is yet to be executed and list of the projects financed is yet to be received from Ministry of Railways. (Refer Note No 29)
- (ii) The Company is a Non-Banking Finance Company and not in the business of any trading, manufacturing, mining or processing. Accordingly, it does not hold any inventory. Thus, clause 3(ii) of the Companies (Auditor’s Report) Order, 2016 is not applicable.
- (iii) As explained to us and verified from books of accounts and records, the Company has not granted loans, secured or unsecured to any bodies corporate, firm or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (‘the Act’). Further, clauses 3(iii) (a), (b) and (c) of the Companies (Auditor’s Report) Order, 2016 is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- (v) According to the information and explanation given to us, the Company has not accepted any deposits from the public during the year within the meaning of Sec. 73 to 76 or any other relevant provisions of the Companies Act. 2013 and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act, for any of the services rendered by the Company. Accordingly, clause 3(vi) of the Companies (Auditor’s Report) Order, 2016 is not applicable to the Company.
- (vii) On the basis of our examination of the records of the Company and according to the information and explanations given to us, in respect of statutory dues:
 - a) amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees’ state insurance and duty of excise. (Refer Note no 32(d) for sales Tax /VAT).



- b) No undisputed amounts payable in respect of provident fund, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
- c) There are no dues of sales tax, service tax, value added tax, duty of customs and duty of excise which have not been deposited with the appropriate authorities on account of any dispute. However, the demands of income tax which has not been deposited by the company on account of dispute as the company is confident that the demands will be either deleted or substantially reduced and proper disclosure regarding the same has been given in Note No- 32C.
- (viii) On the basis of our examination of the records of the Company, the company has not defaulted in making Repayments of loans or borrowings to Banks, Financial Institutions, Government or dues to Debenture Holders.
- (ix) According to the information and explanations given to us by the management and based on the audit procedure performed, the company has raised moneys by way of public offer of debt instruments and term Loans, the funds raised has been applied for the purpose for which those funds were raised.
- (x) To the best of our Knowledge and belief and according to the information and explanations given to us, no fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The company being the government company wholly owned by the Central Govt., therefore section 197 read with schedule V of the Companies Act, 2013 shall not apply vide Notification No. GSR 463(E) dated 5th June 2015.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has raised money through private placement of Equity Shares with Ministry of Railways during the year and the requirements of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. However the company has not made any preferential or private placement of fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given by the management and based on our examination of records, the company has not entered into any non-cash transactions with directors or persons connected with him which are covered under Section 192 of Companies Act, 2013. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- (xvi) In our opinion, the company is a Non-Banking Finance Company and is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the registration has been obtained.

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

Tanupriya Gupta
Partner

M. No: 511757

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



“Annexure – B” to the Auditor’s Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Indian Railway Finance Corporation Limited (‘the Company’)** as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

TanuPriya Gupta
Partner
M. No: 511757

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



Annexure-C to Independent Auditor's Report

Directions under section 143(5) of Companies Act 2013

Sl. No.	Directions	Auditor's Remark
1	Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold for which title/lease deeds are not available?	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of office building are not held in the name of the company, the sale/transfer deed is yet to be executed in favour of the company. The same has also been disclosed in Note 31 of the financial statements
2	Please report whether there are any case of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved	According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no cases of waiver/write off of debts/loans/interest etc. during the year under audit. Hence no comments are made on requirements of Direction No.2.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The Company is a Non-Banking Finance Company and not engages in the business of any trading, manufacturing, mining or processing, and does not maintain any inventory of any nature of either with itself or with any third party. Hence no comments are made on requirements of Direction No.3.

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

TanuPriya Gupta
Partner
M.No: 511757

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



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDIAN RAILWAY FINANCE CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of financial statements of **Indian Railway Finance Corporation Limited** for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 10 August 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **Indian Railway Finance Corporation Limited** for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

Sd

(B. R. Mondal)
Principal Director (RC)
New Delhi

Place: New Delhi
Dated: 26 August, 2016



CSR Activities

Camp held by the Company at Hardoi (UP) for distribution of Aids & Appliances to Divyaangs (Persons with Disabilities)



Divyaangs with the Aids & Appliances given by the Company





CSR Activities

Solar Powered Street Light System provided in one of the backward villages of Allahabad District (U.P.)



Solar Powered Street Light System provided in one of the backward villages of Ghazipur District (U.P.)



Plant for conversion of bio-waste into electricity and bio-manure, funded by IRFC, has been installed and commissioned by Indian Railways Organisation for Alternate Fuels at Kishanganj, Delhi.



Rest of Management
Team of IRFC



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



Sh. S. Radhakrishnan
GGM (ECB)



Sh. A. Samantaray
Jt. GM (F & A)



Sh. Anup Kumar Dubey
Dy. Manager



Smt. Nithya Varadharajan
Asstt. Manager



Meeting with
Foreign Investors



Meeting with
Foreign Investors



Company officials in a
training session



Indian Railway Finance Corporation Ltd.

(A Government of India Enterprise)

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