

# Indian Railway Finance Corporation Limited

**Balance Sheet as at 31st March 2017**

(Rs. in Lakhs)

Particulars	Note No.	As at 31-03-2017	As at 31-03-2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	652646.00	452646.00
(b) Reserves & Surplus	3	548313.71	499889.02
		<b>1200959.71</b>	<b>952535.02</b>
<b>(2) Share Application Money Pending Allotment</b>	4	0.00	200000.00
<b>(3) Non-current Liabilities</b>			
(a) Long Term Borrowings	5	9671026.87	7589206.70
(b) Deferred Tax Liabilities (Net)	6	638991.66	564599.73
(c) Other Long Term Liabilities	7	174120.26	51201.26
(d) Long Term Provisions	8	116.19	124.28
		<b>10484254.98</b>	<b>8205131.97</b>
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	9	576935.29	567572.03
(b) Other Current Liabilities	10	697958.72	891186.57
(c) Short Term Provisions	11	4854.38	23613.17
		<b>1279748.39</b>	<b>1482371.77</b>
<b>Total</b>		<b>12964963.08</b>	<b>10840038.76</b>
<b>II. ASSETS</b>			
<b>(5) Non-current Assets</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		1150.35	1173.81
(ii) Intangible Assets		1.19	2.06
(b) Non-Current Investments	13	654.00	786.79
(c) Long Term Loans and Advances	14	11662704.05	9699935.15
(d) Other Non-current Assets	15	191735.98	88718.11
		<b>11856245.57</b>	<b>9790615.92</b>
<b>(6) Current Assets</b>			
(a) Cash and Bank Balances	16	751.75	121120.82
(b) Short Term Loans and Advances	17	289906.79	168921.47
(c) Other Current Assets	18	818058.97	759380.55
		<b>1108717.51</b>	<b>1049422.84</b>
<b>Total</b>		<b>12964963.08</b>	<b>10840038.76</b>
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

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

**For SPMG & Co.**

Chartered Accountants

FRN-509249C

(Vinod Gupta)

(Partner)

M.No. 090687

Place: New Delhi

Date : 31-07-2017



(S.K.Ajmani)

Company Secretary  
& GGM (Term Loans)

**For and on behalf of the Board of Directors**

(Niraj Kumar)

Director Finance  
DIN: 00795972

(S.K.Pattanayak)

Managing Director  
DIN: 02396063

## Indian Railway Finance Corporation Limited

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

(Rs. in Lakhs)

Particulars	Note No.	Year ended 31-03-17	Year ended 31-03-16
Revenue from operations	19	904677.44	750623.92
Other income	20	88.60	106.57
<b>Total Revenue</b>		<b>904766.04</b>	<b>750730.49</b>
Expenses:			
Employee benefits expense	21	299.54	408.90
Finance costs	22	688807.79	551877.11
Exchange Rate Variation		99.30	12.46
Depreciation and amortization expense	12	35.02	34.66
CSR Expenses		1677.47	3023.75
Other expenses	23	520.08	382.03
<b>Total Expenses</b>		<b>691439.20</b>	<b>555738.91</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>213326.84</b>	<b>194991.58</b>
Exceptional items		-	-
<b>Profit before extraordinary items and tax</b>		<b>213326.84</b>	<b>194991.58</b>
Extraordinary Items		-	-
<b>Profit before tax</b>		<b>213326.84</b>	<b>194991.58</b>
Tax expense:			
(1) Current tax (MAT)		45523.15	41613.14
(2) Tax For Earlier Years (MAT)		30.62	-
(3) Deferred tax		74391.93	68509.18
		<b>119945.70</b>	<b>110122.32</b>
<b>Profit for the period</b>		<b>93381.14</b>	<b>84869.26</b>
Earnings per equity share (in Rs):	24		
(1) Basic		143.08	200.78
(2) Diluted		143.08	199.59
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

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

**For SPMG & Co.**

Chartered Accountants  
FRN-509249C

**(Vinod Gupta)**

(Partner)

M.No. 090687

Place: New Delhi

Date : 31-07-2017



**(S.K.Ajmani)**

Company Secretary  
& GGM (Term Loans)

**For and on behalf of the Board of Directors**

**(Niraj Kumar)**

Director Finance  
DIN: 00795972

**(S.K.Pattanayak)**

Managing Director  
DIN: 02396063



# Indian Railway Finance Corporation Limited

Cash Flow Statement for the year ended 31<sup>st</sup> March 2017

(Rs. in Lakhs)

Particulars	Year ended 31-03-17	Year ended 31-03-16															
<b>A. Cash Flow from Operating activities::</b>																	
Profit Before Tax::	213326.84	194991.58															
Adjustments for::																	
1-Depreciation	35.02	34.66															
2-(Profit) / Loss on sale of fixed assets (Net)	1.69	0.75															
3-Lease Rentals advance amortised	0.00	3464.31															
4-Discount on Commercial Papers	11135.39	2656.17															
5-Exchange Rate Variation	99.30	12.46															
6-Amortisation of Interest Restructuring Advance	0.00	1.14															
7-Amortisation of Gain on asset securitisation	(80.72)	(109.38)															
8-Provision for Interest Payable to Income Tax Authorities	15.45	0.00															
9-Dividend Received	(45.42)	(44.90)															
10-Amortisation of Forward Premium on Currency Forward Contract	19,736.06	1,635.04															
	<b>244223.61</b>	<b>202641.84</b>															
<b>Adjustments for-</b>																	
11-Assets given on financial lease during the year	(1428084.14)	(1607871.03)															
12-Capital Recovery on assets given on financial lease	656799.68	577559.37															
13-Receipt on account of Long term loans during the year	18190.83	17324.17															
14-Term Loans disbursed during the year	(3713.00)	(25590.00)															
15-Loans & Advances (Net of Adv. Tax & ERV)	(1368008.17)	-776909.47															
16-Other Bank Balances (Fixed Deposits with maturity of more than 3 Months)	0.00	0.00															
17-Other Non Current Assets	(109241.46)	(13042.85)															
18-Other Current Assets	1325.24	-789.54															
19-Other Non-Current Liabilities	92427.62	6971.63															
20-Current Liabilities	-4757.79	28517.70															
21-Provisions	(11.81)	(122.78)															
22-Direct Taxes Paid	(44668.94)	(46438.92)															
	<b>(2189741.96)</b>	<b>(1840391.72)</b>															
<b>Net Cash flow from Operations</b>	<b>(1945518.36)</b>	<b>(1637749.88)</b>															
<b>B. Cash Flow from Investments Activities:</b>																	
1-Purchase of Fixed Assets	(13.66)	(11.84)															
2-Proceeds from sale of Fixed Assets	1.28	1.20															
3-Dividend Received	45.42	44.90															
4-Proceeds from Pass Through Certificates	145.50	159.46															
5-Investment in Pass Through Certificates	-	-															
	<b>178.54</b>	<b>193.72</b>															
<b>C. Cash flow from Financing activities::</b>																	
1-Dividend & Dividend Tax Paid during the year	(66780.62)	(18239.83)															
2-Share Capital Raised during the year	0.00	40,000.00															
3-Share Application Money received	0.00	200000.00															
4-Funds raised through Bonds	1792000.00	1920363.94															
5-Bonds Redeemed during the year	(372562.00)	(48198.00)															
6-Term Loans raised during the year	2582985.56	1075010.30															
7-Term Loans repaid during the year	(2158026.66)	(1335354.32)															
8-Commercial Paper Issued	770998.98	595930.87															
9-Commercial Paper redeemed	(502000.00)	-302000.00															
10-Funds raised through External Commercial Borrowings	0.00	267219.20															
11-Repayment of External Commercial Borrowings	(220401.36)	-633630.09															
12-Payment towards Currency Forward Contracts	(1241.15)	-2931.80															
	<b>1824970.75</b>	<b>1758170.27</b>															
<b>Net Cash Flow During the year(A+B+C)</b>	<b>-120369.07</b>	<b>120614.10</b>															
<b>Opening Balance of Cash &amp; Cash Equivalents::</b>																	
Balance in the Current Accounts	1119.77	505.58															
Cheque in Hand	120000.00	-															
Balance in Franking Machine	0.03	0.12															
Balance in RBI-PLA	1.02	1.02															
	<b>121120.82</b>	<b>506.72</b>															
<b>Closing Balance of Cash or Cash Equivalents</b>	<b>751.75</b>	<b>121120.82</b>															
<p>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.</p> <p>2. Figures in bracket represent cash outflow from respective activities</p> <p>3. Previous year figures have been regrouped / rearranged wherever found necessary to make them comparable with the current year figures.</p> <p>4. Composition of Cash or Cash Equivalents at the end of the year:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">-Balance in Current Accounts</td> <td style="text-align: right;">750.69</td> <td style="text-align: right;">1119.77</td> </tr> <tr> <td>-Cheques in hand</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">120000.00</td> </tr> <tr> <td>-Balance in Franking Machine</td> <td style="text-align: right;">0.04</td> <td style="text-align: right;">0.03</td> </tr> <tr> <td>-Balance in RBI-PLA</td> <td style="text-align: right;">1.02</td> <td style="text-align: right;">1.02</td> </tr> <tr> <td style="text-align: right;"><b>Total</b></td> <td style="text-align: right;"><b>751.75</b></td> <td style="text-align: right;"><b>121120.82</b></td> </tr> </table> <p>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.</p> <p>6. Balance in Current Accounts includes a sum of Rs.657.36 lakhs (P.Y. Rs. 1036.68 lakhs) lying unpaid in Interest / Redemption A/Cs is not available for use by the Company.</p>			-Balance in Current Accounts	750.69	1119.77	-Cheques in hand	0.00	120000.00	-Balance in Franking Machine	0.04	0.03	-Balance in RBI-PLA	1.02	1.02	<b>Total</b>	<b>751.75</b>	<b>121120.82</b>
-Balance in Current Accounts	750.69	1119.77															
-Cheques in hand	0.00	120000.00															
-Balance in Franking Machine	0.04	0.03															
-Balance in RBI-PLA	1.02	1.02															
<b>Total</b>	<b>751.75</b>	<b>121120.82</b>															

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

**For SPMG & Co.**

Chartered Accountants  
FRN-509249C

(Vinod Gupta)

(Partner)

M.No. 090687

Place: New Delhi

Date : 31-07-2017



(S.K.Ajmani)

Company Secretary  
& GGM (Term Loans)

**For and on behalf of the Board of Directors**

(Niraj Kumar)

Director Finance  
DIN: 00795972

(S.K.Pattanayak)

Managing Director  
DIN: 02396063

# Indian Railway Finance Corporation Limited

## Significant Accounting policies and Notes on Financial Statements for the year ended 31<sup>st</sup> March, 2017

### Company overview

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

### 1. Significant Accounting Policies

#### I. Basis for preparation of Financial Statements

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

#### b) Use of Estimates

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

#### II. Revenue Recognition

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

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

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

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





### III. **Foreign Currency Transactions**

#### a) **Initial Recognition**

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

#### b) **Recognition at the end of Accounting Period**

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

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

#### c) **Exchange Differences**

i) Exchange differences arising on the actual settlement of monetary assets and liabilities at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than the exchange differences on settlement of foreign currency loans and interest thereon recoverable separately from the lessee under the lease agreements, are recognised as income or expenses in the year in which they arise.

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

### IV. **Investments**

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

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

### V. **Leased Assets**

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

### VI. **Fixed Assets, Depreciation and Amortization**

a) Fixed assets are stated at cost, less accumulated depreciation. Cost includes all expenses incurred to bring the assets to their present location and condition.

b) Depreciation on Fixed Assets is provided on straight-line method over the useful life of assets as prescribed under Part-C of Schedule II of the Companies Act, 2013. Depreciation on assets purchased / sold during a period is proportionately charged.



c) Software are amortized over 5 years on straight-line method.

VII. (a) **Securitisation of Lease Receivables**

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

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

(b) **Assignment of Lease Receivables**

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

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

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

b) Documentation, processing & other charges paid on Long Term Loans are charged to the Statement of Profit & Loss in the year in which the expenses are incurred.

c) Incidental expenses incurred in connection with the Securitisation transaction executed during the year are charged to the Statement of Profit and Loss of the same year.

IX. **Taxes on Income**

Tax expense comprises Current Tax and Deferred Tax.

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

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

X. **Employee Benefits**

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





### **Short Term Employee Benefits**

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

### **Post-Employment Benefits**

#### Defined Contribution Plans

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

#### Defined Benefit Plans

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

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

### **XI. Provisions, Contingent Liabilities and Contingent Assets**

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

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

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

### **XII. Leasing of Railway Infrastructure Assets**

In terms of Accounting Standard-19, the inception of lease takes place at the earlier of the date of the lease agreement and the date of a commitment by the parties to the principal provisions of the lease. As such, in respect of Railway Infrastructure Assets, which are under construction and where the Memorandum of Understanding / terms containing the principal provisions of the lease are in effect with the Lessee, pending execution of the lease agreement, the transactions relating to the lease are accounted for as under:

- i. Advances for construction / development of Railway Infrastructure Assets are shown as 'Advances against Lease of Rly. Infrastructure Assets'
- ii. The borrowing costs in respect of the funds advanced by the Lessor for construction period of Infrastructure Assets, are charged to the Statement of Profit and Loss.
- iii. The implicit finance charges are accrued as income.



XIII. **Cash and Cash Equivalents**

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

XIV. **Cash Flow Statement**

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

XV. **Derivatives**

- a) The Company uses foreign exchange forwards, cross currency swaps and interest rate swaps to hedge on balance sheet liabilities.
- b) In respect of the foreign currency forward contracts, the difference between the forward rate and exchange rate on the date of transaction are recognized as income or expense over the life of contract in terms of Accounting Standard – 11.
- c) The other derivative contracts are accounted for in terms of the Guidance Note on Accounting for Derivative Contracts issued by the Institute of Chartered Accountants of India (ICAI).

**2. Share Capital**

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
<b>AUTHORISED</b> 1500,00,000 (previous year 1500,00,000) Equity Share of Rs. 1000/-each	<b>1500000.00</b>	1500000.00
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b> 6,52,64,600 (previous year 4,52,64,600) Equity Shares of Rs. 1000/- each	<b>652646.00</b>	452646.00
<b>Total</b>	<b>652646.00</b>	452646.00

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

2.2 The Company declares and pays dividend in Indian Rupees. During the year ended March 31, 2017, the total dividend appropriation was Rs. 44956.45 Lakhs (Previous Year Rs. 40859.02 Lakhs) including corporate dividend tax of Rs. 7603.99 Lakhs (Previous Year 6911.02 Lakhs).

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

Particulars	As at 31-03-2017 No. of shares	As at 31-03-2016 No. of shares
Equity Shares at the beginning of the year	45264600	35839600
Add: Shares issued for cash at par	20000000	9425000
Equity Shares at the end of the year	<b>65264600</b>	<b>45264600</b>





2.4 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31-03-2017		As at 31-03-2016	
	No of shares	% held	No of shares	% held
The President of India and his nominees (through Ministry of Railways)	65264600	100%	45264600	100%

**3. Reserves and Surplus**

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
<b>Securities Premium Account</b>		
Opening Balance	421.09	57.15
Add: Received during the period	0	363.94
<b>Closing Balance - 'A'</b>	<b>421.09</b>	<b>421.09</b>
<b>Bonds Redemption Reserve</b>		
Opening Balance	439069.23	395058.99
Add: Transfer from Surplus	48424.69	44010.24
<b>Closing Balance - 'B'</b>	<b>487493.92</b>	<b>439069.23</b>
<b>General Reserve - 'C'</b>	<b>60398.70</b>	<b>60398.70</b>
<b>Surplus</b>		
Opening Balance	0.00	0.00
Add: Profit for the year as per statement of Profit and Loss	93381.14	84869.26
Surplus available for appropriation	93381.14	84869.26
<b>Less: Appropriations</b>		
Transfer to General Reserve	0.00	0.00
Transfer to Bonds Redemption Reserve	48424.69	44010.24
Interim Dividend	34000.00	15000.00
Proposed Final Dividend	3352.46	18948.00
Dividend Tax	7603.99	6911.02
<b>Closing Balance - 'D'</b>	<b>0.00</b>	<b>0.00</b>
<b>Total A + B + C + D</b>	<b>548313.71</b>	<b>499889.02</b>

**4. Share Application Money**

The Company had opening balance of share application money of Rs 200000 Lakhs received from its existing Shareholder i.e. President of India through Ministry of Railways, Govt. of India in respect of which the Company issued 200,00,000 equity shares of Rs 1000 each at par on 11<sup>th</sup> May 2016.



## 5. Long Term Borrowings

(Rs. in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
	Non Current	Current	Non Current	Current
<b>Secured</b>				
Bonds from Domestic Capital Market	7234750.37	192756.00	5935506.37	372562.00
Rupee Term Loans from Banks	10000.00	0.00	0.00	1972.00
Foreign Currency Term Loans	7872.00	1968.00	10015.50	2003.10
<b>Total Secured Borrowings</b>	<b>7252622.37</b>	<b>194724.00</b>	<b>5945521.87</b>	<b>376537.10</b>
<b>Unsecured</b>				
Bonds from Domestic Capital Market	1000000.00	0.00	700000.00	0.00
Bonds from Overseas Capital Market	328000.00	196800.00	534160.00	83462.50
Rupee Term Loans from Banks	708000.00	0.00	20300.00	0.00
Foreign Currency Term Loans	382404.50	0.00	389224.83	133540.00
<b>Total Unsecured Borrowings</b>	<b>2418404.50</b>	<b>196800.00</b>	<b>1643684.83</b>	<b>217002.50</b>
<b>Total Long Term Borrowings</b>	<b>9671026.87</b>	<b>391524.00</b>	<b>7589206.70</b>	<b>593539.60</b>

5.1 The secured bonds issued in the domestic capital market and outstanding as on 31-03-2017 are secured by first pari passu charge on the present / future Rolling stock assets / lease receivables of the Company.

5.1.1 Maturity profile and Rate of Interest of the bonds (classified as Long Term Borrowings) issued in the domestic capital market and amount outstanding as on 31-03-2017 is set out below:

(Rs. in Lakhs)

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
104th 'A' Series Tax Free Bonds Public Issue	7.50%, Annual	36963.42	Bullet	21-Dec-35
104th Series Tax Free Bonds Public Issue	7.25%, Annual	29441.58	Bullet	21-Dec-35
71st "E" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-35
70th "E" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-35
71st "D" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-34
70th "D" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-34
71st "C" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-33
70th "C" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-33
71st "B" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-32
70th "B" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-32





Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
71st "A" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-31
76th "B" Taxable Non-Cum. Bonds	9.47%, Semi Annual	99500.00	Bullet	10-May-31
70th "A" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-31
108th 'A' Series Tax Free Bonds Public Issue	7.64%, Annual	119431.30	Bullet	22-Mar-31
108th Series Tax Free Bonds Public Issue	7.35%, Annual	101637.60	Bullet	22-Mar-31
103rd 'A' Series Tax Free Bonds Public Issue	7.53%, Annual	107421.72	Bullet	21-Dec-30
103rd Series Tax Free Bonds Public Issue	7.28%, Annual	205731.03	Bullet	21-Dec-30
70th "AA" Taxable Non-Cum. Bonds	8.79%, Semi Annual	141000.00	Bullet	4-May-30
67th "B" Taxable Non-Cum. Bonds	8.80%, Semi Annual	38500.00	Bullet	3-Feb-30
96th Series Tax Free Bonds Public Issue	8.63%, Annual	94791.32	Bullet	26-Mar-29
96th A Series Tax Free Bonds Public Issue	8.88%, Annual	43641.41	Bullet	26-Mar-29
92nd Series Tax Free Bonds Public Issue	8.40%, Annual	109018.68	Bullet	18-Feb-29
92nd A Series Tax Free Bonds Public Issue	8.65%, Annual	68835.91	Bullet	18-Feb-29
94th A Series Tax Free Non-Cum Bonds	8.55%, Annual	1300.00	Bullet	12-Feb-29
93rd A Series Tax Free Non-Cum Bonds	8.55%, Annual	165000.00	Bullet	10-Feb-29
90th A Series Tax Free Non-Cum Bonds	8.48%, Annual	5500.00	Bullet	27-Nov-28
89th A Series Tax Free Non-Cum Bonds	8.48%, Annual	73800.00	Bullet	21-Nov-28
87th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.04% Annual	21867.42	Bullet	23-Mar-28
87th 'A' Series (Retail), Tax Free Bonds Public Issue	7.54% Annual	4520.96	Bullet	23-Mar-28
86th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.34% Annual	229705.93	Bullet	19-Feb-28
86th 'A' Series (Retail), Tax Free Bonds Public Issue	7.84% Annual	26185.10	Bullet	19-Feb-28
83rd 'A' Tax Free Non-Cum. Bonds	7.39% Annual	9500.00	Bullet	6-Dec-27
82nd 'A' Tax Free Non-Cum. Bonds	7.38% Annual	3000.00	Bullet	30-Nov-27
81st 'A' Tax Free Non-Cum. Bonds	7.38%, Annual	6670.00	Bullet	26-Nov-27
54th "B" Taxable Non-Cum. Bonds	10.04%, Semi Annual	32000.00	Bullet	7-Jun-27
118th Taxable Non Cum - Bonds	7.83%, Annual	295000.00	Bullet	21-Mar-27
80th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	8.10%, Annual	274635.39	Bullet	23-Feb-27

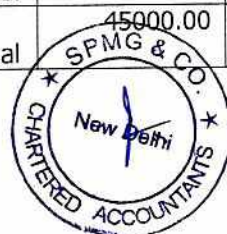


<b>Series</b>	<b>Interest Rate (per annum)</b>	<b>Amount outstanding</b>	<b>Terms of Repayment</b>	<b>Date of Maturity</b>
80th 'A' Series (Retail), Tax Free Bonds Public Issue	8.30%, Annual	34929.80	Bullet	23-Feb-27
53rd "C" Taxable Non-Cum. Bonds	8.75%, Semi Annual	41000.00	Bullet	29-Nov-26
79th "A" Tax Free Non-Cum. Bonds	7.77%, Annual	19151.00	Bullet	8-Nov-26
76th "A" Taxable Non-Cum. Bonds	9.33%, Semi Annual	25500.00	Bullet	10-May-26
75th Taxable Non-Cum. Bonds	9.09%, Semi Annual	15000.00	Bullet	31-Mar-26
74th Taxable Non-Cum. Bonds	9.09%, Semi Annual	107600.00	Bullet	29-Mar-26
107th 'A' Series Tax Free Bonds Public Issue	7.29%, Annual	19071.38	Bullet	22-Mar-26
107th Series Tax Free Bonds Public Issue	7.04%, Annual	4859.72	Bullet	22-Mar-26
106th Series Tax Free Bonds Public Issue	7.04%, Annual	105000.00	Bullet	3-Mar-26
102nd 'A' Series Tax Free Bonds Public Issue	7.32%, Annual	36894.86	Bullet	21-Dec-25
102nd Series Tax Free Bonds Public Issue	7.07%, Annual	36747.39	Bullet	21-Dec-25
100th Series Tax Free Non-Cum Bonds	7.15%, Annual	32900.00	Bullet	21-Aug-25
99th Series Tax Free Non-Cum Bonds	7.19%, Annual	113900.00	Bullet	31-Jul-25
69th Taxable Non-Cum. Bonds	8.95%, Semi Annual	60000.00	Bullet	10-Mar-25
67th "A" Taxable Non-Cum. Bonds	8.65%, Semi Annual	20000.00	Bullet	3-Feb-25
65th "O" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-24
95th Series Tax Free Bonds Public Issue	8.19%, Annual	23115.20	Bullet	26-Mar-24
95th A Series Tax Free Bonds Public Issue	8.44%, Annual	12973.84	Bullet	26-Mar-24
91st Series Tax Free Bonds Public Issue	8.23%, Annual	177832.10	Bullet	18-Feb-24
91st A Series Tax Free Bonds Public Issue	8.48%, Annual	52625.46	Bullet	18-Feb-24
63rd "B" Taxable Non-Cum. Bonds	8.65%, Semi Annual	31500.00	Bullet	15-Jan-24
62nd "B" Taxable Non-Cum. Bonds	8.50%, Semi Annual	28500.00	Bullet	26-Dec-23
90th Series Tax Free Non-Cum Bonds	8.35%, Annual	5700.00	Bullet	27-Nov-23
89th Series Tax Free Non-Cum Bonds	8.35%, Annual	48700.00	Bullet	21-Nov-23
61st "A" Taxable Non-Cum. Bonds	10.70%, Semi Annual	61500.00	Bullet	11-Sep-23
65th "N" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-23
88th Taxable Non-Cum. Bonds	8.83% Annual	110000.00	Bullet	25-Mar-23





<b>Series</b>	<b>Interest Rate (per annum)</b>	<b>Amount outstanding</b>	<b>Terms of Repayment</b>	<b>Date of Maturity</b>
87th Series (Non-Retail), Tax Free Bonds Public Issue	6.88% Annual	13487.78	Bullet	23-Mar-23
87th Series (Retail), Tax Free Bonds Public Issue	7.38% Annual	3029.22	Bullet	23-Mar-23
86th Series (Non-Retail), Tax Free Bonds Public Issue	7.18% Annual	265518.43	Bullet	19-Feb-23
86th Series (Retail), Tax Free Bonds Public Issue	7.68% Annual	15929.61	Bullet	19-Feb-23
85th Tax Free Non-Cum. Bonds	7.19% Annual	9500.00	Bullet	14-Dec-22
84th Tax Free Non-Cum. Bonds	7.22% Annual	49990.00	Bullet	7-Dec-22
83rd Tax Free Non-Cum. Bonds	7.22% Annual	3000.00	Bullet	6-Dec-22
82nd Tax Free Non-Cum. Bonds	7.22% Annual	4100.00	Bullet	30-Nov-22
81st Tax Free Non-Cum. Bonds	7.21% Annual	25600.00	Bullet	26-Nov-22
58th "A" Taxable Non-Cum. Bonds	9.20%, Semi Annual	50000.00	Bullet	29-Oct-22
54th "A" Taxable Non-Cum. Bonds	9.95%, Semi Annual	15000.00	Bullet	7-Jun-22
55th "O" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-22
65th "M" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-22
80th Series (Non-Retail) Tax Free Bonds Public Issue	8%, Annual	280820.04	Bullet	23-Feb-22
80th Series (Retail) Tax Free Bonds Public Issue	8.15%, Annual	36503.77	Bullet	23-Feb-22
115th Taxable Non Cum - Bonds	6.73%, Annual	80000.00	Bullet	23-Jan-22
53rd "B" Taxable Non-Cum. Bonds	8.68%, Semi Annual	22500.00	Bullet	29-Nov-21
114th Taxable Non Cum - Bonds	6.70%, Annual	200000.00	Bullet	24-Nov-21
113th Taxable Non Cum - Bonds	7.24%, Annual	65000.00	Bullet	8-Nov-21
79th Tax Free Non-Cum. Bonds	7.55%, Annual	53960.00	Bullet	8-Nov-21
78th Taxable Non-Cum. Bonds	9.41%, Semi Annual	150000.00	Bullet	28-Jul-21
55th "N" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-21
77th Taxable Non-Cum. Bonds	9.57%, Semi Annual	124500.00	Bullet	31-May-21
52nd "B" Taxable Non-Cum. Bonds	8.64%, Semi Annual	70000.00	Bullet	17-May-21
76th Taxable Non-Cum. Bonds	9.27%, Semi Annual	39000.00	Bullet	10-May-21
65th "L" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-21
51st Taxable Non-Cum. Bonds	7.74%, Semi Annual	45000.00	Bullet	22-Dec-20



<b>Series</b>	<b>Interest Rate (per annum)</b>	<b>Amount outstanding</b>	<b>Terms of Repayment</b>	<b>Date of Maturity</b>
73rd "B" Tax Free Non-Cum. Bonds	6.72%, Semi Annual	83591.00	Bullet	20-Dec-20
49th "O" - FRB Taxable Non-Cum. Bonds	7.78%*, Semi Annual	1000.00	Bullet	22-Jun-20
72nd Taxable Non-Cum. Bonds	8.50%, Semi Annual	80000.00	Bullet	22-Jun-20
55th "M" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-20
119th Taxable Non - Cum Bonds	7.20%, Annual	237500.00	Bullet	31-May-20
65th "K" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-20
68th "B" Tax Free Non-Cum. Bonds	6.70%, Semi Annual	92721.00	Bullet	8-Mar-20
67th Taxable Non-Cum. Bonds	8.55%, Semi Annual	17500.00	Bullet	3-Feb-20
112th Taxable Non - Cum Bonds	6.92%, Annual	150000.00	Bullet	10-Nov-19
48th "JJ" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet	17-Sep-19
111th Taxable Non Cum - Bonds	7.65%, Annual	100000.00	Bullet	30-Jul-19
49th "N" - FRB Taxable Non-Cum. Bonds	7.65%*, Semi Annual	1000.00	Bullet	22-Jun-19
66th Taxable Non-Cum. Bonds	8.60%, Semi Annual	50000.00	Bullet	11-Jun-19
55th "L" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-19
65th "AA" Taxable Non-Cum. Bonds	8.19%, Semi Annual	56000.00	Bullet	27-Apr-19
65th "J" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-19
105th Series Taxable Non-Cum Bonds	8.33%, Annual	150000.00	Bullet	26-Mar-19
47th "O" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet	26-Mar-19
63rd "A" Taxable Non-Cum. Bonds	8.55%, Semi Annual	170500.00	Bullet	15-Jan-19
62nd "A" Taxable Non-Cum. Bonds	8.45%, Semi Annual	50000.00	Bullet	26-Dec-18
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	100000.00	Redeemable in five equal yearly instalments commencing from 28-09-2018	28-Sep-18
48th "II" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet	17-Sep-18
117th Taxable Non Cum - Bonds	7.15%, Annual	148000.00	Bullet	16-Sep-18
61st Taxable Non-Cum. Bonds	10.60%, Semi Annual	85500.00	Bullet	11-Sep-18
116th Taxable Non Cum - Bonds	7.00%, Annual	216500.00	Bullet	10-Sep-18





Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
46th "EE" Taxable Non-Cum. Bonds	6.20%, Semi Annual	2500.00	Bullet	12-Aug-18
46th "O" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet	12-Aug-18
49th "M" - FRB Taxable Non-Cum. Bonds	7.72%*, Semi Annual	1000.00	Bullet	22-Jun-18
55th "K" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-18
60th Taxable Non-Cum. Bonds	9.43%, Semi Annual	60400.00	Bullet	23-May-18
45th "OO" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet	13-May-18
65th "I" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-18
<b>Total</b>		<b>7234750.37</b>		

5.1.2 Maturity profile and Rate of Interest of the secured bonds (classified as Other Current Liabilities) issued in the domestic capital market and amount outstanding as on 31-03-2017 is set out below:

(Rs. in Lakhs)

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
47th "N" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet	26-Mar-18
73rd "A" Tax Free Non-Cum. Bonds	6.32%, Semi Annual	28456.00	Bullet	20-Dec-17
43rd "OO" Taxable Non-Cum. Bonds	7.63%, Semi Annual	3000.00	Bullet	29-Oct-17
48th "HH" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet	17-Sep-17
42nd "O" Taxable Non-Cum. Bonds	8%, Semi Annual	1000.00	Bullet	29-Aug-17
46th "N" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet	12-Aug-17
49th "L" - FRB Taxable Non-Cum. Bonds	7.71%*, Semi Annual	1000.00	Bullet	22-Jun-17
54th Taxable Non-Cum. Bonds	9.81%, Semi Annual	22000.00	Bullet	7-Jun-17
55th "J" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-17
45th "NN" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet	13-May-17
65th "H" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-17
98th Series Taxable Non-Cum Bonds	7.95%, Annual	120000.00	Bullet	10-Apr-17
<b>Total</b>		<b>192756.00</b>		

\* Applicable interest rate as on 31-03-2017 (interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half yearly rest). All other interest rates are fixed.

5.2 Rupee Term Loan availed from Bank is secured by first pari passu charge on the present / future rolling stock assets / lease receivables of the Company. Terms of Repayment and amount outstanding as on 31-03-2017 of the facility is given below:



(Rs. in Lakhs)

Name of Bank	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Canara Bank	8.25% p.a., linked to 1 month MCLR	30-Jun-18	Bullet	10000.00	0.00	10000.00
<b>Total</b>				<b>10000.00</b>	<b>0.00</b>	<b>10000.00</b>

Note: The Company has unconditional prepayment option for the above facility

- 5.3 Foreign Currency Term Loan availed is secured by first pari passu charge on the present / future rolling stock assets / lease receivables of the Company. Terms of Repayment and amount outstanding as on 31-03-2017 is as follows:

(Rs. in Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current	Total
Bank of India	6M USD LIBOR+1.25 % p.a.	30-Apr-17	Half Yearly repayable in 10 equal installments	7872.00	1968.00	9840.00
<b>Total</b>				<b>7872.00</b>	<b>1968.00</b>	<b>9840.00</b>

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

- 5.4 The unsecured bonds issued in the domestic capital market and outstanding as on 31-03-2017 are as follows:

(Rs. in Lakhs)

Series	Interest Rate	Amount outstanding	Terms of Repayment
110th Series Taxable Bonds*	7.80% p.a., payable Semi Annual	300000.00	Redeemable in forty equal half yearly instalments commencing from 22-06-2027
109th Series Taxable Bonds *	8.02% p.a., payable Semi Annual	500000.00	Redeemable in forty equal half yearly instalments commencing from 30-03-2027
101st Series Taxable Bonds*	7.87% p.a., payable Semi Annual	200000.00	Redeemable in forty equal half yearly instalments commencing from 27-10-2026
<b>Total</b>		<b>1000000.00</b>	

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

- 5.5 Maturity profile and interest rate on Unsecured Bonds from Overseas Capital Market (classified as long term borrowing) and amount outstanding as on 31-03-2017 is set out below:

(Rs. in Lakhs)

Particulars	Interest Rate	Non-Current	Current	Term of Repayment	Date of Maturity
Reg-S Bonds 3 <sup>rd</sup> Series (USD 500 Million)	3.917% p.a., Semi Annual	328000.00	0.00	Bullet Repayment	26-Feb-19
Reg-S Bonds 2 <sup>nd</sup> Series (USD 300 Million)	3.417 % p.a., Semi Annual	0.00	196800.00	Bullet Repayment	10-Oct-17
<b>Total</b>		<b>328000.00</b>	<b>196800.00</b>		





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

(Rs. in Lakhs)

Name of Bank	Rate of Interest (per annum)	Date of Maturity	Repayment	Non-Current	Current	Total
Allahabad Bank	8.15%, Linked to MCLR	30-Jun-18	Bullet	50000.00	0.00	50000.00
Bank of India	8.15%, Linked to MCLR	30-Apr-18	Bullet	200000.00	0.00	200000.00
HDFC Bank Limited	7.85%, Linked to MCLR	30-Apr-18	Bullet	150000.00	0.00	150000.00
ICICI Bank Limited	7.85%, Linked to MCLR	30-Apr-18	Bullet	250000.00	0.00	250000.00
J&K Bank Limited	8.10%, Linked to MCLR	30-Apr-18	Bullet	30000.00	0.00	30000.00
Punjab National Bank	8.25%, Linked to MCLR	30-Apr-18	Bullet	10000.00	0.00	10000.00
Union Bank of India	8.20%, Linked to MCLR	30-Apr-18	Bullet	10000.00	0.00	10000.00
Corporation Bank	8.25%, Linked to MCLR	30-Apr-18	Bullet	8000.00	0.00	8000.00
<b>Total</b>				<b>708000.00</b>	<b>0.00</b>	<b>708000.00</b>

5.7 Terms of Repayment of the Unsecured Foreign Currency Loans and amount outstanding as on 31-03-2017 is as follows:

(Rs. in Lakhs)

Description	Rate of Interest (per annum)	Date of Maturity	Repayment	Non-Current	Current	Total
Syndicated Foreign Currency Loan-USD 400 Mio	6M USD LIBOR+0.60 %	03-Dec-18	Bullet	262400.00	0.00	262400.00
Loan From AFLAC-1	Fixed, 2.85%	10-Mar-26	Bullet	95708.20	0.00	95708.20
Loan From AFLAC-2	Fixed, 2.90%	30-Mar-26	Bullet	24296.30	0.00	24296.30
<b>Total</b>				<b>382404.50</b>	<b>0.00</b>	<b>382404.50</b>

## 6. Deferred Tax Liability (Net)

Major components of Net Deferred Tax Liability are as under:

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Liability on account of difference between WDV as per Income Tax Act, 1961 and the Companies Act, 2013.	906257.93	866348.36
<i>Less:</i> Deferred Tax Asset on account of Unabsorbed Depreciation	267233.95	301719.82
<i>Less:</i> Deferred Tax Asset on account of Provision for Post-Retirement Medical and Pension Plans	32.32	28.81
<b>Net Deferred Tax Liability</b>	<b>638991.66</b>	<b>564599.73</b>



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

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

## 7. Other Long Term Liabilities

(Rs. in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
	Non Current	Current	Non Current	Current
Unamortised Portion of Securitisation Gain*	83.82	58.41	142.23	80.72
Forward Contracts	62048.55	0.00	44087.40	0.00
Derivative Liabilities	29110.84	0.00	0.00	0.00
Interest Accrued but not due	82877.00	304299.37	6971.58	287677.87
Earnest Money Deposit	0.05	0.00	0.05	0.00
<b>Total</b>	<b>174120.26</b>	<b>304357.78</b>	<b>51201.26</b>	<b>287758.59</b>

\*Out of the unrecognised gain of Rs. 222.95 Lakhs (P.Y. 332.33 Lakhs), in respect of the Securitisation transactions executed during the previous years, a sum of Rs. 80.72 Lakhs (P.Y. Rs. 109.38 Lakhs) has been recognised during the year, leaving a balance of Rs. 142.23 Lakhs (P.Y. Rs. 222.95 Lakhs).

## 8. Long Term Provisions

(Rs. in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
	Non Current	Current	Non Current	Current
Leave Encashment (Net of funded amount)	22.79	14.73	37.12	13.94
Gratuity (Net of funded amount)	0.00	0.00	3.91	4.51
Post-Retirement Medical & Pension Benefits	93.40	0.00	83.25	0.00
<b>Total</b>	<b>116.19</b>	<b>14.73</b>	<b>124.28</b>	<b>18.45</b>

## 9. Short Term Borrowings

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
<b>Secured</b>		
Working Capital Demand Loan	0.00	249985.00
	<b>0.00</b>	<b>249985.00</b>
<b>Unsecured</b>		
Rupee Term Loans from Banks	215.90	21000.00





Particulars	As at 31-03-2017	As at 31-03-2016
Commercial Paper - I(Note-9.1)	576719.39	296587.03
	<b>576935.29</b>	<b>317587.03</b>
<b>Total</b>	<b>576935.29</b>	<b>567572.03</b>

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

(Rs. In Lakhs)

S.No	Particulars	Discount Rate	Date of maturity	Face Value	Unexpired Discount	O/s amount
1	CP series - IV	6.39% p.a.	12 <sup>th</sup> April, 2017	380000.00	725.27	379274.73
2	CP series - V	6.33% p.a.	15 <sup>th</sup> June, 2017	200000.00	2555.34	197444.66
<b>Total</b>				<b>580000.00</b>	<b>3280.61</b>	<b>576719.39</b>

## 10. Other Current Liabilities

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Current Maturities of Long Term Debt (Ref. Note No.5)	391524.000	593539.60
Interest Accrued but not due (Refer Note No.7)	304299.37	287677.87
Unamortised Securitisation Gain (Refer Note No. 7)	58.41	80.72
Liability for Matured and Unclaimed Bonds / Interest (Refer Note No. 35)	657.36	1035.68
<b>Other Payables:</b>		
Statutory Dues	1.56	1.49
Tax Deducted at Source Payable	1067.32	1849.24
Dividend Tax	0.00	3053.65
Others	350.70	3948.32
<b>Total</b>	<b>697958.72</b>	<b>891186.57</b>

## 11. Short Term Provisions

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Interest Payable on Income Tax	15.45	0.00
Corporate Social Responsibility (CSR)	789.35	789.35
Employee Benefits (Refer Note No.8)	14.73	18.45
Proposed Final Dividend	3352.46	18948.00
Dividend Tax on Proposed Final Dividend	682.39	3857.37
<b>Total</b>	<b>4854.38</b>	<b>23613.17</b>



## 12. Fixed Assets

(Rs. in Lakhs)

S.No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31-03-2016	Additions during the year	Sale / Adjustment during the year	As at 31-03-2017	Upto 31-03-2016	For the year	Adjustments during the year	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
	<b>Tangible Assets</b>										
1	Office Building	1524.23			1524.23	375.54	25.62		401.06	1123.17	1148.69
2	Airconditioners, Room Coolers / H	20.06	0.40	1.08	19.38	17.19	0.23	0.20	17.22	2.16	2.87
3	Office Equipments	31.50	4.51	2.73	33.28	24.19	3.38	1.14	26.43	6.85	7.31
4	Furniture & Fixtures	85.39	6.99	2.10	90.28	83.30	0.69	1.60	82.29	7.99	2.09
5	Franking Machine	1.19			1.19	0.63	0.28		0.91	0.28	0.56
6	Computer	59.72	1.76		61.48	51.57	3.11		54.68	6.80	8.15
7	Motor Car	10.24			10.24	6.83	0.85		7.68	2.56	3.41
8	Photo Copier	1.59			1.59	0.91	0.15		1.06	0.53	0.68
9	Water Cooler	0.29			0.29	0.25	0.04		0.29	0.00	0.04
10	Electric-Installation	1.80			1.80	1.80	0.00		1.80	0.00	0.00
	<b>Total</b>	<b>1736.01</b>	<b>13.66</b>	<b>5.91</b>	<b>1743.76</b>	<b>562.20</b>	<b>34.15</b>	<b>2.94</b>	<b>593.41</b>	<b>1150.35</b>	<b>1173.81</b>
	<b>Intangible Assets</b>										
1	Computer Software	4.34		-	4.34	2.28	0.87	-	3.15	1.19	2.06
	<b>Total</b>	<b>4.34</b>	<b>-</b>	<b>-</b>	<b>4.34</b>	<b>2.28</b>	<b>0.87</b>	<b>-</b>	<b>3.15</b>	<b>1.19</b>	<b>2.06</b>
	<b>Total Fixed Assets</b>	<b>1740.35</b>	<b>13.66</b>	<b>5.91</b>	<b>1748.10</b>	<b>564.48</b>	<b>35.02</b>	<b>2.94</b>	<b>596.56</b>	<b>1151.54</b>	<b>1175.87</b>
	Previous Year	1732.90	11.84	4.39	1740.35	532.24	34.66	2.41	564.48	1175.87	1200.67





### 13. Non Current Investments (At Cost)

(Rs. in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
	Non Current	Current	Non Current	Current
<b>Investments (Unquoted Non-Trade)</b>				
<b>Investments in Equity</b>				
2,44,000* (P.Y. 48,800) Equity Shares of IRCON International Ltd.	199.85	0.00	199.85	0.00
<b>Other Investments</b>				
45 (P.Y. 55) Senior Pass Through Certificates 'O' to 'W' Series of NOVO X Trust Locomotives	454.15	132.79	586.94	145.50
<b>Total</b>	<b>654.00</b>	<b>132.79</b>	<b>786.79</b>	<b>145.50</b>
<b>Aggregate Amount of Unquoted Investments</b>	<b>654.00</b>	<b>132.79</b>	<b>786.79</b>	<b>145.50</b>

\*pursuant to allotment of bonus shares in the ratio of 4:1 during the year

### 14. Long Term Loans and Advances

(Rs. in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
	Non Current	Current	Non Current	Current
<b>Secured Considered Good</b>				
House Building Advance*	10.09	3.73	13.82	3.73
<b>Unsecured Considered Good</b>				
<b>Capital Advances</b>				
- Advance to FA & CAO	253.01	0.00	253.01	0.00
Advance against Lease of Rly Infrastructure Assets (Refer Note No. 29)	2260000.00	0.00	943000.00	0.00
Lease Receivables from Ministry of Railways	9108199.22	712419.74	8415158.05	634176.45
Amount Recoverable from MOR on account of Exchange Rate Variation (Refer Note No. 28)	76367.73	41099.70	126860.35	68278.03
Amount Recoverable from MOR on account of MTM - Derivatives	22253.00	0.00	0.00	0.00
Security Deposits	9.19	0.00	9.19	300.00
Loan to Rail Vikas Nigam Ltd.	194545.50	21857.50	212690.00	18190.83
Advance to Employees	0.00	0.17	0.14	0.22
TDS & Advance Tax (NET)	1065.76	0.00	1950.59	0.00
Gratuity Funded Assets (Net)	0.55	4.56	0.00	0.00
<b>Total</b>	<b>11662704.05</b>	<b>775385.40</b>	<b>9699935.15</b>	<b>720949.26</b>

\* includes Rs. 13.82 lakhs (P.Y. Rs. 17.55 lakhs) to Key Managerial Personnel /Officers of the Company



**15. Other Non Current Assets**

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
<b>Unsecured Considered Good</b>		
Interest Accrued but not due on Loans	53016.92	49718.34
Interest Accrued on Investment in Pass Through Certificates	333.62	342.27
Unabsorbed Forward Premium on Forward Contracts	16826.12	29237.09
Finance Charges Accrued but not due on lease advance	115362.78	9412.55
Interest Accrued on Advances to Employees*	9.18	7.86
Derivative Asset	6187.36	0.00
<b>Total</b>	<b>191735.98</b>	<b>88718.11</b>

\* includes Rs. 8.58 lakhs (P.Y. Rs. 7.02 lakhs) to Key Managerial Personnel/Officers of the company

**16. Cash and Bank Balances**

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
<b>Cash and cash equivalents</b>		
Balance with Banks		
- In Current Accounts	93.33	84.09
- In Interest / Redemption Accounts (Ref. Note 35(a))	657.36	1035.68
Cheque in hand	0.00	120000.00
Deposit with Reserve Bank of India		
-In Public Deposit Account	1.02	1.02
Balance in Franking Machine	0.04	0.03
<b>Total</b>	<b>751.75</b>	<b>121120.82</b>

**17. Short Term Loans and Advances**

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
<b>Unsecured Considered Good</b>		
Deposit with NCRDC, New Delhi	4.38	4.38
Amount Recoverable from MOR	289799.87	168464.22
Tax Refund Receivable*	36.61	96.47
Amount Recoverable from Others	0.64	305.08
Gratuity Funded Assets (Net)	4.56	0.00
Prepaid Expenses	39.01	29.67
Advance to Others	21.01	21.01
Advance to Employees	0.71	0.64
<b>Total</b>	<b>289906.79</b>	<b>168921.47</b>

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





**18. Other Current Assets**

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
<b>Current Maturities of Long Term Loans and Advances</b> (Refer Note No.14)		
Lease Receivables from Ministry of Railways	712419.74	634176.45
Security Deposits	0.00	300.00
Loan to Rail Vikas Nigam Ltd	21857.50	18190.83
House Building Advance	3.73	3.73
Advance to Employees	0.17	0.22
Amount Recoverable from MOR on account of Exchange Rate Variation	41099.70	68278.03
<b>Current Maturity of Investments</b>		
10 (P.Y. 10) Senior Pass Through Certificates 'M' to 'N' Series of NOVO X Trust Locomotives (Refer Note No. 13)	132.79	145.50
Interest Accrued but not due on Loans & Deposits	20898.20	22223.44
Unabsorbed Forward Premium on Forward Contracts	20976.66	16062.35
Derivative Assets	670.48	0.00
<b>Total</b>	<b>818058.97</b>	<b>759380.55</b>

**19. Revenue from Operations**

(Rs. in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
<b>Lease Income:</b>		
- Lease Income	769579.64	709001.60
- Finance Charges on Lease Advance	105950.23	9412.55
	<b>875529.87</b>	<b>718414.15</b>
<b>Interest Income from:</b>		
- Loans	24717.45	25063.67
- Deposits	4265.65	6948.76
- Investments	83.75	87.96
	<b>29066.85</b>	<b>32100.39</b>
<b>Other Financial Income</b>		
- Gain on Assets Securitization	<b>80.72</b>	<b>109.38</b>
<b>Total</b>	<b>904677.44</b>	<b>750623.92</b>

**20. Other Income**

(Rs. in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Dividend Income	45.42	44.90
Provisions written back*	0.00	61.60
Profit on sale of Fixed Assets	0.11	0.04
Misc. Income	27.97	0.03



Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Interest on Income Tax refund	15.10	0.00
<b>Total</b>	<b>88.60</b>	<b>106.57</b>

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

## 21. Employee Benefits Expense

(Rs. in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Salaries, Incentives etc.	258.55	298.77
Contribution to Provident and Other Funds	40.53	110.01
Staff Welfare Expenses	0.46	0.12
<b>Total</b>	<b>299.54</b>	<b>408.90</b>

## 22. Finance Cost

(Rs. in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
<b>Interest Expenses</b>		
Amortisation of Lease Rentals paid in advance	0.00	3464.31
Interest on Bonds	606303.63	461828.20
Interest on Rupee Term Loans	4870.66	2668.96
Discount on Commercial Paper	11135.39	2656.17
Interest and Swap Cost on Foreign Currency Loans*	57579.47	50478.01
Interest on delayed payment to MOR	7658.36	23213.42
Interest to Income Tax Authorities	16.98	0.00
<b>Sub-Total</b>	<b>687564.49</b>	<b>544309.07</b>
<b>Other Borrowing Cost</b>		
Bond Issue Expenses / Expenses on Raising of Loans**	643.03	6970.12
Bond/Loan/Securitization Servicing Expenses	600.27	597.92
<b>Sub-Total</b>	<b>1243.30</b>	<b>7568.04</b>
<b>Total</b>	<b>688807.79</b>	<b>551877.11</b>

\* Interest and Swap Cost on Foreign Currency Loans includes Rs. 19736.06 Lakhs (P.Y. Rs.1635.04 lakhs) towards Forward Premium on Currency Forward Contracts

\*\*Bond Issue Expenses/Expenses on loans includes NIL (P.Y. Rs. 16.49 Lakhs) paid to Auditors for certification of prospectus/offer document for public issue of bonds.

## 23. Other Expenses

(Rs. in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Filing Fee	0.82	0.67
Legal & Professional Charges	145.67	81.06
Advertisement & Publicity	20.44	12.92





Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Printing & Stationery Charges	10.49	11.15
News Paper, Books & Periodicals	1.19	3.19
Conveyance Expenses	7.33	6.36
<b>Travelling - Foreign</b>		
- Directors	10.26	5.40
- Others	1.95	0
<b>Travelling - Local</b>		
- Directors	11.63	9.70
- Others	10.13	10.05
Transport Hire Charges	30.09	30.10
Office Maintenance Expenses	95.26	54.07
Vehicle Running & Maintenance	2.29	2.85
Office Equipment Maintenance	14.61	11.29
Electricity Charges	21.90	19.90
Loss on Sale of Fixed Assets	1.80	0.79
Postage Charges	1.44	2.11
Telephone Charges	6.63	6.66
Training Expenses	2.40	7.80
Bank Charges	1.49	1.74
Payment to Auditors		
- Audit Fees	8.85	8.63
- Tax Audit Fee	2.95	2.88
- Quarterly Review	8.62	8.57
- Other Statutory Certifications	10.03	2.00
Miscellaneous Expenses	68.02	50.74
Insurance	0.26	0.27
Fees & Subscription	13.69	7.76
Sponsorship/Donation	2.01	0.20
Ground Rent	1.15	1.15
Property Tax	2.62	2.62
Prior Period Expenditure (NET) (Refer Note No.23.1)	4.06	19.40
<b>Total</b>	<b>520.08</b>	<b>382.03</b>

### 23.1 Prior Period Expenditure (Net):

(Rs. in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
<b>Income</b>	0.00	0.00
<b>Total (A)</b>	<b>0.00</b>	<b>0.00</b>
<b>Expenditure</b>		
Bond Issue Exp.	4.06	0.37
News Paper, Books & Periodicals	0.30	0.00
Interest on Bonds/Foreign Currency Loans	0.83	0.02
Interest on Bonds	2.98	5.16



Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Legal & Professional	0.19	0.00
Office Maintenance Expenses	0.20	0.00
Salary Employee Benefits	-4.50	13.63
Transport Hire Charges	0	0.22
<b>Total (B)</b>	<b>4.06</b>	<b>19.40</b>
<b>Prior Period Expenditure (Net) (B-A)</b>	<b>4.06</b>	<b>19.40</b>

#### 24. Earnings Per Equity Share

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Net Profit (Rs. in Lakhs)	93381.14	84869.26
Weighted Average Number of Equity shares outstanding	65264600	42270065
Add: Number of potential Equity Share on account of receipt of Share Application Money Pending Allotment	0	251366
Weighted Average Number of Equity shares [including diluted Equity Share] outstanding	65264600	42521431
Earnings Per Share (Rs.) – Basic [Face value of Rs. 1,000/- per share]	143.08	200.78
Earnings Per Share (Rs.) – Diluted [Face value of Rs. 1,000/- per share]	143.08	199.59

#### 25.

(a) Lease rental is charged on the assets leased from the first day of the month in which the assets have been identified and placed on line as per the Standard Lease Agreements executed between the Company and MOR from year to year.

(b) Ministry of Railways (MOR) charges interest on the value of the assets identified prior to the payments made by the company, from the first day of the month in which the assets have been identified and placed on line to the first day of the month in which the money is paid to the MOR. However, no interest is charged from the MOR on the amount paid by the company prior to identification of Rolling stock by them.

(c) (i) Interest rate variation on the floating rate linked rupee borrowings and interest rate and exchange rate variations on interest payments in the case of foreign currency borrowings are adjusted against the Lease Income in terms of the variation clauses in the lease agreements executed with the Ministry of Railways. During the year, such differential has resulted in an amount of Rs.7046 Lakhs accruing to the Company (P.Y. Rs. 10610 Lakhs), which has been accounted for in the Lease Income.

(ii) In respect of foreign currency borrowings, which have not been hedged, variation clause have been incorporated in the lease agreements specifying notional hedging cost adopted for working out the cost of funds on the leases executed with MOR. Hedging cost in respect of these foreign currency borrowings is compared with the amount recovered by the company on such account and accordingly, the same is adjusted against the lease income. During the year ended 31<sup>st</sup> March 2017 in respect of these





foreign currency borrowings, the Company has recovered a sum of Rs.17433 Lakhs (P.Y. Rs. 20149 Lakhs) on this account from MOR against a sum of Rs.19713 Lakhs (P.Y. Rs 1629 Lakhs) incurred towards hedging cost and the balance amount of Rs.2280 Lakhs (P.Y. Rs 18520 Lakhs) is recoverable from MOR (P.Y refundable to MOR).

**26.**

(a)

- i. The Reserve Bank of India has issued Master Direction – Non- Banking Financial Company- Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide notification DNBR.PD.008/03.10.119/2016-17 dated 1<sup>st</sup> September 2016 as amended from time to time. The Company, being a Government Company and not accepting/holding public deposits, these Directions, except the provisions contained in Paragraph 23 thereof, are not applicable to the Company. However, as a matter of prudence the Company has decided to follow the asset classification and provisioning norms as contained in above directions for loans/leases/advances to entities other than Indian Railways, except the requirement of provisioning on standard assets.
- ii. Further, Reserve Bank of India (RBI) vide letter dated 19<sup>th</sup> 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 3<sup>rd</sup> May, 2010.
- iii. In terms of Reserve Bank of India Notification No.DNBC.138/CGM (VSNM) – 2000 dated 13<sup>th</sup> January 2000, provisions of Section 45 IC of the Reserve Bank of India Act, 1934 (2 of 1934) regarding creation of Reserve Fund, do not apply to the Company.

- (b) In terms of the Ministry of Corporate Affairs circular dated 18<sup>th</sup> 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 11<sup>th</sup> Feb, 2013. Further, the Companies (Share Capital and Debentures) Rules, 2014 dated 3<sup>rd</sup> April, 2014 also mandates the Non- Banking Finance Companies registered with RBI to create Bond Redemption Reserve equivalent to 25% of the value of the Bonds raised through public issue by the redemption dates of such bonds. Accordingly, the Company is required to transfer 50% of the value of the bonds raised through public issue during FY 2011-12 and 25% of the value of Bonds raised through Public Issue during 2012-13, FY 2013-14 and FY 2015-16 to Bond Redemption Reserve by the redemption dates of such Bonds. The Company has raised Rs. 2488167.37 Lakhs through public issue of bonds in FY 2011-12, FY 2012-13, FY 2013-14 and FY 2015-16. The average residual maturity of the above mentioned bonds is more than 10 years as on 31<sup>st</sup> March, 2017. However, the Company restricted its dividend



payment to Rs.37425.75 Lakhs and the balance profit after the payment of dividend and dividend distribution tax thereon for the year ended 31<sup>st</sup> March 2017 has been transferred to Bond Redemption Reserve.

(c) As per Section 135 of the Companies Act, 2013 a Corporate Social Responsibility Committee has been formed by the Company. During the year the Company has undertaken CSR activities as approved by the CSR Committee which are specified in Schedule-VII of the Companies Act, 2013.

(i) Gross amount required to be spent by the company during the year Rs. 3733.63 Lakhs (including Rs.98.63 Lakhs for earlier year).

(ii) Amount spent during the year on:

(Rs. in Lakhs)

		In cash	Yet to be paid in cash	Total
(1)	Construction/acquisition of any asset	0.00	0.00	0.00
(2)	On purpose other than (1) above	1677.47	0.00	1677.47

(d) Disclosure under Schedule III of Companies Act, 2013 for transaction in Specified Bank Notes (SBN's) and other denomination notes during the period 08<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016:

Information pursuant to G.S.R. 308(E) dated 30 <sup>th</sup> March, 2017	SBN's	Other Denomination notes	Total
Closing Cash In Hand as on 08/11/2016	NIL	NIL	NIL
(+) Permitted Receipts	NIL	NIL	NIL
(-) Permitted Payments	NIL	NIL	NIL
(-) Amount Deposited in Banks	NIL	NIL	NIL
Closing Cash in Hand as on 30/12/2016	NIL	NIL	NIL

- 27.** The Finance Act, 2001 provides for levy of service tax on the finance and interest charges recovered through lease rental installments on the Financial Leases entered on or after 16-07-2001. The Central Government vide Order No.1/1/2003-ST dated 30<sup>th</sup> April 2003 and subsequent clarification dated 15-12-2006 issued by Ministry of Finance has exempted the Lease Agreements entered between the Company and Ministry of Railways from levy of Service Tax thereon u/s 93(2) of Finance Act, 1994.
- 28.** Decrease in liability due to exchange rate variation on foreign currency loans for purchase of leased assets, amounting to Rs. 7997 Lakhs (P.Y. Increase Rs. 81806 Lakhs) has not been accounted for as income in the Statement of Profit and Loss as the same is transferable to the Ministry of Railways (lessee) separately as per lease agreements. The crystallized exchange rate variation loss on foreign currency loans repaid during the year amounting to Rs. 69674 Lakhs (P.Y. Rs. 119612 Lakhs) has been recovered from the Lessee, leaving a balance of Rs.117467 Lakhs recoverable from MOR as on 31-03-2017 (P.Y. Rs. 195138 Lakhs).





In pursuance of the Guidance Note on Accounting for Derivatives issued by the Institute of Chartered Accountants of India (ICAI), the Fair Value of Derivatives other than the Currency Forward Contracts has been worked out as on 1<sup>st</sup> April, 2016. The Fair Value of Derivative Liability amounting to Rs.27853 Lakhs has not been adjusted against the Reserves and Surplus as the same is transferable to Ministry of Railways (Lessee) since the derivatives have been contracted to hedge the financial risk of the Ministry of Railways (Lessee). Similarly, the net decline in the Fair Value of Derivatives (Liability) for the year ended 31<sup>st</sup> March, 2017 amounting to Rs.5600 Lakhs has not been considered as income and has been transferred to the Ministry of Railways.

29. The Ministry of Railways (MOR) vide letter dated 23<sup>rd</sup> July, 2015 had authorized the Company to draw funds from LIC in consultation with MOR for funding of Railway Projects in line with leasing methodology adopted by Company for funding Railway Projects in past. Pending execution of the Lease Documents, the Company has entered into a Memorandum of Understanding with the Ministry of Railways on 23<sup>rd</sup> May 2017 containing principal terms of the lease transactions. The total sum of Rs.2260000 Lakhs disbursed to MOR to the end of FY 2016-17 (P.Y. Rs. 943000 Lakhs) has been shown as 'Advance against Lease of Rly. Infrastructure Assets'. The cost incurred by the Company in respect of the funds borrowed for making advances to MOR for development or construction of such railway Infrastructure assets has been charged to the statement of Profit and Loss. Further the finance charges on total advance made to Railways for development or construction of Railway Infrastructure assets has been accounted for as Income in the statement of Profit & Loss. The margin on these leases will be accounted for when the same is fixed.

30. **Derivative Instruments**

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

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

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

As at 31-03-2017			As at 31-03-2016		
No. of Contr acts	Borrowing outstanding in Foreign Currency (USD Million)	INR Equivalent (Lakhs)	No. of Contracts	Borrowing outstanding in Foreign Currency (USD Million)	INR Equivalent (Lakhs)
9	550	422848.55	6	400	311167.40



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

As at 31-03-2017			As at 31-03-2016			Remarks
No. of Contr acts	Borrowing outstandin g in Foreign Currency	Notiona l USD Equival ent	No. of Contr acts	Borrowin g outstandi ng in Foreign Currency	Notional USD Equivale nt	
1	JPY 12 Billion	145.90 Million	1	JPY 12 Billion	145.90 Million	Back to back recovery of INR/USD exchange rate variation from MOR.
1	JPY 3 Billion	37.04 Million	1	JPY 3 Billion	37.04 Million	Back to back recovery of INR/USD exchange rate variation from MOR.

The foreign currency borrowings outstanding as on 31-03-2017, which have not been hedged, are as follows:

As at 31-03-2017		As at 31-03-2016		Remarks
No. of Loans	Borrowing outstanding in Foreign Currency	No. of Loans	Borrowing outstanding in Foreign Currency	
1	USD 15 Million	1	USD 18 Million	Back to back recovery of exchange rate variation from MOR.
1	USD 300 Million	3	USD 625 Million	Back to back recovery of exchange rate variation from MOR.
2	USD 350 Million	2	USD 500 Million	Back to back recovery of exchange rate variation from MOR.

- c. Other than currency forward contracts, the Company also resorts to interest rate derivatives like Cross Currency Interest Rate Swap and Interest Rate Swap for hedging the interest rate risk associated with its external commercial borrowings.

The Company recognizes these derivatives in its Financial Statements at their Fair Values. Further, in view of the fact that these derivatives are Over the Counter (OTC) contracts customized to match the residual tenor and value of the underlying liability, the Company relies on the valuations done by the counter parties to the derivative transactions using the theoretical valuation models.





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

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

**32. Contingent Liabilities**

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

During the year 2015-16, the Income Tax Department had raised demand of Rs.39949.01 Lakhs u/s 201(1) of the Income Tax Act, 1961 towards non-deduction of tax at source and interest thereon for the Assessment Years 2011-12, 2012-and 2013-14. The Company filed appeals against the said assessment orders before the CIT (Appeals) on 28<sup>th</sup> April, 2016. Further, rectification applications u/s 154 were also filed on 20<sup>th</sup> May, 2016. As per the Appellate Order dated 25<sup>th</sup> January 2017 for the Assessment Year 2011-12, the Order passed by the Assessing Officer raising demand of Rs 24516.56 Lakhs has been set aside. The Company is confident of getting similar Appellate Orders in respect of the remaining Assessment Years involving demand of Rs 15432.45 Lakhs and accordingly no provision is considered necessary.



- d. The procurement/acquisition of assets leased out by the Company to the Indian Railways is done by Ministry of Railways (MOR), Govt. of India. As per the lease agreements entered into between the Company and MOR, the Sales Tax/VAT liability, if any, on procurement/acquisition and leasing is recoverable from MOR. Since, there is no sales tax/VAT demand and the amount is unascertainable, no provision is considered necessary.

**33. Expenditure in Foreign Currency**

(Rs. in Lakhs)

	<b>Year ended 31-03-2017</b>	Year ended 31-03-2016
a) Interest / Swap Cost on Foreign currency borrowings	104306.42	47400.10
b) Processing Agent / Fiscal Agent / Admin. Fee [Recoverable from MOR Nil (PY Rs. 2.64 Lakhs)]	17.73	19.34
c) Underwriting / Arranger fee (recoverable from MOR)	0.00	3054.65
d) International Credit Rating Agencies Fees	110.51	93.21
e) Others	19.28	27.65

- 34.** The Company has not taken on lease any Rolling Stock assets during the year. All the assets taken on lease were in the years prior to 01-04-2001, with aggregate value of Rs. 54997 Lakhs (ownership of the same vests with the lessors) stand sub-leased to Ministry of Railways. The company has paid future lease rental liability in full on all the above leases as outlined below:

<b>Year of Lease</b>	<b>No. of Leases</b>	<b>Value of assets taken on lease (Rs. in Lakhs)</b>	<b>Amount paid in settlement of future lease rentals (Rs. in Lakhs)</b>	<b>Year of payment</b>
2000-01	2	54997	29423 22302	2001-02 2003-04
<b>Total</b>	<b>2</b>	<b>54997</b>	<b>51725</b>	

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 31<sup>st</sup> March 2017, an amount of Rs. Nil (P.Y. Rs. 3464 Lakhs) has been charged to Statement of Profit & Loss on account of such amortisation. Since the entire future lease rental liability has been paid, there is no liability payable for unexpired lease period (Previous Year-Rs. Nil).

**35.**

- (a) The Company discharges its obligation towards payment of interest and redemption of bonds, for which warrants are issued, by depositing the respective amounts in the designated bank accounts. Reconciliation of such accounts is an ongoing process and has been completed upto 31-03-2017. The Company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 31-03-2017 is Rs.657.36 Lakhs (P.Y. Rs. 1035.68 Lakhs).





- (b) The Company is required to transfer any amount remaining unclaimed and unpaid in such interest and redemption accounts after completion of 7 years to Investor Education Protection Fund (IEPF) administered by the Ministry of Corporate Affairs, Government of India. During the year ended 31<sup>st</sup> March 2017, a sum of Rs.12.80 Lakhs was deposited in IEPF (P.Y. Rs. Nil).

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

Reconciliation of the Lease Receivable amount on the Gross value of Rolling Stock assets worth Rs. 14754173 Lakhs (P.Y. Rs. 13326089 Lakhs) owned by the Company and leased to the Ministry of Railways is as under:

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Gross Value of Assets acquired & Leased upto the end of previous Financial Year	13326089	11718218
Less: Capital Recovery provided upto last Year	4276755	3699195
Capital Recovery outstanding on leased assets as at the end of last year	9049334	8019023
Add: Gross Value of Assets acquired and Leased during the period	1428084	1607871
	10477418	9626894
Less: Capital Recovery for the period	656799	577560
<b>Net investment in Lease Receivables</b>	<b>9820619</b>	9049334

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

(Rs. in Lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
Gross Investment in Lease	14548332	13503344
Unearned Finance Income	4727713	4454010
Present Value of Minimum Lease Payment (MLP)	9820619	9049334

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

(Rs. in Lakhs)

Particulars	As at 31-03-2017		As at 31-03-2016	
	Gross Investment In Lease	Present Value of MLP	Gross Investment in Lease	Present Value of MLP
Not later than one year	1477428	712419	1340885	634176
Later than one year and not later than five years	5588036	3184071	5106253	2831043



Particulars	As at 31-03-2017		As at 31-03-2016	
	Gross Investment In Lease	Present Value of MLP	Gross Investment in Lease	Present Value of MLP
Later than five years	7482868	5924129	7056206	5584115
<b>Total</b>	<b>14548332</b>	<b>9820619</b>	<b>13503344</b>	<b>9049334</b>

The unearned finance income as on 31-3-2017 is Rs. 4727713 Lakhs (Previous Year Rs. 4454010 Lakhs). The unguaranteed residual value accruing to the benefit of the Company at the end of lease period is Rs. Nil (P.Y. Nil).

The Company has leased rolling stock assets to the Ministry of Railways (MOR). Besides, the Company has funded Railway projects during the year 2011-12, in respect of which the lease had commenced during the year 2015-16. A separate lease agreement for each year of lease has been executed and as per the terms of the lease agreements, lease rentals are received half yearly in advance. The leases are non-cancellable and shall remain in force until all amounts due under the lease agreements are received.

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

In terms of the RBI Guidelines on Minimum Retention Requirement issued by the Reserve Bank of India as applicable to the Non-Banking Finance Companies, the company being the originator, had opted to retain a minimum of 5% of the book value of the receivables being securitised. Accordingly, the Company had invested Rs. 1697.71 Lakhs in the Pass Through Certificates (PTCs) issued by the 'Special Purpose Vehicle' towards Minimum Retention Requirement. Out of the amount invested in PTCs, Rs. 1110.77 Lakhs have matured till 31<sup>st</sup> March 2017, leaving a balance of Rs. 586.94 Lakhs. Details of the amount invested in PTCs and outstanding as on 31<sup>st</sup> March, 2017 is as follows:

Series	Date of Maturity	Nos of PTCs	Face Value per PTC (in Rs)	Total Amt (Rs. in Lakhs)
Series 'M'	15-Apr-17	5	1358357.85	67.92
Series 'N'	15-Oct-17	5	1297528.37	64.88
Series 'O'	15-Apr-18	5	1239733.28	61.99
Series 'P'	15-Oct-18	5	1184216.00	59.21
Series 'Q'	15-Apr-19	5	1131468.11	56.57
Series 'R'	15-Oct-19	5	1080799.13	54.04
Series 'S'	15-Apr-20	5	1032399.18	51.62
Series 'T'	15-Oct-20	5	986166.66	49.31
Series 'U'	15-Apr-21	5	942240.38	47.10





Series	Date of Maturity	Nos of PTCs	Face Value per PTC (in Rs)	Total Amt (Rs. in Lakhs)
Series 'V'	15-Oct-21	5	900045.32	45.00
Series 'W'	15-Apr-22	5	585908.19	29.30
<b>Total</b>		<b>55</b>		<b>586.94</b>

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

**Defined Benefit Plan**

**Changes in Present Value of Defined Obligations:**

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
Present value of Defined Benefit Obligation at the beginning of the year	67.65	61.79	82.54	81.05
Interest Cost	4.51	4.69	6.36	5.70
Current Service Cost	4.51	4.55	13.93	11.47
Benefits Paid	-10.00	0.00	-28.15	-10.26
Actuarial (Gain) / Loss on obligations	-7.67	-3.38	-3.09	-5.42
Present value of Defined Benefit Obligation at the end of the period	59.00	67.65	71.60	82.54

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

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
Fair Value of Assets at the beginning of the year	59.22	62.68	31.48	38.56
Expected Return on plan assets	4.03	5.06	2.96	2.99
Contributions	0.00	0.00	0.00	0.00
Benefits Paid	0.00	0.00	0.00	-10.26
Reimbursement paid by the insurer	0.00	-8.67	0.00	0.00
Actuarial Gain / (Loss) on plan assets	0.86	0.15	-0.36	0.20
Fair Value of Plan Assets at the end of the period	64.11	59.22	34.08	31.48

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

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
Opening net Liability / (Asset) at the beginning of the year	8.42	-0.90	51.06	42.49
Expenses	-3.54	0.65	14.61	8.57
Contribution	0.00	0.00	0.00	0.00



Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
Reimbursement paid by the insurer	-10.00	8.67	-28.15	0.00
Closing net Liability / (Asset) at the end of the period	-5.12	8.42	37.52	51.06

**Actuarial Gain / Loss recognised:**

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
Actuarial Gain / (Loss) for the period – obligation	7.67	3.38	3.08	5.42
Actuarial Gain / (Loss) for the period plan assets	0.86	0.15	-0.36	0.20
Total Gain / (Loss)	8.53	3.53	2.72	5.62
Actuarial Gain / (Loss) recognised in the period	8.53	3.53	2.72	5.62

**Amount recognised in the Balance Sheet:**

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
Present value of obligations as at the end of the period	59.00	67.65	71.59	82.54
Fair Value of plan assets	64.11	59.22	34.08	31.48
Liability (assets)	-5.11	8.43	37.51	51.06
Net Liability (assets) recognised in the Balance Sheet	-5.11	8.43	37.51	51.06

**Expenses recognised in statement of Profit & Loss:**

(Rs. in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
Current Service Cost	4.51	4.55	13.93	11.47
Interest Cost	4.51	4.68	6.36	5.70
Expected return on plan assets	-4.03	-5.06	-2.96	-2.99
Net Actuarial (Gain) / Loss recognized in the period	-8.53	-3.53	-2.72	-5.62
Expenses recognised in Statement of Profit & Loss	-3.54	0.65	14.61	8.56





**Bifurcation of Liabilities:**

(Rs. in Lakhs)

Liabilities	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
Current	-4.56	4.51	14.73	13.94
Non-Current	-0.55	3.91	22.78	37.12
<b>Total</b>	<b>-5.11</b>	<b>8.43</b>	<b>37.51</b>	<b>51.06</b>

**Actuarial Assumptions:**

Assumptions	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016
Discount Rate	7.15% p.a.	7.70% p.a.	7.15% p.a.	7.70% p.a.
Expected Return on Plan Assets	7.15% p.a.	7.70% p.a.	7.15% p.a.	7.70% p.a.
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate			
Future Salary Increase	6% p.a.	6% p.a.	6% p.a.	6% p.a.
Retirement	60 yrs.	60 yrs.	60 yrs.	60 yrs.

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

**Defined Contribution Plan**

(Rs. in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Employers' Contribution to EPF	16.54	17.54
Provision towards Post-Retirement Medical & Pension Benefits	10.15	83.25*

\* The Board of Directors approved the implementation of post-retirement medical and pension benefits in FY 2015-16 for which provision was made w.e.f. 1<sup>st</sup> January 2007 in terms of DPE guidelines. The scheme will be implemented on receipt of approval from MOR.

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



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

(Rs. in Lakhs)

	Year ended 31-03-2017					Year ended 31-03-2016				
	Gratuity & Leave Encashment*	CSR	Post Retirement Medical & Pension	Interest payable to Income Tax	Income Tax	Gratuity & Leave Encashment *	CSR	Post Retirement Medical & Pension	Interest payable to Income Tax	Income Tax/FBT
Opening Bal.	59.49	789.34	83.25	0.00	133224.84	41.60	789.34	0.00	223.01	120921.99
Addition during the period	11.07	0.00	10.15	18.35	45523.15	9.22	0.00	83.25	0.00	41613.14
Amount used / incurred	-38.15	0.00	0.00	0.00	0.00	8.67	0.00	0.00	-179.09	-29310.29
Unused Amount reversed during the period	0.00	0.00	0.00	0.00	-6.82	0.00	0.00	0.00	-43.92	0.00
<b>Closing Balance</b>	<b>32.41</b>	<b>789.34</b>	<b>93.40</b>	<b>18.35</b>	<b>178741.17</b>	<b>59.49</b>	<b>789.34</b>	<b>83.25</b>	<b>0.00</b>	<b>133224.84</b>

\*The above provisions are liabilities in accordance with terms of employment. Provision for Income Tax is in terms of Income Tax Act, 1961 and shall be adjusted after completion of assessment. TDS and Advance Tax has been shown net of Provision for Tax in note no.14 under Long Term Loan and Advances.

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

**Key Management Personnel:**

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

**Amount paid to Key Management Personnel:**

(Rs. in Lakhs)

Particulars	2016-17	2015-16
Salary / Allowances	64.95	89.91
Reimbursement	4.73	1.76
Incentive	26.64	38.57

**42. Interest on Deposits & Investment (Note No.19) includes Tax Deducted at Source amounting to Rs. 71.89 Lakhs (P.Y. Rs. 9.48 Lakhs). Ministry of Railways has also deducted tax at source amounting to Rs. 30391.60 Lakhs (P.Y. Rs. 27256 Lakhs).**

**43. The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006**





(MSMED Act). As the Company has not received the relevant information till finalisation of accounts, disclosure in this regard could not be made.

44. The Company has a system of physical verification of assets given on lease. The physical verification is carried out on a sample basis, as 100% physical verification of rolling assets is neither logistically possible nor considered necessary. In addition, Ministry of Railways (Lessee) provides a certificate each year that the leased assets are maintained in good working condition as per laid down norms, procedures and standards. In the opinion of the management, the aforesaid system is satisfactory considering the fact that the assets are maintained and operated by the Central Government.
45. Accounting Standards -30, 31 & 32 pertaining to Financial Instruments-Recognition & Measurement, Financial Instruments-Presentation and Financial Instruments-Disclosure were to be made mandatory by the Institute of Chartered Accountants of India (ICAI) with effect from 1st April, 2011. However, the ICAI has announced indefinite postponement of the application of AS-30, 31 and 32 as the provisions contained in AS-30, 31 and 32 are not expected to continue in their present form as these Accounting Standards are based on International Accounting Standard-39 and 32 which are currently under review by the International Accounting Standard Board. Further, these Standards have not been notified by the Ministry of Corporate Affairs (MCA). Accordingly, the Company has not adopted AS-30, 31 and 32.

46. **Change in Accounting Policy:**

The guidance note on accounting for derivatives issued by the Institute of Chartered Accountants of India (ICAI) have been made applicable for accounting periods commencing on or after 1st April, 2016. Pursuant to the aforesaid guidance note, the Derivatives other than Long Term Currency Forward Contracts have been recognised on the Balance sheet at their Fair Value. The change in the Fair Value of Derivatives has not been accounted for in the Statement of Profit and Loss as the same is transferable to the Ministry of Railways (lessee) separately as per the Lease Agreements.

The Fair Value of such Derivatives Liability outstanding as on 1st April, 2016 was Rs.27852.94 Lakhs which has been shown as Recoverable from Ministry of Railways (MOR) instead of being adjusted against the Reserves and Surplus. Similarly, the increase in the Fair Value of such Derivatives liability amounting to Rs.1257.90 Lakhs between 1st April, 2016 and 31st March, 2017 has also been transferred to MOR without being charged to the Statement of Profit & Loss.

The Company also contracted three derivatives other than long term currency forward contracts during the year 2016-17. The Fair Values of these Derivative Assets at their inception dates were NIL. Increase in the Fair Value of such Derivatives Assets between their inception dates and as at the close of the year on 31st March, 2017 amounting to Rs.6857.84 Lakhs has been transferred to MOR instead of being recognised as income in the Statement of Profit and Loss.

The change in the Accounting Policy has not led to any change in the income, expenses or net profit for the year.



47. Other Disclosures

I. Other key financial parameters:

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
(i)	Debt Equity Ratio	8.86	7.59
(ii)	Net worth (Rs in Lakhs)	1200959.71	1152535.02

II. Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of Company are given below:

(Rs in Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
(i)	Capital Fund - a. Tier I	1163116.73	1107203.85
	- b. Tier II	0.00	0.00
(ii)	Risk weighted assets along-with adjusted value of off balance sheet items	326832.85	333277.08
(iii)	CRAR	355.88%	332.22%
(iv)	CRAR — Tier I Capital	355.88%	332.22%
(v)	CRAR — Tier II Capital	0.00	0.00
(vi)	Amount of subordinated debt raised as Tier-II capital	0.00	0.00
(vii)	Amount raised by issue of Perpetual Debt Instruments	0.00	0.00

III. Additional disclosures in accordance with RBI directions on Corporate Governance

- A. Reference may be made to Note 1 for Significant Accounting Policies.
- B. Capital Reference may be made to Note 47 - II for CRAR.
- C. Investments

(Rs. in Lakhs)

S.No	Particulars	As at 31-03-2017	As at 31-03-2016
(i)	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	786.79	932.29
	(b) Outside India	0.00	0.00
	(ii) Provisions for Depreciation		
	(a) In India	0.00	0.00
	(b) Outside India	0.00	0.00
	(iii) Net Value of Investments		
	(a) In India	786.79	932.29
	(b) Outside India.	0.00	0.00





S.No	Particulars	As at 31-03-2017	As at 31-03-2016
(ii)	Movement of provisions held towards depreciation on investments.		
(i)	Opening balance	0.00	0.00
(ii)	Add : Provisions made during the year	0.00	0.00
(iii)	Less : Write-off / write-back of excess provisions during the year	0.00	0.00
(iv)	Closing balance	0.00	0.00

D. Derivatives

I. Forward Rate Agreement / Interest Rate Swap/Cross Currency Interest Rate Swap in respect of Loan Liabilities:

(Rs. in Lakhs)

S.No	Particulars	As at 31-03-2017	As at 31-03-2016
(i)	Notional principal of swap agreements	371,209.01	122,144.83
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	6,857.84	0.00
(iii)	Collateral required by NBFC upon entering into swaps-	0.00	0.00
(iv)	Concentration of credit risk arising from swaps	0.00	0.00
(v)	Fair value of swap book	(22,253.00)	(27,852.94)

II. Company does not hold any exchange traded Interest Rate (IR) derivatives (Previous year Nil).

III. Qualitative disclosures on Risk Exposure in Derivatives:

The Company enters into derivatives for the purpose of hedging and not for trading/speculation purposes.

The Company has framed a risk management policy duly approved by the board in respect of its External Commercial Borrowings (ECBs). A risk management committee comprising the Managing Director and Director Finance has been formed to monitor, analyze and control the currency and interest rate risk in respect of ECBs.

The Company avails various derivative products like currency forwards, Cross Currency swap, Interest rate swap etc. for hedging the risks associated with its ECBs.

Derivatives other than long term forward currency contracts are marked to market in terms of Guidance note on Derivatives whereas the accounting of long term forward currency contracts are accounted for as per the provision of AS -11.



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

(Rs. in Lakhs)

S. No.	Particular	As at 31-03-2017			As at 31-03-2016		
		Currency Derivatives	Cross Currency & Interest Rate Derivatives	Interest Rate Derivatives	Currency Derivatives	Cross Currency & Interest Rate Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)						
	For hedging)	422848.57	120004.50	2512014.50	311167.40	122144.82	
(ii)	Marked to Market Positions (MTM)						
	Asset (+MTM)			6857.83	588.02		
	Liability (-MTM)	32736.58	29110.83		110.12	27852.93	
(iii)	Credit Exposure <sup>a</sup>	4228.48	3600.13	11769.97	3699.70	3664.34	
(iv)	Unhedged Exposures <sup>b</sup>	556248.64		141040.00	835330.14		405408.00

a. Credit exposure has been calculated by adding current credit exposure(positive MTM) and potential future credit exposure (notional principle amount of derivatives X Credit Conversion Factor) as prescribed by RBI.

b. Includes JPY loan liability partly hedged through cross currency swap entered for one leg (USD/JPY) for Rs 120008.64 Lakhs (PY Rs 122149.04 Lakhs).

E. Disclosures related to Securitisation

I. The Company has not entered into any securitization transaction during the year. However, the Company had entered into two securitization transactions in respect of its lease receivables from MoR on 25<sup>th</sup> January 2010 and 24<sup>th</sup> March 2011 respectively against which a sum of Rs. 15232.66 Lakhs and Rs 11738.86 Lakhs is outstanding as on 31<sup>st</sup> March 2017.

In terms of the Minimum Retention Requirement (MRR) as contained in the draft guidelines issued by RBI in April 2010, the Company had invested 5% of the total securitized amount towards MRR in respect of its second securitization transaction executed in 2011. The present exposure on account of securitization transaction at 31.03.2017 is Rs 586.94 Lakhs (Previous year Rs 732.44 Lakhs). The details are as below:

S.No	Particulars	No./ Amount in Rs Lakhs
1	No. of SPVs sponsored for securitisation transactions	2
2	Total amount of securitised assets as per books of the SPV's sponsored	26971.52





S.No	Particulars	No./ Amount in Rs Lakhs
3	Total amount of exposures retained to comply with MRR	586.94
	a) Off Balance Sheet Exposures	0
	First Loss	
	Others	0
	b) On Balance Sheet Exposures	586.94
	First Loss	
	Others	
4	Amount of exposures to securitization transactions other than MRR	NIL

- II. Company has not sold any financial assets to Securitization / Reconstruction Company for asset construction during the year ended 31.03.2017 (Previous Year Nil).
- III. Company has not undertaken any assignment transaction during the year ended 31.03.2017 (Previous Year Nil).
- IV. Company has neither purchased nor sold any non-performing financial assets during the year ended 31.03.2017 (Previous Year Nil)

**F. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:**

(Rs. in Lakhs)

Description	Up to 30 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits-	0	0	0	0	0	0	0	0	0
Advances*	378067.37	0	0	356209.87	0	1586027.68	1697273	8279444.29	12297021.96
Investments	67.92	0	0	0	64.88	231.81	193.03	29.3	586.94
Borrowings**	505274.73	915.90	223744.66	7300.00	32456.00	2141221.00	1627974.81	5183554.56	9722441.66
Foreign Currency assets	0	0	0	0	0	0	0	0	0
Foreign Currency liabilities ***	984	0	0	0	197784	594336	3936	120004.503	917044.50

\*advances include lease receivables from MoR, advance funding to MoR for Railway projects and loan to RVNL

\*\* Borrowings from domestic market

\*\*\* Borrowings from overseas market

**G. Exposures**

- I. Company does not have any exposure to real estate sector.



II. Exposure to Capital Market:

(Rs in lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt (includes investment in fully convertible preference shares;	199.85	199.85
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	0	0
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0	0
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances (excluding loans where security creation is under process);	0	0
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	0	0
(vi)	Loans sanctioned to corporates against the security of shares/ bonds / debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources;	0	0
(vii)	Bridge loans to companies against expected equity flows / issues;	0	0
	All exposures to Venture Capital Funds (both registered and unregistered)	0	0
<b>Total Exposure to Capital Market</b>		<b>199.85</b>	<b>199.85</b>

III. Details of financing of parent Company products:

Company does not have a parent company.





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

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

V. Unsecured Advances

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

(Rs in Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Ministry of Railways, Govt. of India	12080618.96	9992334.50
Rail Vikas Nigam Limited, a wholly owned entity of Ministry of Railways, Govt. of India	216403.00	230880.83
Total	12297021.96	10223215.33

- b) Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken is NIL as on 31.03.2017. (PY NIL)

H. Registration obtained from other financial sector regulators: Nil.

I. Disclosure of Penalties imposed by RBI and other regulators

During the year ended 31.03.2017, no penalty has been imposed on the Company by RBI and other regulators (Previous Year Nil).

J. Credit rating

- a. Ratings assigned by credit rating agencies and migration of ratings during the year:

S. No.	Rating Agency	Long Term Rating	Short Term Rating
1	CRISIL	CRISIL AAA	CRISIL A1+
2	ICRA	ICRA AAA	ICRA A1+
3	CARE	CARE AAA	CARE A1+

No rating migration has taken place during the year.

- b. Long term foreign currency issuer rating assigned to the Company as at 31.03.2017:

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



**K. Net Profit or Loss for the period, prior period items and changes in accounting policies**

Reference may be made to of notes to accounts 23.1 and 46 regarding prior period items and changes in accounting policies respectively.

**L. Circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties**

NIL

**M. Consolidated Financial Statements**

Company does not have any subsidiaries and hence consolidation of financial statements is Not Applicable

**N. Provisions and Contingencies**

Reference may be made to Note 40 for contingencies and provisions respectively.

**O. Draw Down from Reserves**

NIL (Previous year (NIL) refer Note 3)

**P. Concentration of Deposits, Advances, Exposures and NPAs**

a. Concentration of Deposits (for deposit taking NBFCs) - Company is a non-deposit accepting NBFC.

b. Concentration of Advances:

(Rs. In Lakhs)

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

c. Concentration of Exposures:

(Rs. in Lakhs)

S.No.	Particulars	As at 31-03-2017	As at 31-03-2016
(i)	Total Exposure to twenty largest borrowers / customers	12297808.75	10224147.62
(ii)	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	100%	100%

d. Concentration of NPAs: Nil

e. Sector-wise NPAs: Nil

Q. Movement of NPAs in respect of Loan Assets: Nil





R. Company does not have any Overseas Assets in the form of Joint Ventures and Subsidiaries.

S. Off Balance Sheet SPVs sponsored which are required to be consolidated as per accounting norms: NIL (PY NIL)

T. Customer Complaints for FY 2016-17

S. No.	Particulars	Number of complaints
(a)	No. of complaints pending at the beginning of the year	0
(b)	No. of complaints received during the year	2348
(c)	No. of complaints redressed during the year	2348
(d)	No. of complaints pending at the end of the year	0

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

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

For SPMG & Co.

Chartered Accountants

FRN 509249C

(Vinod Gupta)

(Partner)

M.No. 090687

Place: New Delhi

Date : 31-07-2017



(S.K.Ajmani)

Company Secretary  
& GGM (Term Loans)

For and on behalf of the Board of Directors

(Niraj Kumar)

Director Finance  
DIN: 00795972

(S.K.Pattanayak)

Managing Director  
DIN: 02396063



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

To  
**Board of Directors  
Indian Railway Finance Corporation Limited**

Dear Sir,

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

1. The Company is engaged in the business of non-banking financial institution, having valid certificate of registration as an Infrastructure Finance Company issued by Reserve Bank of India vide No. is B- 14.00013 dated 22.11.2010. Further, the Company is entitled to continue to hold such registration in terms of its asset / income pattern as on 31.03.2017.
2. As per Para 2 (3) of RBI Master Directions on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide No. DNBR.008/03.10.119/2016-17 dated September 1, 2016, these directions except the provisions of paragraph 23 of the said directions relating to submission of information to Reserve Bank in regard to change of address, directors, auditors, etc. shall not apply to a non-banking financial company being a Government Company as defined under clause (45) of Section 2 of the Companies Act, 2013 (18 of 2013) and not accepting / holding public deposit.
3. According to information and explanation given to us, the RBI Directions as to deposits are not applicable to the Company. Therefore, the Board of Directors of the Company has not passed a resolution for non-acceptance of any public deposits.
4. The Company has not accepted any public deposits during the year 2016-17.
5. RBI Master Directions on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide No. DNBR.008/03.10.119/2016-17 dated September 1, 2016, the Accounting Standards, Income recognition, asset classification and provisioning for Bad and Doubtful debts are not



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

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

For SPMG & Co.  
Chartered Accountants  
FRN-509249C

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



Place: New Delhi  
Date : 31-07-2017



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF INDIAN RAILWAY FINANCE CORPORATION LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **Indian Railway Finance Corporation Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

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



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### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('Order'), issued by the Central Government of India in terms of sub-sec on (11) of sec on 143 of the Act, we enclose in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Sec on 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Sec on 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) the Company being the government company wholly owned by the Central Government therefore section 164(2) shall not apply vide notification no. GSR 463(E) dated 5<sup>th</sup> June, 2015;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
    - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the financial statements;
    - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 30 to the financial statements;
    - iii. During the Current Financial Year the company was required to transfer Rs. 12.80 Lakhs (P.Y NIL) to the Investor Education and Protection Fund, which has been transferred to Investor Education and Protection Fund.- Refer Note 35(b) to the Financial Statements; and
    - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08 November 2016 to 30 December 2016. Based on the audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management- Refer Note 26(d) to the financial statements.



:3:

3. As required by Section 143(5) of the Companies Act 2013, we have considered the directions/sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact to the financial statement of the company given in "Annexure C".

For SPMG & Co.  
Chartered Accountants  
FRN: 509243C



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

Place: New Delhi  
Date: 31.07.2017



**“Annexure A” to the Independent Auditor’s Report to the members of Indian Railway Finance Corporation Limited on the financial statements for the year ended 31 March 2017.**

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

b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased fixed assets. In accordance with this programme physical verification is reasonable having regard to the size of the Company and the nature of its assets. **However, Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.**

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of office building is yet to be executed in favour of the company also the same has been disclosed in Note 31 of the financial statements.

d) The company has given an amount of Rs. 13,17,000 Lakhs during the year (P.Y Rs 9,43,000 Lakhs) to Ministry of Railways under leased arrangement for financing the Railway Infrastructure Projects. However, agreement for the same is yet to be executed and list of the projects financed is yet to be received from Ministry of Railways. (Refer Note No. 29)
2. The Company is a Non-Banking Finance Company and not in the business of any trading, manufacturing, mining or processing. Accordingly, it does not hold any inventory. Therefore, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under sec on 189 of the Act. Therefore, the provisions of paragraph 3 (iii) of the Companies (Auditor’s Report) Order, 2016 is are not applicable to the Company.
4. According to information and explanations given to us and based on audit procedures performed, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities provided by the Company as specified under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of paragraph 3 (iv) of the Order are not applicable to the Company.
5. As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of sec on 73 to 76 or any other relevant provisions of the Act and the companies (Acceptance of Deposit) Rules, 2015 and the rules framed there under.
6. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sec on 148(1) of the Act, for any of the services rendered by the Company. Accordingly, clause 3(vi) of the Companies (Auditor’s Report) Order are not applicable to the Company.





7. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. (Refer Note 32(d) of the financial Statement)
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax. Duty of Custom, Duty of excise, VAT, Cess and other material statutory dues were in arrears as at 31<sup>st</sup> March, 2017 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no disputed dues in respect of Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax and Cess which have not been deposited with the appropriate authorities. However, the demands of Income tax which has not been deposited by the company on account of dispute as the company is confident that the demands will be either deleted or substantially reduced and proper disclosure regarding the same has been given in Note No. 32(c) of the financial Statement.
8. In our opinion, and according to information and explanations given by the management, the company has not defaulted in making repayment of loans or borrowing from a Financial Institution, Banks or Debenture Holders/Bond Holders or Government.
9. According to the information and explanations given by the management and based on our audit procedures performed we report that no monies raised by way of initial public offer / further public offer. However, the funds raised by way of issue of debt instruments and term Loans were applied for the purposes for which those funds were raised.
10. To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
11. The company being the government company wholly owned by the Central Govt., therefore section 197 read with schedule V of the Companies Act 2013 shall not apply vide Notification no. GSR 463(E) dated 5<sup>th</sup> June 2015.
12. According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.





14. According to the information and explanations given by the management, and based on our examination of records, the Company has raised money through private placement of Equity Shares from Ministry of Railways during the year and complied with provisions of section 42 of the Companies Act, 2013 and the amount raised have been used for the purposes for which the funds have raised. However the company has not made any preferential or private placement of fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with him which are covered under Section 192 of Companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. According to the information and explanations given to us, the Company is a Non-Banking Finance Company and is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the registration has been obtained.

For SPMG & Co.  
Chartered Accountants  
FRN: 509249C

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



Place: Delhi  
Date: 31-07-2017



**Annexure B to the Independent Auditor's Report of even date on the financial statements of Indian Railway Finance Corporation Limited for the year ended 31 March 2017**

**Report on the Internal Financial Controls under Clause (i) of Sub-sec on 3 of Sec on 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Indian Railway Finance Corporation Limited** ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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





### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the ICAI.

For SPMC & Co.  
Chartered Accountants  
FRN: 509249C



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

Place: Delhi  
Date: 31-07-2017



## Annexure-C to Independent Auditor's Report

### Directions u/s 143(5) of Companies Act, 2013

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

For SPMG & Co.  
Chartered Accountants  
FRN: 509249C



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

Place: Delhi  
Date: 31-07-2017





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

To  
**Board of Directors**  
**Indian Railway Finance Corporation Limited**

**Dear Sir,**

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

1. The Company is engaged in the business of non-banking financial institution, having valid certificate of registration as an Infrastructure Finance Company issued by Reserve Bank of India vide No. is B- 14.00013 dated 22.11.2010. Further, the Company is entitled to continue to hold such registration in terms of its asset / income pattern as on 31.03.2017.
2. As per Para 2 (3) of RBI Master Directions on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide No. DNBR.008/03.10.119/2016-17 dated September 1, 2016, these directions except the provisions of paragraph 23 of the said directions relating to submission of information to Reserve Bank in regard to change of address, directors, auditors, etc. shall not apply to a non-banking financial company being a Government Company as defined under clause (45) of Section 2 of the Companies Act, 2013 (18 of 2013) and not accepting / holding public deposit.
3. According to information and explanation given to us, the RBI Directions as to deposits are not applicable to the Company. Therefore, the Board of Directors of the Company has not passed a resolution for non-acceptance of any public deposits.
4. The Company has not accepted any public deposits during the year 2016-17.
5. RBI Master Directions on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide No. DNBR.008/03.10.119/2016-17 dated September 1, 2016, the Accounting Standards, Income recognition, asset classification and provisioning for Bad and Doubtful debts are not



Contd.../2

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

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

For SPMG & Co.  
Chartered Accountants  
FRN-509249C

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



Place: New Delhi  
Date : 31-07-2017