

**INDIAN
RAILWAY
FINANCE
CORPORATION**

**ANNUAL
REPORT
2017-18**



**FUTURE
ON TRACK**



Tree Plantation by Managing Director & Director Finance on the occasion of Swachhta Pakhwada.



IRFC SWACHHATA TEAM



ANNUAL REPORT 2017-18



Corporate Vision

To be the pivotal and premier financial services company for the development of Rail Transport Sector while maintaining its symbiotic relationship with the Ministry of Railways.

Corporate Mission

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

Corporate Objectives

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

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



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BOARD OF DIRECTORS



Shri A.K. Prasad
Chairman
(From 14.08.2018)



Shri B.N. Mohapatra
Chairman
(From 20.04.2017 to 31.01.2018)



Shri Vijay Kumar
Managing Director
(From 26.07.2018)



Shri S.K. Pattanayak
Managing Director
(From 09.03.2017 to 26.07.2018)



Shri Niraj Kumar*
Director Finance
(From 01.07.2015)



Ms. Sharmila Chavaly
Director
(From 21.11.2012 to 26.09.2017)



Shri Kishor J. Devani
Independent Director
(From 01.04.2016)



Smt. Aditi Sengupta Ray
Independent Director
(From 19.09.2017)



Shri Chetan Venugopal
Independent Director
(From 08.03.2018)



Dr. Kumar V. Pratap
Director
(From 23.04.2018)



Shri Ashok Kumar Singhal
Independent Director
(From 20.07.2018)

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



CORPORATE INFORMATION



Dr. Madhukar Sinha
Chief Vigilance Officer
(From 02.05.2018)



Shri Sanjay Upreti
Chief Vigilance Officer
(From 09.10.2015 to 31.01.2018)

Vijay B. Shirode
Company Secretary

INDIAN RAILWAY FINANCE CORPORATION LTD.

CIN –U65910DL1986GOI026363

Registered office :

Upper Ground Floor, East Tower, NBCC Place,
Pragati Vihar, Lodhi Road, New Delhi – 110 003
Ph.: 011 – 2436 9766 – 69 | Website: www.irfc.nic.in

BANKERS

Corporation Bank
State Bank of India

Internal Auditors
M/s Raj Har Gopal & Co.
Chartered Accountants
412, Ansal Bhavan,
16, Kasturba Gandhi Marg,
New Delhi - 110001

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

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



Shri A.K. Prasad
Chairman



Chairman's Statement

DEAR SHAREHOLDERS,

I am extremely happy to welcome you all to the Thirty First Annual General Meeting of Indian Railway Finance Corporation Limited. The audited accounts of your Company for the year ended 31st March 2018, along with the Directors' Report and its accompaniments are with you. I trust I have your consent to take them as read.

A landmark in infrastructure asset financing by your Company was achieved when its cumulative funding to the Rail Sector crossed the magical ₹ 2 lakh crore mark during the course of the year 2017-18. At the end of 2017-18, your Company had provided funding of over ₹2.20 lakh crore to the Ministry of Railways and other Railway Entities. Ever since its inception, your company has consistently met the borrowing targets assigned to it by the Ministry of Railways while ensuring that its operational expenses are the barest minimum. In view of the performance, your Company has been consistently rated 'Excellent' by the Department of Public Enterprises. I am also happy to share with you that considering the strategic importance as the sole and efficient funding vehicle in the Rail Sector, and the astral role played by it in the capital formation in the Indian Railways over the last three decades, your Company has been conferred the 'Mini Ratna' status which is precursor to the much deserving 'Nava Ratna' status. Before, I present an account of your Company's performance, I would like to recapitulate briefly some of the important developments and trends in global and domestic economy that defined the business environment in which your Company transacted its activities during the year 2017-18 as the

same has a bearing on the performance and prospects of your Company.

ECONOMIC REVIEW:

The cyclical upswing of global economy continued to gather momentum during 2017. As estimated by the International Monetary Fund (IMF), the world GDP growth touched 3.8% which is the highest since 2011. The growth impulse spread across the global economy with synchronised improvement across all regions. On the other hand, the real GDP growth of India decelerated during 2017-18 to 6.6% as against 7.1% for the year 2016-17. Transient adjustment challenges on account of the laggard impact of demonetisation and implementation of the Goods and Service Tax (GST) led to deceleration of GDP growth rate to 6.1% in the first half of FY 2017-18. However, the continuing remonetisation of the economy leading to pick up in discretionary consumer spending, prompt smoothening of GST architecture, a good monsoon and a host of structural reforms such as implementation of Insolvency and Bankruptcy Code (IBC) and abolition of Foreign Investment Promotion Board (FIPB) provided the much needed impetus to the economy which helped the GDP growth rate improving to 7.2% in the second half of FY 2017-18. The prospects for Indian Economy looks promising with the projected GDP growth of 7.4% for FY 2018-19. The global endorsements to the structural reforms undertaken by India is evident in Moody's upgrading sovereign credit rating by one notch to Baa2 from Baa3 and India's position improving to 100 in World Bank's 'Doing Business Assessment Report' from 132 earlier.



The Reserve Bank of India (RBI) calibrated its monetary policy stance during the course of FY 2017-18 in tandem with the economic growth. RBI adopted an 'Accommodative' monetary policy stance in the first half of the FY 2017-18 for revival of economic growth which is reflected in 25 bps reduction in the Repo Rate in August, 2017. However, RBI changed its monetary policy stance to 'Neutral' to tame inflationary expectations in the second half of FY 2017-18 which showed signs of inching up on account of increased consumer spending and hardening of commodity prices globally. As widely expected, US Federal Reserve continued with its interest rate hike for normalising its monetary policy stance and raised the interest rate by 25 bps each three times during the course of the year 2017. However, post publication of US Payroll data showing rapidly accelerating wage growth and better than expected employment which raised uncertainty over the pace of normalisation of US Fed Monetary Policy Investors turned away from the emerging markets towards U.S. Market in January 2018. As a result, Bond Yields in the US hardened sharply. This also resulted in a concurrent hardening of bond yields of other Advanced Economies and Emerging Market Economies including India.

Reflecting the market sentiments, the 10 year benchmark Government bond yield which averaged 6.66% in the 4th qtr. of 2016-17, maintained a flattish trend and averaged around 6.73% during the 1st quarter of FY 2017-18. The Benchmark G-Sec Yield registered a decline during the 2nd quarter of FY 2017-18 and averaged around 6.52%. However, the Benchmark G-Sec Yield reversed the trend and showed an upward bias with an average of 6.97% in the 3rd quarter of FY 2017-18. Amid the uncertainty prevailing in the financial markets over the pace of normalisation of monetary policy by US Fed, the Benchmark G-sec Yield registered sharp increase and recorded an average of 7.54% during the 4th Quarter of FY 2017-18.

The credit spread between 'AAA' rated corporate bonds and the Benchmark G-Sec Yield averaged 65 bps during the year 2017-18 marginally higher than the average of 63 bps recorded in 2016-17.

RAILWAY SECTOR:

Apart from providing most important mode of public transport and cost-effective long distance transport system, Indian Railways plays a pivotal role in reviving economic

growth in the country. Investment in the Railways has a larger multiplier effect on the rest of the economy. There has been a significant growth in the Annual Plan Outlay of Indian Railways in recent years. The Annual Plan Outlay of Indian Railways which remained at ₹50,383.54 Crore for the year 2012-13, has gone up consistently and reached a staggering level of ₹1,20,000 Crore for the year 2017-18. The Annual Plan outlay for the year 2018-19 has been pegged at ₹1,46,500 Crore. Besides, the Indian Railways has embarked on a massive expansion plan with a total plan outlay of ₹8.56 lakh crore over the next five years commencing from the financial year 2015-16. The enormous investment in Indian Railways will lead to significant capacity enhancement, network decongestion, electrification, redevelopment of stations, safety and security of passengers, improvement in passenger amenities, etc. Gross Traffic Receipts of Indian Railways registered a year-to-year growth of 13.27% during the year 2017-18. Indian Railways initiated stringent economy and austerity measures which has helped maintain the operating ratio at 98.4 % for FY 2017-18 and targeted to be brought down to 92.8% during the FY 2018-19.

CONTRIBUTION TO RAILWAY CAPEX:

Since its inception spanning over three decades, your Company has played a stellar role in augmenting the developmental needs of Indian Railways by consistently funding a quarter of the annual plan outlay. Funding of rolling stock for the Ministry of Railways remains the core business of the Company. For the year ended 31st March 2018, your Company has funded moving asset acquisition of 645 locomotives, 3947 passenger coaches and 6290 freight wagons valued at ₹18,669.86 crore. The cumulative acquisition till the end of 31st March, 2018, funded by your company remains at 8,998 locomotives, 51,857 passenger coaches and 2,20,746 freight wagons to the tune of ₹1,69,989 crore, besides providing funding support of ₹6,905 crore to other Railway entities such as Rail Vikas Nigam Limited, IRCON International, Rail Tel Corporation etc. In addition, the Company has funded select capacity enhancement works to the extent of ₹2078 Crore during the year 2011-12. Further, your Company has been assigned the task of funding Railway Projects through Institutional Finance, against which a sum of ₹37,360 Crore has been disbursed to MOR to the end of March, 2018. Thus, the cumulative funding to the Rail Sector till 31st March, 2018



has been ₹2,16,332 crore. This mirrors your Company's importance in the overall asset acquisition plans of the Ministry of Railways.

OPERATIONAL AND FINANCIAL PERFORMANCE DURING 2017-18:

I would now like to share with you some of the highlights of your Company's performance since the last Annual General Meeting held in September, 2017. The Company was originally given a target of borrowing of ₹40,000 crore including ₹21,546.37 Crore for funding Rolling Stock Assets, ₹140 Crore for meeting the debt financing needs of Rail Vikas Nigam Ltd. (RVNL) and ₹ 18,313.63 crore for funding Railway Projects through Institutional Finance from LIC. The target of the borrowing was finally brought down to ₹36,591.67 crore comprising of funding of Rolling stock to the extent of 21,739.28 Crore, financing of Railway Projects under EBR-IF to the tune of ₹14,759.89 Crore and meeting the debt financing requirements of RVNL amounting to ₹92.50 crore. These are the ever highest borrowing targets in a single year. The Company met the aforesaid targets by transferring the required amount of funds before the closure of the fiscal. Besides the above, the Company has diversified its business by disbursing loan to the extent of ₹3200 Crore to IRCON International for acquisition of lease rights of land parcel from RLDA for commercial development. The Company had a carry forward of unutilised balance of ₹2512.03 Crore lying with MOR out of the remittances made in the previous year for funding Rolling Stock Assets. After accounting for the aforesaid carry forward unutilised balance of ₹2512.03 Crore, the entire requirement was met out of a mix of borrowings both from the domestic and international financial markets.

The borrowings made during the year include Taxable Bonds worth ₹15,030 Crore, External Commercial Borrowings (ECB) of ₹4834.87 Crore (equivalent to USD 750 Mio) and Rupee Term Loans of ₹14,200 Crore. Besides, the Company had raised a sum of ₹6,200 Crore through Institutional Finance from LIC by way of issue of bonds and a sum of ₹137 Crore through maiden issuance of 54EC Bonds. Further, a sum of ₹2512.50 Crore which remained unutilized during the previous year formed the carry forward opening balance of the year under review. The weighted average cost and tenor of the pool of borrowings made by the Company during the year 2017-18 including

the carry forward opening balance, remained at 7.40% and 10.38 years respectively as against 7.25% and around 7 years respectively during the previous year 2016-17. This is an extraordinary achievement in view of the fact that the Company has achieved this feat in a scenario of consistent hardening of interest rate in the domestic market as reflected in the upward movement in the Benchmark 10 Year G-Sec Yield from an average of 6.83% in March, 2017 to an average of 7.62% in March, 2018. The average Cost of Borrowings delivered by the Company has remained at 24 bps lower as compared to the average Benchmark Yield of AAA Rated Corporates of equivalent tenors prevailing at different points in time when the borrowings were made during the course of the year. The Company has made it possible through constant monitoring of the market, proper timing of its borrowing and appropriate selection of instruments. This has led to minimisation of the cost of borrowings and in turn has reduced the cost of MOR.

In its endeavour towards further diversification of its borrowing portfolio, the Company had raised a sum of USD 500 Million through its maiden Green Reg-S Bonds in the offshore market. The issue received overwhelming response from the Foreign Institutional Investors and concluded at a tight pricing of 3.835% with tenor of 10 years. These bonds were listed in the London Stock Exchange and Singapore Stock Exchange. Besides, these bonds are the first such bonds to have been listed in the INX Exchange. Further, the Company is one of the few entities in India to have raised Syndicated Foreign Currency Loan denominated in JPY with tenor as long as 10 years. The loan carries an interest rate of 80 bps over 6M JPY LIBOR. This is an incredible achievement considering lesser appetite for long term investment by the risk averse Japanese Investors in the emerging market debts. The Company has diversified borrowing further by raising a sum of ₹10,000 Crore from Ministry of Finance out of the National Small Savings Fund (NSSF) during the year which is a new source of longer tenor funding. The Company launched its maiden issue of 54EC Capital Gain Bonds in November 2017 and mobilized a sum of around ₹137 Crore during the year 2017-18. The subscription is expected to pick up in the next fiscal for which efforts are underway.

I am happy to report that your Company continues to enjoy the highest credit rating from the three leading credit rating agencies. During the Financial Year 2017-18, the Company



was accorded highest possible ratings both for its long term and short term borrowings programme. For the long term domestic borrowings, the Company was awarded “CRISIL AAA/Stable” rating by CRISIL, “(ICRA) AAA” rating by ICRA and “CARE AAA” ratings by CARE. Similarly, the Company’s short term domestic borrowings were rated “P1+”, “A1+” and “PR1+” by CRISIL, ICRA and CARE respectively. Besides, the three prominent International Credit Rating Agencies namely Standard & Poor’s, Moody’s and FITCH have awarded to IRFC “BBB-(Stable)”, “Baa2 (Positive)” and “BBB-(Stable)” respectively. Besides, the Company obtained an issue specific credit rating of “BBB+ (Stable)” from Japanese Credit Rating Agency. The Credit ratings are at par with the rating accorded to India (Sovereign Rating). During the year, the international credit rating of the Company has been upgraded from Baa3 to Baa2 by Moody’s concurrently with the revision of India’s rating. Your Company is one of the four Entities in the country whose rating has been upgraded along with the rating of India.

I now turn to the financial performance of your Company. Even if the entities operating in the financial sector has remained under tremendous stress, IRFC continued to exhibit healthy financial performance for FY 2017-18 by registering a year-on-year growth of 19.31% in the Profit Before Tax (PBT) from ₹2133.27 Crore for the previous year ended 31st March, 2017 to ₹2545.15 Crore for the year ended 31st March, 2018. I am happy to inform you that pursuant to the representation made by the Company, Ministry of Corporate Affairs had issued notification on 5th Feb, 2018 followed by clarification issued on 2nd April 2018 which exempt a class of companies from making provision for Deferred Tax Liability (DTL) for the financial years commencing from 1st April 2017. IRFC meets the laid down criteria and is eligible for the aforesaid exemption which has helped improve the Profit After Tax (PAT) of the Company substantially. Due to above exemption, PAT has registered an unprecedented increase of around 115% to ₹2007.31 Crore for the year under review from ₹933.81 Crore for the previous year. However, the MCA Notification does not permit reversal of accumulated Deferred Tax Liability of ₹6390 Crore for earlier years for which fresh representation has been made to MCA. The reversal of accumulated DTL will help shore up the Net Worth reducing the dependence on equity infusion from MOR to maintain the financial gearing within tolerable limits. Since there has been no equity infusion during the year

2016-17 and 2017-18, the D/E Ratio has come under severe strain and on the threshold of breaching the limit of 10x. Accordingly, it has been decided to peg the dividend at last year’s level so as to have adequate internal generations for maintaining the D/E Ratio. Accordingly, your Company will not be able to pay minimum dividend at the rate higher of 5% of Net Worth or 30% of Profit After Tax as stipulated by Department of Investment and Public Asset Management (DIPAM).

MEMORANDUM OF UNDERSTANDING:

The Members are aware that the Company enters into a Memorandum of Understanding (MOU) with the Ministry of Railways each year which sets out the financial performance and efficiency parameters. Based on the actual achievements vis-à-vis the parameters set out in the MOU, the performance of the Company is evaluated. Your Company’s performance has since been rated ‘Excellent’ with a perfect score of 100% for the year 2016-17. The Company is confident of repeating this feat for the year 2017-18.

CSR ACTIVITIES:

As a responsible corporate citizen, your Company attaches high importance to activities related to Corporate Social Responsibility (CSR) and has strictly adhered to the relevant provisions of the Companies Act, 2013 in this regard. CSR Budget for the year 2017-18 was pegged at ₹39.97 Crore. A total number of 7 CSR Projects were undertaken at a budgeted expenditure of ₹29.08 Crore. Besides, a total sum of ₹10.89 crore was contributed to ‘Clean Ganga Fund’. The CSR Projects include 4 projects in the area of ‘Environmental sustainability and promoting renewable energy’ at a total budgeted cost of ₹16.61 Crore, 1 project for ‘Livelihood enhancement of differently abled sections of the society’ at a budgeted expenditure of ₹0.44 Crore, 1 project pertaining to ‘enhancement of amenities for disabled’ at a budgeted expenditure of ₹3.00 Crore and 1 Project pertaining to ‘skill development’ at a budgeted expenditure of ₹9.03 Crore. Against the budgeted expenditure of ₹29.08 Crore, a sum of ₹2.32 Crore has already been disbursed to the end of March, 2018.

HUMAN RESOURCES:

Despite the scale of operations and the challenging environment in which IRFC operates, your Company has



functioned with a high degree of productivity and efficiency. IRFC is widely respected for its business skills, quick decision making and negotiating capabilities in raising large resources at benchmark pricing levels. The Company strives to maintain the highest standards of corporate governance and has adhered to the guidelines laid down by the law and various regulatory bodies. Consistently high service to all stake holders has been ensured, partly by outsourcing some of the back office activities to professional agencies. The standing earned by the Company in financial markets at home and overseas is the direct outcome of its deep understanding of business, ethical and transparent business practices and accumulation and nurturing of professional expertise over the last three decades. The support it receives from the Ministry of Railways and the trust reposed by the Ministry in the Company's professional capabilities has enhanced its stature. During the year, there has been modest augmentation of staff strength through the induction of 8 more personnel including 5 officers and 3 Non-Executives bringing the total strength of the company to 24. The Company's Human Resources Manual has since been revised to bring it at par with the industry standards which will go a long way in attracting and retaining skilled man power and talents.

In order to further strengthen the Organization Structure for coping up with the additional workload due to manifold increase the annual borrowing target mandated by MOR and significant increase in the compliance requirements in the aftermath of implementation of the New Companies Act, SEBI (LODR) Guidelines, migration to IND-AS and introduction of GST, the Company got a Manpower study conducted by a reputed Management Institute. Based on the report submitted by the Institute, the Company has approached the Govt. of India, Ministry of Railways for approving the proposed increase in manpower strength.

WAY AHEAD:

The current year poses tough challenges for the Company. As reported in the last meeting, Government of India (GOI) in the Union Budget for the year 2017-18 had proposed listing of IRFC's shares. Accordingly, GOI had proposed offer for sale of 5% of its present holdings and the Company has also planned additional issuance of equity through Initial

Public Offerings (IPO). All preparatory activities including appointment of market intermediaries, necessary approvals, requisite policies in terms of LODR Guidelines, requisite amendments in Memorandum & Articles of Association in terms of Companies Act, 2013 and LODR Regulations, are in place by now. The remaining preparations are underway.

For the current fiscal, your Company has been assigned borrowing target of ₹54,940 Crore including ₹28,420 Crore for funding rolling stock assets, ₹26,440 Crore for financing Railway Projects through Institutional Finance and ₹80 Crore for meeting the debt financing needs of RVNL.

I am confident that the intellectual and managerial capabilities, the available skill sets and the ingenuity of the team shall prove equal to the task and ensure all round excellence in the coming years.

ACKNOWLEDGEMENTS:

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

(A.K. Prasad)
Chairman

Place : New Delhi

Dated : 27th September, 2018

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have the pleasure in presenting the Thirty First Annual Report of the Company along with the Audited Financial Statements, Auditor's Report and Review of the Accounts by the Comptroller & Auditor General of India for the financial year ended 31st March, 2018.

1. Financial Highlights

The highlights of financial performance of your Company for the year ended 31st March, 2018 are summarised below:

(₹ in lakhs)			
	Particulars	Year ended 31-03-2018	Year ended 31-03-2017
I.	Revenue from operations	11,01,850.88	9,04,677.44
II	Other income	172.34	88.60
III.	Total Revenue (I+II)	11,02,023.22	9,04,766.04
IV.	Expenses:		
	Finance costs	8,43,684.97	6,88,807.79
	Depreciation and amortization expense	35.40	35.02
	Other expenses	3,787.70	2,596.39
	Total Expenses	8,47,508.06	6,91,439.20
V.	Profit before tax (III-IV)	2,54,515.16	2,13,326.84
VI.	Tax expense:		
	(1) Current tax	54,342.33	45,523.15
	(2) Tax For Earlier Years	-557.84	30.62
	(3) Deferred tax	-	74,391.93
	Total Taxes	53,784.49	1,19,945.70
VII.	Profit (Loss) for the current year from continuing operations (V-VI)	2,00,730.67	93,381.14

Profit before Tax (PBT) of your Company for the year ending 31st March 2018 was ₹ 2,545.15 crore as compared to ₹ 2,133.27 crore for the previous year, registering a growth of 19.31%.

Profit after Tax (PAT) for the year ending 31st March, 2018 was ₹ 2,007.30 crore as against ₹ 933.81 crore for the previous year registering a growth of 114.96%.

For appropriate comparison of the Profit Before Tax (PBT) and Profit After Tax (PAT) with the figures of 2016-17, it would be expedient to discount the impact of exceptional items. As per the Gazette notification No. S.O. 529 (E) dated 5th February 2018 as amended by notification no. S.O. 1465 dated 2nd April 2018 issued by Ministry of Corporate Affairs, Government of India, the provisions of Accounting Standard 22 relating to Deferred Tax Liability (DTL). Deferred Tax Asset (DTA) shall not apply to the company w.e.f. 1st April 2017, accordingly, no provision has been made for DTL/DTA for the year ended 31st March 2018. If the impact of the aforesaid item is factored in, the comparable PAT of the Company for the year 2017-18 would have been ₹ 2,007.31 crore as against ₹ 1,677.73 crore for the year 2016-17, a growth of 19.64%. Since the notification is applicable w.e.f in April 2017, the Company has not reversed the accumulated balance of DTL as on 31st March, 2017 of ₹ 6,389.92 cr.

2. Dividend

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

The Board had, therefore, declared an Interim Dividend of ₹ 200 crore during 2017-18. It is further proposed to declare a Final Dividend of ₹ 175 crore. The total amount of ₹ 375 crore comprising interim and final dividend works out to 18.68% of the PAT of the Company.

3. Reserves

An amount of ₹ 419.81 crore from Profit After Tax has been transferred to Bond Redemption Reserve in terms of the Companies (Share Capital and Debentures) Rules 2014, which mandates the Company to create a Debenture Redemption Reserve for the purpose of redemption of debentures.

An amount of ₹ 1,135.80 crore has been transferred to General Reserve.



4. Share Capital

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

Company has subdivided the face value of its share from ₹1,000/- to ₹10/- each in the Annual General Meeting held on 12th September, 2017. Accordingly, the number and face value of equity shares issued by the Company stand changed from 6,52,64,600 shares of ₹1,000/- each to 6,52,64,60,000 shares of ₹10/- each.

5. Independent Evaluators' Assessment

5.1. Credit Ratings

Domestic: During the financial year 2017-18, the Company's long term domestic borrowing programme was awarded the highest credit rating of "CRISIL AAA/Stable", "[ICRA] AAA (Stable)" and "CARE AAA [Triple A]" by CRISIL, ICRA and CARE respectively. With a view to comply with the requirements of Basel II norms, the Company also got its short term borrowing programme rated, obtaining the highest rating of "CRISIL A1+", "[ICRA] A1+", and "CARE A1+ [A One Plus]" by CRISIL, ICRA and CARE.

International: During the financial year 2017-18, three international credit rating agencies – Standard & Poor's, Fitch and Moody's – have awarded "BBB- with Stable Outlook", "BBB- with Stable Outlook" and "Baa2 with Positive Outlook" ratings respectively to your Company. Besides, the Company obtained an issuer specific credit rating of "BBB+ with Stable Outlook" from Japanese Credit Rating Agency. Each of the four credit ratings is equivalent to India's sovereign rating, and is of investment grade. During the year, the international credit rating of the Company has been upgraded from Baa3 to Baa2 by Moody's concurrently with the revision of India's rating. IRFC is one of the four entities in the country whose rating has been upgraded along with the rating of India.

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

Based on evaluation of its performance for the year 2016-17, the Company obtained 'Excellent' grading from the Department of Public Enterprises (DPE) for its performance vis-à-vis the targets set out in the MOU. Out of the last twenty years, your Company has been rated 'Excellent' on eighteen occasions. The Company

is committed to continue all efforts to maintain high standards of performance in future as well.

In terms of the MOU entered into with the Ministry of Railways (MOR) for the year 2018-19, it has been stated therein that with a view to ensuring measurability and reliability of achievements against the parameters set out in the MOU, the figures be either reflected in the Annual Report for the year 2017-18 or related information be furnished by means of providing resolution passed by the Board and / or by providing physical document. Accordingly, some of the related information is given here under:-

- (i) Report on Corporate Governance for the year 2017-18 was submitted to Department of Public Enterprises (DPE) through MOR on 24th May 2018.
- (ii) Completed Data Sheet, containing PE Survey for the year 2016-17, was submitted to DPE on 7th September, 2017.
- (iii) The Company has submitted a certificate to DPE through MOR that it has complied with all the guidelines issued by DPE from time to time on various subjects.

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

5.2.2. Mini Ratna Status

The Company has been conferred the 'Mini Ratna' status which is prerequisite for getting the much deserved Navaratna Status. Mini Ratna status provides the Company the requisite autonomy to undertake capital expenditure on new projects, modernisation, purchase of equipment, setting up of joint ventures & subsidiaries both domestically & internationally. It also enables the Company to frame human resource management policies such training, voluntary or compulsory retirement schemes, etc. independently.

6. Market Borrowings during 2017-18

The Company was originally given a target of borrowing of ₹40,000 crore including ₹21,546.37 Crore for funding Rolling Stock Assets, ₹140 Crore for meeting the debt financing needs of Rail Vikas Nigam Ltd. (RVNL) and ₹ 18,313.63 crore for funding Railway Projects through Institutional Finance from LIC. The target of the borrowing was finally brought down to ₹36,591.67 crore comprising of funding of Rolling stock to the extent of ₹ 21,739.28 Crore, financing



of Railway Projects under EBR-IF to the tune of ₹14,759.89 Crore and meeting the debt financing requirements of RVNL amounting to ₹92.50 crore. The final acquisition of Rolling Stock Assets for the year 2017-18 was ₹ 18,669.86 crore against the transfer of funds of ₹ 21,739.28 cr. by IRFC leaving a balance of ₹ 3,069.42 of funds unutilized, the Company met the aforesaid targets by transferring the required amount of funds before the closure of the fiscal. Besides the above, the Company has diversified its business by disbursing a loan to the extent of ₹3200 Crore to IRCON International Limited for acquisition of lease rights of land parcel in Mumbai from RLDA for commercial development. The Company had a carry forward of unutilised balance of ₹2512.03 Crore lying with MOR out of the remittances made in the previous year for funding of Rolling Stock Assets. After accounting for the aforesaid carry forward unutilised balance of ₹2512.03 Crore, the entire requirement of funds was met out of a mix of borrowings both from the domestic and international financial markets.

The borrowings made during the year include Taxable Bonds worth ₹15,030 Crore, External Commercial Borrowings (ECB) of ₹4834.87 Crore (equivalent to USD 750 Mio) and Rupee Term Loans of ₹14,200 Crore. Besides, the Company had raised a sum of ₹6,200 Crore through Institutional Finance from LIC by way of issue of bonds and a sum of ₹137 Crore through maiden issuance of 54EC Bonds. The weighted average cost and tenor of the pool of borrowings made by the Company during the year 2017-18 including the carry forward opening balance, remained at 7.40% p.a. as against 7.15% p.a. doesn't include LIC borrowing during the previous year 2016-17. This is a creditable achievement in view of the fact that the Company has achieved this feat in a scenario of consistent hardening of interest rates in the domestic market as reflected in the upward movement in the Benchmark 10 Year G-Sec Yield from 6.69% % in March, 2017 to 7.40% in March, 2018. The average Cost of Borrowings delivered by the Company has remained at 24 bps lower as compared to the Benchmark Yield of AAA Rated Corporates of equivalent tenors prevailing at different points in time when the borrowings were made during the course of the year. Even after excluding the bilateral private placement deals which are available at concessional rates, the reduction in cost of incremental borrowings for 2017-18 vis-à-vis the prevailing Benchmark Yield on AAA Rated Corporates of equivalent tenor remained at around 10 bps.

The Company was able to achieve this feat through constant monitoring of the markets, proper timing of its borrowing and appropriate selection of instruments. This

has led to minimisation of the cost of borrowings and in turn has reduced the cost to MOR.

In its endeavor towards further diversification of its borrowing portfolio, the Company had raised a sum of USD 500 Million through its maiden Green Reg-S Bonds in the offshore market. The issue received overwhelming response from the Foreign Institutional Investors and concluded at a tight coupon of 3.835% with tenor of 10 years which worked out at 145 bps over the Benchmark US Treasury. These bonds have been listed overseas in the London Stock Exchange and Singapore Stock Exchange. Besides, these bonds are the first one to have been listed in the INX Exchange, India. Further your Company is one of the few entities in India to have raised Syndicated Foreign Currency Loan denominated in JPY with tenor as long as 10 years. The loan carries an interest rate of 80 bps over 6M JPY LIBOR. The Company has diversified borrowing further by raising a sum of ₹10,000 Crore from Ministry of Finance out of the National Small Savings Fund (NSSF) during the year which is a new source of longer tenor funding. During the year, the Company has received approval of Ministry of Finance for issue of Capital Gain Bonds under Section 54EC of Indian Income Tax Act, 1961 and mobilized a sum of around ₹137 Crore. The notification for issuance of Capital Gain Bonds was issued by MOF in October, 2017. The subscription is expected to pick up in the next fiscal for which efforts are underway. Ministry of Finance had approved Government Guarantee to the extent of ₹5000 Crore to Life Insurance Corporation of India for subscription to the bonds issued by IRFC which could not be utilized in the last fiscal due to paucity of time as approval was issued in the last week of March, 2018. However, the Company has requested MOF to issue guarantee for more amount in the fiscal 2018-19. This would help IRFC to issue bonds to LIC equivalent to the guaranteed amount in excess of the exposure limit as per IRDAI guidelines for investment in Railway Projects.

7. Redemption of Bonds / Repayment of Loans

The Directors are pleased to report that during the year under review, your Company successfully redeemed bonds and discharged its other debt obligations amounting to ₹ 26,712.04 crore in an efficient manner, without a single instance of delay or default in debt servicing. These included Bonds valued at ₹ 1927.56 crore, Term Loans worth ₹ 7182.16 crore, External Commercial Borrowings (ECB) of ₹ 1977.32 crore and Commercial Papers of value ₹15,625.00 crore. Your Company is set to honour obligations towards redemption of Bonds, repayment of Loans and ECBs



amounting to around ₹ 20,098.44 crore during the next fiscal.

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

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

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

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

As regards the Operational Risk, the Company has in place adequate internal control systems commensurate with the nature and volume of its business. Efficient maintenance of accounts is facilitated by a professional and reputed firm of Chartered Accountants engaged as Retainer of Accounts. Control is exercised by the executives and employees of the Company, who are accountable for the work done by the aforesaid firm. Thereafter, the same is audited periodically by the Internal Auditors. The function of Internal Audit has been assigned to another reputed firm of Chartered Accountants. The scope of internal audit is well defined and is very exhaustive to take care all crucial functions and business of the Company. Based on their report, steps are taken at regular intervals to further strengthen the existing systems and procedures. Their significant observations are discussed in the Audit Committee Meetings regularly. The Statutory Auditors of the Company are appointed by Comptroller and Auditor General (C&AG) of India, and the appointment is rotated periodically. Besides, the accounts of the Company are subject to supplementary audit by the office of C&AG as required under the Companies Act. The C&AG also conducts proprietary audit of the Company. The Company has implemented Accounts Manual and Internal

Audit Manual from financial year 2016-17. The Company has also implemented a policy for temporary placement of funds with the Banks in order to strengthen its cash management system. The track record of your Company with regard to handling its operational risk has been excellent.

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

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

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

Although the foreign exchange fluctuation risk of foreign currency is a pass through to MOR, still your Company has consistently been adopting prudent, efficient and cost-effective risk management strategies to safeguard its operations against Exchange Rate Variation risk on its overseas borrowings. The Company strives to eliminate at opportune time the exchange rate variation risk in respect of principal repayments. Timing is important in such hedging transactions. The Company recognises the fact that contracting a hedge at a time subsequent to the

drawdown does not expose it to any undue risk because of longer maturities. The Risk Management Committee regularly monitors the FX Exposure. In accordance with the policy, the Company has hedged part of its foreign currency exposure thereby mitigated the exchange rate fluctuation risk to that extent.

Some of the outstanding foreign currency borrowings of the Company with tenor longer than five years are either having bullet repayment or amortised repayment in half-yearly instalments. As a result of amortized repayments, the risk gets significantly mitigated by virtue of repayments taking place progressively at different points of time. Keeping in view the volatility in the foreign exchange markets, the Company has been taking recourse to selective hedging of the ECBs outstanding both on principal and interest amount. With a view to effectively supplement its in-house expertise on the matter, your Company usually resorts to external expert advice from reputed professional consultants, while taking hedging decisions.

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

For effective monitoring, control and mitigation of financial risk arising due to mismatch in the Asset Liability position, the Company has formed an Asset Liability Management Committee (ALCO) comprising of Senior Level Officers. The ALCO generates various reports as prescribed by RBI for monitoring the liability and interest rate risk and place the same before the Risk Management Committee from time to time.

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

9. RBI Prudential Norms

Your Company is registered as a Non-Banking Finance Company with the Reserve Bank of India. Being a Government Company and not accepting public deposits, the exemption from Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding)

Companies Prudential Norms (Reserve Bank) Directions except paragraph 26 with respect to change of address, Directors, Auditors etc., continues to be applicable in the new Directions issued by the Reserve Bank of India for the year 2015 vide Notification No. DNBR.008/CGM(CDS)-2015 dated 27th March, 2015. As a matter of prudence the Company has decided to follow the asset classification and provisioning norms as contained in above directions for loans/leases/advances to entities other than Indian Railways, except the requirement of provisioning on standard assets.

However, the aforesaid exemption to Government NBFCs has been withdrawn from 31st May, 2018. The immediate impact on the profitability on account of provisioning on standard assets is estimated to be around ₹ 800 Crore in the year 2018-19. The Company is presently exempt from single party exposure norm for its exposure to Indian Railways. Besides, RBI had exempted the Company from adoption of Fair Practice Code. The Company has made representations to the Reserve Bank of India through MOR seeking exemption from the asset classification and provisioning norms to the extent exposure of Ministry of Railways, Govt. of India, continuation of exemption from exposure norm for exposure to Indian Railways, enhanced exposure to other Railway Entities and continuation of the exemption from Fair Practice Code (FPC).

10. Lease Arrangement with the Ministry of Railways 2017-18

As you are aware, the financial relationship of the Company with the Ministry of Railways is based on a Finance Lease arrangement which is regulated by a standard lease agreement. In respect of the incremental assets acquired during 2017-18 through IRFC funding, lease rentals have been fixed at ₹ 55.7615 per thousand per half year (PTPH) over a primary lease tenor of 15 years. The cost (IRR) to Ministry of Railways is 8.05% p.a. payable semiannually. Viewed in the context of the relatively high interest rates ruling during most parts of the year, the pricing is considered attractive for the Ministry.

11. Resource Mobilisation for 2018-19

In the Budget for 2018-19, the annual borrowing target for IRFC has been fixed at ₹54,940 crore which includes ₹ 28,420 crore for funding of Rolling Stock assets and funding of Railway projects through Institutional Finance to the extent of ₹26,440 crore. A target of ₹ 80 crore for meeting the debt funding requirements of RVNL has also



been given.

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

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

Your Directors take pleasure in sharing with you their perception that business of the Company stands on a sound platform and is running well. The robust business model involving strong and mutually beneficial relationship with MOR has become its unique forte. However, the uncertainties in the global markets and the widening of corporate spreads, as well as by interventions of Reserve Bank of India to bring inflation under control, points to strong likelihood of the cost of raising financial resources remain on the higher side. While the Company's operations have necessarily to be circumscribed by the conditions set out by the macroeconomic environment, the Company maintains its unflinching commitment to make funds available to the Railways at the most competitive pricing feasible.

The business of the Company with the Ministry has grown considerably during the last ten years. From an annual target of ₹ 2,957 crore in 2004-05, the borrowing target assigned for the current year 2018-19 stands at ₹ 54,940 crore comprising ₹ 28,420 crore for Rolling Stock assets, ₹ 80 crore for RVNL and ₹ 26,440 crore for Railway Projects to be funded through LIC loan. The trend represented by more than eighteen-fold increase in annual borrowing target over the period is likely to continue.

In the Annual Report of Financial Year 2015-16, it was reported that MOR has tied up a loan of ₹1,50,000 crore from Life Insurance Corporation of India (LIC) to be drawn in tranches over a period of five years for their projects funding. It was also reported that IRFC has been entrusted with the job of borrowing the funds from LIC on MOR's behalf.

Under the arrangement, amount totaling of ₹ 16,200 crore was drawn from LIC during the years 2015-16, 2016-17 and 2017-18.

In the Union Budget for the year 2017-18, the Government has announced listing of shares of your Company on bourses. As a pre-requisite for listing, the public shareholding of

such companies has to be not less than 25%, which is to be achieved within a period of three years. The company has already appointed all the requisite intermediaries to implement the IPO. The remaining preparations for IPO are underway.

Migration to Ind-AS

The Ministry of Corporate Affairs, Govt. of India vide its Notification dated 30th March, 2016 had notified the accounting periods for preparation of Indian Accounting Standards (Ind-AS) compliant Financial Statements (i.e. conversion to Ind-AS) for NBFCs. IRFC, being an NBFC with Net Worth more than ₹ 500 Crores is required to comply with Ind-AS in preparation of its financial statements for the accounting periods beginning on or after 1st April, 2018 with the comparatives for the periods ending on 31st March 2018. Accordingly, the 'reporting date' for the Company is 31st March 2019 with 'transition date' being 1st April 2017. Company has already initiated the process of implementation of Ind-AS.

13. Report on Corporate Governance

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

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

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

14. Corporate Social Responsibility

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

In terms of Section 135 of the Companies Act, 2013 (the Act), read with Schedule VII thereof and also the CSR Rules, the Company has constituted a CSR Committee (the Committee) comprising Independent Director, the Managing Director and Director Finance. Independent Director is the Chairman of the Committee. Under the Act, the Company is required to spend at least two percent of the average of its net profits of the three immediately preceding financial years. The Department of Public Enterprises (DPE) has also issued guidelines in this regard which, inter alia, require the Central Public Sector Enterprises (CPSEs) to frame a 'CSR and Sustainability Policy'. The Guidelines also make it mandatory for the CPSEs undertake CSR activities under the provisions of the Act and the Rules thereunder.

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

CSR activities during 2017-18

During the year 2017-18, the Company was required to spend ₹ 39.97 crore, being 2% of its average net profits of the last three years, on CSR activities under the Act. The Company spent a sum of ₹ 13.21 crore. Claims for the balance amount of ₹ 26.76 crore are awaited from the implementing agencies.

Following expenses, inter alia, were incurred by the Company during 2017-18:-

The Company spent ₹ 0.82 crore for installation of 2,000 Nos. of solar home lighting systems, 130 Nos. of solar street lighting systems and providing 2,000 Nos. of solar lanterns at Dhuburi Dist., Assam.

In an effort towards improving capacity building of Divyaangs (persons with disabilities), the Company has contributed ₹ 1.50 crore to ALIMCO for assessment camps and distribution of aids and appliances at Firozabad (Uttar Pradesh), Rishikesh (Uttarkhand), Ahmednagar (Maharashtra), Bokaro (Jharkhand) Delhi / NCR and Nowgaon, Chattrapur, Madhya Pradesh.

The Company has also deposited in Clean Ganga Fund ₹ 10.89 crore.

CSR Activities proposed during 2018-19

During the year 2018-19, the Company is required to spend about ₹ 44.18 crore under the Act. Preliminary study on

projects is being undertaken. The detail of all the projects / activities would be provided in the next Annual Report.

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

15. Directors Responsibility Statement

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

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud or other irregularities; and
- d) The Directors have prepared the annual accounts on 'going concern' basis.
- e) The Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. Human Resource Management

Performance level of your Company has been consistently high despite the fact that it consciously maintains a very lean workforce reflected in its low overhead to turnover ratio of less than 0.10%..

During the year, there has been modest augmentation of staff strength through the induction of 8 more personnel including 5 officers and 3 Non-Executives. The Company's Human Resources Manual has since been revised to bring it at par with the industry standards which will go a long way



in attracting and retaining skilled man power and talents.

In order to further strengthen the Organization Structure for coping up with the additional workload due to manifold increase the annual borrowing target mandated by MOR and significant increase in the compliance requirements in the aftermath of implementation of the Companies Act, 2013, SEBI (LODR) Guidelines, migration to IND-AS and introduction of GST, the Company got a study conducted by the Management Development Institute (MDI). Based on the report submitted by MDI, the Company has approached the Ministry of Railways, Govt. of India, for approving the proposed increase in manpower strength.

Such high levels of efficiency would not have been possible but for the Company laying deep emphasis on upgrading skills of its employees and keeping them abreast of latest developments and industry practices. The Company is committed to enhancing the professional expertise of all its employees. As a matter of general practice, the Company relies on training programmes involving assessment of training needs and providing necessary inputs to Company personnel, including through customised training programmes.

The Directors are also imparted training in the need based manner. Shri Kishor J. Devani, Independent Director, underwent training for two days on 'Corporate Governance – Effective Directors for Sustainable Competitiveness'. The main focus of the training was to make the Directors aware of the best corporate governance practices. Besides, Smt. Aditi Sengupta Ray, Independent Director was imparted training on 'Orientation Programme for Capacity Building of Non-Official Directors of CPSEs'. This training programme was to sensitise newly appointed Independent Directors about their roles and responsibilities in context of the Companies Act, 2013.

While selecting the training programme, the Company lays emphasis on development of the skill and knowledge of its executives in the new vistas of Finance and Information Technology, besides developing the leadership and managerial skills for the future.

17. Statutory Auditors & Secretarial Auditors

M/s SPMG & Company, Chartered Accountants, have been appointed as Statutory Auditors by Comptroller & Auditor General of India to audit the accounts of the Company for the year 2018-19. Secretarial Audit under Section 204 of the Act has been conducted by M/s Navneet K Arora & Co LLP, Company Secretaries, the existing Secretarial Auditors.

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

18.1. Number of Meetings of the Board

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

18.2. Certificate of Independence by Independent Director

Shri Chetan Venugopal and Smt. Aditi Sengupta Ray, Independent Directors, have given a declaration that they meet the criteria of Independence as laid down under Section 149 (6) of the Act.

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

Pursuant to MCA Notification No. S.O. 529 (E) dated 5th February 2018 as amended by notification number S.O. 1465 dated 2nd April 2018, the Company has ceased to provide DTL/DTA on timing differences w.e.f. 1st April 2017. The change in accounting policy of non-recognition of DTA/DTL has resulted in reduction of tax expenses by ₹ 951.82 Crores with a corresponding increase in Profit after Tax.

18.4. Internal financial control systems and their adequacy

This has been discussed in Para 8.

18.5. Audit Committee

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

18.6. Statutory Auditors' Report and Secretarial Auditors' Report

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

requirements of the Companies Act, 2013.

Since the Directors are appointed by the Government on the Board of the Company, the Company has requested the Administrative Ministry to appoint requisite number of Independent Directors to comply with the provisions of the Companies Act, 2013. As on the date of this report, Company is having adequate number of Independent Directors and constitution of Board, Audit Committee and Nomination & Remuneration Committee is in line with requirements of the Companies Act, 2013.

The Secretarial Auditor in their Secretarial Audit Report has observed that Company could not e-file NBFC-ND-SI Quarterly Returns for the financial year 2017-18 with Reserve Bank of India in compliance of Non-Banking Financial Companies (Reserve Bank) Directions 2016 with the RBI Portal (COSMOS).

Company was unable to e-file NBFC-ND-SI Quarterly Returns for the financial year 2017-18 with Reserve Bank of India due to technical / validation problem in the RBI portal. Company has submitted hard copies of the said Quarterly Returns for the financial year 2017-18 with Reserve Bank of India. Subsequently, the Company has e filed the returns with RBI.

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

The Ministry of Corporate Affairs has notified the Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2). Your Company complies with the same.

18.7. Risk Management

The Board of the Company has formed a Risk Management Committee comprising of Managing Director and Director Finance. Three meetings of the Committee were held during the year. The proceedings of the meetings of the Risk Management Committee were placed before the Board of Directors in their subsequent meetings. Terms of reference of the Risk Management Committee :-

- a. Carry out responsibilities as assigned by the Board.
- b. Monitor and Review Risk Management Plan as approved by the Board.
- c. Review and Recommend Risk Assessment Report and Risk Management Report for approval of the Board.
- d. Ensure that appropriate system of risk management is in place.
- e. Oversee recent developments in the Company and periodic updating of Company's Enterprise Risk Management Program for assessing, monitoring and mitigating the risks.
- f. Periodically, but not less than annually, review the adequacy of the Company's resources to perform its risk management responsibilities and achieve objectives.

The Company has constituted sub-committee of Risk Management Committee to assess and mitigate the foreign exchange fluctuation risk and interest rate risk in External Commercial Borrowings. Minutes of the meetings of the Sub-committee along with the action taken are placed before the Risk Management Committee.

The Company has also constituted Asset Liability Management Committee (ALCO) and responsible for ensuring adherence to the limits set by the Board as well as for deciding the borrowing strategy of the Company in line with the decided risk management objectives. Terms of Reference of ALCO Committee:-

- a. Balance sheet planning from risk return perspective including the strategic management of interest rate and liquidity risks.
- b. Whether the limits/parameters set by Board have been breached.
- c. Desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services/product, etc
- d. The results of and progress in implementation of the decisions made in the previous meetings.
- e. View on the current interest rate and base its



decisions for future business strategy on this view

- f. A view on future direction of interest rate movements and decide on funding mixes between fixed vs. floating rate funds, wholesale vs retail deposits, money market vs. capital market funding, domestic vs. foreign currency funding, etc.

The Company has also a Risk Management Policy in place.

The details of Risk Management have been covered in Para 8.

18.8. Particulars of loans, guarantees and investments

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

18.9. Transactions with related parties

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

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

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

18.11. Disclosure under Foreign Exchange Management Act, 1999

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

18.12. Extract of Annual Return

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

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

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

18.14. Deposits from public

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

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

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

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

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

18.16 Expenditure on R&D

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

19. Compliance of MSME Guidelines

Your Company has in place Manual for Procurement of Goods, Services and Works which provides guidelines to expedite decision making process by consolidation, simplifying and streamlines the various steps to be followed in the process of award of contracts from the procurement of goods, works & services as well as during its implementation on the ground.

The achievement of procurement from MSEs in compliance to Public Procurement Policy during the financial year 2017-18 is placed below:

Sl. No.	Particulars	2017-18
1	Total annual procurement (in ₹ in crore)	5.45
2	Target %age of annual procurement (20%) (in ₹ in crore)	1.09
3	Total value of goods and services procured from MSEs (including MSEs owned by SC/ST entrepreneurs) (in ₹ in crore)	1.52
4	Total value of goods and services procured from only MSEs owned by SC/ST entrepreneurs	0.25
5	%age of procurement from MSEs (including MSEs owned by SC/ST entrepreneurs) out of total procurement	28.04%
6	% age of procurement from only MSEs owned by SC/ST entrepreneurs out of total procurement	4.62%

20. Vigilance Activities

Considering the lean strength and nature of operations, the vigilance activities of the Company is being looked after by a Part-time Chief Vigilance Officer (CVO) nominated by the Ministry of Railways. The CVO carries out internal scrutiny of the activities on a random basis to ensure compliance with the laid down CVC guidelines and procedures.

During the year 2017-18 one complaint was received by the CVC with allegations of misconduct for which investigations have been carried out and memorandum of charge has been issued.

21. Awards

Your Company has received an Award in the category for Best Employee Productivity & Overall Best Performance – Financial (Mini Ratna – II & Others) at Governance Now 5th PSU awards for the second consecutive year. The awards were presented by Shri Mansukh L Mandaviya, Hon'ble Minister of State for Road Transport & Highways, Shipping, Chemical & Fertilizers and Smt. Krishna Raj, Minister of State for Agriculture and Farmers Welfare. The Award ceremony was held at Imperial Hotel, Delhi on 27th February 2018.

Your Company has received the following award after the close of the year 2017-18

- Award for “Best Growth Performance – Financial Services” in Dun & Bradstreet PSU Awards 2018. The award was presented by Shri Bibek Debroy, Chairman, Economic Advisory Council to the Prime Minister. The Award ceremony was held on 24th July, 2018 in New Delhi.

22. Official Language

The Company is committed to achieving extensive use of Hindi in transaction of its official business, and in the process also bring about compliance with provisions of Official Language Act and Official Language Policy of the Government of India. Considerable efforts were made to achieve the targets set under Annual Programme issued by Department of Official Language, Government of India. Provisions of Section 3(3) of the Official Language Act were fully complied with. Effective measures were taken to bring about progressively higher use of Hindi in day-to-day working of the Company. Ensuring more intensive use of bilingual / Hindi software, purchase of sufficient number of Hindi books, periodicals and journals for the office library in keeping with improving readership, and holding workshops to promote awareness and use of Hindi as official language formed core of the approach in the matter, even as the biggest driver has been a sense of pride inculcated amongst constituents of the Company in transacting their official work in Hindi.

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

During the year 2017-18, the ‘Drafting and Evidence Sub-Committee of the Parliament on Official Language’ had conveyed a meeting to assess the extent of use of Hindi in the Company. The Committee had appreciated the use of Hindi in the Company. In recognition of the contribution, the Company has been felicitated and awarded a trophy by the ‘Town Official Language and Implementation Committee’.

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

23. Presidential Directives

Following Presidential Directives were received during the year:-

- Presidential Directive No. 2017/PL/52/4 dated 24th



November, 2017 was received for approval of Pay revision of Board and below Board level executives and Non-Unionised supervisors of IRFC w.e.f. 1st January, 2017.

- Presidential Directive No. 2016/PL/47/4 dated 15th March, 2018 was received for approval of IRFC employees defined contribution Superannuation Pension Scheme.

24. Right to Information Act, 2005

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

25. Women Employees

Your Company has a very small organizational setup, presently comprising 24 employees in all out of which three are women employees including two women in the executive cadre and one woman in the highest grade of Non-Executive cadre. Thus, women employees constitute 12.5% of the total employee strength at present and the Company would endeavour to further improve the number as and when an opportunity arises.

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

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

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

27. Board of Directors and Key Managerial Personnel

Since the last Annual General Meeting in 12th September, 2017, following changes have taken place in the composition of the Board of Directors.

1. Shri B.N. Mohapatra, Financial Commissioner (Railways), Chairman, IRFC superannuated on 31st January, 2018.
2. Ms. Sharmila Chavaly, Joint Secretary, Department of Economic Affairs, Ministry of Finance, ceased to be a Director, due to completion of tenure as Joint Secretary, Department of Economic Affairs, Ministry of Finance on 26th September, 2017.

3. Smt. Aditi Sengupta Ray, has been appointed as Non official Independent Director vide MOR Order No.2003/PL/60/1(Pt)2 dated 19th September, 2017.
4. Shri. Chetan Venugopal, has been appointed as Non official Independent Director vide MOR Order No.2003/PL/60/1(Pt)2 dated 8th March, 2018.

Following Directors were appointed/ceased after the close of the year:-

5. Dr. Kumar V. Pratap, Joint Secretary (IPF), Department of Economic Affairs, Ministry of Finance has been appointed as part-time Government Director of the Company vide MOR Order No. No.2009/PL/47/2 dated 23rd April, 2018.
6. Shri. S. K. Pattanayak, ceased to be Managing Director of the Company w.e.f. 26th July, 2018 due to premature termination of his tenure vide MOR Order No. 2015/E(O) II/40/9 dated 26th July, 2018 .
7. Shri Vijay Kumar, IRAS, Additional Member (Budget), Railway Board has assumed the charge of the post of Managing Director of the Company in place of Shri. S. K. Pattanayak whose tenure has been prematurely terminated vide MOR Order No. 2015/E(O)II/40/9 dated 26th July, 2018 .
8. Shri Ashok Kumar Singhal has been appointed as Non official Independent Director of the Company vide MOR Order No. 2008/PL/48/1 (Pt.) dated 20th July, 2018.
9. Shri Anup Kumar Prasad, IRAS, Financial Commissioner (Railways) has been appointed as part-time Chairman of the Company vide MOR Order No. 2009/PL/47/2 dated 14th August, 2018.

Directors place on record their appreciation of the services rendered and contributions made by Shri B.N. Mohapatra as Chairman of the Company during his tenure and Ms Sharmila Chavaly as Nominee Director.

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

28. Comments of the Comptroller & Auditor General of India

The Comptroller & Auditor General of India has undertaken supplementary audit on accounts of the Company for the year ended 31st March, 2018 and have had no comments upon or supplements to the Auditors' Report under Section

143(6) of the Companies Act, 2013.

29. Acknowledgements

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

& Auditor General of India, the Statutory Auditors and the Internal Auditors for their valuable support and guidance.

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

For and on behalf of Board of Directors

Place: New Delhi

Date : 26th September, 2018

Sd/-
Chairman



REPORT ON CORPORATE GOVERNANCE

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

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

Company’s Philosophy on the Code of Governance

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

To foster best Corporate Governance practices, the Company has formulated a “Code of Business Conduct and Ethics for its Board Members and Senior Management” in

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

Affirmation by all Directors and senior Officers of the Company to the effect that they have complied with and not violated the Code is required to be obtained at the end of each year. The requirement stands fulfilled for 2017-18. A declaration to this effect, duly signed by the Managing Director (CEO), is at Annexure-VI and forms part of Director’s Report.

Board of Directors

As on the end of financial year, there are 5 (five) Directors on the Board of the Company. Besides Managing Director and Director Finance, Three Independent Director(s) are also in position. As provided in the Articles of Association of IRFC, the appointment of Directors and payment of their remuneration are determined by the President of India.

Meetings of Board of Directors

The Board of Directors has been holding its meetings regularly. 9 (Nine) such meetings were held during the year under review, as listed below:-

Serial No.	Board Meeting No.	Date
1.	232	12.05.2017
2.	233	31.07.2017
3.	234	29.08.2017
4.	235	12.09.2017
5.	236	20.10.2017
6.	237	13.11.2017
7.	238	23.01.2018
8.	239	01.03.2018
9.	240	27.03.2018



Attendance at the Meetings of the Board of Directors during 2017-18 :-

Name of the Director	Number of meetings of BOD held during their tenure	Number of meetings attended	Attendance at the AGM	Directorship in other Companies	No. of Committee positions held in public companies including IRFC
Shri B.N. Mohapatra Chairman / IRFC From 20.04.2017 to 31.01.2018	7	7	Yes	None	1 *
Shri S.K. Pattanayak Managing Director/ IRFC From 09.03.2017	9	9	Yes	None	3**
Shri. Niraj Kumar Director Finance / IRFC From 01.07.2015	9	9	Yes	None	2 ***
Ms. Sharmila Chavaly Director From 21.11.2012 to 26.09.2017	4	4	Yes	2	4 ****
Shri Kishor J. Devani Independent Director From 01.04.2016	9	9	Yes	None	4*****
Smt. Aditi Sengupta Ray Independent Director From 19.09.2017	5	5	NA	None	3 *****
Shri. Chetan Venu Gopal Independent Director From 08.03.2018	1	1	NA	5	Nil*****

- *Shri B.N. Mohapatra, Financial Commissioner (Railways), superannuated on 31st January, 2018. During his tenure as Chairman, Shri Mohapatra was Member Nomination & Remuneration Committee.
- **Shri S.K. Pattanayak was appointed Managing Director of the Company vide Ministry of Railways (MOR) Order No. 2015 / E (O) II / 40 / 9 dated 16th February, 2017. Shri Pattanayak remained Member of the CSR Committee, Stakeholders Relationship Committee, Audit Committee.
- ***Shri Niraj Kumar, was appointed as Director Finance from 1st July, 2015 vide MOR Order No.2014/E(O) II/40/12 dated 1st April, 2015. Shri Niraj Kumar remained Member of the CSR Committee, Stakeholders Relationship Committee,
- ****Ms. Sharmila Chavaly, Joint Secretary (I & I) Division, Department of Economic Affairs, Ministry of Finance was Director in ONGC Videsh Limited (OVL) and India Infrastructure Finance Company Limited (IIFCL).

- Ms. Chavaly is member of CSR Committee in IIFCL. She is also member of the Human Resources Management & Remuneration Committee in OVL besides being member of the Audit Committee and Nomination & Remuneration Committee in IRFC. She relinquished charge of the post of Director on 26th September, 2017, Vide MOR Order No.2009/PL/47/2 dated 12.12.2017. She was Member of Audit Committee and Nomination and Remuneration Committee.
- *****Shri Kishor J. Devani was appointed as Part-time Non-official Director vide MOR OrderNo.2003/PL/60/1(pt.) dated 01.04.2016.

Shri Kishor J. Devani is Chairman of the Audit Committee, CSR Committee, Stakeholders Relationship Committee, and Nomination & Remuneration Committee of the Company. The Company has received Letter no. KHD/IRFC/117/2017 dated 29th November 2017 from Shri Kishor J. Devani, Independent Director expressing his desire not to continue as Chairman of Stakeholders Relationship Committee because of certain personal



constraints on his part & he continues to be a member of the Committee.

6. *****Smt. Aditi Sengupta Ray appointed as Part-time Non-official Director vide MOR Order No.2003/PL/60/1(pt) dated 19th September.2017.

Smt. Aditi Sengupta Ray is Member of the Audit Committee, Stakeholders Relationship Committee and Nomination & Remuneration Committee of the Company.

7. ***** Shri. Chetan Venugopal appointed as Part-Time Non-official Director vide MOR Order No.2003/PL/60/1(pt) dated 8th March,2018

Remuneration paid to Managing Director and Director Finance

Remuneration was paid by the Company during 2017-18 to its Functional Directors as follows :-

Name of the Director	Salary & Allowances	Perquisites & Benefits	Contribution to PF	Total
Shri S.K. Pattanayak Managing Director	₹35,52,464/-	₹ 4,08,505/-	₹ 3,14,092/-	₹42,75,061/-
Shri Niraj Kumar, Director Finance	₹53,03,077/-	₹ 45,521/-	₹ 3,27,201/-	₹56,75,799/-

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

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

A Sitting Fee per Meeting payable to Independent Director(s) has been enhanced from ₹ 20,000/- to ₹ 30,000/- for attending meeting(s) of the Board w.e.f. 25th June, 2018.

No remuneration / fee is paid to Government Nominee Directors.

Information placed before the Board

Information placed before the Board of Directors from time to time broadly includes items specified in the Government Guidelines and any other information considered relevant and useful in facilitating meaningful and focused deliberations on issues concerning the Company and taking

decisions in an informed and efficient manner. Additionally, Directors on the Board are free to seek and access all information pertaining to the business of the Company, as and when required. In case of urgency, resolutions are passed by circulation, which are noted by the Board in their next Meeting. Minutes of the Meetings of the Committee(s) constituted by the Board are also placed in their next Meeting (of the Board) for their information and noting.

Audit Committee

In accordance with provisions of Section 177 of the Companies Act, 2013 read with the Government Guidelines, the Company has an Audit Committee. At the end of financial year, the Audit Committee comprises of three members, Shri Kishor J. Devani, Non-Official / Independent Director, Ms. Aditi Sengupta Ray Non-Official / Independent Director, Shri S.K. Pattanayak, Managing Director ceased to be Managing Director w.e.f. 26th July, 2018. Shri Kishor J Devani is the Chairman of the Audit Committee. During the year Ms. Sharmila Chavaly relinquishes from the post of Director on 26th September, 2017, Vide MOR Order No.2009/PL/47/2 dated 12.12.2017. Company Secretary acts as Secretary to the Audit Committee.

As on date of this report, the Committee comprises of three members, Shri Kishor J. Devani, Non-Official / Independent Director, Ms. Aditi Sengupta Ray Non-Official / Independent Director, Shri Vijay Kumar, Managing Director. Shri Kishor J Devani is the Chairman of the Audit Committee.

During the financial year 2017-18, five Meetings of the Committee were held on 12th May, 2017, 31st July, 2017, 29th August, 2017, 13th November, 2017 and 23rd January, 2018 Participation of the Members in these Meetings is outlined below :-

Sl. No.	Name of the Member of the Audit Committee	Number of Meetings held during their tenure	Number of Meetings attended
1.	Ms. Sharmila Chavaly Director / IRFC From 21.11.2012 to 26.09.2017	3	3
2.	Shri. Kishor J. Devani Non- Official / Independent Director	5	5
3.	Shri. S.K. Pattanayak Managing Director	5	5
4.	Smt. Aditi Sengupta Ray Non- Official / Independent Director	2	2

After adoption of the Government Guidelines read with the Companies Act, 2013, Terms of Reference of the Board Level Audit Committee specified by the Board are in conformity with the requirements of Section 177 of the Companies Act, 2013. The terms of reference are as follows:-

- | | |
|---|---|
| <p>I. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;</p> | <p>VIII. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;</p> |
| <p>II. Taking on record the appointment of auditors of the company by the Comptroller and Auditor General of India</p> | <p>IX. Approval or any subsequent modification of transactions of our Company with related parties;</p> |
| <p>III. Recommendation for remuneration and terms of appointment of auditors of our Company based on the order of Comptroller & Auditor General of India;</p> | <p>X. Scrutiny of inter-corporate loans and investments;</p> |
| <p>IV. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;</p> | <p>XI. Valuation of undertakings or assets of our Company, wherever it is necessary;</p> |
| <p>V. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:</p> | <p>XII. Evaluation of internal financial controls and risk management systems;</p> |
| <p>a. Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;</p> | <p>XIII. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;</p> |
| <p>b. Changes, if any, in accounting policies and practices and reasons for the same;</p> | <p>XIV. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;</p> |
| <p>c. Major accounting entries involving estimates based on the exercise of judgment by management;</p> | <p>XV. Discussion with internal auditors of any significant findings and follow up there on;</p> |
| <p>d. Significant adjustments made in the financial statements arising out of audit findings;</p> | <p>XVI. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;</p> |
| <p>e. Compliance with listing and other legal requirements relating to financial statements;</p> | <p>XVII. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;</p> |
| <p>f. Disclosure of any related party transactions;</p> | <p>XVIII. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;</p> |
| <p>g. Modified opinion(s) in the draft audit report;</p> | <p>XIX. To review the functioning of the whistle blower mechanism;</p> |
| <p>VI. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;</p> | |
| <p>VII. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes</p> | |



- XX. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- XXI. Review the following information:
- Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
 - Statement of deviations:
- XXII. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of regulation 32(1) of the SEBI Listing Regulations;
- XXIII. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of regulation 32(7) of the SEBI Listing Regulations;
- XXIV. To review the follow up action on the audit observations of the C&AG audit;
- XXV. Recommend the appointment, removal and fixing of remuneration of Cost Auditors and Secretarial Auditors; and
- XXVI. Carrying out any other function as specified by the Board from time to time.
- The powers of the Audit Committee shall include the following:-
- To investigate any activity within its terms of reference;
 - To seek information from any employee;
 - To obtain outside legal or other professional advice; and
 - To secure attendance of outsiders with relevant expertise, if it considers necessary.

Nomination & Remuneration Committee and Stakeholders' Relationship Committee

As required in the Section 178(1) of the Companies Act,

2013, the Company is required to constitute Nomination & Remuneration Committee (the Committee) comprising three or more non-executive Directors out of which not less than half shall be independent directors. The Section further requires that Chairperson (of the Company) may be appointed as member of the Committee but shall not chair such Committee.

In compliance with the above, the Board of Directors have constituted a Nomination & Remuneration Committee of the Company. At the end of financial year, the Committee is chaired by Shri Kishor J. Devani / Non- Official / Independent Director and Smt. Aditi Sengupta Ray, Independent Director are the other members. During the year Ms. Sharmila Chavaly relinquishes from the post of Director on 26th September, 2017 Vide MOR Order No.2009/PL/47/2 dated 12.12.2017.

As on date of this report, the Nomination & Remuneration Committee comprises of four members, Shri Kishor J. Devani, Non-Official / Independent Director, Ms. Aditi Sengupta Ray Non-Official / Independent Director, Shri Chetan Venugopal Non-Official / Independent Director, and Shri Kumar V Pratap, part-time Government Director. Shri Kishor J Devani is the Chairman of the Nomination & Remuneration Committee.

During financial year 2017-18, four Meetings of the Committee were held on 19th June ,2017 , 31st July, 2017 29th August, 2017 and 20th October, 2017.

Sl. No.	Name of the Member of the Nomination & Remuneration Committee	Number of Meetings held during their tenure	Number of Meetings attended
1.	Shri. Kishor J. Devani Non- Official / Independent Director	4	4
2.	Shri B.N. Mohapatra Chairman / IRFC From 20.04.2017 to 31.01.2018	4	4
3.	Ms. Sharmila Chavaly Director / IRFC From 21.11.2012 to 26.09.2017	3	2
4.	Smt. Aditi Sengupta Ray Non- Official / Independent Director From 19.09.2017	---	----

In line with Section 178(5) of the Companies Act, 2013,

the Company has constituted Stakeholders Relationship Committee. At present, the Committee comprises Smt. Aditi Sengupta Ray, who is Chairperson of the Committee, Shri Kishor J. Devani, Managing Director / IRFC and Director Finance / IRFC are its Members.

CSR Committee

In accordance with provisions of Section 135 of the Companies Act, 2013 read with the Government Guidelines, the Company has CSR Committee. At the end of the financial year, the CSR Committee comprises three members –

Shri Kishor J. Devani, Non-Official / Independent Director is the Chairman of the CSR Committee, Shri S.K. Pattanayak, Managing Director ceased to be Managing Director w.e.f. 26 July, 2018 and Shri Niraj Kumar, Director Finance are the other members of the Committee. Company Secretary acts as Secretary to the CSR Committee.

As on date of this report, Shri Kishor J. Devani, Non-Official / Independent Director is the Chairman of the CSR Committee, Shri Vijay Kumar, Managing Director and Shri Niraj Kumar, Director Finance are the other members of the Committee.

During the financial year 2017-18, five Meetings of the Committee were held on 12th May, 2017, 29th August, 2017, 20th October, 2017, 23rd January, 2018 and 1st February, 2018 Participation of the Members in these Meetings is outlined below :-

Sl. No.	Name of the Member of the CSR Committee	Number of Meetings held during their tenure	Number of Meetings attended
1.	Shri. Kishor J. Devani Non- Official / Independent Director	5	5
2.	Shri. S.K. Pattanayak Managing Director	5	5
3.	Shri Niraj Kumar, Director Finance	5	5

Meeting of Independent Directors One meeting of Independent Directors was held during the year on 22nd December, 2017.

Disclosures

The Company has not entered into any transaction, with

the Directors or the Management or their relatives or the companies and the firms, etc. in which they are interested directly or through their relatives. Further, the transactions with Ministry of Railways and / or its entities are in the ordinary course of business and at arm's length.

The Company has complied with provisions of all major laws applicable to it and no penalty has been imposed or any strictures passed against the Company by the Stock Exchanges or SEBI on any matter related to capital market during the last three years.

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

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

During the year, the Administrative and Office expenses remained static at 0.10% of the turnover. Last year, the figure was 0.11%.

Auditors of the Company have audited and accorded an unqualified certification to its accounts for the year 2017-18.

Means of Communication

During 2017-18, Unaudited Half-yearly Financial Results for the half year periods ended 30th September, 2017 and 31st March, 2018 were subject to limited review by Auditors of the Company, and published in selected national newspapers of repute both in English and Hindi, besides being submitted to the National Stock Exchange and BSE Limited. The same were also sent by registered post to all the registered Bondholders of the Company. Besides, the aforesaid Unaudited Half-yearly results as also Unaudited Quarterly results were, hosted on the website of the Company.

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

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



Training of Board Members

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

Whistle Blower Policy

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

Registrar & Transfer Agents / Investors' Grievance Committee

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

As on 31.03.2018, there were no complaints from investors pending for more than 12 days. Registrars have also confirmed that all investor grievances were redressed within 12 days of receipt of the same.

CEO / CFO Certification

As required under the Government Guidelines, a Certificate related to truthfulness of Financial Statements, bonafide nature of transactions & adequacy of internal controls, etc., duly signed by Shri Vijay Kumar, Managing Director (CEO) and Shri Niraj Kumar, Director Finance (CFO) was placed before the Board of Directors in their Meeting held on 10th

September, 2018. The same is enclosed as Annexure-VII.

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

AGM No.	AGM Date	Location	Time
30	12 th September, 2017	Committee Room (237), 2 nd Floor, Rail Bhawan, New Delhi.	4.00 P.M.
29	29 th August, 2016	Committee Room (237), 2 nd Floor, Rail Bhawan, New Delhi.	3.00 P.M.
28	16 th September, 2015	Committee Room (237), 2 nd Floor, Rail Bhawan, New Delhi.	4.00 P.M.

- Five Special Resolutions were passed in the 28th Annual General Meeting held on 16th September, 2015.
- One Special Resolution was passed in the 29th Annual General Meeting held on 29th August, 2016.
- Six Special Resolutions were passed in the 30th Annual General Meeting held on 12th September, 2017.

General Shareholder Information

Annual General Meeting :

Date : 27th September, 2018
Day : Thursday
Time : 5.00 p.m.

Financial Calendar

Financial year of the Company spans the period 1st April to 31st March of the following year.

Publication of Unaudited Financial Results

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

Half year ended 30.09.2017	
- Financial Express	15.11.2017
- Jansatta (Hindi)	15.11.2017
Half year ended 31.03.2018	
- Financial Express	10.05.2018
- Jansatta (Hindi)	10.05.2018

Dematerialisation of Bonds

All Bonds issued by the Company have been made available in dematerialized form. The same are listed with

National Stock Exchange. However, some of the investors have exercised option to retain the Bonds in physical form. The Listing Fee for the year 2018-19 has been paid to the Stock Exchanges.

Trustees of the Bonds

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

1. SBI CAP Trustee Co. Limited Apeejay House 6 th Floor, 3, Dinshaw Wacha Road, Churchgate, Mumbai – 400 020 Tel: 022-43025555 Fax: 022-22040465 E-mail: helpdesk@sbicaptrustee.com	For the Bonds issued under 81 st Series and onwards
2. Indian Bank 254-260, Shanmugam Salai, Chennai – 600 014 Tel: 044-2813409/4089/4436 Fax: 044-2813488 E-mail: debenturetrustee@indianbank.co.in	For the Bonds issued under 42 nd 'M' Series to 80 th 'A' Series

Compliance Certificate on Corporate Governance

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

Company has appointed Shri. Vijay Shirode, DGM (Law) & Company Secretary as the Compliance Officer of the Company w.e.f. 9th March, 2018, due to demise of Shri. S. K. Ajmani, Company Secretary & Compliance Officer of the Company.

Secretarial Audit

In terms of the Corporate Governance Voluntary Guidelines, Secretarial Audit of the Company was got conducted by an independent practicing firm of Company Secretaries, M/s Navneet K Arora & Co LLP, New Delhi, which is also required as per Section 204 of the Companies Act, 2013.

The Report was taken on record by the Board of Directors in their Meeting held on 26th September, 2018.

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

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

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

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

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

Rationale: This clause is not applicable to IRFC as Executive Directors and Key Executives are on pay scale(s) prescribed by the Government. Similarly, performance related incentives are also granted in line with orders of the Government. Also, the Government Companies are exempt from applicability of Section 197 of the Act provisions of which, after exemption, inter alia, are similar to above Guidelines.

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

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

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

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



Government Rules and Guidelines.

Guideline No. II. D related to Evaluation of performance of Board of Directors, Committees thereof and of individual Directors.

Rationale: This clause is not applicable to IRFC as vide notification no. G.S.R. 463(E) dated 5th June, 2015 Section 178 (2) in respect of Evaluation of performance of Board of Directors, Committees thereof and of individual Directors shall not apply to Government Company.

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

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

Guideline No. III. C. i (third sub-clause) regarding

recommendations by the Audit Committee in relation to the appointment, reappointment, removal and terms of engagement of the external auditor.

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

Guideline No. IV.A & C related to role of Audit Committee in Appointment of the Auditors and Rotation of Audit Partners & Firms.

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



Annual Report on CSR activities for the financial year 2017-18

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

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

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

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

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

Website : www.irfc.nic.in

2. The composition of CSR Committee

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

Meetings of the Committee are held in need based manner.

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

The average net profit of the Company as worked out under the Companies Act, 2013, for last three years was ₹ 1,998.69 crore.

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

The Company was required to spend ₹ 39.97 crore but spent ₹ 13.21 crore towards CSR activities in financial year 2017-18.

5. Details of CSR spent during the financial year

(a) Total amount to be spent for the financial year 2017-18

₹ 39.97 crore

(b) Amount unspent, if any

Unspent amount ₹ 26.76 crore. Out of the total commitment made for a sum of ₹ 39.97 crore for 2017-18 against 8 projects (list enclosed), a sum of ₹ 13.21 crore was actually disbursed till 31st March 2018. The balance amount though committed will actually be disbursed in 2018-19 on receipt of claim / bills.



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

(₹ in crore)

S.N.	CSR Project or Activity identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs: Direct expenditure on projects	Cumulative expenditure up to the reporting period (excluding previous years expenditure)	Amount spent : Direct (D) or through implementing agency (IA)
1	2	3	4	5	6	7	8
1	Installation of 2,000 Nos. of solar home lighting systems, 130 Nos. of solar street lighting systems and providing 2,000 Nos. of solar lanterns	Environment Sustainability	Other; Villages Dhuburi Distt., of Assam	4.11	0.82	0.82	IA
2	Setting up Solar Power on Non-AC Coaches of Indian Railways	Environment Sustainability	Delhi to Kotwara	2.58	---	---	IA
3	Setting up of Solid Waste Management Plants including waste management to Energy Plants of capacity of 15 tons per day	Environment Sustainability	8 (Varanasi, Allahabad, Patliputra (Patna), Secunderabad, Chhatrapati Shivaji Terminus, Chennai, Sealdah and Howrah) stations	8.90	----	----	IA
4	Setting up of Solid Waste Management Plants including waste management to Energy Plants of capacity of 15 tons per day	Environment Sustainability	2 (New Delhi, Jaipur stations)	1.02	----	----	IA
5	Distribution of Pedal Assisted Solar E Rickshaw	Capacity Building	Pan India	0.44	----	---	IA
6	Distribution of aids & appliances to the Divyaangs through ALIMCO	Capacity Building	Firozabad (Uttar Pradesh), Rishikesh (Uttarkhand), Ahmednagar (Maharashtra), Bokaro (Jharkhand) Delhi / NCR and Nowgaon, Chatrapur, Madhya Pradesh.	3.00	1.50	1.50	IA
7	Construction of Ramakrishna Hegde Skill Development Centre (RHSDC) at Udupi under CSR activities for setting up of a technology based learning centre	Education	Udupi	9.03	----	----	IA
8	Contribution to Clean Ganga Fund	Environment Sustainability		10.89	10.89	10.89	D
	Total :-			39.97	13.21	13.21	



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

Against the commitment of ₹ 39.97 crore the Company has disbursed ₹ 13.21 crore during the year. The balance amount will be disbursed in 2018-19 on receipt of claim / bills.

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

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

Sd/-
Vijay Kumar
Managing Director

Sd/-
Kishor J. Devani
Chairman, CSR Committee



Secretarial Audit Report

[For the Financial Year ended on 31st March, 2018]

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

To,
The Members,
Indian Railway Finance Corporation Limited
Regd. Office: UG Floor, East Tower,
NBCC Place, Bhisham Pitamah Marg,
Pragati Vihar, Lodhi Road
New Delhi - 110003

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2018** complied with the statutory provisions listed hereunder and also that the Company has proper Board - Processes and Compliance -Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period ended on **31st March 2018** according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.;

 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; - Only Debt Securities were listed on the Stock Exchanges, hence, no such transaction was held during the financial year and accordingly the Regulations were not applicable to the Company during the audit period.
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Shares Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; The Company was not engaged in the activities relating to Registrar to a Issue and was also not acting as Share Transfer Agent, Hence the aforesaid Regulations were not applicable to the Company during the audit period;
 - (d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (f) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;-
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

Since the Equity Shares of the Company was not listed, the Regulations stated at (v) (d) to (h) above was are not applicable on the Company during the audit period;

- (vi) Other labour, environment and specific applicable Acts / Laws to the Company for which Secretarial Audit was conducted as an overview audit and was generally based/ relied upon the documents provided to us and Management Confirmation Certificate provided by the Management of the Company & other audit report and certificates given by other professionals, the company has complied with the following Acts / Laws applicable to the Company during the audit period:
- (a) Reserve Bank of India Act read with Non-Banking Financial Companies (Reserve Bank) Directions 2016 issued by Reserve Bank of India as amended till date;
 - (b) Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises-March 2010 issued by the Ministry of Heavy Industries & Public Enterprises (Department of Public Enterprises), Government of India;
 - (c) Corporate Governance Voluntary Guidelines, 2009 issued by Ministry of Corporate Affairs, Government of India;
 - (d) The Employees Provident Fund & Miscellaneous Provisions Act 1952 & The Employees Deposit-Linked Insurance Scheme, 1976 and Employees Provident Fund Scheme, 1952;
 - (e) The Contract Labour (Regulations and Abolition) Act 1970;
 - (f) Maternity Benefit Act 1961;
 - (g) Minimum Wages Act, 1948;
 - (h) Environment (Protection) Act 1986 read with The Environment (Protection) Rules 1986 and other Environment Laws;
 - (i) Indian Stamp Act 1899;
 - (j) The Sexual Harassment of Women at Work

Place (Prevention, Prohibition and Redressal) Act 2013 read with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules 2013;

- (k) Right to Information Act 2005.

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

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

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

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

- *Constitution of Board was without appointment of minimum number of Independent Director by the Government of India during the period from 1st April, 2017 to 18th September, 2017 due to completion of tenure of Independent Director Mr. Satish Kumar Goel (DIN No. 06742476) w.e.f. 31st December, 2016 and Nominee Director from 26th September, 2017 till 31st March, 2018 due to completion of tenure of Nominee Director Ms. Sharmila Chavaly (DIN No. 06411077) as Joint Secretary, Department of Economic Affairs, Ministry of Finance w.e.f. 26th September, 2017.-*
- *Constitution of Audit Committee was without minimum number of Independent Director during the Period from 1st April, 2017 to 18th September, 2017 due to completion of tenure of Independent Director Mr. Satish Kumar Goel (DIN No. 06742476) w.e.f. 31st December, 2016.*
- *Constitution of Nomination & Remuneration Committee was without minimum number of Independent Director during the Period from 1st April, 2017 to 18th September, 2017 due to completion of tenure of Independent Director Mr. Satish Kumar Goel (DIN No. 06742476) w.e.f. 31st December, 2016 and requisite number of members from 1st February, 2018 to 31st March, 2018 due to completion*



of tenure of Part-time Chairman Shri. B N Mohapatra (DIN No. 00772188) superannuated as Financial Commissioner (Railways) w.e.f. 31st January, 2018.

- *Company could not e-file NBFC-ND-SI Quarterly Returns for the financial year 2017-18 with Reserve Bank of India in compliance of Non-Banking Financial Companies (Reserve Bank) Directions 2016 with the RBI Portal (COSMOS) due to technical / validation problem in the RBI portal. Company has submitted hard copies of the said Quarterly Returns for the financial year 2017-18 with Reserve Bank of India. Subsequently, the Company has also e- filed the returns with RBI.*

We further report that:

- 1) The Company has complied with Companies Act 2013, Corporate Governance Guidelines for Central Public Sector Enterprises, 2010 issued by Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India in respect of constitution of the board with proper balance of Executive, Non-Executive Directors & Independent Directors.
- 2) Adequate notice is given to all Directors to schedule the Board Meetings atleast seven days in advance and agenda and detailed notes on agenda were also sent in advance to all the Directors subsequently, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- 3) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
- 4) The Company has obtained requisite approval, permission, confirmation from Registrar of Companies, NCT of Delhi & Haryana, Securities & Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Debenture Trustee and other regulated bodies in respect of various private placement of Secured, Redeemable, Non-Convertible, Taxable Bonds

& Capital Gain Bonds in the nature of Debentures and has duly complied with the applicable provisions of the laws, rules and guidelines.

- 5) There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act 2013, Depositories Act and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- 6) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.

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

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

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

**For Navneet K Arora & Co LLP
Company Secretaries**

**Sd/-
CS Navneet Arora
Managing Partner
CS: 3214, COP: 3005**

**Place: New Delhi
Date: 24th September 2018**

[Note: This report is to be read with our letter of even date which is annexed as "Annexure-A" and forms an integral part of this report].



Annexure –“A”

To,

The Members,

Indian Railway Financial Corporation Limited

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

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

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

**For Navneet K Arora & Co LLP
Company Secretaries**

**Sd/-
CS Navneet Arora
Managing Partner
FCS: 3214, COP: 3005**

**Place: New Delhi
Date: 24th September 2018**



S P M G & Co.
Chartered Accountants

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

Auditors' Certificate on Compliance of Conditions of Corporate Governance

To,

The Members of Indian Railway Finance Corporation Limited

We have examined the compliance of the conditions of Corporate Governance by Indian Railway Finance Corporation Limited (the "Company") for the year ended March 31, 2018.

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

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

1. Company did not have requisite number of Independent Directors on its Board during the period from 1st April, 2017 to 18th September, 2017 and Nominee Director from 26th September, 2017 till 31st March, 2018 ;
2. Audit Committee did not have requisite number of Independent Directors during the Period from 1st April, 2017 to 18th September, 2017 and Nomination & Remuneration Committee did not have requisite number of Independent Directors during the Period from 1st April, 2017 to 18th September, 2017 & requisite number of members from 1st February, 2018 to 31st March, 2018.

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

For S P M G & Co.
Chartered Accountants
FRN-509249C

Sd/-
(Vinod Gupta)
Partner
Membership No. 090687



**Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 2017-18**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN – U65910DL1986GOI026363
- ii) Registration Date – 12.12.1986
- iii) Name of the Company – Indian Railway Finance Corporation Limited
- iv) Category / Sub-Category of the Company – Infrastructure Finance Company

- v) Address of the Registered office and contact details – Indian Railway Finance Corporation Ltd.
Upper Ground Floor, East Tower, NBCC Place,
Pragati Vihar, Lodhi Road, New Delhi – 110 003

Contact No(s) – 011 – 2436 9766 – 69
Website – www.irfc.nic.in

- vi) Whether listed company (Yes / No) – Yes, It is listed in Wholesale Debt Market segment of National Stock Exchange and BSE Limited

- vii) Name, Address and Contact details of Registrar and Transfer Agent, if an – Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No. 31 & 32,
Gachibowli, Financial District,
Nanakramguda, Serilingampally,
Hyderabad – 500 032

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1.	Leasing of Rolling Stock Assets to MOR	-	77.07
2	Finance Charges on Lease Advance	-	20.66

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

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



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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	652,64,60,000	652,64,60,000	100	-	652,64,60,000	652,64,60,000	100	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-
(A) (1):-	-	-	-	-	-	-	-	-	-
		652,64,60,000	652,64,60,000	100		652,64,60,000	652,64,60,000	100	
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-
(A) (2):-	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (1):-									
(2) Non - Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (2):-									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Public Shareholding (B)=(B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Share held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	652,64,60,000	652,64,60,000	100	-	652,64,60,000	652,64,60,000	100	-

ii) Shareholding of Promoters

S.N.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in the shareholding during the year
		No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	President of India through Ministry of Railways	652,64,60,000	100	-	652,64,60,000	100	-	-



Total	652,64,60,000	100	-	652,64,60,000	100	-	-
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iii) Change in Promoters' Shareholding (please specify, if there is no change)

S.N.	Promoter	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	President of India through Ministry of Railways				
	At the beginning of the year	652,64,60,000	100	652,64,60,000	100
	At the end of the year	652,64,60,000	100	652,64,60,000	100

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

(₹ in Lakhs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	74,47,346.37	31,92,139.80	-	106,39,486.17
ii) Interest due but not paid	-	-	-	-
iii) Interest Accrued but not due	2,97,998.56	89,177.82	-	3,87,176.38
Total (i+ii+iii)	77,45,344.93	32,81,317.62	-	110,26,662.54
Changes in Indebtedness during the financial year				
Addition	42,71,444.16	13,30,904.21	-	56,02,348.37
Reduction	9,02,308.70	16,65,773.04	-	25,68,081.73
Net Change	33,69,135.46	-3,34,868.82	-	30,34,266.64
Indebtedness at the end of the financial year				
i) Principal amount	101,79,359.17	33,15,898.09	-	134,95,257.26
ii) Interest due but not paid	-	-	-	-
iii) Interest Accrued but not due	3,77,085.30	1,88,586.62	-	5,65,671.92



Total (i+ii+iii)	105,56,444.47	35,04,484.71	-	140,60,929.18
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VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakh)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Shri S.K. Pattanayak, Managing Director	Shri Niraj Kumar, Director Finance	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	35.52	53.03	88.55
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.09	0.46	4.55
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2.	Stock option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of profit	-	-	-
	- Other, specify	-	-	-
5.	Other, please specify	-	-	-
	Total (A)	39.61	53.49	92.10
	Ceiling as per the Act	-	-	-

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

B. Remuneration to other Directors:

(₹ in lakh)

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
		Independent Directors	Shri Kishore J. Devani	Smt. Aditi Sengupta Ray	
	• Fee for attending Board Committee Meetings	4.80	1.60	0.20	6.60
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (1)	4.80	1.60	0.20	6.60
	Other Non-Executive Directors	Ms. Sharmila Chavaly	Shri B.N. Mohapatra		
	• Fee for attending Board Committee Meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	4.80	1.60	0.20	6.60
	Total Managerial Remuneration	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-



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

Sl. No.	Particulars of Remuneration	Company Secretary	Company Secretary	Total
		Shri S.K. Ajmani Group General Manager (Fin I) & Company Secretary	Shri Vijay Babulal Shirode Deputy General Manager (Law) & Company Secretary	
1.	Gross salary	(₹ in lakh)	(₹ in lakh)	(₹ in lakh)
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	33.16	0.72	33.88
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.24	0.25	2.49
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			-
2.	Stock Option	-		-
3.	Sweat Equity	-		-
4.	Commission			
	- as % of profit	-		-
	- others, specify...	-		-
5.	Others, please specify	-		-
	Total	35.40	0.97	36.37

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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



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

I hereby affirm that all Board Members and Senior Management personnel have confirmed compliance on their part of the "Code of Business Conduct and Ethics for Board Members and Senior Management" for the year 2017-2018.

Sd/-
(Vijay Kumar)
Managing Director

Place: New Delhi
Date: 10th September, 2018

Chief Executive officer and Chief Financial Officer Certification

In relation to the audited Financial accounts of the Company as at 31st March, 2018, we hereby certify that

- a) We have reviewed Financial Statements and Cash flow statement for the year and that to the best of our Knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - ii) These statements together present a true and fair view of the Company's affairs and are in line with existing accounting standards, applicable laws and regulations.
- b) There are to the best of our Knowledge and belief, no transaction entered into by the company during the year which are fraudulent or illegal.
- c) We accept responsibility for establishing and maintain internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls of which we are aware, and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and Audit Committee that:
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) There has been a change in accounting policy relating to DTL / DTA on timing differences w.e.f. 1st April, 2017 pursuant to MCA notification no S.O.529 (E) dated 5th February, 2018 as amended by notification number S.O.1465 dated 2nd April 2018. This has been disclosed in the notes to the financial statements; and
 - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
(Niraj Kumar)
Director Finance
(CFO)

Sd/-
(Vijay Kumar)
Managing Director
(CEO)

Place: New Delhi
Dated:10th September, 2018



**INDIAN
RAILWAY
FINANCE
CORPORATION**

Annual Accounts 2017-18



Balance Sheet as at 31st March, 2018

(₹ in Lakhs)

Particulars	Note No.	As at 31-03-2018	As at 31-03-2017
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	652,646.00	652,646.00
(b) Reserves & Surplus	3	703,874.98	548,313.71
		1,356,520.98	1,200,959.71
(2) Non-current Liabilities			
(a) Long Term Borrowings	4	11,485,413.41	9,671,026.87
(b) Deferred Tax Liabilities (Net)	5	638,991.66	638,991.66
(c) Other Long Term Liabilities	6	205,028.70	174,120.26
(d) Long Term Provisions	7	150.74	116.19
		12,329,584.51	10,484,254.98
(3) Current Liabilities			
(a) Short-Term Borrowings	8	496,678.85	576,935.29
(b) Other Current Liabilities	9	2,028,397.99	697,958.72
(c) Short Term Provisions	10	22,030.66	4,854.38
		2,547,107.50	1,279,748.39
Total		16,233,212.98	12,964,963.08
II. ASSETS			
(4) Non-current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		1,126.85	1,150.35
(ii) Intangible Assets		2.64	1.19
(b) Non-Current Investments	12	532.80	654.00
(c) Long Term Loans and Advances	13	14,423,094.54	11,662,704.05
(d) Other Non-current Assets	14	397,836.77	191,735.98
		14,822,593.60	11,856,245.57
(5) Current Assets			
(a) Current Investments	15	121.20	132.79
(b) Cash and Bank Balances	16	9,982.10	751.75
(c) Short Term Loans and Advances	17	332,810.28	289,906.79
(c) Other Current Assets	18	1,067,705.80	817,926.18
		1,410,619.38	1,108,717.51
Total		16,233,212.98	12,964,963.08
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

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

For SPMG & Co.

Chartered Accountants
FRN-509249C

For and on behalf of the Board of Directors

sd/-
(Vinod Gupta)
(Partner)
M.No. 090687

sd/-
(Vijay Babulal Shirode)
Company Secretary & DGM (Law)

sd/-
(Niraj Kumar)
Director Finance
DIN: 00795972

sd/-
(Vijay Kumar)
Managing Director
DIN: 08189249

Place: New Delhi
Date : 10/09/2018



Statement of Profit and Loss for the year ended 31st March 2018

(₹ in Lakhs)

Particulars	Note No.	Year ended 31-03-2018	Year ended 31-03-2017
Revenue from operations	19	1,101,850.88	904,677.44
Other income	20	172.34	88.60
Total Revenue		1,102,023.22	904,766.04
Expenses:			
Employee benefits expense	21	543.95	299.54
Finance costs	22	843,684.97	688,807.79
Exchange Rate Variation		16.62	99.30
Depreciation and amortization expense	11	35.40	35.02
CSR Expenses		2,377.97	1,677.47
Other expenses	23	849.16	520.08
Total Expenses		847,508.06	691,439.20
Profit before exceptional and extraordinary items and tax		254,515.16	213,326.84
Exceptional items		-	-
Profit before extraordinary items and tax		254,515.16	213,326.84
Extraordinary Items		-	-
Profit before tax		254,515.16	213,326.84
Tax expense:			
(1) Current tax (MAT)		54,342.33	45,523.15
(2) Tax For Earlier Years		-557.84	30.62
(3) Deferred tax		-	74,391.93
		53,784.49	119,945.70
Profit for the period		200,730.67	93,381.14
Earnings per equity share (in ₹):	24		
(1) Basic		3.08	1.43
(2) Diluted		3.08	1.43
Significant Accounting Policies and Notes on Financial Statements	1 to 48		

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

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

For SPMG & Co.

Chartered Accountants
FRN-509249C

For and on behalf of the Board of Directors

sd/-

(Vinod Gupta)

(Partner)

M.No. 090687

Place: New Delhi

Date : 10/09/2018

sd/-

(Vijay Babulal Shirode)

Company Secretary & DGM (Law)

sd/-

(Niraj Kumar)

Director Finance

DIN: 00795972

sd/-

(Vijay Kumar)

Managing Director

DIN: 08189249



Cash Flow Statement for the year ended 31st March, 2018

(₹ in Lakhs)

Particulars	Year ended 3/31/2018		Year ended 3/31/2017	
A. Cash Flow from Operating activities :				
Profit Before Tax :	254515.16		213326.84	
Adjustments for :				
1-Depreciation	35.40		35.02	
2-(Profit) / Loss on sale of fixed assets (Net)	0.65		1.69	
3-Lease Rentals advance amortised	0.00		0.00	
4-Discount on Commercial Papers	20201.18		11135.39	
5-Exchange Rate Variation	16.62		99.30	
6-Amortisation of Interest Restructuring Advance	0.00		0.00	
7-Amortisation of Gain on asset securitisation	-58.41		-80.72	
8-Provision for Interest Payable to Income Tax Authorities	128.20		15.45	
9-Dividend Received	-48.66		-45.42	
10-Amortisation of Forward Premium on Currency Forward Contract	21388.66		19736.06	
	296178.80		244223.61	
Adjustments for-				
11-Assets given on financial lease during the year	-1866986.44		-1428084.14	
12-Capital Recovery on assets given on financial lease	740439.76		656799.68	
13-Receipt on account of Long term loans during the year	21857.50		18190.83	
14-Term Loans disbursed during the year	-329250.00		-3713.00	
15-Loans & Advances (Net of Adv. Tax & ERV)	-1478714.61		-1368008.17	
16-Other Bank Balances (Fixed Deposits with maturity of more than 3 Months)	0.00		0.00	
17-Other Non Current Assets	-220411.30		-109241.48	
18-Other Current Assets	-145231.71		1325.24	
19-Other Non-Current Liabilities	178482.18		92427.62	
20-Current Liabilities	65303.52		-4757.79	
21-Provisions	35.15		-11.81	
22-Direct Taxes Paid	-55318.57		-44668.94	
	-3089794.52		-2189741.96	
Net Cash flow from Operations		-2793615.72		-1945518.36
B Cash Flow from Investments Activities:				
1-Purchase of Fixed Assets	-14.80		-13.66	
2-Proceeds from sale of Fixed Assets	0.80		1.28	
3-Dividend Received	48.66		45.42	
4-Proceeds from Pass Through Certificates	132.79		145.50	
5-Investment in Pass Through Certificates	0.00	167.44	0.00	178.54
C Cash flow from Financing activities:				
1-Dividend & Dividend Tax Paid during the year	-28106.47		-66780.62	
2-Funds raised through Bonds	2136748.80		1792000.00	
3-Bonds Redeemed during the year	-192756.00		-372562.00	
4-Term Loans raised during the year	3916314.82		2582985.56	
5-Term Loans repaid during the year	-2817610.72		-2158026.66	
6-Commercial Paper issued	1065338.28		770996.98	
7-Commercial Paper redeemed	-1562500.00		-502000.00	
8-Funds raised through External Commercial Borrowings	483505.41		0.00	
9-Repayment of External Commercial Borrowings	-197731.88		-220401.36	
10-Payment towards Currency Forward Contracts	-523.61	2802678.63	-1241.15	1824970.75
Net Cash Flow During the year (A+B+C)		9230.35		-120369.07
Opening Balance of Cash & Cash Equivalents :				
Balance in the Current Accounts	750.69		1119.77	
Cheque in Hand	0.00		120000.00	
Balance in Franking Machine	0.04		0.03	
Balance in RBI-PLA	1.02	751.75	1.02	121120.82
Closing Balance of Cash or Cash Equivalents		9982.10		751.75

- 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.
- Figures in bracket represent cash outflow from respective activities
- Previous year figures have been regrouped / rearranged wherever found necessary to make them comparable with the current year figures.
- Composition of Cash or Cash Equivalents at the end of the year:

-Balance in Current Accounts	9981.04	750.69
-Cheques in hand	0.00	0.00
-Balance in Franking Machine	0.04	0.04
-Balance in RBI-PLA	1.02	1.02
	9982.10	751.75
- Balance in Term Deposits with different Banks for original maturity of more than three months have not been included as Cash or Cash Equivalents.
- Balance in Current Accounts includes a sum of ₹ 581.62 lakhs lying unpaid in Interest / Redemption A/Cs is not available for use by the Company. Further, it includes ₹ 9287.60 Lakhs (P.Y.- Nil) representing the amount pending allotment of Sec 54 EC bonds which is not available for use as on 31st March, 2018.

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

For SPMG & Co.

Chartered Accountants
FRN-509249C

For and on behalf of the Board of Directors

sd/-
(Vinod Gupta)
(Partner)
M.No. 090687

sd/-
(Vijay Babulal Shirode)
Company Secretary & DGM (Law)

sd/-
(Niraj Kumar)
Director Finance
DIN: 00795972

sd/-
(Vijay Kumar)
Managing Director
DIN: 08189249

Place: New Delhi
Date : 10/09/2018



Significant Accounting policies and Notes on Financial Statements for the year ended 31st March, 2018

Company overview

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

1. Significant Accounting Policies

I. Basis for preparation of Financial Statements

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

b) Use of Estimates

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

II. Revenue Recognition

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

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

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

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

III. Foreign Currency Transactions

a) Initial Recognition

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

b) Recognition at the end of Accounting Period

Foreign Currency monetary assets and liabilities, other than the foreign currency liabilities swapped into Indian Rupees, are reported using the year end exchange rates in accordance with the provisions of Accounting

Standard – 11 notified by the Ministry of Corporate Affairs.

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

c) Exchange Differences

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

IV. Investments

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

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

V. Leased Assets

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

VI. Fixed Assets, Depreciation and Amortization

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

VII. (a) Securitisation of Lease Receivables

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



Purpose Vehicle (SPV). Loss, if any, is recognised immediately in the Statement of Profit & Loss.

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

(b) Assignment of Lease Receivables

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

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

- a) Bond Issue expenses including management fee on issue of bonds (except discount on deep discount bonds) and interest on application money are charged to Statement of Profit and Loss in the year of occurrence. Upfront discount on deep discount bonds is amortised over the tenor of the bonds. Discount on commercial papers is amortized proportionately over the tenor of the respective commercial papers.
- b) Documentation, processing & other charges paid on Long Term Loans are charged to the Statement of Profit & Loss in the year in which the expenses are incurred.
- c) Incidental expenses incurred in connection with the Securitisation transaction executed during the year are charged to the Statement of Profit and Loss of the same year.

IX. Taxes on Income

Tax expense comprises Current Tax and Deferred Tax.

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

Deferred tax expense or benefit is recognised on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods till 31st March 2017. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date till 31st March 2017.

X. Employee Benefits

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

Short Term Employee Benefits

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

Post-Retirement Benefits

Defined Contribution Plans

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

Defined Benefit Plans

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

Actuarial Valuation.

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

XI. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

XII. Leasing of Railway Infrastructure Assets

In terms of Accounting 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. Interest accrued on advance against lease of railway infrastructure asset during construction period is accounted as income.

XIII. Cash and Cash Equivalents

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

XIV. Cash Flow Statement

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

XV. Derivatives

- a) The Company uses foreign exchange forwards, cross currency swaps and interest rate swaps to hedge on



balance sheet liabilities.

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

2. Share Capital

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
AUTHORISED 1500,00,00,000 (previous year 1500,00,00,000) Equity Share of ₹ 10/-each	1500000.00	1500000.00
ISSUED, SUBSCRIBED AND FULLY PAID-UP 652,64,60,000 (previous year 652,64,60,000) Equity Shares of ₹ 10/- each	652646.00	652646.00
Total	652646.00	652646.00

Note: The Face Value of equity shares of the Company has been sub-divided from ₹1000/- to ₹10/- each with the approval of the shareholders in the Annual General Meeting held on 12th September, 2017, and pursuant to the letter from Ministry of Railways. Accordingly, the number and the face value of the paid up equity shares of the Company have changed from 6,52,64,600 shares of ₹ 1000/- each to 652,64,60,000 shares of ₹10/- each.

- 2.1 The Company has only one class of shares referred to as Equity Share having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share
- 2.2 The Company declares and pays dividend in Indian Rupees. During the year ended March 31, 2018, the total dividend appropriation was ₹45169.40 Lakhs (Previous Year ₹ 44956.45 Lakhs) including corporate dividend distribution tax of ₹ 7669.40 Lakhs (Previous Year 7603.99 Lakhs).

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

Particulars	As at 31-03-2018	As at 31-03-2017
	No. of shares	No. of shares
Equity Shares at the beginning of the year*	6526460000	4526460000
Add: Shares issued for cash at par	-	2000000000
Equity Shares at the end of the year	6526460000	6526460000

* Number of equity shares increased from 65264600 to 6526460000 due to sub division of face value of equity shares from ₹ 1000/- each to ₹ 10/- each.



2.4 Details of Shareholders holding more than 5% shares:

Name of the Shareholder	As at 31-03-2018		As at 31-03-2017	
	No of shares	% held	No of shares	% held
The President of India and his nominees (through Ministry of Railways)	65264,60,000	100%	6526460000	100%

3. Reserves and Surplus

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Securities Premium Account		
Opening Balance	421.09	421.09
Add: Received during the period	0.00	0.00
Closing Balance - 'A'	421.09	421.09
Bonds Redemption Reserve		
Opening Balance	487493.92	439069.23
Add: Transfer from Surplus	41981.00	48424.69
Closing Balance - 'B'	529474.92	487493.92
General Reserve - 'C'	173978.97	60398.70
Surplus		
Opening Balance	0.00	0.00
Add: Profit for the year as per statement of Profit and Loss	200730.67	93381.14
Surplus available for appropriation	200730.67	93381.14
Less: Appropriations		
Transfer to General Reserve	113580.27	0.00
Transfer to Bonds Redemption Reserve	41981.00	48424.69
Interim Dividend	20000.00	34000.00
Proposed Final Dividend	17500.00	3352.46
Dividend Distribution Tax	7669.40	7603.99
Closing Balance - 'D'	0.00	0.00
Total A + B + C + D	703874.98	548313.71



4. Long Term Borrowings

(₹ in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
	Non Current	Current	Non Current	Current
Secured				
Bonds from Domestic Capital Market	7816050.37	921700.00	7234750.37	192756.00
54 EC Bonds from Domestic Capital Market	13748.80	0.00	0.00	0.00
Rupee Term Loans from Banks*	420000.00	0.00	10000.00	0.00
Rupee Term Loans from NSSF*	1000000.00	0.00	0.00	0.00
Foreign Currency Term Loans	5895.00	1965.00	7872.00	1968.00
Total Secured Borrowings	9255694.17	923665.00	7252622.37	194724.00
Unsecured				
Bonds from Domestic Capital Market	1620000.00	0.00	1000000.00	0.00
Bonds from Overseas Capital Market	327500.00	327500.00	328000.00	196800.00
Rupee Term Loans from Banks	0.00	0.00	708000.00	0.00
Foreign Currency Term Loans	282219.24	262000.00	382404.50	0.00
Total Unsecured Borrowings	2229719.24	589500.00	2418404.50	196800.00
Total Long Term Borrowings	11485413.41	1513165.00	9671026.87	391524.00

*Pending registration of charge with the Registrar of Companies ('ROC') as on 31st March 2018

4.1 The secured bonds issued in the domestic capital market and outstanding as on 31-03-2018 are secured by first pari passu charge on the present / future Rolling stock assets / lease receivables of the Company.

4.1.1 Maturity profile and Rate of Interest of the bonds (classified as Long Term Borrowings) issued in the domestic capital market and amount outstanding as on 31-03-2018 is set out below:

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
104th 'A' Series Tax Free Bonds Public Issue	7.50%, Annual	36963.42	Bullet	21-Dec-35
104th Series Tax Free Bonds Public Issue	7.25%, Annual	29441.58	Bullet	21-Dec-35
71st "E" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-35
70th "E" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-35
71st "D" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-34
70th "D" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-34
71st "C" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-33
70th "C" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-33
71st "B" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-32
70th "B" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-32
71st "A" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000.00	Bullet	14-May-31
76th "B" Taxable Non-Cum. Bonds	9.47%, Semi Annual	99500.00	Bullet	10-May-31
70th "A" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500.00	Bullet	4-May-31
108th 'A' Series Tax Free Bonds Public Issue	7.64%, Annual	119431.30	Bullet	22-Mar-31
108th Series Tax Free Bonds Public Issue	7.35%, Annual	101637.60	Bullet	22-Mar-31
103rd 'A' Series Tax Free Bonds Public Issue	7.53%, Annual	107421.72	Bullet	21-Dec-30
103rd Series Tax Free Bonds Public Issue	7.28%, Annual	205731.03	Bullet	21-Dec-30
70th "AA" Taxable Non-Cum. Bonds	8.79%, Semi Annual	141000.00	Bullet	4-May-30
67th "B" Taxable Non-Cum. Bonds	8.80%, Semi Annual	38500.00	Bullet	3-Feb-30
96th Series Tax Free Bonds Public Issue	8.63%, Annual	94791.32	Bullet	26-Mar-29
96th A Series Tax Free Bonds Public Issue	8.88%, Annual	43641.41	Bullet	26-Mar-29



Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
92nd Series Tax Free Bonds Public Issue	8.40%,Annual	109018.68	Bullet	18-Feb-29
92nd A Series Tax Free Bonds Public Issue	8.65%,Annual	68835.91	Bullet	18-Feb-29
94th A Series Tax Free Non-Cum Bonds	8.55%,Annual	1300.00	Bullet	12-Feb-29
93rd A Series Tax Free Non-Cum Bonds	8.55%,Annual	165000.00	Bullet	10-Feb-29
90th A Series Tax Free Non-Cum Bonds	8.48%,Annual	5500.00	Bullet	27-Nov-28
89th A Series Tax Free Non-Cum Bonds	8.48%,Annual	73800.00	Bullet	21-Nov-28
87th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.04% Annual	22035.64	Bullet	23-Mar-28
87th 'A' Series (Retail), Tax Free Bonds Public Issue	7.54% Annual	4352.74	Bullet	23-Mar-28
86th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.34% Annual	230824.28	Bullet	19-Feb-28
86th 'A' Series (Retail), Tax Free Bonds Public Issue	7.84% Annual	25066.75	Bullet	19-Feb-28
83rd 'A' Tax Free Non-Cum. Bonds	7.39% Annual	9500.00	Bullet	6-Dec-27
82nd 'A' Tax Free Non-Cum. Bonds	7.38% Annual	3000.00	Bullet	30-Nov-27
81st 'A' Tax Free Non-Cum. Bonds	7.38%, Annual	6670.00	Bullet	26-Nov-27
124th Series Taxable Non-Cum Bonds	7.54%, Annual	93500.00	Bullet	31-Oct-27
123rd Series Taxable Non-Cum Bonds	7.33%, Annual	174500.00	Bullet	28-Aug-27
121st Taxable Non Cum - Bonds	7.27%, Annual	205000.00	Bullet	15-Jun-27
54th "B" Taxable Non-Cum. Bonds	10.04%,Semi Annual	32000.00	Bullet	7-Jun-27
120th Taxable Non Cum - Bonds	7.49%, Annual	220000.00	Bullet	30-May-27
118th Taxable Non Cum - Bonds	7.83%, Annual	295000.00	Bullet	21-Mar-27
80th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	8.10%, Annual	276651.43	Bullet	23-Feb-27
80th 'A' Series (Retail), Tax Free Bonds Public Issue	8.30%, Annual	32913.76	Bullet	23-Feb-27
53rd "C" Taxable Non-Cum. Bonds	8.75%, Semi Annual	41000.00	Bullet	29-Nov-26
79th "A" Tax Free Non-Cum. Bonds	7.77%, Annual	19151.00	Bullet	8-Nov-26
76th "A" Taxable Non-Cum. Bonds	9.33%, Semi Annual	25500.00	Bullet	10-May-26
75th Taxable Non-Cum. Bonds	9.09%, Semi Annual	15000.00	Bullet	31-Mar-26
74th Taxable Non-Cum. Bonds	9.09%, Semi Annual	107600.00	Bullet	29-Mar-26
107th 'A' Series Tax Free Bonds 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



Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
62nd "B" Taxable Non-Cum. Bonds	8.50%, Semi Annual	28500.00	Bullet	26-Dec-23
90th Series Tax Free Non-Cum Bonds	8.35%, Annual	5700.00	Bullet	27-Nov-23
89th Series Tax Free Non-Cum Bonds	8.35%, Annual	48700.00	Bullet	21-Nov-23
61st "A" Taxable Non-Cum. Bonds	10.70%, Semi Annual	61500.00	Bullet	11-Sep-23
65th "N" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-23
88th Taxable Non-Cum. Bonds	8.83% Annual	110000.00	Bullet	25-Mar-23
87th Series (Non-Retail), Tax Free Bonds Public Issue	6.88% Annual	13610.92	Bullet	23-Mar-23
87th Series (Retail), Tax Free Bonds Public Issue	7.38% Annual	2906.08	Bullet	23-Mar-23
86th Series (Non-Retail), Tax Free Bonds Public Issue	7.18% Annual	266095.49	Bullet	19-Feb-23
86th Series (Retail), Tax Free Bonds Public Issue	7.68% Annual	15352.55	Bullet	19-Feb-23
126th Taxable Non-Cum. Bonds*	7.63% Annual	300000.00	Bullet	25-Jan-23
85th Tax Free Non-Cum. Bonds	7.19% Annual	9500.00	Bullet	14-Dec-22
84th Tax Free Non-Cum. Bonds	7.22% Annual	49990.00	Bullet	7-Dec-22
83rd Tax Free Non-Cum. Bonds	7.22% Annual	3000.00	Bullet	6-Dec-22
82nd Tax Free Non-Cum. Bonds	7.22% Annual	4100.00	Bullet	30-Nov-22
81st Tax Free Non-Cum. Bonds	7.21% Annual	25600.00	Bullet	26-Nov-22
58th "A" Taxable Non-Cum. Bonds	9.20%, Semi Annual	50000.00	Bullet	29-Oct-22
54th "A" Taxable Non-Cum. Bonds	9.95%, Semi Annual	15000.00	Bullet	7-Jun-22
55th "O" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-22
65th "M" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-22
80th Series (Non-Retail) Tax Free Bonds Public Issue	8%, Annual	282159.11	Bullet	23-Feb-22
80th Series (Retail) Tax Free Bonds Public Issue	8.15%, Annual	35164.70	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
127th Taxable Non-Cum. Bonds	7.65%, Annual	250000.00	Bullet	15-Mar-21
51st Taxable Non-Cum. Bonds	7.74%, Semi Annual	45000.00	Bullet	22-Dec-20
73rd "B" Tax Free Non-Cum. Bonds	6.72%, Semi Annual	83591.00	Bullet	20-Dec-20
49th "O" - FRB Taxable Non-Cum. Bonds	7.09%*, 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

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
67th Taxable Non-Cum. Bonds	8.55%, Semi Annual	17500.00	Bullet	3-Feb-20
112th Taxable Non - Cum Bonds	6.92%, Annual	150000.00	Bullet	10-Nov-19
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	80000.00	Redeemable in four equal yearly instalments commencing from 28-09-2019	28-Sep-19
48th "JJ" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet	17-Sep-19
111th Taxable Non Cum - Bonds	7.65%, Annual	100000.00	Bullet	30-Jul-19
49th "N" - FRB Taxable Non-Cum. Bonds	6.84%*, Semi Annual	1000.00	Bullet	22-Jun-19
66th Taxable Non-Cum. Bonds	8.60%, Semi Annual	50000.00	Bullet	11-Jun-19
128th Taxable Non-Cum. Bonds	7.72%, Annual	260000.00	Bullet	7-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
Total		7816050.37		

* Put/Call option available at the end of 3rd Year.

4.1.2 Maturity profile and Rate of Interest of the secured bonds (classified as Other Current Liabilities) issued in the domestic capital market and amount outstanding as on 31-03-2018 is set out below:

(₹ in Lakhs)

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
105th Series Taxable Non-Cum Bonds	8.33%, Annual	150000.00	Bullet	26-Mar-19
47th "O" Taxable Non-Cum. Bonds	5.99%, Semi Annual	1000.00	Bullet	26-Mar-19
63rd "A" Taxable Non-Cum. Bonds	8.55%, Semi Annual	170500.00	Bullet	15-Jan-19
62nd "A" Taxable Non-Cum. Bonds	8.45%, Semi Annual	50000.00	Bullet	26-Dec-18
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	20000.00	Bullet	28-Sep-18
48th "II" Taxable Non-Cum. Bonds	6.85%, Semi Annual	5000.00	Bullet	17-Sep-18
117th Taxable Non Cum - Bonds	7.15%, Annual	148000.00	Bullet	16-Sep-18
61st Taxable Non-Cum. Bonds	10.60%, Semi Annual	85500.00	Bullet	11-Sep-18
116th Taxable Non Cum - Bonds	7.00%, Annual	216500.00	Bullet	10-Sep-18
46th "EE" Taxable Non-Cum. Bonds	6.20%, Semi Annual	2500.00	Bullet	12-Aug-18
46th "O" Taxable Non-Cum. Bonds	6.25%, Semi Annual	1300.00	Bullet	12-Aug-18
49th "M" - FRB Taxable Non-Cum. Bonds	7.11%*, Semi Annual	1000.00	Bullet	22-Jun-18
55th "K" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300.00	Bullet	7-Jun-18
60th Taxable Non-Cum. Bonds	9.43%, Semi Annual	60400.00	Bullet	23-May-18
45th "OO" Taxable Non-Cum. Bonds	6.39%, Semi Annual	700.00	Bullet	13-May-18
65th "I" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000.00	Bullet	27-Apr-18
Total		921700.00		

* Applicable interest rate as on 31-03-2018 (interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half yearly rest). All other interest rates are fixed.



- 4.2 Maturity profile and Rate of Interest of the 54 EC secured bonds issued in the domestic capital market and amount outstanding as on 31-03-2018 is set out below:

(₹ in Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current
54 EC, Nov 2017 Bond Series	5.25%, Annual	30-Nov-20	Bullet	97.90	0.00
54 EC, Dec 2017 Bond Series	5.25%, Annual	31-Dec-20	Bullet	826.80	0.00
54 EC, Jan 2018 Bond Series	5.25%, Annual	31-Jan-21	Bullet	1047.00	0.00
54 EC, Feb 2018 Bond Series	5.25%, Annual	28-Feb-21	Bullet	2489.50	0.00
54 EC, Mar 2018 Bond Series	5.25%, Annual	31-Mar-21	Bullet	9287.60	0.00
Total				13748.80	0.00

- 4.3 Foreign Currency Term Loan availed is secured by first pari passu charge on the present / future rolling stock assets / lease receivables of the Company. Terms of Repayment and amount outstanding as on 31-03-2018 is as follows:

(₹ in Lakhs)

Description	Rate of Interest	Date of Maturity	Repayment	Non-Current	Current
Bank of India	6M USD LIBOR+1.25% p.a.	30-Apr-18	Half Yearly repayable in 8 equal instalments	5895.00	1965.00
Total				5895.00	1965.00

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

- 4.4 Terms of Repayment of the Rupee Term Loan from Banks and secured by first pari passu charge on the present / future rolling stock assets / lease receivables of the Company and the amount outstanding as on 31-03-2018 is as follows:

(₹ in Lakhs)

Particulars	Interest Rate	Date of Maturity	Term of Repayment	Non-Current	Current
State Bank of India*	7.80% p.a., Annual	4-21-19	Bullet Repayment	300000.00	0.00
Canara Bank*	8% p.a., Annual	4-27-19	Bullet Repayment	120000.00	0.00
Total				420000.00	0.00

*Pending registration of charge with the Registrar of Companies ('ROC') as on 31st March 2018

- 4.5 Terms of Repayment of the Rupee Term Loan from NSSF and secured by first pari passu charge on the present / future rolling stock assets / lease receivables of the Company and amount outstanding as on 31-03-2018 is as follows:

(₹ in Lakhs)

Particulars	Interest Rate	Date of Maturity	Term of Repayment	Non-Current	Current
NSSF*	8.01% p.a., Semi Annual	27-Mar-28	Bullet Repayment	1000000.00	0.00
Total				1000000.00	0.00

*Pending registration of charge with the Registrar of Companies ('ROC') as on 31st March 2018

4.6 The unsecured bonds issued in the domestic capital market and outstanding as on 31-03-2018 are as follows:

(₹ in Lakhs)

Series	Interest Rate	Amount outstanding	Terms of Repayment
125th Series Taxable Bonds*	7.41%, Semi Annual	210000.00	Redeemable in forty equal half yearly instalments commencing from 15-4-2028
122nd Series Taxable Bonds*	6.77%, Semi Annual	410000.00	Redeemable in forty equal half yearly instalments commencing from 15-4-2028
110th Series Taxable Bonds*	7.80% p.a., payable Semi Annual	300000.00	Redeemable in forty equal half yearly instalments commencing from 15-4-2027
109th Series Taxable Bonds *	8.02% p.a., payable Semi Annual	500000.00	Redeemable in forty equal half yearly instalments commencing from 15-10-2026
101st Series Taxable Bonds*	7.87% p.a., payable Semi Annual	200000.00	Redeemable in forty equal half yearly instalments commencing from 15-04-2026
Total		1620000.00	

* The above mentioned bonds carry a fixed interest rate for 10 years. Interest is payable after initial moratorium of 5 years. The interest rate would be reset in the 11th year and the 21st year to the then prevailing Benchmark G-Sec Yield plus 30bps.

4.7 Maturity profile and interest rate on Unsecured Bonds from Overseas Capital Market and amount outstanding as on 31-03-2018 is set out below:

(₹ in Lakhs)

Particulars	Interest Rate	Date of Maturity	Term of Repayment	Non-Current	Current
Reg-S Bonds Green Bond 1st Series (USD 500 Million)	3.835% p.a., Semi Annual	13-Dec-27	Bullet Repayment	327500.00	0.00
Reg-S Bonds 3 rd Series (USD 500 Million)	3.917% p.a., Semi Annual	26-Feb-19	Bullet Repayment	0.00	327500.00
Total				327500.00	327500.00

4.8 Terms of Repayment of the Unsecured Foreign Currency Loans and amount outstanding as on 31-03-2018 is as follows:

(₹ in Lakhs)

Description	Rate of Interest (p.a.)	Date of Maturity	Repayment	Non-Current	Current
Syndicated Foreign Currency Loan-JPY 26231.25 Mio	6M JPY LIBOR+0.80%	28-Mar-28	Bullet	162397.67	0.00
Syndicated Foreign Currency Loan-USD 400 Mio	6M USD LIBOR+0.60%	03-Dec-18	Bullet	0.00	262000.00
Loan From AFLAC-1	Fixed, 2.85%	10-Mar-26	Bullet	95562.31	0.00
Loan From AFLAC-2	Fixed, 2.90%	30-Mar-26	Bullet	24259.26	0.00
Total				282219.24	262000.00



5. Deferred Tax Liability (Net)

Major components of Net Deferred Tax Liability are as under:

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Liability on account of difference between WDV as per Income Tax Act, 1961 and the Companies Act, 2013.	906257.93	906257.93
Less: Deferred Tax Asset on account of Unabsorbed Depreciation	267233.95	267233.95
Less: Deferred Tax Asset on account of Provision for Post-Retirement Medical and Pension Plans	32.32	32.32
Net Deferred Tax Liability	638991.66	638991.66

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

MAT Credit is not being recognized on consideration of prudence, as the Company does not expect to utilize the same during the period allowed under the Indian Income Tax Act, 1961.

As per Gazette notification No. S.O. 529(E) Dt. 5th Feb, 2018 as amended by notification no. S.O 1465 Dt. 2nd April, 2018 issued by Ministry of Corporate Affairs, Government of India the provisions of Accounting Standard 22 relating to Deferred Tax Assets (DTA) or Deferred Tax Liability (DTL) shall not apply to the Company w.e.f. 1st April, 2017 accordingly, no provision has been made for DTL/DTA for the year ended 31 March, 2018.

6. Other Long Term Liabilities

(₹ in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
	Non Current	Current	Non Current	Current
Unamortised Portion of Securitisation Gain*	43.33	40.49	83.82	58.41
Forward Contracts	0.00	62598.55	62048.55	0.00
Derivative Liabilities	23541.90	0.00	29110.84	0.00
Interest Accrued but not due	181443.47	384228.45	82877.00	304299.37
Earnest Money Deposit	0.00	3.30	0.05	0.00
Total	205028.70	446870.79	174120.26	304357.78

*Out of the unamortised gain of ₹ 142.23 Lakhs (P.Y. 222.95 Lakhs), in respect of the Securitization transactions executed during the previous years, a sum of ₹ 58.41 Lakhs (P.Y. ₹ 80.72 Lakhs) has been recognized during the year, leaving a balance of ₹ 83.82 Lakhs (P.Y. ₹ 142.23 Lakhs).

7. Long Term Provisions

(₹ in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
	Non Current	Current	Non Current	Current
Leave Encashment (Net of funded amount)	22.88	11.21	22.79	14.73
Gratuity (Net of funded amount)	0.18	4.12	0.00	0.00
Post-Retirement Medical & Pension Benefits	127.68	0.00	93.40	0.00
Total	150.74	15.33	116.19	14.73



8. Short Term Borrowings

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Unsecured		
Rupee Term Loans from Banks	396920.00	215.90
Commercial Paper	99758.85	576719.39
	496678.85	576935.29
Total	496678.85	576935.29

8.1 Details of Commercial paper outstanding as on 31st March, 2018 is as below:

S.No.	Particulars	Discount Rate	Date of Maturity	Face Value	Unexpired Discount	Outstanding Amount
1	CP series - X	7.40% p.a.	13th April, 2018	1,00,000.00	241.15	99,758.85

9. Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Current Maturities of Long Term Debt (Ref. Note No.4)	1513165.00	391524.00
Interest Accrued but not due (Refer Note No.6)	384228.45	304299.37
Unamortised Securitisation Gain (Refer Note No. 6)	40.49	58.41
Liability for Matured and Unclaimed Bonds / Interest (Refer Note No. 35 (a))	581.62	657.36
Forward Contracts (Refer Note No. 6)	62598.55	0.00
Amount Payable to MOR on account of MTM-derivatives	981.74	0.00
Earnest Money Deposit (Refer Note No. 6)	3.30	0.00
Other Payables:		
Statutory Dues	64775.93	1.56
Tax Deducted at Source Payable	1151.39	1067.32
Dividend Tax	0.00	0.00
Others	871.52	350.70
Total	2028397.99	697958.72

10. Short Term Provisions

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Interest Payable on Income Tax	128.20	15.45
Corporate Social Responsibility (CSR)	789.35	789.35
Employee Benefits (Refer Note No.7)	15.33	14.73
Proposed Final Dividend	17500.00	3352.46
Dividend Tax on Proposed Final Dividend	3597.77	682.39
Total	22030.66	4854.38



11. Fixed Assets

(₹ in Lakhs)

S. No.	DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 31-03-2017	Additions during the year	Sale/ Adjustment during the year	As at 31-03-2018	Upto 31-03-2017	For the year	Adjustments during the year	As at 31-03-2018	As at 31-03-2017
	Tangible Assets									
1	Office Building	1524.23	0.00	0.00	1524.23	401.06	25.52	0.00	426.58	1123.17
2	Airconditioners, Room Coolers / Heaters	19.38	0.44	0.76	19.05	17.22	0.25	0.27	17.20	2.16
3	Office Equipments	33.28	4.94	1.79	36.43	26.43	2.32	0.83	27.92	6.85
4	Furniture & Fixtures	90.28	3.99	0.00	94.27	82.29	1.12	0.00	83.41	7.99
5	Franking Machine	1.19	0.00	0.00	1.19	0.91	0.28	0.00	1.19	0.28
6	Computer	61.48	3.27	1.77	62.97	54.68	4.18	1.77	57.09	6.80
7	Motor Car	10.24	0.00	0.00	10.24	7.68	0.85	0.00	8.53	2.56
8	Photo Copier	1.59	0.00	0.00	1.59	1.06	0.15	0.00	1.21	0.53
9	Water Cooler	0.29	0.00	0.00	0.29	0.29	0.00	0.00	0.29	0.00
10	Electric-Installation	1.80	0.00	0.00	1.80	1.80	0.00	0.00	1.80	0.00
	Total	1743.76	12.63	4.33	1752.06	593.41	34.68	2.88	625.22	1150.35
	Intangible Assets									
1	Computer Software/ Website	4.34	2.18	0.00	6.52	3.15	0.72	0.00	3.87	1.19
	Total	4.34	2.18	0.00	6.52	3.15	0.72	0.00	3.87	1.19
	Total Fixed Assets	1748.10	14.80	4.33	1758.58	596.56	35.40	2.88	629.09	1151.54
	Previous Year	1740.35	13.66	5.91	1748.10	564.48	35.02	2.94	596.56	1175.87


12. Non Current Investments (At Cost)

(₹ in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
	Non Current	Current	Non Current	Current
Investments (Unquoted Non-Trade)				
Investments in Equity				
2,44,000 (P.Y. 244000) Equity Shares of IRCON International Ltd.	199.85	0.00	199.85	0.00
Other Investments				
40 (P.Y. 45) Senior Pass Through Certificates 'P' to 'W' Series of NOVO X Trust Locomotives	332.95	121.20	454.15	132.79
Total	532.80	121.20	654.00	132.79
Aggregate Amount of Unquoted Investments	532.80	121.20	654.00	132.79

13. Long Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
	Non Current	Current	Non Current	Current
Secured Considered Good				
House Building Advance*	7.88	2.21	10.09	3.73
Unsecured Considered Good				
Capital Advances				
- Advance to FA & CAO, Northern Railway	253.01	0.00	253.01	0.00
Advance against Lease of Rly Infrastructure Assets (Refer Note No. 30)	3735989.00	0.00	2260000.00	0.00
Lease Receivables from Ministry of Railways	10123480.12	823685.52	9108199.22	712419.74
Amount Recoverable from MOR on account of Exchange Rate Variation (Refer Note No. 29)	46267.29	35947.76	76367.73	41099.70
Amount Recoverable from MOR on account of MTM – Derivatives	14838.93	0.00	22253.00	0.00
Security Deposits	10.94	0.00	9.19	0.00
Loan to Rail Vikas Nigam Ltd.	179663.00	24132.50	194545.50	21857.50
Loan to IRCON	320000.00	0.00	0.00	0.00
Advance to Employees	0.00	0.04	0.00	0.17
TDS & Advance Tax (Net)	2584.37	0.00	1065.76	0.00
Gratuity Funded Assets (Net)	0.00	0.00	0.55	4.56
Total	14423094.54	883768.03	11662704.05	775385.40

* includes ₹ 1.08 lakhs (P.Y. ₹ 13.82 lakhs) to Key Managerial Personnel /Officers of the Company



14. Other Non Current Assets

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Unsecured Considered Good		
Interest Accrued but not due on Loans	45812.87	53016.92
Interest Accrued on Investment in Pass Through Certificates	299.85	333.62
Unabsorbed Forward Premium on Forward Contracts	0.00	16826.12
Interest against construction of Railway Infrastructure asset accrued but not due	343015.20	115362.78
Interest Accrued on Advances to Employees*	5.88	9.18
Derivative Asset	8702.97	6187.36
Total	397836.77	191735.98

* includes ₹ 4.03 lakhs (P.Y. ₹ 8.58 lakhs) to Key Managerial Personnel/Officers of the Company

15. Current Investments (at cost)

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Current Maturities of Long Term Investments		
40 (P.Y. 45) Senior Pass Through Certificates 'P' to 'W' Series of NOVO X Trust Locomotives (Refer Note No. 12)	121.20	132.79
Total	121.20	132.79
Aggregate Amount of Unquoted Investments	121.20	132.79

16. Cash and Bank Balances

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Cash and cash equivalents		
Balance with Banks		
- In Current Accounts	111.82	93.33
- In Term Deposit Account	0.00	0.00
- In Interest / Redemption Accounts (Ref. Note No. 35(a))	581.62	657.36
-In Escrow Pool Account*	9287.60	0.00
Deposit with Reserve Bank of India		
-In Public Deposit Account	1.02	1.02
Balance in Franking Machine	0.04	0.04
Total	9982.10	751.75

* Pending allotment of 54 EC bonds (March 18 Series) amount lying in Escrow Pool Account of IRFC


17. Short Term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Unsecured Considered Good		
Deposit with NCRDC, New Delhi	0.00	4.38
Amount Recoverable from MOR	332705.13	289799.87
Tax Refund Receivable*	36.61	36.61
Amount Recoverable from Others	2.25	0.64
Gratuity Funded Assets (Net)	0.00	4.56
Prepaid Expenses	48.85	39.01
Advance to Others	16.65	21.01
Advance to Employees	0.79	0.71
Total	332810.28	289906.79

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

18. Other Current Assets

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Current Maturities of Long Term Loans and Advances (Refer Note No.13)		
Lease Receivables from Ministry of Railways	823685.52	712419.74
Loan to Rail Vikas Nigam Ltd	24132.50	21857.50
House Building Advance	2.21	3.73
Advance to Employees	0.04	0.17
Amount Recoverable from MOR on account of Exchange Rate Variation	35947.76	41099.70
Interest Accrued but not due on Loans & Deposits	26138.09	20898.20
Interest Accrued but not due on 54 EC Bond Application Money	13.94	0.00
Unabsorbed Forward Premium on Forward Contracts	16826.11	20976.66
Derivative Assets	981.74	670.48
GST - Input Tax Credit	139977.89	0.00
Total	1067705.80	817926.18

19. Revenue from Operations

(₹ in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Lease Income	849233.50	769579.64
Interest on Lease Advance	227652.42	105950.23
Interest Income from:		
- Loans	23432.76	24717.45
- Deposits	1392.31	4265.65
- Investments	81.48	83.75
	24906.55	29066.85
Other Financial Income		
- Gain on Assets Securitization	58.41	80.72
Total	1101850.88	904677.44



20. Other Income

(₹ in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Dividend Income	48.66	45.42
Profit on sale of Fixed Assets	0.00	0.11
Misc Income	123.68	27.97
Interest on Income Tax refund	0.00	15.10
Total	172.34	88.6

21. Employee Benefits Expense

(₹ in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Salaries, Incentives etc.	442.38	258.55
Contribution to Provident and Other Funds	98.03	40.53
Staff Welfare Expenses	3.54	0.46
Total	543.95	299.54

22. Finance Cost

(₹ in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Interest Expenses		
Interest on Bonds	738928.66	606303.63
Interest on Rupee Term Loans	15072.66	4870.66
Discount on Commercial Paper	20201.18	11135.39
Interest and Swap Cost on Foreign Currency Loans*	53618.82	57579.47
Interest on delayed payment to MOR	7869.89	7658.36
Interest to Income Tax Authorities	128.22	16.98
Sub-Total	835819.43	687564.49
Other Borrowing Cost		
Bond Issue Expenses / Expenses on Raising of Loans**	6093.29	643.03
Bond/Loan/Securitization Servicing Expenses	1772.24	600.27
Sub-Total	7865.54	1243.30
Total	843684.97	688807.79

*Interest and Swap Cost on Foreign Currency Loans includes ₹ 21,388.66 Lakhs (P.Y. ₹ 19,736.06 lakhs) towards Forward Premium on Currency Forward Contracts

** Bond issue expenses/Expenses on loans includes ₹ 8.10 Lakhs (previous year Nil) paid to Auditors for certification of prospectus /offer documents for public issue of bonds.

**23. Other Expenses**

(₹ in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Filing Fee	0.46	0.82
Legal & Professional Charges	396.07	145.67
Advertisement & Publicity	37.54	20.44
Printing & Stationery Charges	16.51	10.49
News Paper, Books & Periodicals	1.53	1.19
Conveyance Expenses	7.07	7.33
Travelling - Foreign		
- Directors	19.86	10.26
- Others	0.00	1.95
Travelling - Local		
- Directors	19.33	11.63
- Others	9.97	10.13
Transport Hire Charges	37.15	30.09
Office Maintenance Expenses	64.64	95.26
Vehicle Running & Maintenance	2.09	2.29
Office Equipment Maintenance	24.95	14.61
Electricity Charges	23.78	21.90
Loss on Sale of Fixed Assets	0.65	1.80
Postage Charges	8.61	1.44
Telephone Charges	7.51	6.63
Training Expenses	0.63	2.40
Bank Charges	1.76	1.49
Payment to Auditors		
- Audit Fees	7.50	8.85
- Tax Audit Fee	2.49	2.95
- Quarterly Review	6.29	8.62
- Other Statutory Certifications	4.31	10.03
Miscellaneous Expenses	88.29	68.02
Insurance	0.25	0.26
Fees & Subscription	23.57	13.69
Sponsorship/Donation	31.29	2.01
Ground Rent	1.29	1.15
Property Tax	2.62	2.62
Prior Period Expenditure (NET) (Refer Note No.23.1)	1.15	4.06
Total	849.16	520.08



23.1. Prior Period Expenditure (Net):

(₹ in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Income	0.00	0.00
Total (A)	0.00	0.00
Expenditure		
Bond Issue Exp.	0.00	4.06
News Paper, Books & Periodicals	0.00	0.30
Interest on Bonds/Foreign Currency Loans	0.00	0.83
Interest on Bonds	0.00	2.98
Legal & Professional	1.44	0.19
Office Maintenance Expenses	0.00	0.20
Salary Employee Benefits	0.00	-4.50
Telephone Expenses	-0.03	0.00
Medical Reimbursement	-0.16	0.00
Advertisement & Publicity	-0.10	0.00
Total (B)	1.15	4.06
Prior Period Expenditure (Net) (B-A)	1.15	4.06

24. Earnings Per Equity Share

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Net Profit (₹ in Lakhs)	200730.67	93381.14
Weighted Average Number of Equity shares outstanding	6526460000	6526460000
Earnings Per Share (₹) [Face value of ₹ 10/- per share]		
-Basic	3.08	1.43
-Diluted	3.08	1.43

25. (a) Lease rental is charged on the assets leased from the first day of the month in which the Rolling Stock assets have been identified and placed on line as per the Standard Lease Agreements executed between the Company and MOR from year to year.
- (b) Ministry of Railways (MOR) charges interest on the value of the assets identified prior to the payments made by the company, from the first day of the month in which the assets have been identified and placed on line to the first day of the month in which the money is paid to the MOR. However, no interest is charged from the MOR on the amount paid by the company prior to identification of Rolling stock by them.
- (c) (i) Interest rate variation on the floating rate linked rupee borrowings and interest rate and exchange rate variations on interest payments in the case of foreign currency borrowings are adjusted against the Lease Income in terms of the variation clauses in the lease agreements executed with the Ministry of Railways. During the year ended 31st March 2018, such differential has resulted in an amount of ₹4774.16 Lakhs accruing to the Company (P.Y. ₹ 7046 Lakhs), which has been accounted for in the Lease Income.
- (ii) In respect of foreign currency borrowings, which have not been hedged, variation clause have been incorporated in the lease agreements specifying notional hedging cost adopted for working out the cost of funds on the leases executed with MOR. Hedging cost in respect of these foreign currency borrowings is compared with the amount recovered by the company on such account on notional cost basis and accordingly, the same is adjusted against the lease income. During the year ended 31st March 2018 in respect of these foreign currency borrowings, the Company has recovered a sum of ₹14,232.11 Lakhs (P.Y. ₹ 17,433 Lakhs) on

this account from MOR against a sum of ₹20,976.66 Lakhs (P.Y. ₹19,713 Lakhs) incurred towards hedging cost and the balance amount of ₹ 6,744.55 Lakhs (P.Y. ₹ 2,280 Lakhs) is recoverable from MOR.

- (d) The lease executed for Rolling Stock in the year 1987-88 for ₹ 77,032.86 Lakhs has expired on 31st March 2018. During the primary and secondary lease period full value of asset (including interest) has been recovered from the Lessee (MOR). These assets have outlived their useful economic life. Formalities for the transfer of these assets to MOR are under progress and necessary adjustments in the accounts, if required, will be carried out on completion of transfer
26. (a) i. The Reserve Bank of India has issued Master Direction – Non- Banking Financial Company- Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide notification DNBR.PD.008/03.10.119/2016-17 dated 1st September 2016 as amended from time to time. The Company, being a Government Company and not accepting/holding public deposits, these Directions, except the provisions contained in Paragraph 25 thereof, are not applicable to the Company. As a matter of prudence the Company has decided to follow the asset classification and provisioning norms as contained in above directions for loans/leases/advances to entities other than Indian Railways, except the requirement of provisioning on standard assets. However, vide Master Circular dated 31 May 2018, issued by RBI such exemption to government companies has been withdrawn.
- ii. Further, Reserve Bank of India (RBI) vide letter dated 19th March 2010 has sought a road map from the Company for compliance with the prudential norms issued by RBI. The Company has requested for continuation of exemption from the applicability of prudential norms relating to single party exposure and assignment of zero risk weight to lease receivables from MOR vide letter dated 3rd May 2010.
- iii. In terms of Reserve Bank of India Notification No.DNBC.138/CGM (VSNM) – 2000 dated 13th January 2000, provisions of Section 45 IC of the Reserve Bank of India Act, 1934 (2 of 1934) regarding creation of Reserve Fund, do not apply to the Company.
- (b) In terms of the Ministry of Corporate Affairs circular dated 18th April, 2002, the Company, being a Non-Banking Finance Company registered with RBI, is required to create Bond Redemption Reserve equivalent to 50% of the value of the bonds raised through Public issue by the redemption date of such Bonds. Subsequently, the requirement for creation of Bond Redemption Reserve in case of Public Issue of bonds by Non-Banking Finance Company registered with RBI was brought down to 25% by MCA vide their circular dated 11th Feb, 2013. Further, the Companies (Share Capital and Debentures) Rules, 2014 dated 3rd April, 2014 also mandates the Non- Banking Finance Companies registered with RBI to create Bond Redemption Reserve equivalent to 25% of the value of the Bonds raised through public issue by the redemption dates of such bonds. Accordingly, the Company is required to transfer 50% of the value of the bonds raised through public issue during FY 2011-12 and 25% of the value of Bonds raised through Public Issue during 2012-13, FY 2013-14 and FY 2015-16 to Bond Redemption Reserve by the redemption dates of such Bonds. The Company has raised ₹ 24,88,167.37 Lakhs through public issue of bonds in FY 2011-12, FY 2012-13, FY 2013-14 and FY 2015-16. The average residual maturity of the above mentioned bonds is more than 10 years as on 31st March, 2018. However, the Company restricted its dividend payment to ₹ 37500 Lakhs and has transferred an amount of ₹ 41981 Lakhs to the Bond Redemption Reserve.

27. Corporate Social Responsibility

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

- i) Gross amount required to be spent by the company during the year ended 31st March, 2018 ₹ 3997.38 Lakhs (excluding ₹769.60 Lakhs spent for earlier years).



ii) Details of amount spent during the year:

(₹ in Lakhs)

Sl. No.	Particulars	Year Ended March 31, 2018			Year Ended March 31, 2017		
		In Cash	Yet to be paid in cash	Total	In Cash	Yet to be paid in cash	Total
i)	Construction/ Acquisition of any Asset	0.00	0.00	0.00	0.00	0.00	0.00
ii)	On purpose other than (i) above	2,072.90	305.07	2,377.97	1677.47	0.00	1677.47
ia)	Contribution to 'Swachh Bharat Kosh'(Item No.(i) of Schedule-VII)	0.00	0.00	0.00	370.72	0.00	370.72
iib)	Health Care (Item No.(i) of Schedule-VII)	0.00	0.00	0.00	6.49	0.00	6.49
iic)	Social Welfare (Item No.(iii) of Schedule-VII)	247.75	0.00	247.75	100.00	0.00	100.00
iid)	Forest & Environment, animal welfare etc. (Item No.(iv) of Schedule-VII)	736.45	305.07	1041.52	826.54	0.00	826.54
ie)	Contribution to 'Clean Ganga Fund' (Item No.(iv) of Schedule-VII)	1,088.70	0.00	1,088.70	370.72	0.00	370.72
iif)	Art & Culture, public libraries (Item No (v) of Schedule-VII)	0.00	0.00	0.00	3.00	0.00	3.00
Grand Total(i + ii)		2,072.90	305.07	2,377.97	1,677.47	0.00	1,677.47

iii) Details of related party transaction w.r.t CSR activities as per Accounting Standard (AS) 18, related Party Disclosures – Nil (Previous Year NIL)

28. i. The Finance Act, 2001 provides for levy of service tax on the finance and interest charges recovered through lease rental installments on the Financial Leases entered on or after 16-07-2001. The Central Government vide Order No.1/1/2003-ST dated 30th April 2003 and subsequent clarification dated 15-12-2006 issued by Ministry of Finance has exempted the Lease Agreements entered between the Company and Ministry of Railways from levy of Service Tax thereon u/s 93(2) of Finance Act, 1994. However, the service tax has been subsumed in GST w.e.f 1st July, 2017
- ii. The GST Council in their meeting held on 19th May, 2017 has exempted the services of leasing of assets (rolling stock assets including wagons, coaches, locos) by Indian Railways Finance Corporation to Indian Railways from the levy of Goods & Service Tax (GST) which has been made applicable with effect from 1st July, 2017.
29. Increase in liability due to exchange rate variation on foreign currency loans for purchase of leased assets amounting to ₹ 4,923 Lakhs (P.Y. decrease ₹ 7,997 Lakhs) has not been charged to the Statement of Profit and Loss as the same is recoverable from the Ministry of Railways (lessee) separately as per lease agreements. The crystallized exchange rate variation loss on foreign currency loans repaid during the year amounting to ₹ 40,176 Lakhs (P.Y. ₹ 69,674 Lakhs) has been recovered from the Lessee, leaving a balance of ₹82,215 Lakhs recoverable from MOR as on 31st March, 2018 (P.Y. ₹ 1,17,467 Lakhs).

Gain on account of Decrease in the Fair Value of Derivative (Liability) / Increase in the Fair Value of Derivative Assets other than the Currency Forward Contracts amounting to ₹ 5,096 Lakhs (PY Gain ₹5,600 Lacs) has not been recognized in the Statement of Profit & Loss as the same is refundable to the Ministry of Railways (Lessee) since the derivatives have been contracted to hedge the financial risk of the Ministry of Railways (Lessee).

30. The Ministry of Railways (MOR) vide letter dated 23rd July, 2015 had authorized the Company to draw funds from LIC in consultation with MOR for funding of Railway Projects in line with leasing methodology adopted by Company for funding Railway Projects in past. Pending execution of the Lease Documents, the Company has entered into a Memorandum of Understanding with the Ministry of Railways on 23rd May 2017 containing principal terms of the lease transactions. The total sum of ₹37,35,989 Lakhs disbursed to MOR by the end of FY 2017-18 (P.Y. ₹ 22,60,000 Lakhs) has been shown as 'Advance against Lease of Rly. Infrastructure Assets'. Pending completion of projects and execution of Lease documents, the cost incurred by the Company in respect of the funds borrowed for making advances to MOR (including GST paid on such advance under reverse charge mechanism) for development or construction of

such railway Infrastructure assets has been charged to the statement of Profit and Loss. Further, the accrued interest on above mentioned advances made to Ministry of Railways has been accounted for as Income in the statement of Profit & Loss. Such accrued interest during construction period will form part of the cost of the underlying assets under construction.

31. Derivative Instruments

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

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

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

As at 31-03-2018			As at 31-03-2017		
No. of Contracts	Borrowing outstanding in Foreign Currency (USD Million)	INR Equivalent (Lakhs)	No. of Contracts	Borrowing outstanding in Foreign Currency (USD Million)	INR Equivalent (Lakhs)
9	550	4,22,848.55	9	550	4,22,848.55

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

As at 31-03-2018			As at 31-03-2017			Remarks
No. of Contracts	Borrowing outstanding in Foreign Currency	Notional USD Equivalent	No. of Contracts	Borrowing outstanding in Foreign Currency	Notional USD Equivalent	
1	JPY 12 Billion	145.90 Million	1	JPY 12 Billion	145.90 Million	Back to back recovery of INR/USD exchanges rate variation from MOR.
1	JPY 3 Billion	37.04 Million	1	JPY 3 Billion	37.04 Million	Back to back recovery of INR/USD exchange rate variation from MOR.



The foreign currency borrowings outstanding as on 31-03-2018, which have not been hedged, are as follows:

As at 31-03-2018		As at 31-03-2017		Remarks
No. of Loans	Borrowing outstanding in Foreign Currency	No. of Loans	Borrowing outstanding in Foreign Currency	
1	USD 12.00 Million	1	USD 15 Million	Back to back recovery of exchange rate variation from MOR.
-	-	1	USD 300 Million	
2	USD 350 Million	2	USD 350 Million	
1	JPY 26,231.25 Million (Equivalent to USD 250 Million)	-	-	
1	USD 500 Million	-	-	

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

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

No. of Transaction	Description of Derivative	Notional Principal	Fair Value Asset / (Liability) at 31 st March, 2018 (₹ Lakhs)
2	Cross Currency Interest Rate Swap (JPY Fixed Interest Rate Liability to USD Floating Rate Liability)	JPY 15 Bn. / USD 182.94 Mio	(23,541.90)
2	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 182.94 Mio	8,702.97
1	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 200.00 Mio	981.74

- 32.** Office Building including parking area has been capitalized from the date of taking possession. However, the sale / transfer deed is still pending for execution in favour of the Company. Stamp duty payable on the registration of office building works out to about ₹ 91.45 Lakhs (as certified by approved valuer) (P.Y. ₹ 122 Lakhs), which will be accounted for on registration.

33. Contingent Liabilities

- Claims against the Company not acknowledged as debt – Claims by bondholders in the Consumer / Civil Courts: ₹ 8.69 Lakhs (P.Y. ₹ 8.72 Lakhs).
- Claims against the Company not acknowledged as debt – relating to service matter pending in Hon'ble Supreme Court - amount not ascertainable.
- The Income Tax assessments of the Company have been completed up to the Assessment Year 2015–16. The disputed demand of tax including interest thereon amount to ₹ 91.41 Lakhs. The Company has already filed appeal against the said demand and the same is pending at appellate level. Based on decisions of the Appellate authorities in other similar matters and interpretation of relevant provisions, the Company is confident that the demand will be either deleted or substantially reduced and accordingly no provision is considered necessary.

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

34. Expenditure in Foreign Currency

(₹ in Lakhs)

	Year ended 31-03-2018	Year ended 31-03-2017
a) Interest / Swap Cost on Foreign currency borrowings	32,325.68	37,644.50
b) Processing Agent / Fiscal Agent / Admin. Fee	28.98	17.73
c) Underwriting / Arranger fee	4,862.14	0.00
d) International Credit Rating Agencies Fees	289.00	110.51
e) Others	146.73	19.28

35. (a) The Company discharges its obligation towards payment of interest and redemption of bonds, for which warrants are issued, by depositing the respective amounts in the designated bank accounts. Reconciliation of such accounts is an ongoing process and has been completed upto 31-03-2018. The Company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 31-03-2018 is ₹ 581.62 Lakhs (P.Y. ₹ 657.36 Lakhs).
- (b) The Company is required to transfer any amount remaining unclaimed and unpaid in such interest and redemption accounts after completion of 7 years to Investor Education Protection Fund (IEPF) administered by the Ministry of Corporate Affairs, Government of India. During the year ended 31st March 2018, a sum of ₹0.65 Lakhs was deposited in IEPF (P.Y. ₹ 12.80 Lakhs).
36. Long Term Loans and Advances (Note No.13) include Lease Receivables representing the present value of future Lease Rentals receivable on the finance lease transactions entered into by the company since inception as per the Accounting Standard (AS) – 19 notified by the Ministry of Corporate Affairs.

Reconciliation of the Lease Receivable amount on the Gross value of Rolling Stock assets worth ₹ 1,66,21,159 Lakhs (P.Y. ₹ 1,47,54,173 Lakhs) owned by the Company and leased to the Ministry of Railways is as under:

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Gross Value of Assets acquired & Leased upto the end of previous Financial Year	1,47,54,173	1,33,26,089
Less: Capital Recovery provided upto last Year	49,33,554	42,76,755
Capital Recovery outstanding on leased assets as at the end of last year	98,20,619	90,49,334
Add: Gross Value of Assets acquired and Leased during the period	18,66,986	14,28,084
	1,16,87,605	1,04,77,418
Less: Capital Recovery for the period	7,40,440	6,56,799
Net investment in Lease Receivables	1,09,47,165	98,20,619

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

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Gross Investment in Lease	1,60,93,270	1,45,48,332
Unearned Finance Income	51,46,105	47,27,713
Present Value of Minimum Lease Payment (MLP)	1,09,47,165	98,20,619

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

(₹ in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
	Gross Investment In Lease	Present Value of MLP	Gross Investment in Lease	Present Value of MLP
Not later than one year	16,58,213	8,23,685	14,77,428	7,12,419
Later than one year and not later than five years	62,59,588	36,54,790	55,88,036	31,84,071
Later than five Years	81,75,469	64,68,690	74,82,868	59,24,129
Total	1,60,93,270	1,09,47,165	1,45,48,332	98,20,619

The unearned finance income as on 31-03-2018 is ₹ 51,46,105 Lakhs (Previous Year ₹ 47,27,713 Lakhs). The unguaranteed residual value accruing to the benefit of the Company at the end of lease period is ₹ Nil (P.Y. Nil).

The Company has leased rolling stock assets to the Ministry of Railways (MOR). Besides, 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 ₹ 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, ₹ 1,243.56 Lakhs have matured till 31st March 2018, leaving a balance of ₹ 454.15 Lakhs. Details of the amount invested in PTCs and outstanding as on 31st March 2018 is as follows:

Series	Date of Maturity	Nos of PTCs	Face Value per PTC (in ₹)	Total Amt (₹ in Lakhs)
Series 'O'	15-Apr-18	5	12,39,733.28	61.99
Series 'P'	15-Oct-18	5	11,84,216.00	59.21
Series 'Q'	15-Apr-19	5	11,31,468.11	56.57
Series 'R'	15-Oct-19	5	10,80,799.13	54.04
Series 'S'	15-Apr-20	5	10,32,399.18	51.62
Series 'T'	15-Oct-20	5	9,86,166.66	49.31
Series 'U'	15-Apr-21	5	9,42,240.38	47.11
Series 'V'	15-Oct-21	5	9,00,045.32	45.00
Series 'W'	15-Apr-22	5	5,85,908.19	29.30
Total		45		454.15

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

Defined Benefit Plan

Changes in Present Value of Defined Obligations:

(₹ in Lakhs)

Particulars	Gratuity (Funded)*-		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Present value of Defined Benefit Obligation at the beginning of the year	59.00	67.65	71.60	82.54
Interest Cost	4.20	4.51	5.12	6.36
Current Service Cost	4.56	4.51	14.72	13.93
Benefits Paid	0.00	-10.00	-9.66	-28.15
Actuarial (Gain) / Loss on obligations	-8.58	-7.67	-3.85	-3.09
Past Service Cost	17.27	-	13.77	-
Present value of Defined Benefit Obligation at the end of the period	76.45	59.00	91.71	71.60

Changes in the Fair Value of Plan Assets:

(₹ in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Fair Value of Assets at the beginning of the year	64.11	59.22	34.08	31.48
Expected Return on plan assets	4.73	4.03	2.97	2.96
Contributions	3.21	0.00	19.88	0.00
Benefits Paid	0.00	0.00	0.00	0.00
Reimbursement paid by the insurer	0.00	0.00	0.00	0.00
Actuarial Gain / (Loss) on plan assets	0.10	0.86	0.70	-0.36
Fair Value of Plan Assets at the end of the period	72.15	64.11	57.63	34.08

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

(₹ in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Opening net Liability / (Asset) at the beginning of the year	-5.11	8.42	37.52	51.06
Expenses	12.62	-3.54	26.11	14.61
Contribution	-3.21	0.00	-19.88	0.00
Reimbursement paid by the insurer	0.00	-10.00	-9.66	-28.15
Closing net Liability / (Asset) at the end of the period	4.30	-5.12	34.09	37.52



Actuarial Gain / Loss recognised:

(₹ in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Actuarial (Gain) / Loss for the period – obligation	8.58	7.67	3.85	3.08
Actuarial (Gain) / Loss for the period plan assets	0.10	0.86	0.70	-0.36
Total (Gain) / Loss	8.68	8.53	6.26	2.72
Actuarial Gain / (Loss) recognised in the period	8.68	8.53	4.55	2.72

Amount recognised in the Balance Sheet:

(₹ in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Present value of obligations as at the end of the period	76.45	59.00	91.71	71.59
Fair Value of plan assets	72.15	64.11	57.63	34.08
Liability (assets)	4.30	-5.11	34.09	37.51
Net Liability (assets) recognised in the Balance Sheet	4.30	-5.11	34.09	37.51

Expenses recognized in statement of Profit & Loss:

(₹ in Lakhs)

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Current Service Cost	4.56	4.51	14.73	13.93
Interest Cost	4.20	4.51	5.12	6.36
Expected return on plan assets	-4.72	-4.03	-2.97	-2.96
Net Actuarial (Gain) / Loss recognized in the period	-8.68	-8.53	-4.55	-2.72
Past Service Cost-Vested recognised	17.09	-	13.77	
Expenses recognised in Statement of Profit & Loss	12.45	-3.54	26.11	14.61

Bifurcation of Liabilities:

(₹ in Lakhs)

Liabilities	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Current	4.12	-4.56	11.21	14.73
Non-Current	0.18	-0.55	22.88	22.78
Total	4.30	-5.11	34.09	37.51

Actuarial Assumptions:

(₹ in Lakhs)

Assumptions	Gratuity (Funded)		Leave Encashment (Funded)	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Discount Rate	7.60% p.a.	7.15% p.a.	7.60% p.a.	7.15% p.a.
Expected Return on Plan Assets	7.60% p.a.	7.15% p.a.	7.60% p.a.	7.15% p.a.
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate			
Future Salary Increase	6% p.a.	6% p.a.	6% p.a.	6% p.a.
Retirement	60 yrs.	60 yrs.	60 yrs.	60 yrs.

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

Defined Contribution Plan

(₹ in Lakhs)

Particulars	Period ended 31-03-2018	Year ended 31-03-2017
Employers' Contribution to EPF	25.01	16.54
Provision towards Post-Retirement Medical & Pension Benefits*	34.28	10.15

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

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

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

(₹ in Lakhs)

	Year ended 31-03-2018					Year ended 31-03-2017				
	Gratuity & Leave Encashment*	CSR	Post Retirement Medical & Pension	Interest payable to Income Tax	Income Tax	Gratuity & Leave Encashment*	CSR	Post Retirement Medical & Pension	Interest payable to Income Tax	Income Tax
Opening Bal.	32.41	789.34	93.40	15.45	1,78,741.17	59.49	789.34	83.25	-	1,33,224.84
Addition during the period	47.23	-	34.28	128.21	54,350.69	11.07	-	10.15	15.45	45,523.15
Amount used / incurred	-41.25	-	-	15.46	960.39	-38.15	-	-	-	-
Unused Amount reversed during the period	-	-	-	-	558.58	-	-	-	-	-6.82
Closing Balance	38.39	789.34	127.68	128.20	2,31,572.89	32.41	789.34	93.40	15.45	1,78,741.17

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

Provision for Income Tax is in terms of Income Tax Act, 1961 and shall be adjusted after completion of assessment. TDS and Advance Tax has been shown net of Provision for Tax in Note no. 13 under Long Term Loan and Advances.



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

Key Management Personnel:

- a) Sh. S.K Pattanayak, Managing Director
- b) Sh. Niraj Kumar, Director Finance
- c) Sh. S.K.Ajmani, Company Secretary & Group General Manager (TL) (uptill 8 March 2018)
- d) Sh. Vijay Babulal Shirode, DGM (CS) & Law (w.e.f 9 March 2018)

Amount paid to Key Management Personnel:

(₹ in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Salary / Allowances	127.12	64.95
Reimbursement	38.58	4.73
Incentive	15.81	26.64

42. Interest on Deposits & Investment (Note No.19) includes Tax Deducted at Source amounting to ₹31.09 Lakhs (P.Y. ₹ 71.89 Lakhs). Ministry of Railways has also deducted tax at source amounting to ₹ 32,919.24 Lakhs (P.Y. ₹ 30,391.60 Lakhs) on Lease Rentals.

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 finalization of accounts, disclosure in this regard could not be made.

44. The Company has a system of physical verification of assets given on lease. The physical verification is carried out on a sample basis, as 100% physical verification of rolling assets is neither logistically possible nor considered necessary. In addition, Ministry of Railways (Lessee) provides a certificate each year that the leased assets are maintained in good working condition as per laid down norms, procedures and standards. In the opinion of the management, the aforesaid system is satisfactory considering the fact that the assets are maintained and operated by the Central Government.

45. Accounting Standards -30, 31 & 32 pertaining to Financial Instruments-Recognition & Measurement, Financial Instruments-Presentation and Financial Instruments-Disclosure were to be made mandatory by the Institute of Chartered Accountants of India (ICAI) with effect from 1st April, 2011. However, the ICAI has announced indefinite postponement of the application of AS-30, 31 and 32 as the provisions contained in AS-30, 31 and 32 are not expected to continue in their present form as these Accounting Standards are based on International Accounting Standard-39 and 32 which are currently under review by the International Accounting Standard Board. Further, these Standards have not been notified by the Ministry of Corporate Affairs (MCA). Accordingly, the Company has not adopted AS-30, 31 and 32.

46. Change in Accounting Policy

Pursuant to MCA Notification No. S.O. 529 (E) dated 5th February 2018 as amended by notification number S.O. 1465 dated 2nd April 2018, the Company has ceased to provide DTL/DTA on timing differences w.e.f 1st April 2017. The change in accounting policy of non recognition of DTA/DTL has resulted in reduction of tax expenses by ₹ 95182.05 Lakhs with a corresponding increase in Profit after Tax.

47. Other Disclosures

I. Other key financial parameters:

S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
	Debt Equity Ratio	9.95	8.86
	Net worth (₹ in Lakhs)	13,56,520.98	12,00,959.71

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

(₹ in Lakhs)

S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
	Capital Fund - a. Tier I	13,39,643.38	11,63,116.73
	- b. Tier II	0.00	0.00
	Risk weighted assets along-with adjusted value of off balance sheet items	6,23,813.755	3,26,832.85
	CRAR	214.75%	355.88%
	CRAR — Tier I Capital	214.75%	355.88%
	CRAR — Tier II Capital	0.00	0.00
	Amount of subordinated debt raised as Tier-II capital	0.00	0.00
	Amount raised by issue of Perpetual Debt Instruments	0.00	0.00

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

- A. Reference may be made to Note 1 for Significant Accounting Policies.
- B. Capital Reference may be made to Note 46 - II for CRAR.
- C. Investments

(₹ in Lakhs)

S.No	Particulars	As at 31-03-2018	As at 31-03-2017
(i)	Value of Investments		
	(i) Gross Value of Investments		
	In India	654.00	786.79
	Outside India	0.00	0.00
	(ii) Provisions for Depreciation		
	In India	0.00	0.00
	Outside India	0.00	0.00
	(iii) Net Value of Investments		
	In India	654.00	786.79
	Outside India.	0.00	0.00



S.No	Particulars	As at 31-03-2018	As at 31-03-2017
(ii)	Movement of provisions held towards depreciation on investments.		
	Opening balance	0.00	0.00
	Add : Provisions made during the year	0.00	0.00
	Less : Write-off / write-back of excess provisions during the year	0.00	0.00
	Closing balance	0.00	0.00

D. Derivatives

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

(₹ in Lakhs)

S.No	Particulars	As at 31-03-2018	As at 31-03-2017
(i)	Notional principal of swap agreements	370643.14	371,209.01
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	9,684.00	6,857.84
(iii)	Collateral required by NBFC upon entering into swaps-	-	-
(iv)	Concentration of credit risk arising from swaps	-	-
(v)	Fair value of swap book	(13,857.18)	(22,253.00)

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

III. Qualitative disclosures on Risk Exposure in Derivatives:

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

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

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

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

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

(₹ in Lakhs)

S. No.	Particular	As at 31-03-2018			As at 31-03-2017		
		Currency Derivatives	Cross Currency & Interest Rate Derivatives	Interest Rate Derivatives	Currency Derivatives	Cross Currency & Interest Rate Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)						
	For hedging)	4,22,848.55	1,19,821.56	2,50,821.56	4,22,848.57	1,20,004.50	2,51,204.50
(ii)	Marked to Market Positions (MTM)						
	Asset (+MTM)			9,684.71			6,857.83
	Liability (-MTM)	51,509.08	23,541.90		32,736.58	29,110.83	
(iii)	Credit Exposure ^a	8,456.97	3,594.64	13,934.36	4,228.48	3,600.13	11,769.97
(iv)	Unhedged Exposures ^b	8,46,829.24		3,01,257.67	5,56,248.64		1,41,040.00

- 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.
- Includes JPY loan liability partly hedged through cross currency swap entered for one leg (USD/JPY) for ₹ 1,19,821.57 Lakhs (Previous year ₹ 1,20,008.64 Lakhs).

E. Disclosures related to Securitisation

- The Company has not entered into any securitization transaction during the year. However, the Company had entered into two securitization transactions in respect of its lease receivables from MoR on 25th January 2010 and 24th March 2011 respectively against which a sum of ₹ 11,705.92 Lakhs (P.Y. 15,232.66 Lakhs) and ₹ 9,082.98 Lakhs (P.Y. 11738.86 Lakhs) is outstanding as on 31st March, 2018.

In terms of the Minimum Retention Requirement (MRR) as contained in the draft guidelines issued by RBI in April 2010, the Company had invested 5% of the total securitized amount towards MMR in respect of its second securitization transaction executed in 2011. The present exposure on account of securitization transaction at 31-03-2018 is ₹ 454.15 Lakhs (Previous year ₹ 586.94 Lakhs). The details are as below:

S. No.	Particulars	No./ Amount in ₹ Lakhs
1	No. of SPVs sponsored for securitization transactions	2
2	Total amount of securitized assets as per books of the SPV's sponsored	20,788.85
3	Total amount of exposures retained to comply with MRR	454.15
	a) Off Balance Sheet Exposures	0
	First Loss	0
	Others	454.15
	b) On Balance Sheet Exposures	
	First Loss	
	Others	
4	Amount of exposures to securitization transactions other than MRR	NIL

- Company has not sold any financial assets to Securitization / Reconstruction Company for asset construction during the year ended 31-03-2018 (Previous Year Nil).
- Company has not undertaken any assignment transaction during the year ended 31-03-2018 (Previous Year Nil).
- Company has neither purchased nor sold any non-performing financial assets during the year ended 31-03-2018 (Previous Year Nil)



F. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as at 31st March 2018:

(₹ in Lakhs)

Description	Up to 30 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Advances*	4,30,190.21	0.00	0.00	0.00	4,18,028.14	19,40,604.63	20,65,331.90	103,52,795.26	1,52,06,950.14
Investments	61.99	0.00	0.00	0.00	59.21	211.54	121.40	199.85	653.99
Borrowings**	4,85,428.85	78,350.00	4,300.00	4,58,800	3,91,500.00	19,21,660.81	20,46,038.85	69,02,099.42	122,88,177.93
Foreign Currency assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency liabilities***	982.50	0.00	0.00	0.00	5,90,482.50	3,930.00	1,965.00	6,09,719.24	12,07,079.24

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

** Borrowings from domestic market

*** Borrowings from overseas market

G. Exposures

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

II. Exposure to Capital Market:

(₹ in Lakhs)

S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
1	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
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	0.00	0.00
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.00	0.00
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances (excluding loans where security creation is under process);	0.00	0.00
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	0.00	0.00
6	Loans sanctioned to corporates against the security of shares/ bonds / debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources;	0.00	0.00
7	Bridge loans to companies against expected equity flows / issues;	0.00	0.00
8	All exposures to Venture Capital Funds (both registered and unregistered)	0.00	0.00
Total Exposure to Capital Market		199.85	199.85

III. Details of financing of parent Company products:

Company does not have a parent company.

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

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

V. Unsecured Advances

- a) The outstanding amounts against unsecured loans, advances & lease receivables as at 31-03-2018 is ₹ 1,48,86,950.14 Lakhs (PY ₹ 1,22,97,021.96 Lakhs). The details are as under:

(₹ in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
Ministry of Railways, Govt. of India	1,46,83,154.64	1,20,80,618.96
Rail Vikas Nigam Limited, a wholly owned entity of Ministry of Railways, Govt. of India	2,03,795.50	2,16,403.00
Total	1,48,86,950.14	1,22,97,021.96

- b) Total amount of advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken is NIL as on 31-03-2018. (PY NIL)

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

I. Disclosure of Penalties imposed by RBI and other regulators

During the year ended 31-03-2018, no penalty has been imposed on the Company by RBI and other regulators (Previous Year Nil).

J. Credit rating

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

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

No rating migration has taken place during the year.

- b. Long term foreign currency issuer rating assigned to the Company as at 31-03-2018:

S. No.	Rating Agency	Rating	Outlook
1	Fitch Ratings	BBB-	Positive
2	Standard & Poor (S&P)	BBB-	Positive
3	Moody's	Baa2	Stable

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

There are no prior period item or change in accounting policy during the year ending 31 March 2018.

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

NIL

M. Consolidated Financial Statements

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



N. Provisions and Contingencies

Reference may be made to Note 31 and 38 for contingencies and provisions respectively.

O. Draw Down from Reserves

NIL (Previous year (NIL) refer Note 3)

P. Concentration of Deposits, Advances, Exposures and NPAs

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

(₹ In Lakhs)

S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
(i)	Total Advances to 20 largest borrowers	1,52,06,950.14	1,22,97,021.96
(ii)	Percentage of Advances to 20 largest borrowers to Total Advances of the Company	100%	100%

- c. Concentration of Exposures:

(₹ in Lakhs)

S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
(i)	Total Exposure to twenty largest borrowers / customers	1,52,07,604.14	1,22,97,808.75
(ii)	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	100%	100%

- d. Concentration of NPAs: Nil
e. Sector-wise NPAs: Nil

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

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

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

T. Customer Complaints for Year ending 31st March 2018

S. No.	Particulars	Number of complaints
(a)	No. of complaints pending at the beginning of the year	0
(b)	No. of complaints received during the year	603
(c)	No. of complaints redressed during the year	603
(d)	No. of complaints pending at the end of the year	0

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

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

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

For SPMG & Co.

Chartered Accountants
FRN-509249C

sd/-
(Vinod Gupta)
(Partner)
M.No. 090687

Place: New Delhi
Date : 10/09/2018

For and on behalf of the Board of Directors

sd/-
(Vijay Babulal Shirode)
Company Secretary & DGM (Law)

sd/-
(Niraj Kumar)
Director Finance
DIN: 00795972

sd/-
(Vijay Kumar)
Managing Director
DIN: 08189249



Independent Auditor's Report

To the Board of Directors of
Indian Railways Finance Corporation Limited
Report on the Financial Statements

We have audited the accompanying financial statements of **Indian Railway Finance Corporation Limited** ("the company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken in to account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

Opinion

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



March 2018, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) the Company being the government company wholly owned by the Central Government therefore section 164(2) shall not apply vide notification no. GSR 463 (E) dated 5th June, 2015;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "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 33 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts-Refer Note 31 to the financial statements;
 - iii. During the Current F.Y. the company was required to transfer ₹ 0.65 Lakhs to the Investor Education and Protection Fund, which has been transferred to the Investor Education and Protection Fund- Refer Note 35 (b) to the financial statements;
3. As required by Section 143(5) of the Companies Act, 2013, we have considered the directions/sub-directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact to the Financial Statements to the company given in "**Annexure-C**".

For SPMG & Co.
Chartered Accountants
FRN:509249C

Sd/-
CA Vinod Gupta
(Partner)
M.No.: 090687

Place: Delhi
Date: 10/09/2018

“Annexure A” to the Independent Auditor’s Report to the members of Indian Railway Finance Corporation Limited on the financial statements for the year ended 31 March 2018.

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. **However these Records do not include the particulars of Fixed Assets leased to Ministry of Railways as the same are shown as lease receivables in the books of accounts.**
 - b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased fixed assets. In accordance with this programme physical verification is reasonable having regard to the size of the Company and the nature of its assets. **However, Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.**
 - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of office building is yet to be executed in favour of the company also the same has been disclosed in Note 32 of the financial statements.
 - d) The company has given an amount of ₹ 14,75,989 Lakhs during the year (P.Y : ₹ 13,17,000Lakhs) to Ministry of Railways under leased arrangement for financing the Railway Infrastructure Projects. However, agreement for the same is yet to be executed and list of the projects financed is yet to be received from Ministry of Railways. (Refer Note No. 30)
2. The Company is a Non-Banking Finance Company and not in the business of any trading, manufacturing, mining or processing. Accordingly, it does not hold any inventory. Therefore, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under sec on 189 of the Act. Therefore, the provisions of paragraph 3 (iii) of the Companies (Auditor’s Report) Order, 2016 is are not applicable to the Company.
4. According to information and explanations given to us and based on audit procedures performed, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities provided by the Company as specified under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of paragraph 3 (iv) of the Order are not applicable to the Company.
5. As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of sec on 73 to 76 or any other relevant provisions of the Act and the companies (Acceptance of Deposit) Rules, 2015 and the rules framed there under.
6. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sec on 148(1) of the Act, for any of the services rendered by the Company. Accordingly, clause 3(vi) of the Companies (Auditor’s Report) Order are not applicable to the Company.
7. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income- tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. (Refer Note 33 (d) of the financial Statement)
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax. Duty of Custom, Duty of excise, VAT, Cess and other material statutory dues were in arrears asat 31st March, 2018 for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us, there are no disputed dues in respect of Sales



tax, Service tax, Duty of customs, Duty of excise, Value added tax and Cess which have not been deposited with the appropriate authorities. However, the demands of Income tax which has not been deposited by the company on account of dispute as the company is confident that the demands will be either deleted or substantially reduced and proper disclosure regarding the same has been given in Note No. 33 (c) of the Financial Statement which states that the company has filed an appeal against the demand of tax including interest thereon amounting to ₹ 91.41 Lakhs and the same is pending the appellate level.

8. In our opinion, and according to information and explanations given by the management, the company has not defaulted in making repayment of loans or borrowing from a Financial Institution, Banks or Debenture Holders/Bond Holders or Government.
9. According to the information and explanations given by the management and based on our audit procedures performed we report that no monies have been raised by way of initial public offer / further public offer. However, the funds raised by way of issue of debt instruments and term Loans were applied for the purposes for which those funds were raised.
10. To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
11. The company being the government company wholly owned by the Central Govt., therefore section 97 read with schedule V of the Companies Act 2013 shall not apply vide Notification no. GSR 463(E) dated 5th June, 2015.
12. According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
14. According to the information and explanations given by the management, and based on our examination of records, the Company has raised money through private placement of Equity Shares from Ministry of Railways during the year and complied with provisions of section 42 of the Companies Act, 2013 and the amount raised have been used for the purposes for which the funds have been raised. However the company has not made any preferential or private placement of fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on audit procedures performed, the Company has not entered into any non-cash transactions with directors or persons connected with him which are covered under Section 192 of Companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. According to the information and explanations given to us, the Company is a Non-Banking Finance Company and is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the registration has been obtained.

For SPMG & Co.
Chartered Accountants
FRN: 509249C

Sd/-

CA Vinod Gupta

(Partner)

M.No.: 090687

Place: Delhi

Date: 10/09/2018

Annexure B to the Independent Auditor's Report of even date on the financial statements of Indian Railway Finance Corporation Limited for the year ended 31 March 2018

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

We have audited the internal financial controls over financial reporting of **Indian Railway Finance Corporation Limited** ("the Company") as of 31st March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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



regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the ICAI.

For SPMG & Co.
Chartered Accountants
FRN:509249C

Sd/-

CA Vinod Gupta

(Partner)

M.No.: 090687

Place: Delhi

Date: 10/09/2018



Annexure-C to Independent Auditor's Report Directions u/s 143(5) of Companies Act, 2013

S.No.	Directions	Auditor's Remarks
1.	Whether the company has clear title/ lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold for which title/lease deeds are not available?	According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of office building are not held in the name of the company, the sale/transfer deed is yet to be executed in favour of the company, The same has also been disclosed in Note 32 of the financial statements.
2.	Please report whether there are any case of waiver/write off of debts/loans/ interest etc. If yes, the reasons there for and the amount involved.	According to the information and explanations given to us and on the basis of our examinations of the records of the Company, there are no cases of waiver/write off of debts/loans/interest etc. during the year under audit.
3.	Whether proper records are maintained for inventories lying with third parties and assets received as gift from Govt. or other authorities.	The company is a Non-Banking Finance Company and not engages in the business of any trading, manufacturing, mining or processing, and does not maintain any inventory of any nature of either with itself or with any third party.

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.

For SPMG & Co.
Chartered Accountants
FRN:509249C

Sd/-

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

Place: Delhi
Date: 10/09/2018



NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT FOR THE YEAR ENDED 31st MARCH, 2018

The 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 31.03.2018.
2. As per Para 2(3) (ii) of RBI Notification No. DNBR.009/CGM(CDS)-2015 dated March 27, 2015 on Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, these directions, except the provisions of paragraph 25 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 2017-18.
5. RBI Master Directions on Non-Banking Financial Company - Systematically 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 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, 2018, the Company has complied with the Accounting Standards, 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. The exemption given to Government Company has since been withdrawn.

For SPMG & Co.
Chartered Accountants
FRN: 509249C

Sd/-

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

Place: Delhi
Date: 10/09/2018



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDIAN RAILWAY FINANCE CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements of **INDIAN RAILWAY FINANCE CORPORATION LIMITED** for the period ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 10 September 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **INDIAN RAILWAY FINANCE CORPORATION LIMITED** for the period ended 31 March 2018 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143 (6) (b) of the Act.

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

sd/-
(B.R.Mondal)
Principal Director of Audit
Railway Commercial, New Delhi

Place: New Delhi
Dated: 26 September, 2018

CORPORATE SOCIAL RESPONSIBILITY



Installation of Solar Panels at Phulera Railway Station



Installation of Roof-Top Solar Panels on Non-AC Railway coaches.



Installation of Solar Photo Voltaic systems in villages of Leh & Kargil



Distribution of tri-cycles at Ferozabad camp



31st Annual General Meeting



Signing of MOU with Ministry of Railways for FY 2018-19



Listing of Green Bonds at London Stock Exchange



Investors Road Show in Singapore



31st Annual Day Function



Best Employee Award conferred by Hon'ble Minister of State of Railways on the occasion of Annual Day.



Shri Vijay Kumar, Managing Director, IRFC is felicitating Padmashri Dr. Shyam Singh Shashi on the occasion of Hindi Diwas 2018.

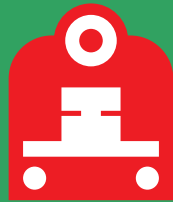


Observance of Vigilance Awareness Week by IRFC



Sponsoring Integrity Club on the occasion of Vigilance Awareness Week

MISSION NEW INDIA



INDIAN RAILWAY FINANCE CORPORATION LTD.

(A government of India enterprise)

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