

## Indian Railway Finance Corporation Limited

Balance Sheet as at 31st March 2018

(Rs. in Lakhs)

Particulars	Note No.	As at 31-03-2018	As at 31-03-2017
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	6,52,646.00	6,52,646.00
(b) Reserves & Surplus	3	7,03,874.98	5,48,313.71
		<b>13,56,520.98</b>	<b>12,00,959.71</b>
<b>(2) Non-current Liabilities</b>			
(a) Long Term Borrowings	4	114,85,413.41	96,71,026.87
(b) Deferred Tax Liabilities (Net)	5	6,38,991.66	6,38,991.66
(c) Other Long Term Liabilities	6	2,05,028.70	1,74,120.26
(d) Long Term Provisions	7	150.74	116.19
		<b>123,29,584.51</b>	<b>104,84,254.98</b>
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	8	4,96,678.85	5,76,935.29
(b) Other Current Liabilities	9	20,28,397.99	6,97,958.72
(c) Short Term Provisions	10	22,030.66	4,854.38
		<b>25,47,107.50</b>	<b>12,79,748.39</b>
<b>Total</b>		<b>162,33,212.98</b>	<b>129,64,963.08</b>
<b>II. ASSETS</b>			
<b>(4) Non-current Assets</b>			
(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	144,23,094.54	116,62,704.05
(d) Other Non-current Assets	14	3,97,836.77	1,91,735.98
		<b>148,22,593.61</b>	<b>118,56,245.57</b>
<b>(5) Current Assets</b>			
(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	3,32,810.28	2,89,906.79
(c) Other Current Assets	18	10,67,705.80	8,17,926.18
		<b>14,10,619.38</b>	<b>11,08,717.51</b>
<b>Total</b>		<b>162,33,212.98</b>	<b>129,64,963.08</b>
<b>Significant Accounting Policies and Notes on Financial Statements</b>	<b>1 to 48</b>		

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

**For SPMG & Co.**  
Chartered Accountants  
FRN-509249C

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

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

**(Vijay Babulal Shirode)**  
DGM (Law) &  
Company Secretary

**(Niraj Kumar)**  
Director Finance  
DIN: 00795972

**(Vijay Kumar)**  
Managing Director  
DIN: 08189249

Place: New Delhi

Date : 10/09/2018

## Indian Railway Finance Corporation Limited

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

(Rs. in Lakhs)

Particulars	Note No.	Year ended 31-03-2018	Year ended 31-03-2017
Revenue from operations	19	11,01,850.88	9,04,677.44
Other income	20	172.34	88.60
<b>Total Revenue</b>		<b>11,02,023.22</b>	<b>9,04,766.04</b>
Expenses:			
Employee benefits expense	21	543.95	299.54
Finance costs	22	8,43,684.97	6,88,807.79
Exchange Rate Variation		16.62	99.30
Depreciation and amortization expense	12	35.40	35.02
CSR Expenses		2,377.97	1,677.47
Other expenses	23	849.16	520.08
<b>Total Expenses</b>		<b>8,47,508.06</b>	<b>6,91,439.20</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>2,54,515.16</b>	<b>2,13,326.84</b>
Exceptional items		-	-
<b>Profit before extraordinary items and tax</b>		<b>2,54,515.16</b>	<b>2,13,326.84</b>
Extraordinary items		-	-
<b>Profit before tax</b>		<b>2,54,515.16</b>	<b>2,13,326.84</b>
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
		<b>53,784.49</b>	<b>1,19,945.70</b>
<b>Profit for the period</b>		<b>2,00,730.67</b>	<b>93,381.14</b>
Earnings per equity share (in Rs):	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

**For SPMG & Co.**

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FRN-509249C

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

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

**(Vijay Babulal Shirode)**  
DGM (Law) &  
Company Secretary

**(Niraj Kumar)**  
Director Finance  
DIN: 00795972

**(Vijay Kumar)**  
Managing Director  
DIN: 08189249

Place: New Delhi

Date: 10/09/2018

**Indian Railway Finance Corporation Limited**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018**

(Rs. in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017	
<b>A. Cash Flow from Operating activities :</b>			
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	
	<b>296178.80</b>	<b>244223.61</b>	
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	
17-Other Bank Balances (Fixed Deposits with maturity of more than 3 Months)	0.00	0.00	
18-Other Non Current Assets	-22041.30	-109241.48	
19-Other Current Assets	-145231.71	1325.24	
20-Other Non-Current Liabilities	178482.18	92427.62	
21-Current Liabilities	65303.52	-4757.79	
22-Provisions	35.15	-11.81	
23-Direct Taxes Paid	-55318.57	-44669.94	
	<b>-3089794.52</b>	<b>-2189741.96</b>	
<b>Net Cash flow from Operations</b>			<b>-1945518.36</b>
<b>B Cash Flow from Investments Activities:</b>			
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	0.00	
	<b>167.44</b>	<b>0.00</b>	<b>178.54</b>
<b>C Cash flow from Financing activities::</b>			
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	-1241.15	
	<b>2802678.63</b>	<b>1824970.75</b>	
<b>Net Cash Flow During the year (A+B-C)</b>			<b>-120369.07</b>
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	1.02	
	<b>751.75</b>	<b>1.02</b>	<b>121120.82</b>
<b>Closing Balance of Cash or Cash Equivalents</b>	<b>9982.10</b>	<b>751.75</b>	<b>751.75</b>
1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard -3 on Cash Flow Statement notified under The Companies (Accounting Standard) Rules, 2006.			
2. Figures in bracket represent cash outflow from respective activities			
3. Previous year figures have been regrouped / rearranged wherever found necessary to make them comparable with the current year figures.			
4. Composition of Cash or Cash Equivalents at the end of the year:			
-Balance in Current Accounts	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
	<b>9982.10</b>		<b>751.75</b>
5. Balance in Term Deposits with different Banks for original maturity of more than three months have not been included as Cash or Cash Equivalents.			
6. Balance in Current Accounts includes a sum of Rs. 581.62 lakhs lying unpaid in Interest / Redemption A/Cs is not available for use by the Company.			

This is the Cash Flow Statement referred to in our report of even date  
**For SPMG & Co.**  
 Chartered Accountants  
 FRN-509249C

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

**(Vinod Gupta)**  
 (Partner)  
 M.No. 090687  
 Place: New Delhi  
 Date: 10/09/2018

**(Vijay Babulal Shirode)**  
 DGM (Law) &  
 Company Secretary

**(Niraj Kumar)**  
 Director Finance  
 DIN: 00795972

**(Vijay Kumar)**  
 Managing Director  
 DIN: 08189249

## Indian Railway Finance Corporation Limited

### Significant Accounting policies and Notes on Financial Statements for the year ended 31<sup>st</sup> 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 1<sup>st</sup> February 2006, the Company amortises any profit arising from the securitisation over the life of the Pass Through Certificates (PTCs) / Securities issued by the Special Purpose Vehicle (SPV). Loss, if any, is recognised immediately in the Statement of Profit & Loss.

Further, in terms of Draft Guidelines on minimum holding period and minimum retention requirement for securitisation transaction undertaken by NBFCs dated June 3, 2010, the

company has opted for investment in SPV's equity tranche of minimum 5% of the book value of loan being securitised.

**(b) Assignment of Lease Receivables**

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

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

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

**IX. Taxes on Income**

Tax expense comprises Current Tax and Deferred Tax.

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

Deferred tax expense or benefit is recognised on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods till 31<sup>st</sup> 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 31<sup>st</sup> 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

(Rs. in Lakhs)

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

**Note:** The Face Value of equity shares of the Company has been sub-divided from Rs.1000/- to Rs.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 Rs.1000/- each to 652,64,60,000 shares of Rs.10/- each.

2.1 The Company has only one class of shares referred to as Equity Share having a par value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share

2.2 The Company declares and pays dividend in Indian Rupees. During the year ended March 31, 2018, the total dividend appropriation was Rs.45169.40 Lakhs (Previous Year Rs. 44956.45 Lakhs) including corporate dividend distribution tax of Rs. 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	<b>6526460000</b>	<b>6526460000</b>

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

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
<b>Securities Premium Account</b>		
Opening Balance	421.09	421.09
Add: Received during the period	0.00	0.00
<b>Closing Balance - 'A'</b>	<b>421.09</b>	<b>421.09</b>
<b>Bonds Redemption Reserve</b>		
Opening Balance	487493.92	439069.23
Add: Transfer from Surplus	41981.00	48424.69
<b>Closing Balance - 'B'</b>	<b>529474.92</b>	<b>487493.92</b>
<b>General Reserve - 'C'</b>	<b>173978.97</b>	<b>60398.70</b>
<b>Surplus</b>		
Opening Balance	0.00	0.00
Add: Profit for the year as per statement of Profit and Loss	200730.67	93381.14
Surplus available for appropriation	200730.67	93381.14
<b>Less: Appropriations</b>		
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
<b>Closing Balance - 'D'</b>	<b>0.00</b>	<b>0.00</b>
<b>Total A + B + C + D</b>	<b>703874.98</b>	<b>548313.71</b>

#### 4. Long Term Borrowings

(Rs. in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
	Non Current	Current	Non Current	Current
<b>Secured</b>				
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
<b>Total Secured Borrowings</b>	<b>9255694.17</b>	<b>923665.00</b>	<b>7252622.37</b>	<b>194724.00</b>
<b>Unsecured</b>				
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
<b>Total Unsecured Borrowings</b>	<b>2229719.24</b>	<b>589500.00</b>	<b>2418404.50</b>	<b>196800.00</b>
<b>Total Long Term Borrowings</b>	<b>11485413.41</b>	<b>1513165.00</b>	<b>9671026.87</b>	<b>391524.00</b>

\*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:

(Rs. in Lakhs)

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
104th 'A' Series Tax Free Bonds Public Issue	7.50%, Annual	36963.42	Bullet	21-Dec-35
104th Series Tax Free Bonds Public Issue	7.25%, Annual	29441.58	Bullet	21-Dec-35
71st "E" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000	Bullet	14-May-35
70th "E" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500	Bullet	4-May-35
71st "D" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000	Bullet	14-May-34
70th "D" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500	Bullet	4-May-34
71st "C" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000	Bullet	14-May-33

<b>Series</b>	<b>Interest Rate (per annum)</b>	<b>Amount outstanding</b>	<b>Terms of Repayment</b>	<b>Date of Maturity</b>
70th "C" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500	Bullet	4-May-33
71st "B" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000	Bullet	14-May-32
70th "B" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500	Bullet	4-May-32
71st "A" Taxable Non-Cum. Bonds	8.83%, Semi Annual	22000	Bullet	14-May-31
76th "B" Taxable Non-Cum. Bonds	9.47%, Semi Annual	99500	Bullet	10-May-31
70th "A" Taxable Non-Cum. Bonds	8.72%, Semi Annual	1500	Bullet	4-May-31
108th 'A' Series Tax Free Bonds Public Issue	7.64%, Annual	119431.3	Bullet	22-Mar-31
108th Series Tax Free Bonds Public Issue	7.35%, Annual	101637.6	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	Bullet	4-May-30
67th "B" Taxable Non-Cum. Bonds	8.80%, Semi Annual	38500	Bullet	3-Feb-30
96th Series Tax Free Bonds Public Issue	8.63%,Annual	94791.32	Bullet	26-Mar-29
96th A Series Tax Free Bonds Public Issue	8.88%,Annual	43641.41	Bullet	26-Mar-29
92nd Series Tax Free Bonds Public Issue	8.40%,Annual	109018.68	Bullet	18-Feb-29
92nd A Series Tax Free Bonds Public Issue	8.65%,Annual	68835.91	Bullet	18-Feb-29
94th A Series Tax Free Non-Cum Bonds	8.55%,Annual	1300	Bullet	12-Feb-29
93rd A Series Tax Free Non-Cum Bonds	8.55%,Annual	165000	Bullet	10-Feb-29
90th A Series Tax Free Non-Cum Bonds	8.48%,Annual	5500	Bullet	27-Nov-28
89th A Series Tax Free Non-Cum Bonds	8.48%,Annual	73800	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	Bullet	6-Dec-27
82nd 'A' Tax Free Non-Cum.	7.38% Annual	3000	Bullet	30-Nov-27

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
Bonds				
81st 'A' Tax Free Non-Cum. Bonds	7.38%, Annual	6670	Bullet	26-Nov-27
124th Series Taxable Non-Cum Bonds	7.54%, Annual	93500	Bullet	31-Oct-27
123rd Series Taxable Non-Cum Bonds	7.33%, Annual	174500	Bullet	28-Aug-27
121st Taxable Non Cum - Bonds	7.27%, Annual	205000	Bullet	15-Jun-27
54th "B" Taxable Non-Cum. Bonds	10.04%,Semi Annual	32000	Bullet	7-Jun-27
120th Taxable Non Cum - Bonds	7.49%, Annual	220000	Bullet	30-May-27
118th Taxable Non Cum - Bonds	7.83%, Annual	295000	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	Bullet	29-Nov-26
79th "A" Tax Free Non-Cum. Bonds	7.77%, Annual	19151	Bullet	8-Nov-26
76th "A" Taxable Non-Cum. Bonds	9.33%, Semi Annual	25500	Bullet	10-May-26
75th Taxable Non-Cum. Bonds	9.09%, Semi Annual	15000	Bullet	31-Mar-26
74th Taxable Non-Cum. Bonds	9.09%, Semi Annual	107600	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	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	Bullet	21-Aug-25
99th Series Tax Free Non-Cum Bonds	7.19%, Annual	113900	Bullet	31-Jul-25
69th Taxable Non-Cum. Bonds	8.95%, Semi Annual	60000	Bullet	10-Mar-25
67th "A" Taxable Non-Cum. Bonds	8.65%, Semi Annual	20000	Bullet	3-Feb-25
65th "O" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000	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	8.48%,Annual	52625.46	Bullet	18-Feb-24

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
Public Issue				
63rd "B" Taxable Non-Cum. Bonds	8.65%, Semi Annual	31500	Bullet	15-Jan-24
62nd "B" Taxable Non-Cum. Bonds	8.50%, Semi Annual	28500	Bullet	26-Dec-23
90th Series Tax Free Non-Cum Bonds	8.35%, Annual	5700	Bullet	27-Nov-23
89th Series Tax Free Non-Cum Bonds	8.35%, Annual	48700	Bullet	21-Nov-23
61st "A" Taxable Non-Cum. Bonds	10.70%, Semi Annual	61500	Bullet	11-Sep-23
65th "N" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000	Bullet	27-Apr-23
88th Taxable Non-Cum. Bonds	8.83% Annual	110000	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	Bullet	25-Jan-23
85th Tax Free Non-Cum. Bonds	7.19% Annual	9500	Bullet	14-Dec-22
84th Tax Free Non-Cum. Bonds	7.22% Annual	49990	Bullet	7-Dec-22
83rd Tax Free Non-Cum. Bonds	7.22% Annual	3000	Bullet	6-Dec-22
82nd Tax Free Non-Cum. Bonds	7.22% Annual	4100	Bullet	30-Nov-22
81st Tax Free Non-Cum. Bonds	7.21% Annual	25600	Bullet	26-Nov-22
58th "A" Taxable Non-Cum. Bonds	9.20%, Semi Annual	50000	Bullet	29-Oct-22
54th "A" Taxable Non-Cum. Bonds	9.95%, Semi Annual	15000	Bullet	7-Jun-22
55th "O" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300	Bullet	7-Jun-22
65th "M" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000	Bullet	27-Apr-22
80th Series (Non-Retail) Tax Free Bonds Public Issue	8%, Annual	282159.11	Bullet	23-Feb-22
80th Series (Retail) Tax Free Bonds Public Issue	8.15%, Annual	35164.7	Bullet	23-Feb-22
115th Taxable Non Cum - Bonds	6.73%, Annual	80000	Bullet	23-Jan-22
53rd "B" Taxable Non-Cum. Bonds	8.68%, Semi Annual	22500	Bullet	29-Nov-21
114th Taxable Non Cum - Bonds	6.70%, Annual	200000	Bullet	24-Nov-21
113th Taxable Non Cum - Bonds	7.24%, Annual	65000	Bullet	8-Nov-21
79th Tax Free Non-Cum. Bonds	7.55%, Annual	53960	Bullet	8-Nov-21
78th Taxable Non-Cum. Bonds	9.41%, Semi Annual	150000	Bullet	28-Jul-21
55th "N" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300	Bullet	7-Jun-21

Series	Interest Rate (per annum)	Amount outstanding	Terms of Repayment	Date of Maturity
77th Taxable Non-Cum. Bonds	9.57%, Semi Annual	124500	Bullet	31-May-21
52nd "B" Taxable Non-Cum. Bonds	8.64%, Semi Annual	70000	Bullet	17-May-21
76th Taxable Non-Cum. Bonds	9.27%, Semi Annual	39000	Bullet	10-May-21
65th "L" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000	Bullet	27-Apr-21
127th Taxable Non-Cum. Bonds	7.65%, Annual	250000	Bullet	15-Mar-21
51st Taxable Non-Cum. Bonds	7.74%, Semi Annual	45000	Bullet	22-Dec-20
73rd "B" Tax Free Non-Cum. Bonds	6.72%, Semi Annual	83591	Bullet	20-Dec-20
49th "O" - FRB Taxable Non-Cum. Bonds	7.09%*, Semi Annual	1000	Bullet	22-Jun-20
72nd Taxable Non-Cum. Bonds	8.50%, Semi Annual	80000	Bullet	22-Jun-20
55th "M" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300	Bullet	7-Jun-20
119th Taxable Non - Cum Bonds	7.20%, Annual	237500	Bullet	31-May-20
65th "K" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000	Bullet	27-Apr-20
68th "B" Tax Free Non-Cum. Bonds	6.70%, Semi Annual	92721	Bullet	8-Mar-20
67th Taxable Non-Cum. Bonds	8.55%, Semi Annual	17500	Bullet	3-Feb-20
112th Taxable Non - Cum Bonds	6.92%, Annual	150000	Bullet	10-Nov-19
57th Taxable Non-Cum. Bonds	9.66%, Semi Annual	80000	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	Bullet	17-Sep-19
111th Taxable Non Cum - Bonds	7.65%, Annual	100000	Bullet	30-Jul-19
49th "N" - FRB Taxable Non-Cum. Bonds	6.84%*, Semi Annual	1000	Bullet	22-Jun-19
66th Taxable Non-Cum. Bonds	8.60%, Semi Annual	50000	Bullet	11-Jun-19
128th Taxable Non-Cum. Bonds	7.72%, Annual	260000	Bullet	7-Jun-19
55th "L" Taxable Non-Cum. Bonds	9.86%, Semi Annual	3300	Bullet	7-Jun-19
65th "AA" Taxable Non-Cum. Bonds	8.19%, Semi Annual	56000	Bullet	27-Apr-19
65th "J" Taxable Non-Cum. Bonds	8.20%, Semi Annual	6000	Bullet	27-Apr-19
<b>Total</b>		<b>7816050.37</b>		

\* Put/Call option available at the end of 3<sup>rd</sup> 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:

(Rs. 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
<b>Total</b>		<b>921700.00</b>		

\* 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:

(Rs. 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
<b>Total</b>				<b>13748.80</b>	<b>0.00</b>



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:

(Rs. 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
<b>Total</b>				<b>5895.00</b>	<b>1965.00</b>

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:

(Rs. 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
<b>Total</b>				<b>420000.00</b>	<b>0.00</b>

\*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:

(Rs. 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
<b>Total</b>				<b>1000000.00</b>	<b>0.00</b>

\*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:

(Rs. 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

Series	Interest Rate	Amount outstanding	Terms of Repayment
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
<b>Total</b>		<b>1620000.00</b>	

\* 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 11<sup>th</sup> year and the 21<sup>st</sup> 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:

(Rs. 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 <sup>rd</sup> Series (USD 500 Million)	3.917% p.a., Semi Annual	26-Feb-19	Bullet Repayment	0.00	327500.00
<b>Total</b>				<b>327500.00</b>	<b>327500.00</b>

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

(Rs. 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
<b>Total</b>				<b>282219.24</b>	<b>262000.00</b>

## 5. Deferred Tax Liability (Net)

Major components of Net Deferred Tax Liability are as under:

(Rs. 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

Particulars	As at 31-03-2018	As at 31-03-2017
<b>Net Deferred Tax Liability</b>	<b>638991.66</b>	638991.66

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

MAT Credit is not being 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

(Rs. 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
<b>Total</b>	<b>205028.70</b>	<b>446870.79</b>	<b>174120.26</b>	<b>304357.78</b>

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

#### 7. Long Term Provisions

(Rs. 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	127.67	0.00	93.40	0.00
<b>Total</b>	<b>150.74</b>	<b>15.33</b>	<b>116.19</b>	<b>14.73</b>

## 8. Short Term Borrowings

(Rs. in Lakhs)

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

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

(Rs. 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
<b>Total</b>	<b>2028397.99</b>	<b>697958.72</b>

## 10. Short Term Provisions

(Rs. 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
<b>Total</b>	<b>22030.66</b>	<b>4854.38</b>

## 11. Fixed Assets

(Rs. in Lakhs)

S.No.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at	Additions during the year	Sale / Adjustment during the year	As at	Upto	For the year	Adjustments during the year	As at	As at	As at
		31-03-2017			31-03-2018	31-03-2017			31-03-2018	31-03-2018	31-03-2018
	<u>Tangible Assets</u>										
1	Office Building	1524.23	0.00	0.00	1524.23	401.06	25.52	0.00	426.58	1097.65	1123.17
2	Airconditioners, Room Coolers / Heaters	19.38	0.44	0.76	19.05	17.22	0.25	0.27	17.20	1.85	2.16
3	Office Equipments	33.28	4.94	1.79	36.43	26.43	2.32	0.83	27.92	8.52	6.85
4	Furniture & Fixtures	90.28	3.99	0.00	94.27	82.29	1.12	0.00	83.41	10.85	7.99
5	Franking Machine	1.19	0.00	0.00	1.19	0.91	0.28	0.00	1.19	0.00	0.28
6	Computer	61.48	3.27	1.77	62.97	54.68	4.18	1.77	57.09	5.88	6.80
7	Motor Car	10.24	0.00	0.00	10.24	7.68	0.85	0.00	8.53	1.71	2.56
8	Photo Copier	1.59	0.00	0.00	1.59	1.06	0.15	0.00	1.21	0.38	0.53
9	Water Cooler	0.29	0.00	0.00	0.29	0.29	0.00	0.00	0.29	0.00	0.00
10	Electric-Installation	1.80	0.00	0.00	1.80	1.80	0.00	0.00	1.80	0.00	0.00
	<b>Total</b>	<b>1743.76</b>	<b>12.63</b>	<b>4.33</b>	<b>1752.06</b>	<b>593.41</b>	<b>34.68</b>	<b>2.88</b>	<b>625.22</b>	<b>1126.85</b>	<b>1150.35</b>
	<u>Intangible Assets</u>										
1	Computer Software/Website	4.34	2.18	0.00	6.52	3.15	0.72	0.00	3.87	2.64	1.19
	<b>Total</b>	<b>4.34</b>	<b>2.18</b>	<b>0.00</b>	<b>6.52</b>	<b>3.15</b>	<b>0.72</b>	<b>0.00</b>	<b>3.87</b>	<b>2.64</b>	<b>1.19</b>
	<b>Total Fixed Assets</b>	<b>1748.10</b>	<b>14.80</b>	<b>4.33</b>	<b>1758.58</b>	<b>596.56</b>	<b>35.40</b>	<b>2.88</b>	<b>629.09</b>	<b>1129.50</b>	<b>1151.54</b>
	Previous Year	1740.35	13.66	5.91	1748.10	564.48	35.02	2.94	596.56	1151.54	1175.87

## 12. Non Current Investments (At Cost)

(Rs. in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
	Non Current	Current	Non Current	Current
<b>Investments (Unquoted Non-Trade)</b>				
<b>Investments in Equity</b>				
2,44,000 (P.Y. 244000) Equity Shares of IRCON International Ltd.	199.85	0.00	199.85	0.00
<b>Other Investments</b>				
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
<b>Total</b>	<b>532.80</b>	<b>121.20</b>	<b>654.00</b>	<b>132.79</b>
<b>Aggregate Amount of Unquoted Investments</b>	<b>532.80</b>	<b>121.20</b>	<b>654.00</b>	<b>132.79</b>

## 13. Long Term Loans and Advances

(Rs. in Lakhs)

Particulars	As at 31-03-2018		As at 31-03-2017	
	Non Current	Current	Non Current	Current
<b>Secured Considered Good</b>				
House Building Advance*	7.88	2.21	10.09	3.73
<b>Unsecured Considered Good</b>				
<b>Capital Advances</b>				
- 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
<b>Total</b>	<b>14423094.54</b>	<b>883768.03</b>	<b>11662704.05</b>	<b>775385.40</b>

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

**14. Other Non Current Assets**

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
<b>Unsecured Considered Good</b>		
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
<b>Total</b>	<b>397836.77</b>	<b>191735.98</b>

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

**15. Current Investments (at cost)**

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
<b>Current Maturities of Long Term Investments</b>		
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
<b>Total</b>	<b>121.20</b>	<b>132.79</b>
<b>Aggregate Amount of Unquoted Investments</b>	<b>121.20</b>	<b>132.79</b>

**16. Cash and Bank Balances**

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
<b>Cash and cash equivalents</b>		
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
<b>Total</b>	<b>9982.10</b>	<b>751.75</b>

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



## 17. Short Term Loans and Advances

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
<b>Unsecured Considered Good</b>		
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
<b>Total</b>	<b>332810.28</b>	<b>289906.79</b>

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

## 18. Other Current Assets

(Rs. in Lakhs)

Particulars	As at 31-03-2018	As at 31-03-2017
<b>Current Maturities of Long Term Loans and Advances</b> (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	16826.12	20976.66
Derivative Assets	981.74	670.48
GST - Input Tax Credit	139977.89	0.00
<b>Total</b>	<b>1067705.80</b>	<b>817926.18</b>

## 19. Revenue from Operations

(Rs. in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
<b>Lease Income</b>	<b>849233.50</b>	<b>769579.64</b>
<b>Interest on Lease Advance</b>	<b>227652.42</b>	<b>105950.23</b>
<b>Interest Income from:</b>		
- Loans	23432.76	24717.45

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
- Deposits	1392.31	4265.65
- Investments	81.48	83.75
	<b>24906.55</b>	<b>29066.85</b>
<b>Other Financial Income</b>		
- Gain on Assets Securitization	<b>58.41</b>	<b>80.72</b>
<b>Total</b>	<b>1101850.88</b>	<b>904677.44</b>

## 20. Other Income

(Rs. 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
<b>Total</b>	<b>172.34</b>	<b>88.6</b>

## 21. Employee Benefits Expense

(Rs. 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
<b>Total</b>	<b>543.95</b>	<b>299.54</b>

## 22. Finance Cost

(Rs. in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
<b>Interest Expenses</b>		
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
<b>Sub-Total</b>	<b>835819.43</b>	<b>687564.49</b>
<b>Other Borrowing Cost</b>		
Bond Issue Expenses / Expenses on Raising of Loans**	6093.29	643.03
Bond/Loan/Securitization Servicing Expenses	1772.24	600.27
<b>Sub-Total</b>	<b>7865.54</b>	<b>1243.30</b>
<b>Total</b>	<b>843684.97</b>	<b>688807.79</b>

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

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

### 23. Other Expenses

(Rs. 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
<b>Travelling - Foreign</b>		
- Directors	19.86	10.26
- Others	0.00	1.95
<b>Travelling - Local</b>		
- 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
<u>Payment to Auditors</u>		
- 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
<b>Total</b>	<b>849.16</b>	<b>520.08</b>

**23.1. Prior Period Expenditure (Net):**

(Rs. in Lakhs)

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
<b>Income</b>	0.00	0.00
<b>Total (A)</b>	<b>0.00</b>	<b>0.00</b>
<b>Expenditure</b>		
Bond Issue Exp.	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
<b>Total (B)</b>	<b>1.15</b>	<b>4.06</b>
<b>Prior Period Expenditure (Net) (B-A)</b>	<b>1.15</b>	<b>4.06</b>

**24. Earnings Per Equity Share**

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Net Profit (Rs. in Lakhs)	200730.67	93381.14
Weighted Average Number of Equity shares outstanding	6526460000	6526460000
Earnings Per Share (Rs.) [Face value of Rs. 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 31<sup>st</sup> March 2018, such differential has resulted in an amount of Rs.4774.16 Lakhs accruing to the Company (P.Y. Rs. 7046 Lakhs), which has been accounted for in the Lease Income.

(ii) In respect of foreign currency borrowings, which have not been hedged, variation clause have been incorporated in the lease agreements specifying notional hedging cost adopted for working out the cost of funds on the leases executed with MOR. Hedging cost in respect of these foreign currency borrowings is compared with the amount recovered by the company on such account on notional cost basis and accordingly, the same is adjusted against the lease income. During the year ended 31<sup>st</sup> March 2018 in respect of these foreign currency borrowings, the Company has recovered a sum of Rs.14,232.11 Lakhs (P.Y. Rs. 17,433 Lakhs) on this account from MOR against a sum of Rs.20,976.66 Lakhs (P.Y. Rs19,713 Lakhs) incurred towards hedging cost and the balance amount of Rs. 6,744.55 Lakhs (P.Y. Rs 2,280 Lakhs) is recoverable from MOR.

(d) The lease executed for Rolling Stock in the year 1987-88 for Rs. 77,032.86 Lakhs has expired on 31<sup>st</sup> 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 1<sup>st</sup> September 2016 as amended from time to time. The Company, being a Government Company and not accepting/holding public deposits, these Directions, except the provisions contained in Paragraph 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 19<sup>th</sup> March 2010 has sought a road map from the Company for compliance with the prudential norms issued by RBI. The Company has requested for 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 3<sup>rd</sup> May 2010.

iii. In terms of Reserve Bank of India Notification No.DNBC.138/CGM (VSNM) – 2000 dated 13<sup>th</sup> January 2000, provisions of Section 45 IC of the Reserve Bank of India Act, 1934 (2 of 1934) regarding creation of Reserve Fund, do not apply to the Company.

(b) In terms of the Ministry of Corporate Affairs circular dated 18<sup>th</sup> April, 2002, the Company, being a Non-Banking Finance Company registered with RBI, is required to create Bond Redemption Reserve equivalent to 50% of the value of the bonds raised through Public issue by the redemption date of such Bonds. Subsequently, the requirement for creation of Bond Redemption Reserve in case of Public Issue of bonds by Non-Banking Finance Company registered with RBI was brought down to 25% by MCA vide their circular dated 11<sup>th</sup> Feb, 2013. Further, the Companies (Share Capital and Debentures) Rules, 2014 dated 3<sup>rd</sup> April, 2014 also mandates the Non- Banking Finance Companies registered with RBI to create Bond Redemption Reserve equivalent to 25% of the value of the Bonds raised through public issue by the redemption dates of such bonds. Accordingly, the Company is required to transfer 50% of the value of the bonds raised through public issue during FY 2011-12 and 25% of the value of Bonds raised through Public Issue during 2012-13, FY 2013-14 and FY 2015-16 to Bond Redemption Reserve by the redemption dates of such Bonds. The Company has raised Rs. 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 31<sup>st</sup> March, 2018. However, the Company restricted its dividend payment to Rs. 37500 Lakhs and has transferred an amount of Rs. 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 Rs. 3997.38 Lakhs (including Rs.769.60 Lakhs for earlier year).
- ii) Details of amount spent during the year:

(Rs. 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)	<b><u>On purpose other than (i) above</u></b>	<b>2,072.90</b>	<b>305.07</b>	<b>2,377.97</b>	<b>1677.47</b>	<b>0.00</b>	<b>1677.47</b>
ii a)	Contribution to 'Swachh Bharat Kosh'(Item No.(i) of Schedule-VII)	0.00	0.00	0.00	370.72	0.00	370.72
ii b)	Health Care (Item No.(i) of Schedule-VII)	0.00	0.00	0.00	6.49	0.00	6.49
ii c)	Social Welfare (Item No.(iii) of Schedule-VII)	247.75	0.00	247.75	100.00	0.00	100.00
ii d)	Forest & Environment, animal welfare etc. (Item No.(iv) of Schedule-VII)	736.45	305.07	1041.52	826.54	0.00	826.54
ii e)	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
ii f)	Art & Culture, public libraries (Item No (v) of Schedule-VII)	0.00	0.00	0.00	3.00	0.00	3.00
<b>Grand Total(i + ii)</b>		<b>2,072.90</b>	<b>305.07</b>	<b>2,377.97</b>	<b>1,677.47</b>	<b>0.00</b>	<b>1,677.47</b>

- 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 30<sup>th</sup> April 2003 and subsequent clarification dated 15-12-2006 issued by Ministry of Finance has exempted the Lease Agreements entered between the Company and Ministry of Railways from levy of Service Tax thereon u/s 93(2) of Finance Act, 1994. However, the service tax has been subsumed in GST w.e.f 1<sup>st</sup> July,2017
  - ii. The GST Council in their meeting held on 19<sup>th</sup> 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 1<sup>st</sup> July, 2017.

- 29.** Increase in liability due to exchange rate variation on foreign currency loans for purchase of leased assets amounting to Rs. 4,923 Lakhs (P.Y. decrease Rs. 7,997 Lakhs) has not been charged to the Statement of Profit and Loss as the same is recoverable from the Ministry of Railways (lessee) separately as per lease agreements. The crystallized exchange rate variation loss on foreign currency loans repaid during the year amounting to Rs. 40,176 Lakhs (P.Y. Rs. 69,674 Lakhs) has been recovered from the Lessee, leaving a balance of Rs.82,215 Lakhs recoverable from MOR as on 31<sup>st</sup> March, 2018 (P.Y. Rs. 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 Rs 5,096 Lakhs (PY Gain Rs.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 23<sup>rd</sup> July, 2015 had authorized the Company to draw funds from LIC in consultation with MOR for funding of Railway Projects in line with leasing methodology adopted by Company for funding Railway Projects in past. Pending execution of the Lease Documents, the Company has entered into a Memorandum of Understanding with the Ministry of Railways on 23<sup>rd</sup> May 2017 containing principal terms of the lease transactions. The total sum of Rs.37,35,989 Lakhs disbursed to MOR by the end of FY 2017-18 (P.Y. Rs. 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 exchange rate variation from MOR.
1	JPY 3 Billion	37.04 Million	1	JPY 3 Billion	37.04 Million	Back to back recovery of INR/USD exchange rate variation from MOR.

The foreign currency borrowings outstanding as on 31-03-2018, 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 <sup>st</sup> March, 2018 (Rs. Lakhs)
2	Cross Currency Interest Rate Swap  (JPY Fixed Interest Rate Liability to USD Floating Rate Liability)	JPY 15 Bn. / USD 182.94 Mio	(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 Rs. 91.45 Lakhs (as certified by approved valuer) (P.Y. Rs. 122 Lakhs), which will be accounted for on registration.

**33. Contingent Liabilities**

- a. Claims against the Company not acknowledged as debt – Claims by bondholders in the Consumer / Civil Courts: Rs. 8.69 Lakhs (P.Y. Rs. 8.72 Lakhs).
- b. Claims against the Company not acknowledged as debt – relating to service matter pending in Hon'ble Supreme Court - amount not ascertainable.
- c. The Income Tax assessments of the Company have been completed up to the Assessment Year 2015–16. The disputed demand of tax including interest thereon amount to Rs. 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**

(Rs. 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 Rs. 581.62 Lakhs (P.Y. Rs. 657.36 Lakhs).
- (b) The Company is required to transfer any amount remaining unclaimed and unpaid in such interest and redemption accounts after completion of 7 years to Investor Education Protection Fund (IEPF) administered by the Ministry of Corporate Affairs, Government of India. During the year ended 31<sup>st</sup> March 2018, a sum of Rs.0.65 Lakhs was deposited in IEPF (P.Y. Rs. 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 Rs. 1,66,21,159 Lakhs (P.Y. Rs. 1,47,54,173 Lakhs) owned by the Company and leased to the Ministry of Railways is as under:

Particulars	(Rs. in Lakhs)	
	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
<b>Net investment in Lease Receivables</b>	<b>1,09,47,165</b>	<b>98,20,619</b>

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

Particulars	(Rs. in Lakhs)	
	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:

Particulars	(Rs. in Lakhs)			
	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	8,23,686	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

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
Later than five Years	81,75,469	64,68,690	74,82,868	59,24,129
<b>Total</b>	<b>1,60,93,270</b>	<b>1,09,47,165</b>	<b>1,45,48,332</b>	<b>98,20,619</b>

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

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

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

In terms of the RBI Guidelines on Minimum Retention Requirement issued by the Reserve Bank of India as applicable to the Non-Banking Finance Companies, the company being the originator, had opted to retain a minimum of 5% of the book value of the receivables being securitised. Accordingly, the Company had invested Rs. 1697.71 Lakhs in the Pass Through Certificates (PTCs) issued by the 'Special Purpose Vehicle' towards Minimum Retention Requirement. Out of the amount invested in PTCs, Rs. 1,243.56 Lakhs have matured till 31<sup>st</sup> March 2018, leaving a balance of Rs. 454.15 Lakhs. Details of the amount invested in PTCs and outstanding as on 31<sup>st</sup> March 2018 is as follows:

Series	Date of Maturity	Nos of PTCs	Face Value per PTC (in Rs)	Total Amt (Rs. 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
<b>Total</b>		<b>45</b>		<b>454.15</b>

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:**

(Rs. 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:**

(Rs. 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:**

(Rs. 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:**

(Rs. 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:**

(Rs. 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:**

(Rs. 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:**

(Rs. 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
<b>Total</b>	<b>4.30</b>	<b>-5.11</b>	<b>34.09</b>	<b>37.51</b>

**Actuarial Assumptions:**

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

(Rs. 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. 1<sup>st</sup> January 2007 in terms of DPE guidelines. The scheme will be implemented on receipt of approval from MOR.

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

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

(Rs. in Lakhs)

	Year ended 31-03-2018					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	128.22	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
<b>Closing Balance</b>	<b>38.39</b>	<b>789.34</b>	<b>127.68</b>	<b>128.20</b>	<b>2,31,572.89</b>	<b>32.41</b>	<b>789.34</b>	<b>93.40</b>	<b>15.45</b>	<b>1,78,741.17</b>

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

Provision for Income Tax is in terms of Income Tax Act, 1961 and shall be adjusted after completion of assessment. TDS and Advance Tax has been shown net of Provision for Tax in Note no. 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:

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

#### Amount paid to Key Management Personnel:

(Rs. 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 Rs.31.09 Lakhs (P.Y. Rs. 71.89 Lakhs). Ministry of Railways has also deducted tax at source amounting to Rs. 32,919.24 Lakhs (P.Y. Rs. 30,391.60 Lakhs) 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 5<sup>th</sup> February 2018 as amended by notification number S.O. 1465 dated 2<sup>nd</sup> April 2018, the Company has ceased to provide DTL/DTA on timing differences w.e.f 1<sup>st</sup> April 2017. The change in accounting policy of non recognition of DTA/DTL has resulted in reduction of tax expenses by Rs. 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
(i)	Debt Equity Ratio	9.95	8.86
(ii)	Net worth (Rs 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:

(Rs in Lakhs)

S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
(i)	Capital Fund - a. Tier I	13,39,643.38	11,63,116.73
	- b. Tier II	0.00	0.00
(ii)	Risk weighted assets along-with adjusted value of off balance sheet items	6,23,813.755	3,26,832.85
(iii)	CRAR	214.75%	355.88%



S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
(iv)	CRAR — Tier I Capital	214.75%	355.88%
(v)	CRAR — Tier II Capital	0.00	0.00
(vi)	Amount of subordinated debt raised as Tier-II capital	0.00	0.00
(vii)	Amount raised by issue of Perpetual Debt Instruments	0.00	0.00

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

A. Reference may be made to Note 1 for Significant Accounting Policies.

B. Capital Reference may be made to Note 46 - II for CRAR.

C. Investments

(Rs. in Lakhs)

S.No	Particulars	As at 31-03-2018	As at 31-03-2017
(i)	Value of Investments		
	Gross Value of Investments		
	(a) In India	654.00	786.79
	(b) Outside India	0.00	0.00
	Provisions for Depreciation		
	(a) In India	0.00	0.00
	(b) Outside India	0.00	0.00
	Net Value of Investments		
	(a) In India	654.00	786.79
	(b) Outside India.	0.00	0.00
(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:  
(Rs. in Lakhs)

S.No	Particulars	As at	As at
		31-03-2018	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:

(Rs. 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)						

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
	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 <sup>a</sup>	8,456.97	3,594.64	13,934.36	4,228.48	3,600.13	11,769.97
(iv)	Unhedged Exposures <sup>b</sup>	8,46,829.24		3,01,257.67	5,56,248.64		1,41,040.00

- a. Credit exposure has been calculated by adding current credit exposure(positive MTM) and potential future credit exposure (notional principle amount of derivatives X Credit Conversion Factor) as prescribed by RBI.
- b. Includes JPY loan liability partly hedged through cross currency swap entered for one leg (USD/JPY) for Rs 1,19,821.57 Lakhs (Previous year Rs 1,20,008.64 Lakhs).

#### E. Disclosures related to Securitisation

- I. The Company has not entered into any securitization transaction during the year. However, the Company had entered into two securitization transactions in respect of its lease receivables from MoR on 25<sup>th</sup> January 2010 and 24<sup>th</sup> March 2011 respectively against which a sum of Rs. 11,705.92 Lakhs (P.Y. 15,232.66 Lakhs) and Rs 9,082.98 Lakhs (P.Y. 11738.86 Lakhs) is outstanding as on 31<sup>st</sup> 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 Rs 454.15 Lakhs (Previous year Rs 586.94 Lakhs). The details are as below:

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

- II. Company has not sold any financial assets to Securitization / Reconstruction Company for asset construction during the year ended 31-03-2018 (Previous Year Nil).
- III. Company has not undertaken any assignment transaction during the year ended 31-03-2018 (Previous Year Nil).
- IV. 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 31<sup>st</sup> March 2018:

(Rs. in Lakhs)

Description	Up to 30 days	Over 1 month & up to 2 Months	Over 2 months & up to 3 Months	Over 3 months & up to 6 Months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits-	0.00	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	69,02,099.52	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:

(Rs. in Lakhs)

S.No.	Particulars	As at 31-03-2018	As at 31-03-2017
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt (includes investment in fully convertible preference shares;	199.85	199.85
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	0.00	0.00
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	0.00	0.00
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	0.00	0.00

	(excluding loans where security creation is under process);		
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	0.00	0.00
(vi)	Loans sanctioned to corporates against the security of shares/ bonds / debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources;	0.00	0.00
(vii)	Bridge loans to companies against expected equity flows / issues;	0.00	0.00
	All exposures to Venture Capital Funds (both registered and unregistered)	0.00	0.00
<b>Total Exposure to Capital Market</b>		<b>199.85</b>	<b>199.85</b>

III. Details of financing of parent Company products:

Company does not have a parent company.

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

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

V. Unsecured Advances

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

Particulars	(Rs in Lakhs)	
	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
<b>Total</b>	<b>1,48,86,950.14</b>	<b>1,22,97,021.96</b>

- 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:

(Rs. 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:

(Rs. 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 31<sup>st</sup> 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.

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

**For SPMG & Co.**

Chartered Accountants  
FRN-509249C

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

**(Vinod Gupta)**

(Partner)

M.No. 090687

Place: New Delhi

Date : 10/09/2018

**(Vijay Babulal Shirode)**

DGM (Law) &

Company Secretary

**(Niraj Kumar)**

Director Finance

DIN: 00795972

**(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 31<sup>st</sup> 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 31<sup>st</sup> 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 5<sup>th</sup> June, 2015;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure-B” and
  - (g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer note 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 Rs. 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”**.

**“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 Rs. 14,75,989 Lakhs during the year (P.Y : Rs 13,17,000 Lakhs) to Ministry of Railways under leased arrangement for financing the Railway Infrastructure Projects. However, agreement for the same is yet to be executed and list of the projects financed is yet to be received from Ministry of Railways. (Refer Note No. 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 as at 31<sup>st</sup> 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 Rs. 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**

**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**

**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.

**For SPMG & Co.**  
**Chartered Accountants**  
**FRN: 509249C**

**CA Vinod Gupta**  
**(Partner)**  
**M.No.: 090687**  
**Place: Delhi**  
**Date: 10/09/2018**