DRAFT RED HERRING PROSPECTUS
Dated: January 16, 2020
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
(Please read Section 32 of the Companies Act, 2013)
Book Built Issue

INDIAN RAILWAY FINANCE CORPORATION LIMITED

Our Company was incorporated as Indian Railway Finance Corporation Limited on December 12, 1986, as a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, National Capital Territory of Delhi & Haryana ("**RoC**"). Thereafter, our Company received a certificate of commencement of business from the RoC on December 23, 1986. The MCA, through its notification dated October 8, 1993, classified our Company as a Public Financial Institution under Section 4(A) of the Companies Act, 1956 (now defined in Section 2(72) of the Companies Act, 2013). Subsequently, our Company was registered with RBI under Section 45-IA of the RBI Act to carry on the business of a non-banking financial institution without accepting public deposits, pursuant to a certificate of registration bearing No.14.00013 dated February 16, 1998. Subsequently, vide a fresh certificate of registration bearing No.14.00013, dated March 17, 2008, RBI classified our Company as a non-deposit accepting asset finance non-banking financial company. Thereafter, our Company was re-classified as an NBFC-ND-IFC by RBI, through a fresh certificate of registration bearing No. B-14.00013, dated November 22, 2010. For further details, including details of change in registered office of our Company, see "*History and Certain Corporate Matters*" on page 124.

Registered and Corporate Office: UG-Floor, East Tower, NBCC Place, Bisham Pitamah Marg, Pragati Vihar, Lodhi Road, New Delhi – 110 003; **Tel**: +91 (11) 2436 9766
Contact Person: Vijay Babulal Shirode, Company Secretary and Compliance Officer; **Tel:** +91 (11) 2436 8068;
E-mail: dgmcs@irfc.nic.in; **Website**: www.irfc.nic.in; **Corporate Identification Number**: U65910DL1986GOI026363

OUR PROMOTER: THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF RAILWAYS, GOVERNMENT OF INDIA ("MoR")

INITIAL PUBLIC OFFERING OF UP TO 1,407,069,000 EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF INDIAN RAILWAY FINANCE CORPORATION LIMITED ("OUR COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE) (THE "ISSUE PRICE") AGGREGATING TO ₹[●] MILLION ("ISSUE") CONSISTING OF A FRESH ISSUE OF UP TO 938,046,000 EQUITY SHARES AGGREGATING TO ₹[●] MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 469,023,000 EQUITY SHARES BY THE PRESIDENT OF INDIA, ACTING THROUGH THE MoR ("SELLING SHAREHOLDER"), AGGREGATING TO ₹[●] MILLION ("OFFER FOR SALE"). THE ISSUE INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING TO ₹[●] MILLION FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) ("EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE NET ISSUE. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE UP TO 13.64 % AND [●] % RESPECTIVELY, OF THE POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF EACH EQUITY SHARE IS ₹10. THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES .THE PRICE BAND, RETAIL DISCOUNT, EMPLOYEE DISCOUNT, IF ANY, IN RUPEES, TO THE RETAIL INDIVIDUAL BIDDERS AND TO THE ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION, RESPECTIVELY, AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER, IN CONSULTATION WITH THE BRLMs, AND WILL BE ADVERTISED IN ENGLISH NATIONAL DAILY NEWSPAPER [●] AND HINDI NATIONAL DAILY NEWSPAPER [●], HINDI ALSO BEING THE REGIONAL LANGUAGE OF NEW DELHI, WHERE OUR REGISTERED OFFICE IS LOCATED, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.

***Retail Discount of ₹[●] per Equity Share to the Issue Price may be offered to the Retail Individual Bidders and Employee Discount of ₹[●] per Equity Share to the Issue Price may be offered to the Eligible Employees Bidding in the Employee Reservation Portion**.*

In case of any revision to the Price Band, the Bid/Issue Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Issue Period not exceeding 10 Working Days. In cases of force majeure, our Company may, for reasons to be recorded in writing, extend the Bid / Issue Period for a minimum of three Working Days, subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the other Syndicate Members and by intimation to Designated Intermediaries.

The Issue is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**"). In accordance with Regulation 6(1) of the SEBI ICDR Regulations, the Issue is being made through the Book Building Process wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") ("**QIB Portion**"), 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price (net of Retail Discount, if any). Further, [●] Equity Shares shall be reserved for allocation on a proportionate basis to Eligible Employees bidding under the Employee Reservation Portion, subject to valid bids being received at or above the Issue Price (net of Employee Discount, if any). All potential Bidders shall mandatorily participate in the Issue through an Application Supported by Blocked Amount ("**ASBA**") process by providing details of the bank account which will be blocked by the Self Certified Syndicate Banks ("**SCSBs**"). For details, see "*Issue Procedure*" on page 328.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and Issue Price as determined and justified by our Company and the Selling Shareholder, in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for Issue Price*" beginning on page 82 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 26.

ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Selling Shareholder accepts responsibility for and confirms that the statements made or confirmed by it in this Draft Red Herring Prospectus and assume responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received an 'in-principle' approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for filing with the RoC in accordance with Section 26(4) of the Companies Act. For details of the material contracts and documents available for inspection from the date of filing of the Red Herring Prospectus up to the Bid/Issue Closing Date, see "*Material Contracts and Documents for Inspection*" on page 356.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE ISSUE
IDFC SECURITIES	HSBC	ICICI Securities	SBI Capital Markets Limited	KFINTECH
IDFC Securities Limited 6th Floor, One Indiabulls Centre, Tower 1C, 841, Jupiter Mills Compound Senapati Bapat Marg, Elphinstone Road, Mumbai 400 013 Telephone: +91 (22) 4222 2050 E-mail: irfc.ipo@idfc.com Investor grievance e-mail: investorgrievance@idfc.com Contact Person: Gaurav Mittal/Kunal Thakkar Website: www.idfc.com/capital/index.htm SEBI Registration No.: MB/INM000011336	**HSBC Securities and Capital Markets (India) Private Limited** 52/60, Mahatma Gandhi Road, Fort, Mumbai-400001, Maharashtra, India Telephone: +91 (22) 2268 5555 E-mail: irfcipo@hsbc.co.in Investor grievance e-mail: investorgrievance@hsbc.co.in Contact Person: Sanjana Maniar Website:www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback SEBI Registration No.: INM000010353	**ICICI Securities Limited** ICICI Center, H.T. Parekh Marg, Churchgate, Mumbai – 400020, Maharashtra, India Telephone: +91 (22) 2288 2460/70 E-mail: irfc.ipo@icicisecurities.com Investor grievance e-mail: customercare@icicisecurities.com Contact Person: Shekher Asnani/Anurag Byas Website: www.icicisecurities.com SEBI Registration No.: INM000011179	**SBI Capital Markets Limited** 202, Maker Tower 'E', Cuffe Parade, Mumbai – 400 005, Maharashtra, India Telephone: +91 (22) 2217 8300 E-mail: irfc.ipo@sbicaps.com Investor grievance e-mail: investor.relations@sbicaps.com Contact Person: Aditya Deshpande Website: www.sbicaps.com SEBI Registration No.: INM000003531	**KFin Technologies Private Limited (formerly known as "Karvy Fintech Private Limited")** Selenium Tower-B, Plot 31 & 32, Gachibowli Financial District, Nanakramguda, Serilingampally Hyderabad 500 032, Telangana, India Telephone: +91 40 6716 2222 Email: einward.ris@kfintech.com Investor grievance email: irfc.ipo@kfintech.com Contact Person: M. Murali Krishna Website: www.kfintech.com SEBI Registration No: INR000000221

BID/ISSUE PROGRAMME

BID/ISSUE OPENS ON	[●]
BID/ISSUE CLOSES ON (FOR QIBs) *	[●]
BID/ ISSUE CLOSES ON (FOR OTHER BIDDERS)	[●]

** Our Company and the Selling Shareholder, in consultation with the BRLMs, may consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline or policy shall be to such legislation, act, regulation, rule, guideline or policy, as amended, supplemented or re-enacted from time to time.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made there under.

Notwithstanding the foregoing, terms used in "Statement of Special Tax Benefits", "Industry Overview", "Key Regulations and Policies", "Financial Statements", "Outstanding Litigation and Other Material Developments" , and "Description of Equity Shares and Terms of the Articles of Association" on pages 85, 88, 120, 153, 300, and 344, respectively, shall have the meaning ascribed to such terms in such sections.

General Terms

Term	Description
"IRFC", "our Company", the "Company", the "Issuer", "we", "us" or "our"	Indian Railway Finance Corporation Limited, a company incorporated under the Companies Act, 1956, having its registered office at UG-Floor, East Tower, NBCC Place, Bisham Pitamah Marg, Pragati Vihar, Lodhi Road, New Delhi – 110003

Company Related Terms

Term	Description
Articles of Association/ Articles / AoA	The articles of association of our Company, as amended
Asset Liability Management Committee	The asset liability management committee of the Board of Directors as described in "*Our Management*" on page 129
Audit Committee	The audit committee of the Board of Directors as described in "*Our Management*" on page 129
Board/Board of Directors	The board of directors of our Company or a duly constituted committee thereof
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company
CPSE Capital Restructuring Guidelines	An Office Memorandum bearing F. No. 5/2/2016-Policy dated May 27, 2016, issued by DIPAM on "*Guidelines on Capital Restructuring of Central Public Sector Enterprises"*
CSR Committee	The corporate social responsibility committee of the Board of Directors as described in "*Our Management*" on page 129
Director(s)	The director(s) of our Company
Director (Finance) and Chief Financial Officer	The Director (Finance) and Chief Financial Officer of our Company
Equity Shares	The equity shares of our Company of face value of ₹10 each
Independent Director(s)	The independent Director(s) on our Board
IPO Committee	The initial public offering committee of the Board of Directors, comprising of (a) our Managing Director; and (b) our Director (Finance) and Chief Financial Officer, constituted pursuant to a resolution of the Board dated August 29, 2017
Key Managerial Personnel / KMP	Key managerial personnel of our Company in terms of Section 2(51) the Companies Act and Regulation 2(1)(bb) of the SEBI ICDR Regulations and as disclosed in "*Our Management*" on page 129

Term	Description
Managing Director/MD	The managing director of our Company
Memorandum of Association/ Memorandum/ MoA	The memorandum of association of our Company, as amended
Nomination and Remuneration Committee	The nomination and remuneration committee of the Board, as described in "*Our Management*" on page 129
Other PSU Entities	CPSE entities under the administrative control of MoR
Part-time Chairperson/Chairperson	The part-time chairperson of our Company
Project Assets	Project assets includes railway infrastructure assets and national projects of the GoI
Promoter / President / President of India/Selling Shareholder	The promoter of our Company, the President of India, acting through the MoR
Registered Office / Registered and Corporate Office	The registered office of our Company, located at UG-Floor, East Tower, NBCC Place, Bisham Pitamah Marg, Pragati Vihar, Lodhi Road, New Delhi – 110 003
Restated Financial Statements	The restated statement of assets and liabilities as at September 30, 2019 and March 31, 2019, March 31, 2018 and March 31, 2017 (proforma) and the restated statement of profit and loss (including other comprehensive income), Restated cash flow statement and the Restated Statement of changes in equity for the six months period ended September 30, 2019 and for the years ended March 31, 2019, March 31, 2018 and March 31, 2017 (proforma) of our Company together with the statement of significant accounting policies, and other explanatory information thereon (collectively, the **"Restated Financial Statements**"), have been derived from our audited financial statements as at and for the six months period ended September 30, 2019 prepared in accordance with Ind AS – 34, and as at and for the year ended March 31, 2019 prepared in accordance with the Ind AS, read with the Companies (Indian Accounting Standards) Rules, 2015 (the comparative information for the year ended March 31, 2018 included in such financial statements have been prepared by making Ind AS adjustments to the audited financial statements of our Company as at and for the year ended March 31, 2018, prepared in accordance with previous GAAP and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016), and audited financial statements for as at and for the year ended March 31, 2017 prepared in accordance with previous GAAP and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016, and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI and the circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 issued by SEBI
Risk Management Committee/RMC	The risk management committee of the Board, as described in "*Our Management*" on page 129
RoC/Registrar of Companies	The Registrar of Companies, National Capital Territory of Delhi & Haryana at New Delhi
Rolling Stock Assets	Rolling stock assets includes both powered and unpowered vehicles, for example locomotives, coaches, wagons, trucks, flats, electric multiple units, containers, cranes, trollies of all kinds and other items of rolling stock components as enumerated in the Standard Lease Agreement
Shareholders	Shareholders of our Company
Stakeholders' Relationship Committee	The stakeholders' relationship committee of the Board, as described in "*Our Management*" on page 129
Standard Lease Agreement	The annual lease agreement entered between our Company and the MoR for lease of Rolling Stock Assets

Term	Description
Statutory Auditor/ Auditor	The statutory auditors of our Company, namely, M/s SPMG & Co.

Issue Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
Allot/Allotment/Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of Equity Shares offered by the Selling Shareholder pursuant to the Offer for Sale, to the successful Bidders
Allotment Advice	Note, advice or intimation of Allotment sent to each of the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by an ASBA Bidder, to make a Bid and authorize a SCSB to block the Bid Amount in the ASBA Account and will include amounts blocked by the SCSB upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism
ASBA Account	A bank account maintained with an SCSB which may be blocked by such SCSB or the account of the RIBs blocked upon acceptance of UPI Mandate Request by the RIBs using the UPI Mechanism to the extent of the Bid Amount of the ASBA Bidder
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations
ASBA Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
ASBA Form/ Bid cum Application Form	An application form, whether physical or electronic, used by an ASBA Bidder and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Banker(s) to the Issue	Collectively Escrow Collection Bank(s), Refund Bank(s), Public Issue Bank(s) and Sponsor Bank(s)
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Issue and which is described in "*Issue Procedure*" on page 328
Bid	An indication to make an offer during the Bid/Issue Period by an ASBA Bidder pursuant to submission of the ASBA Form, to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations in terms of the Red Herring Prospectus and the ASBA form. The term 'Bidding' shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or as blocked in the ASBA Account, as the case may be, upon submission of the Bid in the Issue which shall be net of the Employee Discount/Retail Discount, as applicable.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/Issue Closing Date	The date after which the Designated Intermediaries will not accept any Bids, which shall be published in English national daily newspaper [●] and Hindi national daily newspaper [●], Hindi also being the regional language of New Delhi, where our Registered Office is located, each with wide circulation. In case of any extension, the extended Bid/Issue Closing Date shall also be notified on the website and terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank.

Term	Description
	Our Company and the Selling Shareholder, in consultation with the BRLMs, may consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations
Bid/Issue Opening Date	The date on which the Designated Intermediaries, shall start accepting Bids for the Issue
Bid/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations. The Bid/Issue Period will comprise Working Days only
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and, unless otherwise stated or implied, includes an ASBA Bidder
Bidding Centers	Centers at which the Designated Intermediaries shall accept the Bid cum Application Forms, *i.e.*, Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Issue is being made
Book Running Lead Managers/BRLMs	The book running lead managers to the Issue, in this case being, IDFC Securities Limited, HSBC Securities and Capital Markets (India) Private Limited, ICICI Securities Limited and SBI Capital Markets Limited
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) as updated from time to time
CAN / Confirmation of Allocation Note	Notice or intimation of allocation of Equity Shares in this Issue
Cap Price	The higher end of the Price Band, i.e. ₹[●] per Equity Share, above which the Issue Price will not be finalised and above which no Bids will be accepted
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Issue Price, finalised by our Company and the Selling Shareholder, in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Bidders and the Eligible Employees Bidding in the Retail Portion and Employee Reservation Portion, respectively are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation, bank account details and UPI ID, where applicable
Designated CDP Locations	Such locations of the CDPs where ASBA Bidders can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges (www.bseindia.com and www.nseindia.com)

Term	Description
Designated Date	The date on which funds are transferred from the Escrow Accounts and the amounts blocked are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus and the Prospectus, after the finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Issue
Designated Intermediaries	Collectively, Syndicate Members, sub-Syndicate/agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Bid cum Application Forms from the ASBA Bidders, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) as updated from time to time
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	[●]
DP ID	Depository Participant's identity number
Draft Red Herring Prospectus or DRHP	This draft red herring prospectus dated January 16, 2020, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the Issue, including the Issue Price at which the Equity Shares will be Allotted and the size of the Issue including any addenda or corrigenda thereto
Eligible Employee	Permanent employees, working in India or outside India (excluding such employees who are not eligible to invest in the Issue under applicable laws), of the Company, as on the date of the filing of the RHP with the RoC and who continues to be a permanent employee of our Company, until the submission of the Bid cum Application Form. Directors, Key Managerial Personnel and other employees of our Company involved in the Issue Price fixation process cannot participate in the Issue (as per Model Conduct, Discipline and Appeal Rules of CPSEs and Office memorandum of DPE dated June 16, 2009 and July 28, 2009) and will not constitute eligible employees for the purposes of this Issue. An employee of our Company who is recruited against a regular vacancy but is on probation as on the date of submission of the ASBA Form will also be deemed a "permanent employee" of our Company
Eligible NRI(s)	NRI(s) eligible to invest under Schedule III and Schedule IV of the FEMA Rules, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to subscribe or to purchase the Equity Shares
Employee Discount	Discount of ₹[●] per Equity Share to the Issue Price given to Eligible Employees Bidding in the Employee Reservation Portion
Employee Reservation Portion	The portion of the Issue being up to [●] Equity Shares aggregating up to ₹[●] million, available for allocation to Eligible Employees, on a proportionate basis. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 (excluding Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee

Term	Description
	Reservation Portion shall not exceed ₹200,000 (excluding Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000 (excluding Employee Discount), subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (excluding Employee Discount)
Escrow Account(s)	Account(s) to be opened with the Escrow Collection Bank
Escrow Agreement	The agreement dated [●] entered into between our Company, the Selling Shareholder, the Registrar to the Issue, the BRLMs, the Sponsor Bank, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank(s) for transfer of funds from Public Issue Account and where applicable, refunds of the amounts collected, on the terms and conditions thereof, in accordance with applicable laws
Escrow Collection Bank(s)	Bank(s), which are clearing members and registered with SEBI as a banker to an issue under the SEBI BTI Regulations and with whom the Escrow Account will be opened, in this case being, [●]
First Bidder	Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, i.e ₹[●], subject to any revision thereto, at or above which the Issue Price will be finalised and below which no Bids will be accepted and which shall not be less than the face value of the Equity Shares
Fresh Issue	The fresh issue of up to 938,046,000 Equity Shares for cash at a price of ₹[●] each, aggregating up to ₹[●] million by our Company
General Information Document/GID	The General Information Document for investing in public issues, prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI, suitably modified and updated pursuant to, among others, the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, the circular (CIR/CFD/DIL/1/2016) dated January 1, 2016, the circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, the circular (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018, the circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, the circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, the circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019 and the circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019 and circular no. (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs.
HSBC	HSBC Securities and Capital Markets (India) Private Limited
ICICI Securities	ICICI Securities Limited
IDFC	IDFC Securities Limited
Issue	The initial public offering of up to 1,407,069,000 Equity Shares for cash at a price of ₹[●] each, aggregating up to ₹[●] million comprising the Fresh Issue and the Offer for Sale. The Issue comprises, the Net Issue and the Employee Reservation Portion
Issue Agreement	The agreement dated January 16, 2020 entered into between our Company, the Selling Shareholder, and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price (net of Retail Discount and Employee Discount as applicable), at which the Equity Shares will be Allotted to Bidders in terms of the Red Herring Prospectus The Issue Price will be decided by our Company and the Selling Shareholder,

Term	Description
	in consultation with the BRLMs, on the Pricing Date
Issue Proceeds	The proceeds of the Fresh Issue and the Offer for Sale that are available to our Company and the Selling Shareholder, respectively
Maximum RIB Allottees	The maximum number of Retail Individual Bidders who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Bidders by the minimum Bid Lot
Mutual Fund Portion	5% of the QIB Portion, or [●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Issue Price
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Issue	The Issue less the Employee Reservation Portion being [●] Equity Shares aggregating up to ₹[●] million
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Issue expenses. For details about use of the Net Proceeds and the Issue expenses, see "*Objects of the Issue*" on page 77
Non-Institutional Bidders/Non-Institutional Investors	All Bidders that are not QIBs or Retail Individual Bidders or Eligible Employees Bidding in the Retail Portion or Employee Reservation Portion, respectively and who have Bid for the Equity Shares for an amount more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Net Issue comprising [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price
Non-Resident	A person resident outside India as defined under FEMA and includes a Non-Resident Indian, FVCIs and FPIs
Offer for Sale	Offer for sale of up to 469,023,000 Equity Shares, aggregating up to ₹[●] million by the Selling Shareholder at the Issue Price
Offered Shares	Up to 469,023,000 Equity Shares, offered by the Selling Shareholder, in the Issue
Price Band	Price band of a minimum price of ₹[●] per Equity Share (Floor Price) and the maximum price of ₹[●] per Equity Share (Cap Price) including any revisions thereof. The Price Band, the Retail Discount, the Employee Discount and the minimum Bid Lot size for the Issue will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and will be advertised, at least two Working Days prior to the Bid/Issue Opening Date in [●] editions of English national daily newspaper [●] and [●] editions of Hindi national daily newspaper [●], Hindi also being the regional language of New Delhi, where our registered office is located, each with wide circulation
Pricing Date	The date on which our Company and the Selling Shareholder, in consultation with the BRLMs, will finalise the Issue Price
Promoter's Contribution	In terms of Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the post-Issue Equity Share capital of our Company held by our Promoter which shall be considered as Promoter's contribution and locked in for a period of three years from the date of Allotment

Term	Description
Prospectus	The Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, and the provisions of the SEBI ICDR Regulations containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information including any addenda or corrigenda thereto
Public Issue Account	A bank account opened with the Bankers to the Issue by our Company under Section 40(3) of the Companies Act, to receive monies from the ASBA Accounts on the Designated Date
Public Issue Account Bank	The bank with whom the Public Issue Account for collection of Bid Amounts will be opened, in this case being [●]
QIB Category/QIB Portion	The portion of the Net Issue being not more than 50% of the Net Issue comprising [●] Equity Shares which shall be Allotted to QIBs, subject to valid Bids being received at or above the Issue Price
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The Red Herring Prospectus dated [●] that will be issued in accordance with Section 32 of the Companies Act and the provisions of the SEBI ICDR Regulations, which will not have complete particulars, including the price at which the Equity Shares will be offered and the size of the Issue, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the ROC at least three Working Days before Bid / Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Bank(s)	The Banker(s) to the Issue, with whom the Refund Account(s) will be opened, in this case being, [●]
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the Members of the Syndicate, eligible to procure Bids in terms of circular no. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	The agreement dated January 16, 2020 entered into between our Company, the Selling Shareholder and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI and available on the website of the Stock Exchanges at www.nseindia.com and www.bseindia.com
Registrar to the Issue or Registrar	KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)
Refund Account	Account to be opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made
Refund Bank	Banker(s) to the Issue with whom the Refund Account(s) will be opened and in this case being [●]
Retail Discount	Discount of ₹[●] per Equity Share to the Issue Price given to Retail Individual Bidders in the Retail Portion
Retail Individual Bidder(s)/RIB(s)	Individual Bidders, other than Eligible Employees Bidding in the Employee Reservation Portion who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Net Issue (including HUFs applying through their Karta and Eligible NRIs)
Retail Portion	The portion of the Net Issue being not less than 35% of the Net Issue consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidder(s) in accordance with the SEBI ICDR Regulations subject to valid Bids being received at or above the Issue Price

Term	Description
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Forms or any previous Revision form(s). QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity and of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in Employee Reservation Portion can revise their Bids during the Bid Issue period and withdraw their Bids until the Bid/Issue Closing Date
SBICAP	SBI Capital Markets Limited
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI Mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time
Selling Shareholder	The President of India, acting through the MoR
Share Escrow Agent	The share escrow agent to be appointed pursuant to the Share Escrow Agreement, namely [●].
Share Escrow Agreement	The agreement dated [●] entered into among our Company, the Selling Shareholder and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholder and credit of such Offered Shares to the demat account of the Allottees
Specified Locations	Bidding centres where the Syndicate shall accept ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Registered-Intermediaries.html and updated from time to time
Sponsor Bank	[●], being a Banker to the Issue registered with SEBI, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI Mechanism, in terms of the UPI Circulars
Stock Exchanges	BSE and NSE
Syndicate Agreement	The agreement dated [●], entered into between, the BRLMs, the Syndicate Members, our Company, the Selling Shareholder and Registrar to the Issue in relation to the collection of Bid cum Application Forms by Syndicate Members
Syndicate Members	Intermediaries registered with SEBI who are permitted to accept bids, applications and place orders with respect to the Issue, and to carry out activities as an underwriter, in this case, [●]
Syndicate or Members of the Syndicate	The BRLMs and the Syndicate Members
Systemically Important Non-Banking Financial Company	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
Underwriters	[●]
Underwriting Agreement	The agreement to be entered into among the Underwriters, our Company and the Selling Shareholder on or after the Pricing Date, but prior to filing the Prospectus with the RoC
UPI	Unified Payments Interface

Term	Description
UPI Circulars	SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 and any subsequent circulars or notifications issued by SEBI in this regard
UPI Mandate Request	A request (intimating the RIB by way of a notification on the UPI application and by way of a SMS for directing the RIB to such UPI mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	Process for applications by RIBs submitted with intermediaries with UPI as mode of payment, in terms of the UPI Circulars
UPI ID	ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by NPCI
Working Day	Any day, other than Saturdays and Sundays and public holidays, on which commercial banks in India are open for business, provided, however, however, with reference to (i) announcement of Price Band; and (ii) Bid / Issue Period, "Working Day" shall mean any day, excluding all Saturdays, Sundays and public holidays, on which commercial banks in India are open for business; and for the purpose of the time period between the Bid/Issue Opening Date and the listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all trading days excluding Sundays and bank holidays in India in accordance with circulars issued by SEBI from time to time

Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations
AS	Accounting Standards as issued by Institute of Chartered Accountants of India
BSE	BSE Limited
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
Category II AIF	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
Category III AIF	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations
Category II FPIs	FPIs who are registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
Companies Act / Companies Act, 2013	Companies Act, 2013, along with the relevant rules, clarifications and modifications made thereunder
CPSE	Central Public Sector Enterprise
CRAR	Capital to Risk Assets Ratio
CSR	Corporate Social Responsibility
DIN	Director Identification Number
DIPAM	Department of Investment and Public Asset Management, GoI
Depository(ies)	CDSL and NSDL
Depositories Act	Depositories Act, 1996
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of

Term	Description
	Commerce and Industry, Government of India (earlier known as the Department of Industrial Policy and Promotion)
DP/ Depository Participant	Depository Participant as defined under the Depositories Act, 1996
DTL Circulars	Circular S.O. 529 (E) dated February 5, 2018 and subsequent circular dated April 2, 2018
EGM	Extra-Ordinary General Meeting
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FDI Policy	Consolidated FDI Policy Circular of 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, dated August 28, 2017
FEMA	Foreign Exchange Management Act, 1999
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FPI	Foreign Portfolio Investor (as defined under SEBI (Foreign Portfolio Investor) Regulations, 2019
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year
FVCI(s)	Foreign Venture Capital Investor(s)
GDP	Gross Domestic Product
GoI or Government	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFC	Infrastructure Finance Company
IFRS	International Financial Reporting Standards
Income Tax Act/IT Act	Income Tax Act, 1961
Ind-AS	The Indian Accounting Standards
Ind-AS Rules	Companies (Indian Accounting Standards) Rules, 2015, as amended
India	Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
IRDAI	Statutory body constituted under the Insurance Regulatory and Development Authority Act, 1999
IRR	Internal rate of return
IST	Indian Standard Time
LIBOR	London Inter-Bank Offer Rate
LIC	Life Insurance Corporation of India
JPY/ Yen	Japanese Yen, the official currency of Japan
MF/ Mutual Funds	Mutual Fund(s) registered under the SEBI (Mutual Fund) Regulations, 1996
MIS	Management Information Systems
MoF	Ministry of Finance, GoI
MoR	Ministry of Railways, GoI
MoU	Memorandum of Understanding
MCA	Ministry of Corporate Affairs, GoI
NBFC	Non-Banking Financial Company, as defined under applicable RBI guidelines
NBFC-IFC	Non-Banking Financial Infrastructure Finance Company, as defined under the applicable RBI guidelines
NBFC-ND-AFC	Non-deposit taking Non-Banking Financial Asset Finance Company, as defined under applicable RBI guidelines
NBFC-ND-IFC	Non-deposit taking NBFC, classified under the category of an “Infrastructure Finance Company”, as defined under applicable RBI guidelines
NBFC-ND-SI Directions	Master Direction – Non Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
NCD	Non-Convertible Debenture
NEFT	National Electronic Fund Transfer
NPCI	National Payments Corporation of India
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited

Term	Description
NR	Non-Resident
NRE	Non-Resident External Account
NRI	Non-Resident Indian
NRO	Non-Resident Ordinary Account
OCI	Overseas Citizen of India
OCB	Overseas Corporate Body
p.a.	Per annum
PAN	Permanent Account Number
Public Financial Institution	Public Financial Institution, as defined under sub-Section 72 of Section 2 of the Companies Act, 2013
PIO	Person of Indian Origin
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the Securities Act
RTI	Right to Information, in terms of the Right to Information Act, 2005
Rule 144A	Rule 144A under the Securities Act
₹/Rs./ Rupees/ Indian Rupees	The lawful currency of India
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI Debt Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
SEBI (FPI) Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	United States Securities Act of 1933
STRPP	Separately Transferable Redeemable Principal Parts
Trade Marks Act	Trade Marks Act, 1999
U.S. QIB	"Qualified institutional buyers" as defined in Rule 144A under the Securities Act. For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs"
Venture Capital Funds or VCFs	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI

Industry/Business Related Terms, Definitions and Abbreviations

Term	Description
Adjusted Finance Costs	Adjusted Finance Costs represents the sum of interest on debt securities, interest on borrowings, discount on commercial paper, interest on delayed payments to the MoR, interest to income tax authorities, and other borrowing costs including bond issue expenses and expenses on loans and bond/loan syndication servicing expenses in the relevant year/ period without reducing the capitalized finance cost on advances for funding Project Assets pending commencement of lease in the relevant year/ period

Term	Description
Average Debt	Average Debt represents the average of our Company’s total debt as of the last day of the relevant year/ period and our Company’s total debt as of the last day of the immediately preceding year/ period
AUM/Assets Under Management	AUM represents sum of total lease receivables, loans to Other PSU Entities and advances against leasing of Project Assets.
CAR	Capital adequacy ratio
Cost of Borrowings	Cost of Borrowings represents the ratio of Adjusted Finance Costs to the Average Debt in the relevant year/ period
DFC	Dedicated Freight Corridors
DEMU	Diesel electric multiple units
DHMU	Diesel hydraulic multiple unit
DFCCIL	Dedicated Freight Corridor Corporation of India
DPE	Department of Public Enterprises, GoI
ECBs	External commercial borrowings
EMU	Electric multiple unit
EMTN	Euro Medium Term Note
HSR	High Speed Railway
IRCON	IRCON International Limited
Indian Railways	Department of the GoI, under administration of the MoR
LCR	Liquidity Coverage Ratio
LIC	Life Insurance Corporation of India
NPAs	Non-performing assets
Public private partnership	Public private partnership
RSSK	Rashtriya Rail Sanraksha Kosh
RVNL	Rail Vikas Nigam Limited

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references in this Draft Red Herring Prospectus to "India" are to the Republic of India and all references to the "U.S.", "U.S.A" or "United States" are to the United States of America. All references to the "Government", "Indian Government", "GoI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

Unless otherwise specified, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Financial Data

Unless stated otherwise, the financial information and financial ratios in this Draft Red Herring Prospectus have been derived from our Restated Financial Statements. For details, see "*Financial Statements*" beginning on page 153.

Our Company's Financial Year commences on April 1 and ends on March 31 of the following year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the 12-month period ended on March 31 of that year. Reference in this Draft Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year is to the 12 months ended on March 31 of such year, unless otherwise specified.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two or one decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Red Herring Prospectus as rounded-off to such number of decimal points as provided in such respective sources.

The Restated Financial Statements have been derived from our audited financial statements as at and for the six months period ended September 30, 2019 prepared in accordance with Ind AS – 34, and as at and for the year ended March 31, 2019 prepared in accordance with the Ind AS, read with the Companies (Indian Accounting Standards) Rules, 2015 (the comparative information for the year ended March 31, 2018 included in such financial statements have been prepared by making Ind AS adjustments to the audited financial statements of our Company as at and for the year ended March 31, 2018, prepared in accordance with previous GAAP and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016), and audited financial statements for as at and for the year ended March 31, 2017 prepared in accordance with previous GAAP and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016, and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI and the circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 issued by SEBI.

Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including IFRS and US GAAP, and the reconciliation of the financial information to other accounting principles has not been provided. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus, and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. The degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Unless the context otherwise indicates, any percentage amounts, as set forth in *"Risk Factors"*, "*Industry Overview*" *"Our Business"*, *"Management's Discussion and Analysis of Financial Conditions and Results of Operations"* on pages 26, 88, 102 and 250, respectively, and elsewhere in this Draft Red Herring Prospectus, have been calculated on the basis of the Restated Financial Statements.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India;
- "USD" or "US$" are to United States Dollar, the official currency of the United States; and
- "JPY" or "¥" are to Japanese Yen, the official currency of Japan.

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000.

Exchange Rates

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and other currencies:

(Amount in ₹, unless otherwise specified)

Currency	As on September 30, 2019*	As on March 31, 2019*	As on March 31, 2018*	As on March 31, 2017*
1 US$	70.69	69.17	65.04	64.84
100 JPY¥	65.55	62.52	61.54	57.96

(Source: www.rbi.org.in and www.fbil.org.in)

***** *In the event that March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered.*

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information as well as industry publications and sources, including from various government publications. Further, certain industry related data in this Draft Red Herring Prospectus has been procured from the MoR, vide its letters dated January 10, 2020 and January 13, 2020.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us or the BRLMs or any of their respective affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 26. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

NOTICE TO PROSPECTIVE INVESTORS

Notice to Prospective Investors in the United States

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved. The Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A and referred to in this Draft Red Herring Prospectus as "U.S. QIBs". For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S and pursuant to the applicable laws of the jurisdictions where those offers and sales are made.

Notice to Prospective Investors in the European Economic Area

This Draft Red Herring Prospectus has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and Council EC (and amendments thereto, including the 2010 PD Amending Directive and Prospectus Regulations (EU) 2017/1129, to the extent applicable and to the extent implemented in the Relevant Member State (as defined below)) and includes any relevant implementing measure in each Member State that has implemented the Prospectus Directive (each a "Relevant Member State"). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Draft Red Herring Prospectus should only do so in circumstances in which no obligation arises for our Company or any of the BRLMs to produce a prospectus for such offer. None of our Company or the BRLMs have authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the BRLMs which constitute the final placement of Equity Shares contemplated in this Draft Red Herring Prospectus.

Information to Distributors (as defined below)

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Equity Shares have been subject to a product approval process, which has determined that such Equity Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the MiFID II Product Governance Requirements) ("Distributors") should note that: the price of the Equity Shares may decline and investors could lose all or part of their investment; the Equity Shares offer no guaranteed income and no capital protection; and an investment in the Equity Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Equity Shares. Each

Distributor is responsible for undertaking its own target market assessment in respect of the Equity Shares and determining appropriate distribution channels.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans, prospects or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate. Important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

- Loss of or reduction in business from the Indian Railways, any direct borrowing by the Indian Railways or introduction of any new avenues of funding by the MoR;
- Any slowdown in the growth of Indian Railways;
- Any disruption in our funding sources or any inability to raise funds at a low cost;
- In the event the interest margin on the Rolling Stock Assets funded by our Company is not favourable;
- Mismatch in the tenor of our leases and borrowings may lead to reinvestment and liquidity risk;
- Any adverse change in the terms of the Standard Lease Agreement entered into by us with the MoR; and
- Any downgrade in our credit ratings or India's debt rating.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 26, 102 and 250, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure the Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as on the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although, we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Selling Shareholder, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with SEBI requirements, our Company, the Selling Shareholder and the BRLMs shall severally ensure that Bidders in India are informed of material developments from the date of this Draft Red Herring Prospectus in relation to the statements and undertakings made by them in this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Issue. The Selling Shareholder shall ensure that it will keep our Company and the BRLMs informed of all material developments pertaining to the Equity Shares under the Issue and itself, as Selling Shareholder from the date of the Red Herring Prospectus until receipt of final listing and trading approvals by the Stock Exchanges for this Issue, that may be material from the context of the Issue.

SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of the terms of the Issue. This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections entitled "*Risk Factors*", "*Objects of the Issue*", "*Our Business*", *"The Issue"*, *"Industry Overview"*, *"Financial Statements"*, and "*Issue Procedure*" on pages 26, 77, 102, 51, 88, 153 and 328 respectively.

Summary of Business

We are the dedicated market borrowing arm of the Indian Railways and are wholly-owned by the Government acting through the MoR and registered with the RBI as an NBFC-ND-IFC. Our primary business is financing the acquisition of Rolling Stock Assets and Project Assets of the Indian Railways and lending to other entities under the MoR. Over the last three decades, we have played a significant role in supporting the capacity enhancement of the Indian Railways by financing a proportion of its annual plan outlay.

Summary of Industry

The Indian Railways is the largest rail network in Asia, running approximately 13,452 trains every day to transport approximately 22.70 million passengers per day in Fiscal 2018 (*Source: http://indianrailways.gov.in/railwayboard/view_section_new.jsp?lang=0&id=0,1,261 and Indian Railways - Year Book 2017-18, Ministry of Railways*). The MoR has made substantial progress in initiating infrastructure creation. The Indian Railways has planned to borrow ₹2.50 trillion from IRFC to fund its proposed capital expenditure from Fiscal 2016 to Fiscal 2020 (*Source: Ministry of Railways*). In particular, the MoR has indicated its intention to borrow ₹554.71 billion from IRFC in Fiscal 2020 (*Source: Ministry of Railways*).

Promoter

Our Promoter is the President of India, acting through the MoR.

Issue Size

Issue	Up to 1,407,069,000 Equity Shares, aggregating up to ₹[●] million*
of which	
Fresh Issue(1)	Up to 938,046,000 Equity Shares, aggregating up to ₹[●] million*
Offer for Sale(2)	Up to 469,023,000 Equity Shares, aggregating up to ₹[●] million*
Of which:	
Employee Reservation Portion	Up to [●] Equity Shares, aggregating up to ₹[●] million*
Net Issue	Up to [●] Equity Shares, aggregating up to ₹[●] million*

(1) Our Board of Directors has approved the Issue pursuant to a resolution passed at their meeting held on September 5, 2019 and our Shareholders have approved the Issue pursuant to a resolution passed at the AGM held on September 26, 2019.

(2) The Selling Shareholder has approved the Offer for Sale of 469,023,000 Equity Shares of our Company vide its letter dated November 1, 2017. The Equity Shares being offered by the Selling Shareholder are eligible for being offered for sale in terms of Regulation 8 of the SEBI ICDR Regulations. For details of authorizations received for the Offer for Sale, see "Other Regulatory and Statutory Disclosures" beginning on page 306.

**To be updated upon finalization of the Issue Price.*

For details, see "*Issue Structure*" on page 320.

Objects of the Issue

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

Particulars	Amount (₹million)
Augmenting our equity capital base to meet our future capital requirements arising out	[●]

Particulars	Amount (₹million)
of growth in our business	
General corporate purposes*	[●]
Net Proceeds	[●]

** To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount to be utilised for general corporate purposes shall not exceed 25% of the gross proceeds of the Fresh Issue.*

Risk Factors

For details in relation to certain risks applicable to us, see "*Risk Factors*" beginning on page 26.

Pre-Issue Shareholding of our Promoter

S. No.	Category of Shareholder	No. of Equity Shares	% of total paid up Equity Share capital
1.	Promoter	9,380,460,000*	100.00

**Includes 1,200 Equity Shares held by nominees on behalf of our Promoter.*

Summary of Restated Financial Statements

(*₹ million, other than share data*)

Particulars	Six months ended September 30, 2019	Financial Year		
		2019	2018	2017 (Proforma)
Equity Share Capital	93,804.60	93,804.60	65,264.60	65,264.60
Net worth	200,491.03	185,855.12	139,287.69	121,599.46
Total Revenue from operations	66,572.47	111,323.21	92,671.44	80,133.58
Profit / (loss) for the period from continuing operations	17,147.96	22,546.61	20,490.86	9,211.71
Earnings per Equity Share*				
- Basic (in ₹)	1.83	3.43	3.14	1.41
- Diluted (in ₹)	1.83	3.43	3.14	1.41
Net asset value per Equity Share (in ₹)	21.37	19.81	21.34	18.63
Total borrowings	1,846,316.53	1,739,326.75	1,340,055.27	1,055,892.86

** With effect from September 12, 2017, 65,264,600 equity shares of face value of ₹1,000 each were split into 6,526,460,000 equity shares of the face value of ₹10 each.*

Qualifications of the Auditors

The Restated Financial Statements do not contain any qualifications by the Statutory Auditors. However, the Statutory Auditors, in their examination report dated January 16, 2020, on the Restated Financial Statements, has drawn attention to a "*matter of emphasis*", which is reproduced below:

"We draw attention to the Comptroller & Audit General (C&AG) of India Auditor's observations regarding the presentation/classification of the "Advance given against railway infrastructure assets to be Leased" out to the railways and advance funding against National projects into "Non financial Assets-Capital Advances" instead of "Other Financial Assets" as treated by the company. The total amount under observation is Rs. 6,99,916.57 Million. As agreed with C & AG, the company has referred the matter to the Expert Advisory Committee of the Institute of Chartered Accountants of India for an expert opinion. The reply from ICAI is awaited

As the company is still waiting for the Expert opinion from the ICAI, the same accounting treatment has been followed while preparing the financials as on 30th September, 2019. Our opinion is not modified in respect of this matter".

For further details, including observations of our Statutory Auditor with respect to their "*Other Legal and Regulatory Requirements*" observations, see *"Financial Statements"* and "*"Management's Discussion and Analysis of Financial Conditions and Results of Operations"* beginning on page 153 and page 250 respectively.

Summary of Outstanding Litigation and Material Developments

A summary of outstanding litigation proceedings involving our Company and our Directors as on the date of this Draft Red Herring Prospectus is provided below:

Type of Proceedings	Number of cases	Amount involved* (₹million)
Cases against our Company		
Criminal Proceedings	*Nil*	*Not applicable*
Actions taken by statutory or regulatory authorities	*Nil*	*Not applicable*
Direct and indirect taxes	2	26,547.13
Other Pending Material Litigation	1	*Not applicable*
Total	**3**	**26,547.13**
Cases by our Company		
Criminal proceedings	1	0.59
Other Pending Material Litigation	*Nil*	*Not applicable*
Total	**1**	**0.59**
Cases against our Directors		
Criminal Proceedings	*Nil*	*Not applicable*
Actions taken by statutory or regulatory authorities	*Nil*	*Not applicable*
Direct and indirect taxes	*Nil*	*Not applicable*
Other Pending Material Litigation	*Nil*	*Not applicable*
Total	***Nil***	***Not applicable***
Cases by our Directors		
Criminal Proceedings	*Nil*	*Not applicable*
Other Pending Material Litigation	*Nil*	*Not applicable*
Total	***Nil***	***Not applicable***

**To the extent quantifiable*

For further details of the outstanding litigation proceedings, see "*Outstanding Litigation and Other Material Developments*" beginning on page 300.

Summary of Contingent Liabilities of our Company

(₹million)

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
(i) Claims against the Company not acknowledged as debt – Claims by bondholders in the consumer / civil courts	4.27	4.27	0.87	0.87

(ii) Claims against the Company not acknowledged as debt – relating to service matter pending in Hon'ble Supreme Court – amount not ascertainable.

(iii) The procurement/acquisition of assets leased out by the Company to the Indian Railways is done by Ministry of Railways (MOR), Government 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.

(iv) Directorate General of GST Intelligence (DGGI), Chennai, Zonal Unit has served a show cause notice dated 16 April 2019 on the Company alleging contravention of provisions of Section 67, 68 and 70 of the Finance Act, 1994 by the Company and as to why service tax of ₹26,537.65 million along with interest and penalty be not demanded from the Company. The Company has submitted reply against the Show Cause notice stating that there is no contravention of provisions of any of the above stated sections of the Finance Act, 1994 and the Company is not liable to pay the tax. However, if any liability arises that would be recoverable from the Ministry of Railways, India.

(v) (a) The Income Tax assessments of the Company have been completed up to the Assessment Year 2016-17. The disputed demand of tax including interest thereon amount to ₹9.48 million. The Company has already filed appeals against the said tax demands and the same are pending at various appellate levels. Based on decisions of the Appellate authorities in other similar matters and interpretation of relevant provisions, the Company is confident that the demands will be either deleted or substantially reduced and accordingly no provision is considered necessary.

(b) During the year 2015-16, the Income Tax Department had raised demand of ₹3,994.90 million u/s 201(1) of the Income Tax Act, 1961 towards non-deduction of tax at source and interest thereon, for the Assessment Years 2011-12, 2012-13 and 2013-14. The Company filed appeals against the said assessment orders before the CIT (Appeals) on 28 April 2016. Further, rectification applications u/s 154 were also filed on 20 May 2016. As per the Appellate Order dated 25 January 2017 for the Assessment Year 2011-12, the Order passed by the Assessing Officer raising demand of ₹2,451.66 million has been set aside. The remaining demand for ₹1,543.24 million has also been set aside vide order dated 28th December 2018 and 31st December 2018.

For information in relation to the notes to the contingent liabilities as per Ind AS 37 -Provisions, Contingent Liabilities and Contingent Assets, see "*Financial Statements –Note 34*" on page 210.

Summary of Related Party Transactions

For details of the related party transactions, as per the requirements under Ind AS 24 '*Related Party Disclosures'* issued by the ICAI and as reported in the Restated Financial Statements, see *"Financial Statements"* beginning on page 153.

Financing Arrangements

There have been no financing arrangements whereby our Promoter, our Directors and/or their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Weighted average price at which the Equity Shares were acquired by our Promoter in the one year preceding the date of this Draft Red Herring Prospectus

During the one year preceding the date of this Draft Red Herring Prospectus, our Company allotted 2,854,000,000 Equity Shares to our Promoter on March 26, 2019, through a rights issue. The weighted average price at which such Equity Shares were acquired, is ₹10.

For further details, see "*Capital Structure"* on page 68.

Average Cost of Acquisition

The average cost of acquisition per Equity Share at which the Equity Shares were acquired by our Promoter (including its nominees) as on the date of this Draft Red Herring Prospectus, is as below:

Name of Promoter	Number of Equity Shares held	Average cost of acquisition (in ₹per Equity Share)
President of India, acting through the MoR	9,38,04,60,000*	Rs. 10/-**

**Inclusive of 1,200 Equity Shares held by nominees of the Promoter.*
*** With effect from September 12, 2017, 65,264,600 equity shares of face value of ₹1,000 each were split into 6,526,460,000 equity shares of the face value of ₹10 each. All the equity shares, as mentioned above, have been acquired for cash by the Promoter at ₹10/- per equity share.*

For further details, see "*Capital Structure*" on page 68.

Details of pre-Issue Placement

Our Company does not contemplate any issuance or placement of Equity Shares from the date of this Draft Red Herring Prospectus till the listing of the Equity Shares.

Issue of Equity Shares for consideration other than cash in the last one year

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus.

Split / Consolidation of Equity Shares in the last one year

Our Company has not undertaken any split or consolidation of the Equity Shares in the last one year preceding the date of this Draft Red Herring Prospectus.

Financial Information

In accordance with the SEBI ICDR Regulations, the audited financial information of our Company for Fiscals 2017, 2018 and 2019 and for the six month period ended September 30, 2019 is available on our website at www.irfc.nic.in/investors/**.**

SECTION II: RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making any investment decision. In addition, the risks set out in this section may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. In order to obtain a complete understanding about us, prospective investors should read this section in conjunction with the sections "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 102 and 250, respectively, as well as the other financial and statistical information included in this Draft Red Herring Prospectus. If any single risk or a combination of the following risks or other risks that are not currently known or are now deemed immaterial actually occurs, our business, prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline and you may lose all or part of your investment. The financial and other related consequences of the risk factors, wherever quantifiable, have been disclosed in the risk factors. However, the financial impact of certain risk factors is not quantifiable. You should consult your own tax, financial and legal advisors about the particular consequences of an investment in this Issue. Potential investors should note that as a non-banking financial company in India we are subject to a complex and extensive regulatory regime that may materially vary from those in other jurisdictions applicable to similar companies. In making an investment decision, prospective investors must rely on their own examination of our business and financial performance and the terms of the Issue, including the merits and the risks involved.

This Draft Red Herring Prospectus may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Draft Red Herring Prospectus. For further information, see "Forward-Looking Statements" on page 19.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2017, 2018 and 2019, and the six months ended September 30, 2019 included herein is derived from our Restated Financial Statements, included in this Draft Red Herring Prospectus. For further information, see "Financial Statements" on page 153.

Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, in this section, references to "we", "us", "our", "the Company" or "our Company" refers to Indian Railway Finance Corporation Limited.

INTERNAL RISKS

1. ***We derive a significant amount of our revenue from operations from the Indian Railways and a loss of or reduction in business from the Indian Railways, any direct borrowing by the Indian Railways or introduction of any new avenues of funding by the Ministry of Railways, Government of India (the "MoR") could have an adverse effect on our business.***

   We are the dedicated market borrowing arm of the Indian Railways. The vast majority of our revenue is generated from leasing Rolling Stock Assets to the Indian Railways. Lease income, interest on loans and pre commencement lease interest income together represented 99.81% and 99.64% of our total revenue from operations in Fiscal 2019 and in the six months ended September 30, 2019, respectively. Our business and revenues are substantially dependent on the policies of the MoR and operations of the Indian Railways. Any change that might affect the MoR's ability and willingness to meet its contractual obligations under the Standard Lease Agreement entered into with us will have an adverse impact on our financial position of our Company. Further, any shift in the funding pattern of the Indian Railways, such as, reduced demand for Rolling Stock Assets or reliance on internal accruals or preference to other funding arrangements, such as, public private partnerships, will have an adverse impact on our results of operations. Any corporatization or privatization of the Indian Railways allowing the MoR to raise funds directly from banks, NBFCs and other financial institutions will also have an adverse impact on our business, results of operation and financial condition. Therefore, the overall prospects of our business is closely tied to our relationship with the MoR. We do not have any control over the GoI and its related entities, including, the MoR, or its policies and any adverse changes in the policies of the GoI may have an adverse impact on our business, results of operations and financial condition.

2. ***Our business is dependent on the continued growth of the Indian railway sector, which makes us susceptible to the GoI initiatives to modernize the railways and other policies and any slowdown in the growth of Indian Railways will impact our business and results of operations.***

The Indian Railways faces significant competition in the transport sector from other means of transportation such as transport by road, sea and air. While the Indian Railways continuously looks to augment its infrastructure and undertake other necessary improvements to the railway network, competition in freight traffic from the road sector is likely to intensify further, as present projects for upgrading road networks are completed. The Indian Railways' vulnerability to competition from other means of transportation could increase if cross-subsidies between freight and passenger fares remain at the current high levels, particularly when the road network improves, and oil pipelines are built. Therefore, any slowdown in the growth of the Indian railways sector and changes in the policies of, or in the level of direct or indirect support to us provided by the GoI in these or other areas could have a material adverse effect on our business, financial condition and results of operations.

3. ***Our ability to operate efficiently is dependent on our ability to maintain diverse sources of funds and at a low cost. Any disruption in our funding sources or any inability to raise funds at a low cost could have a material adverse effect on our business, financial condition and results of operations.***

Our liquidity largely depends on timely access to and costs associated with, raising capital. Our funding requirements historically have been met through various sources including from taxable and tax-free bonds in India, term loans from banks/ financial institutions, external commercial borrowings including bonds and syndicated loans, internal accruals, asset securitization and lease financing. Our finance costs were ₹58,738.90 million, ₹66,375.73 million, ₹81,830.60 million and ₹49,363.99 million in Fiscal 2017, 2018 and 2019 and in the six months ended September 30, 2019, respectively. Our Cost of Borrowings was 6.97%, 6.82%, 7.09% in Fiscal 2017, 2018 and 2019, respectively. As we are fundamentally dependent upon funding from the debt markets and commercial borrowings, our ability to continue to obtain funds from the debt markets and through commercial borrowings on acceptable terms and our ability to access new sources of funding, markets or investors, is dependent on various factors, such as, our ability to maintain our existing credit ratings, which are based on several factors, many of which are outside our control, including the economic conditions in the Indian economy and liquidity in the domestic and global financial markets. Further, since we are a non-deposit taking NBFC, we have restricted access to funds in comparison to banks and deposit taking NBFCs.

Our ability to operate efficiently is dependent on our ability to maintain a low effective cost of funds. Therefore, timely access to, and the costs associated with, raising capital and our ability to maintain a low effective cost of funds in the future is critical. Our business depends and will continue to depend on our ability to access diversified low cost funding sources.

If we are unable to obtain adequate financing or financing on terms satisfactory to us and in a timely manner or are unable to access new sources of funding or markets and investors, our ability to grow or support our business and to respond to business challenges could be limited and our business, prospects, financial condition and results of operations would be materially and adversely affected.

4. ***In the event the margin on the Rolling Stock Assets leased to the MoR by our Company is not favourable, it may have an adverse impact on our financial condition and results of operation.***

We operate on a cost-plus based model. We receive lease rentals which include the value of the Rolling Stock Assets leased by us to the MoR in the relevant fiscal year, the weighted average cost of borrowing as well as a certain margin, all in accordance with the terms of the Standard Lease Agreement, which we enter with the MoR for leasing of Rolling Stock Assets subsequent to the end of the relevant fiscal year. The margin is determined by the MoR in consultation with us at the end of each Fiscal.

In Fiscal 2019, we were entitled to a margin of 40 bps over the weighted average cost of borrowing for financing Rolling Stock Assets. In Fiscal 2018, the margin for financing Rolling Stock Assets was reduced to 30 bps from 50 bps in Fiscal 2017. There can be no assurance that the margin determined will be favourable for us. Any adverse determination of the margin will also impact our profitability and results of operation including leverage capacity. In the event the margin determined is not favourable, it may also adversely affect our financial condition and results of operation.

5. ***Mismatch in the tenor of our leases and borrowings may lead to reinvestment and liquidity risk, which may adversely impact our financial condition and results of operations.***

A majority of our revenues is derived from the Standard Lease Agreements. These agreements with respect to Rolling Stock Assets currently provide for a primary lease period of 15 years, followed by a secondary lease period of another 15 years, unless otherwise revised by mutual consent. We receive lease rentals, which include the value of the Rolling Stock Assets leased by us to the MoR in the relevant fiscal year, the weighted average cost of borrowing as well as a certain margin, within the primary lease period. Typically, the weighted average cost of borrowing factors in any expenses incurred by us with respect to any foreign currency hedging costs and / or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations. Repayments occur half yearly by installments during the primary lease period. While a majority of our borrowings require us to make bullet repayments, we also have certain borrowings where we are required to make one-time repayments. Such repayment of such borrowings in certain years may give rise to a temporary mismatch. This may potentially give rise to a liquidity risk and interest rate risk when we are required to refinance our loans and other borrowings. If we are unable to refinance our borrowings on favourable terms or reinvest the lease rentals on favourable terms, it could adversely affect our business, financial condition and results of operations. For further information, see "*Selected Statistical Information – Asset Liability Management*" on page 121.

6. ***Any change in the terms of the Standard Lease Agreement entered into by us with the MoR may have an adverse effect on our business, financial position and result of operations.***

We enter into a Standard Lease Agreement with the MoR on an annual basis, subsequent to the end of the relevant fiscal year, in respect of Rolling Stock Assets leased by us to the MoR during the relevant Fiscal. Under the terms of the Standard Lease Agreement, the MoR covenants that in the event we are unable to redeem our bonds on maturity and/ or repay our loans resulting from inadequate cash flows, the MoR is required to make good such shortfall through bullet payments in advance before the maturity dates of such bonds/ term loans. Such payments are required to be adjusted in the subsequent lease rentals payable under the respective Standard Lease Agreement. If such assurance/ undertakings cease to be valid or the MoR fails to comply with the performance of such undertakings or such undertakings are amended or modified or altered or if we waive compliance with any provision of such undertakings, it may result in an event of default thereby accelerating repayment under the various bonds issued by us and we will not have any direct right of action or right of subrogation against the MoR. In addition, the MoR may not provide such assurances/ undertakings in the subsequent Standard Lease Agreements.

Further, expenses incurred by us with respect to any foreign currency hedging costs and/ or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations are typically included in the weighted average cost of borrowing, which is determined by the MoR in consultation with us at the end of each Fiscal. For further information, see "*Our Business – Terms of the Standard Lease Agreement*" on page 110. However, there can be no assurance that the MoR will allow us to continue to include such hedging costs pertaining to foreign currency and interest rates in the weighted average cost of borrowing under subsequent Standard Lease Agreements and should the MoR decline to include such costs in the weighted average cost of borrowing, it may adversely affect our financial conditions and results of operations. Further, the MoR has advised our Company to devise a suitable policy for working out the weighted average cost of borrowing as any subsequent proposal for determining such cost of funds would be done by the MoR only under an approved policy.

7. ***The Standard Lease Agreement is executed after the end of the Fiscal to which it relates and there can be no assurance that the agreement will be executed each year.***

The Standard Lease Agreement governs the lease rentals for the Rolling Stock Assets payable by the MoR to us and specifies details of the Rolling Stock Assets leased to the MoR by our Company. The lease rentals include the value of the Rolling Stock Assets leased by us to the MoR in the relevant fiscal year, the weighted average cost of borrowing as well as a certain margin, all in accordance with the terms of the Standard Lease Agreement and determined at the end of the relevant fiscal year. The weighted average cost of borrowing and margin are determined by the MoR in consultation with us. The lease rentals are calculated as equal to half yearly payments to be made by the MoR, so as to ensure that our obligation to repay and settle our debts is fully met during primary lease period of 15 years.

The Standard Lease Agreement is executed at the end of Fiscal but comes into effect from the date of commencement of that Fiscal. Lease rentals during any particular year are calculated using the weighted average cost of borrowing and margin relevant to that Fiscal. There can be no assurance that such arrangements will be honoured with respect to our ownership of the Rolling Stock Assets or in relation to the lease rentals in a timely manner or at all. For further information, see "*Our Business – Terms of Standard Lease Agreement*" on page 110. Any failure to execute the Standard Lease Agreement may adversely affect our business, results of operations, prospects and financial condition.

In addition, in relation to funding of Project Assets under Extra Budgetary Resources (Institutional Financing) ("**EBR-IF**"), the MoR entered into a MoU dated March 11, 2015 with LIC to avail ₹1,500,000 million over a period of five years, commencing from Fiscal 2016. Based on this MoU, we have entered into a MoU dated May 23, 2017 with the MoR to be the intermediary for the funding from LIC. Funds raised are being utilized for implementing identified railway projects. However, we are yet to execute the project agreements with the MoR in relation to such railway projects including the licensing agreement, development agency agreement and lease agreement. For further information, see "*Our Business – Financing of Project Assets – Funding from Life Insurance Corporation of India ("**LIC**")*" on page 112. There can be no assurance that the MoR will enter into such agreements in a timely manner or at all. Any failure to execute project agreements may impact our title to project assets being funded by us under such arrangements and could have an adverse impact on our business, financial condition and results of operation.

8. ***Any downgrade in our credit ratings or India's debt rating could increase our finance costs and adversely affect our ability to borrow funds and our business, results of operations, financial condition and cash flows.***

The cost and availability of capital depends in part on our domestic and international credit ratings. Credit ratings reflect the opinions of rating agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Any downgrade in our credit ratings could cause our lenders to impose additional terms and conditions to any financing or refinancing arrangements that we enter into in the future.

We have been accorded ratings of 'AAA' by CRISIL, 'ICRA (AAA)' by ICRA and 'CARE AAA' by CARE each with respect to our debt programme. International credit rating agencies such as Moody's have rated us Baa2 (Negative) while Fitch, Standard & Poor's and Japan Credit Rating Agency have rated us BBB-'Stable', BBB- (Stable) and BBB+ (Stable), respectively. For further information, see "*Our Business – Credit Ratings*" on page 117. Any downgrade in our credit ratings could increase borrowing costs and adversely affect our business, results of operations, financial condition and cash flows.

Our borrowing costs and our access to the debt capital markets depends significantly on the credit ratings of India. India's sovereign rating is Baa2 with a "negative" outlook (Moody's), BBB-with a "stable" outlook (S&P), BBB+ with a "stable" outlook (Japan Credit Rating Agency) and BBB- with a "stable" outlook (Fitch). Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

9. ***We are required to prepare and present our financial statements under Ind AS with effect from April 1, 2018. Our Ind AS financial statements for Fiscal 2017, 2018 and 2019 and for the six months ended September 30, 2019, which form the basis of our Restated Financial Statements included in this Draft Red Herring Prospectus, are not comparable with our historical previous GAAP financial statements.***

From April 1, 2018, we were required to prepare our financial statements in accordance with Ind AS. Our historical financial statements for Fiscal 2017 and 2018 were originally prepared in accordance with previous GAAP. Ind AS varies in many respects from previous GAAP, and accordingly our Ind AS audited financial statements for the six months ended September 30, 2019 and for Fiscal 2017, 2018 and 2019, which form the basis of our Restated Financial Statements included in this Draft Red Herring Prospectus, are not comparable with our historical previous GAAP financial statements. See "*Financial Statements – Annexure VII: Statement on Adjusted to Audited Financial Statement*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Presentation of Financial Information – Transition from previous GAAP to Ind AS Financial Statements*" on pages 245 and 252, respectively.

In addition, as part of our ordinary course of business we issue bonds to investors that include our audited financial statements. Such audited financial statements may differ from and are not directly comparable with our Restated Financial Statements and accordingly, potential investors are cautioned against placing undue reliance on such information and must evaluate their investment decision in the context of the Restated Financial Statements included in this Draft Red Herring Prospectus.

10. ***Our Company has referred certain accounting matters pertaining to the classification, presentation and disclosures and of certain items in our financial statements to the Expert Advisory Committee ("EAC") of the Institute of Chartered Accountants of India ("ICAI") and in the event that the opinion of EAC, ICAI differs from the current classification, presentation and disclosure of these items by our Company, our financial position may materially differ.***

    We have classified the advance for funding of railway projects pending commencement of the lease as '*Other Financial Assets*' in our audited financial statements for Fiscal 2019 instead of '*Non-Financial Assets*' as there exists a contractual arrangement between our Company and the MoR prior to the commencement of '*Financial Leases*' in respect of the advance funding made by our Company for development/ construction of assets underlying such financial leases after a pre-decided period irrespective of the completion of construction/ development of these assets. Such advance funding qualifies as '*Financial Assets*' and accordingly classified as '*Other Financial Assets*' by our Company. However, based on the advice of the C&AG during the course of their supplementary review of accounts of our Company for Fiscal 2019, the matter with regard to classification of the aforesaid item has been referred to the EAC of the ICAI for their opinion. Further, our statutory auditors have included this as an 'Emphasis of Matter' in their examination report on the Restated Financial Information and in their audit report to our audited financial statements for the six months ended September 30, 2019. For further information, see "*Management's Discussion on Financial Condition and Results of Operations – Auditor Observations/ Remarks"* on page 285. In the event the opinion of the EAC contradicts the current classification, presentation and disclosure of the aforesaid item as '*Financial Assets*' as is presently followed by our Company, the financial position of our Company may materially differ.

11. ***We are currently exempt from provisioning requirements in respect of deferred tax asset or deferred tax liability, however, there can be no assurance that the MCA will not withdraw the exemption in future.***

    Pursuant to circular S.O. 529 (E) dated February 5, 2018 and subsequent amendment through circular dated April 2, 2018 (collectively, the "**DTL Circulars**") issued by the MCA, a government company which is engaged in the business of infrastructure finance leasing with not less than 75% of its total revenue being generated from business with government companies or other entities owned or controlled by the GoI are exempt from the requirements of provisioning in respect of Ind AS 22 or Ind AS 12 relating to deferred tax asset or deferred tax liability, respectively. Our profitability may be adversely affected as a result of the withdrawal of these DTL Circulars. Further, there can be no assurance that the MCA will not withdraw the existing exemptions, which may adversely affect our business, net worth, financial condition and results of operations.

12. ***We are involved in certain legal proceedings, any adverse developments related to which could materially and adversely affect our business, reputation and cash flows.***

    There are outstanding legal proceedings involving us which are incidental to our business and operations. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. We cannot assure you that these proceedings will be decided in our favour or that no further liability will arise out of these proceedings. A summary of the outstanding criminal proceedings, tax proceedings, actions taken by statutory and regulatory authorities and other 'material' litigation as per the Materiality Policy, if any, involving us is set out below:

Litigation involving our Company

S. No.	Nature of litigation	Number of cases	Approximate amount involved* (₹million)
Litigation against our Company			
1.	Criminal	Nil	*Not applicable*
2.	Tax	2	26,547.13
3.	Actions taken by statutory and regulatory authorities	Nil	*Not applicable*

S. No.	Nature of litigation	Number of cases	Approximate amount involved* (₹million)
4.	Other 'material' litigation as per the Materiality Policy	1	Nil
Total		**3**	**26,547.13**
Litigation by our Company			
1.	Criminal	1	0.59
2.	Other 'material' litigation as per the Materiality Policy	Nil	*Not applicable*
Total		**1**	**0.59**

* *To the extent quantifiable.*

The amounts claimed in the abovementioned proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements. Further, such legal proceedings could divert management time and attention and consume financial resources. For further information on material legal proceedings involving us, see "*Outstanding Litigation and Other Material Developments*" on page 300.

13. ***Our risk management measures may not be fully effective in mitigating our risks in all market environments or against all types of risks, which may adversely affect our business and financial performance.***

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our hedging strategies and other risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events.

Although we have established policies and procedures, they may not be fully effective to accomplish our objectives. As we seek to expand the scope of our operations, we also face the risk of failing to develop risk management policies and procedures that are designed for such operations in a timely manner or at all. Our future success will also depend, in part, on our ability to respond to evolving NBFC sector standards and practices on a cost-effective and timely basis. The development and implementation of standards and practices entails significant technical and business risks. There can be no assurance that we will successfully adapt to evolving market standards and practices. For further information, see "*Our Business - Risk Management"* on page 118. Any inability to develop and implement effective risk management policies may adversely affect our business, prospects, financial condition and results of operations.

14. ***Our ability to raise foreign currency borrowings may be constrained by Indian law.***

One of the sources of our funds is external commercial borrowings. As of September 30, 2019, we had ₹119,847.39 million in external commercial borrowings denominated in U.S. Dollars and Japanese Yen. Further, our ability to raise foreign currency borrowings is limited to USD 750 million or equivalent per financial year under the automatic route without the prior approval of the Reserve Bank of India, subject to compliance with parameters and other terms and conditions set out in the external commercial borrowings policy/ framework issued by the Reserve Bank of India. As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required regulatory approvals for borrowings in foreign currencies will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business, financial condition and results of operations.

We are subject to the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 and the Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations RBI/FED/2018-19/67 FED Master Direction No. 5/2018-19 dated 26 March 2019 ("**ECB Guidelines**"), including applicable regulations, guidelines and circulars issued by the RBI, which governs all forms of borrowing from non-resident entities other than by the issue of non-convertible debentures in domestic market, affecting our ability to freely raise foreign currency borrowings. For instance, under the ECB Guidelines, we are restricted to borrowing from certain 'recognised lenders' that are defined therein. The borrowings that we avail are subject to restrictions such as prescriptions on permissible end uses, minimum maturity period specifications and hedging requirements. We are also subject to caps on the maximum amount we may raise, beyond which we shall be required to obtain the approval of the RBI for any additional borrowings. Such provisions may affect our ability to borrow effectively and on favourable terms.

15. ***Non-availability of funding from the Life Insurance Corporation of India ("LIC") matching the requirement of funds by Indian Railways for railway projects under EBR-IF may affect the asset-liability position of our Company.***

We also raise funds from the LIC. The MoR entered into a MoU dated March 11, 2015 with LIC to avail ₹1,500,000 million over a period of five years, commencing from Fiscal 2016. Based on this MoU, we have entered into a MoU with the MoR dated May 23, 2017 to be the intermediary for the funding from LIC. The MoU provides for a tenor of 30 years for each installment, with capitalization of interest accruing in the first five years and repayment of principal in equal semi-annual installments in 20 years commencing after a moratorium of 10 years. In terms of the MoU executed between our Company and the MoR, the repayment terms by MoR are to be kept similar to the structure of funding from LIC. For further information, see "*Our Business – Financing of Project Assets – Funding from Life Insurance Corporation of India ("LIC")*" on page 112.

Funding from LIC matching the requirements of the Indian Railways for projects has been constrained due to the exposure limit as per the extant guidelines prescribed by the Insurance Regulatory and Development Authority of India and accordingly, we have arranged funds from other sources to bridge the shortfall which has shorter tenor as compared to the tenor of funding from the LIC. Accordingly, unavailability of funding from the LIC matching the requirement of funds by Indian Railways for railway projects under EBR-IF may affect our asset-liability position. Further, we have requested the MoR to maintain the tenor of lease between the Company and MoR corresponding to the tenor of borrowing for railway projects. In the event of a mismatch between the tenor of the loans to MoR and that of the bonds issued/ loans raised by our Company for financing railway projects, our results of operations and financial condition may be adversely affected.

16. ***If we are unable to manage our growth effectively, our business and financial results could be adversely affected.***

Our business has grown since we began operations in 1986. Our total assets increased by 25.41% from ₹1,287,503.84 million as of March 31, 2017 to ₹1,614,684.08 million as of March 31, 2018 and by an additional 27.95% to ₹2,066,036.09 million as of March 31, 2019, and was ₹2,383,664.55 million as of September 30, 2019. We intend to continue to grow our business, which could place significant demands on our financial and other internal risk controls. It may also exert pressure on the adequacy of our capitalization, making management of asset quality increasingly important.

Our ability to sustain and manage growth depends primarily upon our ability to manage key operational issues, such as our ability to raise funds on acceptable terms and at competitive rates which in turn depends on various factors, including the regulatory environment and policy initiatives in India, lack of liquidity in the market, developments in the international markets affecting the Indian economy, investors' and/ or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition. If we are unable to maintain the quality of our assets, obtain adequate financing or financing on terms satisfactory to us and in a timely manner, our ability to grow or support our business and to respond to business challenges could be limited and our business prospects, financial condition and results of operations would be materially and adversely affected

Our ability to sustain and manage growth is also affected by factors outside of our control, such as GDP growth, changes in regulatory policies, changes in demand for rolling stock by Ministry of Railways and changes in interest rates. We may not be able to successfully maintain growth rates due to unfavorable changes in any one or more of the aforementioned factors. Our inability to effectively manage any of these operational issues or react to external factors may materially and adversely affect our business, prospects, financial condition, and results of operations.

17. ***Post completion of the Issue our cost of borrowings may go up.***

We are presently wholly owned by the GoI which makes us eligible for certain benefits such as inclusion of offshore issuance of bonds/ notes of USD 500 Million and above in the Morgan Stanley Capital International Emerging Market Bond Index. Rating agencies factor our strategic importance to the MoR due the ownership by the GoI and business with only the MoR and other entities owned by the MoR which help us obtain credit rating at par with sovereign ratings from domestic and international credit rating agencies. We believe that these factors enable our Company to borrow at competitive rates and terms. In terms of the extant SEBI Regulations, the minimum public shareholding must be 25% within three years of listing. Following completion of the initial public offering by our Company, the cost of borrowings of our Company may be affected due to change in risk perception of the investors and rating agencies and non-inclusion of our bonds in the Morgan Stanley Capital International Emerging Market Bond Index which may affect our results of operations and financial position.

18. ***We are subject to supervision and regulation by the RBI, as a NBFC-ND-SI and Infrastructure Finance Company, and other regulatory authorities and changes in the RBI's regulations and other regulations, and the regulation governing us or the industry in which we operate could adversely affect our business.***

We are registered with the Reserve Bank of India as a NBFC (Systematically Important) and are classified under the category of an "Infrastructure Finance Company" under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, we are regulated principally by the RBI and are subject to the RBI's guidelines on the regulation of the NBFC-ND-SIs, which includes, among other things, matters related to capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFC-ND-SIs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to the NBFC-ND-SIs.

Earlier, NBFCs which were government companies in terms of the Companies Act, 2013, were exempt from the prudential norms as prescribed by the RBI for NBFCs. This exemption has since been withdrawn with effect from May 31, 2018. However, the RBI has granted exemption to our Company from asset classification, provisioning and exposure norms to the extent of its exposure to the MoR. Further, we have been granted exemption by the RBI from credit concentration norms to the extent of 100% of our owned funds for our exposure to Railway entities in which the ownership of the State/Central Government is minimum 51%. Accordingly, our Company has been adhering to the prudential norms prescribed by the RBI for NBFC-ND-SI except its exposure to sovereign, *i.e.* the MoR. Further, we have decided to follow the asset classification and provisioning norms as provided by the RBI for loans/ leases/ advances to entities other than Indian Railways. For further information, see "*Selected Statistical Information – Classification of Assets*" and "*Financial Statements – Annexure VI – Note 42*" on pages 151 and 225, respectively. Further, we are subject to reporting obligations to the RBI.

The RBI's regulation of NBFC-ND-SIs may change in the future which may require us to restructure our activities, incur additional costs or could otherwise adversely affect our business and financial performance. For instance, the RBI has introduced the Master Direction – Non-Banking Financial Company – Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, which are applicable to an NBFC-ND-SI. In order to provide enhanced control, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented.

There can be no assurance that the RBI and/ or the GoI will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on NBFC-ND-SIs. We cannot assure you that we will continue to remain exempt from capital adequacy and other prudential norms. Any change in the rules applicable to us as an NBFC-ND-SI may adversely affect our business, financial condition and results of operations. For further information, see "*Key Regulations and Policies*" on page 120.

19. ***Our statutory auditors have made certain observations in the report on 'Other Legal and Regulatory Requirements' relating to our historical audited financial statements and their examination report on the Restated Financial Information which may affect our future financial results.***

Our statutory auditors have made certain observations in their report on 'Other Legal and Regulatory Requirements' as required by the Companies (Auditor's Report) Order, 2016, to our audited financial statements for Fiscals 2017, 2018 and 2019 and the six months ended September 30, 2019 and their examination report on the Restated Financial Information. These observations are in relation to, amongst others, the records of the fixed assets not including the particulars of the fixed assets leased to the MoR, no physical verification being carried out for the leased fixed assets and the sale/ transfer deed of office building yet to be executed in favour of our Company. For further information, see "*Management's Discussion on Financial Condition and Results of Operations – Auditor Observations/ Remarks"* on page 285.

There can be no assurance that our statutory auditors will not include such observations in their report on 'Other Legal and Regulatory Requirements' relating to our audited financial statements in the future, or that such observations will not affect our financial results in future fiscal periods. Investors should consider these remarks in evaluating our financial condition, results of operations and cash flows. Any such observations in the 'Other Legal and Regulatory Requirements' report on our audited financial statements in the future may also adversely affect the trading price of the Equity Shares.

20. ***The success of our business operations is dependent on our senior management team and Key Management Personnel as well as our ability to attract, train and retain employees.***

As of September 30, 2019, we had 24 employees. The continued success of our business operations is attributable to our senior management team and Key Management Personnel. We believe that the experience of our senior management team has enabled us to experience consistent growth and profitability as well as maintain a robust liquidity and capital position. Our ability to sustain our growth depends upon our ability to attract and retain key personnel, developing managerial experience to address emerging business and operating challenges. Considering the small size of our management team, our ability to identify, recruit and retain our employees is critical.

Further, as per the provisions of our Articles of Association, the MoR has the right to appoint Directors and other GoI representatives to our Board and for such period as may be determined by the GoI. We may be unable to attract and retain appropriate managerial personnel of our choice. We may also face attrition of our existing workforce. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. Any inability to attract and retain talented employees, or the resignation or loss of Key Management Personnel, or retain our existing personnel, may have an adverse impact on our business, future financial performance and the price of our Equity Shares.

21. ***Our inability to maintain Liquidity Coverage Ratio ("LCR") as prescribed in the 'Liquidity Management Framework' issued by the RBI for NBFCs with effect from December 1, 2020 may subject to us penalties thereby adversely affecting our financial performance and business operations.***

The RBI has introduced the 'Liquidity Management Framework' which *inter-alia* mandates all the deposit accepting NBFCs irrespective of their asset size and non-deposit accepting systematically important NBFCs with asset size of ₹100 billion and above, to maintain a liquidity buffer in the form of LCR representing high liquid assets from December 1, 2020. In terms of RBI notification titled "*Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies*" dated November 4, 2019, such NBFCs are initially required to maintain a minimum LCR at 50% of the net cash flows over the next 30 calendar days which will then progressively increase to 100% by December 1, 2024. In the event, we are unable to comply with the aforesaid requirements we may be subject to penalties that will adversely impact our business, financial condition and results of operations.

22. ***We may fail to obtain certain regulatory approvals in the ordinary course of our business in a timely manner or at all, or to comply with the terms and conditions of our existing regulatory approvals and licenses which may have a material adverse effect on the continuity of our business and may impede our effective operations in the future.***

NBFCs in India are subject to strict regulation and supervision by the RBI. We require certain regulatory approvals, sanctions, licenses, registrations and permissions for operating and expanding our business. In particular, we require approval from the RBI for our funding activities and are also required to obtain loan registration numbers from the RBI in relation to our external commercial borrowings. We may not receive or be able to renew such approvals in the time frames anticipated by us, or at all, which could adversely affect our business. If we do not receive, renew or maintain the regulatory approvals required to operate our business it may have a material adverse effect on the continuity of our business and may impede our operations in the future. For further information, see "*Government and Other Approvals*" on page 303. Further, the approvals that we have obtained stipulate certain conditions requiring our compliance. If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected.

In addition to the numerous conditions required for the registration as a NBFC with the RBI, we are required to maintain certain statutory and regulatory approvals for our business. In the future, we will be required to obtain new approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such approvals in the timeframe anticipated by us or at all. Failure by us to obtain the required approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

There may be future changes in the regulatory system or in the enforcement of the laws and regulations including policies or regulations or legal interpretations of existing regulations, relating to or affecting interest rates, taxation, or exchange controls, that could have an adverse effect on non-deposit taking NBFCs. In addition, we are required to make various filings with the RBI, the RoC and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations. If we fail to comply with these requirements, or a regulator claims we have not complied with such requirements, we may be subject to penalties. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses in complying with such laws and regulations, which could materially and adversely affect our business. In addition, any historical or future failure to comply with the terms and conditions of our existing regulatory or statutory approvals may cause us to lose or become unable to renew such approvals. For further information, see "*Key Regulations and Policies*" on page 120.

23. ***We are wholly-owned and controlled by the GoI, which makes us susceptible to changes to its policies. The GoI will continue to retain majority shareholding in us after the Issue, which will allow it to exercise significant influence over us. Further, the GoI could require us to take actions aimed at serving the public interest, which may not necessarily be profitable or financially feasible.***

We are wholly-owned and controlled by the GoI acting through the MoR. Upon completion of the Issue, the GoI will control approximately 86.36% of our paid up Equity Share capital. Accordingly, the GoI will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholder approval, including the composition of our Board, the adoption of amendments to our Articles of Association, the approval of mergers, strategic acquisitions and joint ventures and the sale of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. Further, the President of India may from time to time issue directions as he may consider necessary in regard to the exercise and performance of the functions of our Company in matters involving national security or substantial public interest.

As a result of our controlling ownership by the GoI, we are required to adhere to certain restrictions and may not be able to diversify our borrowing portfolio by issuing different instruments without the prior approval of the GoI. There can be no assurance that the GoI will grant us such approvals in the future. The GoI will retain control over the decisions requiring adoption by our shareholders acting by a simple majority. This concentration of ownership may also delay, defer or even prevent a change in our control and may make some transactions more difficult or impossible without the support of the GoI. The interests of the GoI with respect to such matters and the factors that it will take into account when exercising its voting rights may not be consistent with and may conflict with the interests of our other shareholders, including investors that purchase the Equity Shares in this Issue.

Pursuant to our Articles of Association, the GoI may, from time to time, issue such directives or instructions as may be considered necessary in regard to the conduct of our business and affairs and may vary and annul any such directive or instruction. The GoI will have the power to elect and remove the Directors and therefore determine the outcome of most proposals for corporate action requiring approval of the Board or the shareholders, including with respect to the payment of dividends. Under our Articles of Association, the GoI may issue directives with respect to the conduct of our business or our affairs or change in control or impose other restrictions. For further information on the Articles of Association, see "*Description of Equity Shares and Terms of The Articles of Association*" on page 344.

In addition, the GoI influences our operations through various departments and policies. Our business is dependent, directly and indirectly, on the policies and support of the GoI, in many significant ways, including with respect to the cost of our capital, the financial strength of the MoR, the management and growth of our business and our overall profitability. Additionally, the MoR is also significantly affected by the policies and support of the GoI. In particular, given the importance of the Indian Railways to the Indian economy, the GoI could require us to take actions aimed at serving the public interest, which may not necessarily be profitable or financially feasible. Any such actions or directives may adversely impact our business, financial condition and results of operation.

24. ***Our indebtedness and the conditions and restrictions imposed by certain of our financing arrangements could restrict our ability to obtain additional financing, raise capital, conduct our business and operations in the manner we desire.***

Incurring indebtedness is a core requirement of the nature of our business, and a large outstanding borrowings portfolio could have significant implications on our business and results of operations. We will continue to incur additional indebtedness in the future. As of September 30, 2019, our total borrowings were ₹1,846,316.53 million. Our indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flows may be used towards servicing of our existing debt, which will reduce the availability of our cash flows to fund working capital and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted;
- fluctuations in market interest rates may affect the cost of our borrowings, as a portion of our indebtedness is at variable interest rates; and
- there could be a material adverse effect on our business, prospects, results of operations and financial condition if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements.

Some of the financing arrangements entered into by us include restrictive conditions and covenants that require us to obtain lenders consents and/ or intimate the respective lenders in advance, prior to carrying out certain activities and entering into certain transactions. For instance, we are required to obtain consent from our lenders in an instance where (i) shareholding of the GoI in our Company falls below 51%; (ii) our Company creates a subsidiary or permits any company to become its subsidiary; (iii) our Company effectuates a change in its capital structure; (iv) our Company formulates any scheme of amalgamation, re-organisation, consolidation or reconstruction; and (v) our Company is deemed by a court to be insolvent or bankrupt. In the event that such consents or waivers are not granted to us in a timely manner or at all, and if we do not repay any such loans from lenders from which we have been unable to obtain consents by such time, we would be in breach of the relevant financing covenants.

A failure to observe the covenants under our financing arrangements or failure to obtain necessary consents may lead to the termination of our credit facilities, acceleration of amounts due under such facilities, trigger cross-default provisions and the enforcement of security provided. There can be no assurance that we will be able to persuade our lenders to grant extensions or refrain from exercising such rights which may adversely affect our operations and cash flows. As a result, we may have to dedicate a substantial portion of our cash flows from our operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Additionally, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing or generate sufficient cash to fund our liquidity requirements. Further, as a result, the MoR may have to infuse equity or additional capital.

In addition, we also have unsecured loans which may be recalled at any time at the option of such lenders. Certain of our secured loans may also permit the lenders to recall the loan on demand. Such recalls on borrowed amounts may be contingent upon happening of an event including events beyond our control and there can be no assurance that we will be able to persuade our lenders to give us extensions or to refrain from exercising such recalls which may adversely affect our operations and cash flows.

In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all. For further information, see "*Financial Indebtedness*" on page 291. Occurrence of any of the above contingencies with respect to our indebtedness could materially and adversely affect our business prospects, financial condition and results of operations.

25. ***We will be required to comply with the provisions of the Ministry of Corporate Affairs to Companies (Share Capital and Debentures) Rules, 2014 that require us to maintain a certain percentage of non-convertible debentures maturing during the year in specified investments or deposits and any non-compliance with such rules may expose our Company to the levy of penalties.***

    The MCA has amended the Companies (Share Capital and Debentures) Rules, 2014 by its notification dated August 16, 2019. In terms of the notification, a NBFC registered with the RBI that has raised funds through the issuance of NCDs is required to invest or deposit on or before April 30 in each year, a sum not less than 15% of the amount of the NCDs raised maturing during the next fiscal in one or more specified investments and/ or deposits including in deposits with scheduled commercial banks and without any charge or lien or in unencumbered securities of the Central Government or State Government. The amount so invested/ deposited shall not be used for any purpose other than for redemption of bonds/ debentures maturing during the year. Accordingly, the balance outstanding against bond redemption reserve as of March 31, 2019 amounting to ₹571,456.00 million have been transferred to the general reserve. For further information, see our "*Financial Statements – Annexure VI – Note 42*" on page 225. In the event our Company does not have adequate funds to comply with the rules, it may lead to imposition of penalties by the MCA and impede our Company's ability to raise further funds through issuance of NCDs in the domestic capital market. As NCDs have remained an important source of fund raising in the past, it may have adverse impact on our Company's business and results of operations. Further, typically the yield on specified investments/ deposits as prescribed by MCA is lower than the weighted average cost of borrowing of our Company and margin included as part of lease rentals, in accordance with the Standard Lease Agreement, payable to us by the MoR, which may, therefore, entail built-in losses leading to adverse impact on our results of operations and financial performance if we are unable to build in such costs as part of the weighted average cost of borrowing which are included in the lease rentals payable by the MoR.

26. ***Our loan agreements in respect of certain offshore borrowings contain 'change of control' provisions that trigger mandatory prepayment in the event the shareholding of the GoI in our Company falls below 51%.***

    We meet a portion of our annual borrowing target mandated by the MoR through mobilization of funds from offshore markets. The senior unsecured debt facility agreements and Euro Medium Term Note programme documents entered into by our Company contain 'change of control' clauses. The clauses state that in the event the holding of the GoI in our Company falls below 51%, our Company may be required to redeem the debt prior to maturity as a result of such change in control.

    In the event such clauses are triggered, we may be exposed to refinancing and liquidity risks. Besides, we have entered into derivative transactions to hedge foreign currency exchange risk and interest rate risk associated with such borrowings which may be required to be wound-up subjecting our Company to incur additional cost towards unwinding charges that may affect our results of operations and financial position if we are unable to build in such costs as part of the weighted average cost of borrowing which are included in the lease rentals payable by the MoR.

27. ***Fluctuations in the value of the Indian Rupee against other foreign currencies may have a material adverse effect on our cost of borrowings.***

    Changes in currency exchange rates influence our results of operations. A significant portion of our borrowings are denominated in currencies other than Indian Rupees, most significantly the U.S. Dollar and Japanese Yen. Significant fluctuations in currency exchange rates between the Indian Rupee and these currencies and inter-se such currencies may increase the cost of our borrowings. Although we selectively enter into hedging transactions to minimize our currency exchange risks and build in such costs in the weighted average cost of borrowing which are included in the lease rentals payable by the MoR, there can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian rupee against the U.S. dollar, Japanese Yen or other relevant foreign currencies. In the event we are unable to build such costs in the weighted average cost of borrowing to the MoR, our financial condition and results of operations may be adversely affected.

28. ***As an NBFC, we may be subject to periodic inspections by the RBI. Non-compliance with observations made by RBI during these inspections could expose us to penalties and restrictions.***

    We are subject to periodic inspections by the RBI to verify correctness and completeness of any statement, information or particulars furnished to the RBI for the purpose of obtaining any information or particulars which we have failed to furnish on being required to do so. While, as on the date of this Draft Red Herring Prospectus, the RBI has not made any observations against us; there can be no assurance that the RBI will not make observations in the future. If we are unable to resolve such deficiencies to the satisfaction of the RBI, our ability to conduct our business may be adversely affected. Imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse impact on our business prospects, financial condition and results of operations.

29. We have experienced negative cash flows in relation to our operating activities and investment activities in recent years/ periods. If we do not generate sufficient cash flows from our operations or experience negative cash flows in the future, our results of operations, liquidity and ability to service our indebtedness and fund our operations would be adversely affected.

The following table sets forth certain information relating to our cash flows for the periods indicated. We may, in future, experience negative operating cash flows.

	Six Months Ended September 30, 2019	**Fiscal**		
		2019	**2018**	**2017**
	(₹million)			
Net cash flow/ (used) in operating activities	(106,442.64)	(417,481.87)	(280,761.25)	(193,447.48)
Cash flow from investment activities	4.54	13.14	16.75	17.85
Cash flow from financing activities	106,414.06	417,494.52	280,746.35	181,430.55
Net cash flow/ (used) during the year	(24.04)	25.79	1.85	(11,999.08)

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially affect our ability to operate our business and implement our growth plans.

Further, we have substantial debt service obligations and contractual commitments and our lease income, available cash and borrowings may not be adequate to meet our future liquidity needs, see "*Financial Statements*" and "*Management's Discussion and Analysis on Financial Condition and Results of Operations*" on page 153 and 250, respectively. We cannot assure you that our businesses will generate sufficient cash flow from operations such that our anticipated revenue growth will be realized or that future borrowings will be available to us under credit facilities in amounts sufficient to enable us to repay our existing indebtedness or fund our other liquidity needs. If we are unable to service our existing debt, our ability to raise debt in the future will be adversely affected which will have a significant adverse effect on our results of operations and financial condition.

30. We have decided to exercise the option under section 115 BAA of the Income Tax Act, 1961 and have not made any provision for tax for the current Fiscal while foregoing allowances such as unutilised and unexpired MAT credits of the earlier years exposing us to higher tax provisions if the provisions of section 115BAA of the Income Tax Act, 1961 are amended.

We have decided to exercise the option permitted under section 115 BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. In terms of the aforesaid notification, companies exercising the option under section 115 BAA will be subject to reduced corporate tax rate of 22% (effective tax rate 25.17% after surcharge and cess). However, certain exemptions/ deductions will have to be foregone. Since our Company's taxable income under normal assessment is nil, we would not be required to pay any tax on exercising the option to adopt section 115BAA, we would also be outside the ambit of section 115JB of the Income Tax Act, 1961. Till now, the Company was paying Minimum Alternate Tax under the provisions of section 115 JB of the Income Tax Act, 1961. In the event of Company has taxable income under normal assessment in future, we will not be able to avail the foregone MAT credit, leading to higher incidence of tax which may adversely affect the financial performance, results of operations and financial position.

31. We face competition from financial and other institutions in raising funds from the market and may not be able to raise funds on terms beneficial to us.

We face competition from financial and other institutions aiming to raise funds from the market. The market for raising funds is competitive and our ability to obtain funds on acceptable terms, or at all, will depend on various factors including our ability to maintain our credit ratings. In addition, since we are a non-deposit accepting NBFC, we may have restricted access to funds in comparison to banks and deposit taking NBFCs. Our primary competitors are public sector undertakings, public sector banks, financial institutions and other NBFCs. In the event that the terms and conditions of the debt instruments offered by such institutions are more attractive than those offered by us, we may not be able to raise debt from the market to the extent and on terms and conditions beneficial to us. If we are unable to raise such debt, it would lead to an increase in our cost of borrowings and thus, potentially affect our financial condition and results of operations.

32. We have in this Draft Red Herring Prospectus included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. We have also included in this Draft Red Herring Prospectus, financial information, including, AUM, net gearing ratio and Cost of Borrowings that may be different from those followed by other financial services companies. For further information, see "*Selected Statistical Information*" on page 148. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other NBFCs and financial services companies.

33. We have certain contingent liabilities and commitments, and any crystallization of our contingent liabilities and commitments may adversely affect our financial condition.

Our Restated Financial Statements disclosed the following contingent liabilities as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets:

- As of September 30, 2019, claims against our Company not acknowledged as debts (Claims by bondholders in the consumer/ civil courts) amounted to 4.27 million.

- Claims against our Company not acknowledge as debt – relating to service matter pending in the Supreme Court - amount not ascertainable.

- The procurement/ acquisition of assets leased out by our Company to the Indian Railways is done by MoR. As per the lease agreements entered into between our Company and the MOR, the sales tax/ value added tax liability, if any, on procurement/ acquisition and leasing is recoverable from the MOR. Since, there is no sales tax/ value added tax demand and the amount is unascertainable, no provision is considered necessary.

- The Directorate General of GST Intelligence, Chennai, Zonal Unit has served a show cause notice dated April 16, 2019 on our Company alleging contravention of provisions of sections 67, 68 and 70 of the Finance Act, 1994 by our Company and as to why service tax of ₹ 26,537.65 million along with interest and penalty be not demanded from our Company. Our Company has submitted reply against the said show cause notice stating that there is no contravention of provisions of any of the above stated sections of the Finance Act, 1994 and our Company is not liable to pay the tax. However, if any liability arises that would be recoverable from the MoR.

- The income tax assessments of our Company have been completed up to the Assessment Year 2016-17. The disputed demand of tax including interest thereon amounted to ₹ 9.48 million. Our Company has already filed appeals against the said tax demands and the same are pending at various appellate levels. Based on decisions of the appellate authorities in other similar matters and interpretation of relevant provisions, our Company is confident that the demands will be either deleted or substantially reduced and accordingly no provision is considered necessary.

- During the Fiscal 2016, the income tax department had raised demand of ₹ 3,994.90 million under section 201(1) of the Income Tax Act, 1961 towards non-deduction of tax at source and interest theron, for the Assessment Years 2011-12, 2012-13 and 2013-14. Our Company filed appeals against the said assessment orders before the CIT (Appeals) on April 28, 2016. Further, rectification applications under section 154 of the Income Tax Act, 1961 were also filed on May 20, 2016. As per the Appellate Order dated January 25, 2017 for the Assessment Year 2011-12, the order passed by the Assessing Officer raising demand of ₹2,451.66 million has been set aside. The remaining demand for ₹1,543.24 million has also been set aside vide order dated December 28, 2018 and December 31, 2018.

For further information, see our "*Financial Statements – Annexure VI – Note 34 – Contingent Liabilities and Commitments*" on page 210.

For further information on such contingent liabilities, see "*Financial Statements*" on page 153. In the event that any of these contingent liabilities materialize, our business prospects, financial condition and results of operations may be adversely affected.

34. We may not be able to adequately protect our intellectual property rights.

Our ability to compete effectively depends in part upon protection of our intellectual property rights. On July 17, 2017 and October 9, 2017, we made applications for registration of our logo " " and our slogan "Future on track", respectively, which are currently pending approval from the Registrar of Trade Marks, New Delhi. Further, we have registered our "Bhavishya Path Par" slogan as a device mark under class 36 of the Trade Marks Act. Our application for our logo has received objections. Although all the clarifications sought by the registration authority have been provided by us, there can be no assurance that our trademark application will be accepted. Further, there are no assurances that we will be able to register these marks. In the event we are not able to obtain registrations due to opposition by third parties or if any injunctive or other adverse order is issued against us in respect of the registration of our logo or slogan, we may not be able to avail legal protections under the trade marks or prevent unauthorised use of such trademarks by third parties, and in case the logo or slogan is used or claimed by a third party, our ability to use such logo or slogan may be restricted or lost, which may adversely affect our goodwill or business. For further information, see "*Government and other Approvals*" on page 303.

There can be no assurance that we will be able to effectively protect our trademarks from infringement or recover damages for any such infringement through legal proceedings.

35. Liabilities arising due to interpretational differences of provisions of GST law on implementation and execution of contracts for construction of railway projects directly between us and railway contractors would devolve on us. In case we are unable to recover such liabilities from the MoR our business operations and financial condition may be adversely affected.

We have implemented various provisions of the Central Goods and Services Tax Act, 2017, State Goods and Services Tax Act, 2017 and Integrated Goods and Services Tax Act, 2017. Our interpretation of applicable provisions may be different from the interpretation of revenue department/ GST department of the GoI which may result in increase in tax liabilities and interest and penalties thereon. As per terms of the Standard Lease Agreement, indirect taxes, duties and cess are recoverable from MoR. Further, for construction of railway projects funded by us, up till now, the MoR was our agent for appointment of contractors, overseeing the construction and progress of projects, payment to contractors and other related activities till the completion and leasing of projects to the MoR. We were the undisclosed principal. The construction contracts for projects funded by us were executed between MoR and the railway contractors. However, with effect from January 1, 2020, our Company would be the disclosed principal and the MoR will act as the agent for all construction contracts for railway projects funded by us. The new contracts would be executed between our Company and railway contractors. The contracts for the existing projects funded by us would be novated in the name of our Company. Our Company would obtain the GST registration in all the states where we have funded such projects and are under implementation. On account of being the principal under such contracts, any civil and criminal liability arising out of disputes with contractors would devolve directly on us. We would also be liable for interest and penalties, if any, due to non-compliance of applicable GST and income tax laws on payment to railway contractors by the MoR out of funds transferred by us to them. We expect that all liabilities will be indemnified by the MoR to our Company. However, formal agreements in this regard between MoR and our Company are yet to be executed. In the event, we are unable to get the aforesaid agreements executed with the MoR or are unable to recover damages, taxes, interest and penalties paid by us, it may affect our adversely affect our business, results of operations and financial condition.

36. ***We have entered into certain transactions with related parties in the past and any such transactions or any future related party transactions may potentially involve conflicts of interest, which may adversely affect our business, prospects, financial condition, and results of operation.***

We have entered into certain transactions with related parties, including our Promoter and our Directors, and may continue to do so in future. In the six months ended September 30, 2019 and Fiscal 2019, 2018 and 2017, the total amount of such related party transactions was ₹2,484,878.45 million, ₹2,160,874.14 million, ₹1,690,663.95 million and ₹1,365,940.34 million, respectively. While we believe that all such transactions are in compliance with applicable laws and are on arms-length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties, or that we will be able to maintain existing terms in cases where the terms are more favourable than if the transaction had been conducted on arm's length basis. It is likely that we will enter into other related party transactions in the future. Any future transactions with our related parties could potentially involve conflicts of interest. There can be no assurance that such transactions, individually or in aggregate, will not have an adverse effect on our business prospects, financial condition and results of operations, including because of potential conflicts of interest or otherwise. For further information in relation to transactions with related parties, see "*Financial Statements - Related Party Transactions*" on page 230.

37. ***We have not registered the title documents to our Registered and Corporate Office premises and accordingly the title to our office premises may be imperfect.***

We have entered into agreements to sale dated April 11, 2002 and November 21, 2002 in respect of the premises where our Registered Office and Corporate Office is located. Pursuant to the terms of the agreements to sale we took possession of our registered and corporate office. However, the execution of the sale deed in respect of such premises is pending and is subject to the permission of the government. Accordingly, we presently do not hold title to such premises.

In case the sale deed is not executed and we are required to vacate the premises, we cannot assure you whether we will be able to purchase/ lease alternative premises on terms favourable to us, which could disrupt our business operations.

38. ***We have issued equity shares at a price lower than the book value of equity per share.***

We have issued equity shares at a price lower than the book value of equity per share. For further information in relation to the allotment of Equity Shares made by us, see "*Capital Structure – Notes to Capital Structure – 1. Equity Share capital history of our Company*" on page 69.

39. ***Our Company has filed an application for adjudication of stamp duty on equity infusions made into the Company by the GoI from time to time since inception which may expose the Company to penalties.***

We have filed an application with the Collectorate of Stamps for adjudication of stamp duty on equity infusions made in the Company by GoI from time-to-time which is currently pending. The Collectorate of Stamp may invoke the provisions of the Indian Stamp Act and levy penalty for failure to deposit the stamp duty in time on the equity infusions made by the GoI in our Company from time-to-time since inception which may adversely affect the financial performance and results of operations of our Company.

40. ***Insurance obtained by us may not adequately protect us against all losses and could adversely affect our business prospects, financial condition and results of operations.***

Our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We maintain a standard fire insurance and special perils policy for our Registered and Corporate office, which is renewed every year. In addition, we have a burglary insurance policy for our office equipment and furniture. We have also obtained 'group serving linked' insurance policy for our employees. For further information, see "*Our Business – Insurance*" on page 119. There can, however, be no assurance that the terms of our insurance policies will be adequate to cover any loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business prospects, financial condition and results of operations.

41. ***We utilize the services of certain third parties for our operations. Any deficiency or interruption in their services could adversely affect our business and reputation.***

We engage third party service providers from time to time for services including internal auditing, accounting functions, housekeeping, security and secretarial services. Our ability to control the manner in which services are provided by third party service providers is limited and we may be held liable on account of any deficiency of services on the part of such service providers. We cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from our third party service providers. Any disruption or inefficiency in the services provided by our third party service providers could affect our business and reputation.

42. ***Our ability to pay dividends in the future will depend upon future earnings, guidelines issued by the DPE, financial condition, cash flows, working capital requirements and capital expenditures.***

As per the CPSE Capital Restructuring Guidelines, all central public sector enterprises are required to pay a minimum annual dividend of 30.00% of profit after tax or 5.00% of the net-worth, whichever is higher, subject to the maximum dividend permitted under the legal provisions and the conditions mentioned in the aforesaid guidelines. However, an exemption from paying dividends may be granted by the DIPAM in accordance with the CPSE Capital Restructuring Guidelines, upon application to its Administrative Department to those CPSEs fulfilling certain criteria including having a high financial gearing (leverage ratio). Accordingly, our Company had written a letter dated September 20, 2017 to the MoR seeking exemption from the CPSE Capital Restructuring Guidelines and requesting the MoR to refer this exemption to DIPAM. Similar representations have also been made by our Company to DIPAM.

The amount of future dividend payments, if any, will depend upon a number of factors, including but not limited to our future earnings, guidelines issued by the DPE, financial condition, financial gearing, cash flows, working capital requirements, contractual obligations, applicable Indian legal restrictions and capital expenditures. In addition, our ability to pay dividends may be impacted by a number of factors, including results of operations, financial conditions, contractual restrictions and restrictive covenants under the loan or financing agreements our Company may enter into to finance our fund requirements for our business activities. There can be no assurance that we will be able to pay dividends in the future. For further information relating to our dividend policy, see "*Dividend Policy*" on page 147.

43. ***System failures or inadequacy and security breaches in computer systems may adversely affect our business.***

In the course of our business operations, we collect, process, store, use and otherwise have access to a large volume of information. Our computer networks and IT infrastructure may be vulnerable to computer hackers, computer viruses, worms, malicious applications and other security problems resulting from unauthorized access to, or improper use of, such networks and IT infrastructure by our employees, third-party service providers or even independent third parties. Although our security systems have anti-virus software, such malicious attacks or malware related disruptions may jeopardize the security of information stored in and transmitted through our IT infrastructure and computer systems. We may therefore be required to incur significant expenses to protect against the threat of such security breaches and/ or to alleviate problems caused by such breaches. Unauthorized access and malware sabotage techniques and systems change frequently and generally are not recognized until launched against a target. We may be unable to anticipate these techniques or implement adequate preventative measures. Even if we anticipate these attacks, we may not be able to prevent or counteract such attacks or control the impact of such attacks in a timely manner or at all.

Any security breach, data theft, unauthorized access, unauthorized usage, virus or similar breach or disruption could result in loss or disclosure of confidential information, damage to our reputation, litigation, regulatory investigation or other liabilities. Further, we could be adversely affected if additional legislation or amendments to existing regulations are introduced to require changes in our business practices or if such legislation or regulations are interpreted or implemented in ways that adversely affect our business, financial condition and results of operations.

44. ***Some of the information disclosed in this Draft Red Herring Prospectus is based on information from industry sources and publications which have not been independently verified by us.***

Some of the information disclosed in the "*Risk Factors*", "*Industry Overview*", "*Our Business*", and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" sections of this

Draft Red Herring Prospectus is based on information from the Ministry of Railways and certain other industry publications and sources, which have not been verified by us independently. Industry sources and publications generally state that the information contained therein has been obtained from sources considered to be reliable, but their accuracy, adequacy or completeness are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

45. ***We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability and harm our business or reputation.***

We are required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any anti-money laundering activity, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties.

46. ***Our management will have flexibility in utilising the Net Proceeds and there we cannot assure you that the deployment of the Net Proceeds in the manner intended will result in an increase in the value of your investment***

We intend to use the Net Proceeds for the purposes described in "*Objects of the Issue*" on page 77. As our management has broad discretion to use the Net Proceeds from the Issue, you will be relying on the judgment of our Company's management regarding the application of the Net Proceeds. We, in accordance with the policies formulated by the Board from time to time, will have flexibility to deploy the Net Proceeds. The use of the Net Proceeds for purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of your investment. Pending utilization of the Net Proceeds, we intend to deposit such Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board or IPO Committee.

47. ***The entire proceeds of the Issue will not be available to us.***

Given that the Issue comprises the Fresh Issue and an Offer for Sale of up to 469,023,000 Equity Shares by the President of India acting through the MoR, the entire proceeds of the Issue shall not be available to us, as our Company will not benefit from the proceeds of the Offer for Sale.

48. ***We rely on borrowings from institutional investors and such borrowings are subject to exposure norms prescribed by regulatory authorities and the trading in our non-convertible debentures and bonds may be infrequent, limited or sporadic, which may affect our ability to raise debt financing in future.***

We rely on borrowings from institutional investors through issuance of bonds on a private placement basis. The fact that such institutions are subject to single party, group and sectoral exposure limits imposed by the regulatory authorities, our ability to raise funds from these institutions may be limited in future. In addition, our bonds and non-convertible debentures are listed on the debt segment of the BSE and NSE. Trading in our debt securities has been limited and we cannot assure you that the debt securities will be frequently traded on the BSE or NSE or that there would be any market for our debt securities. Further, we cannot predict if and to what extent a secondary market may develop for the debt securities or at what price such debt securities will trade in the secondary market or whether such market will be liquid or illiquid.

EXTERNAL RISK FACTORS

Risks Relating to India and Other External Risk Factors

49. ***Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our Company's financial condition. Our failure to successfully adopt IFRS may have an adverse effect on the price of our Equity Shares.***

Our financial statements are prepared and presented in conformity with Ind AS. Ind AS differs in certain significant respects from U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles or U.S. GAAP, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

50. ***Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.***

Our results of operations and financial condition depend significantly on worldwide economic conditions and the health of the Indian economy. Various factors may lead to a slowdown in the Indian or world economy which in turn may adversely impact our business, prospects, financial performance and operations.

We mainly derive revenue from our operations in India and the performance and growth of our business is significantly dependent on the performance of the Indian economy. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the countries is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports (oil and oil products), global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations, financial condition and cash flows. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, and emerging market conditions in Asia also have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues.

51. ***Natural disasters, acts of war, political unrest, epidemics, terrorist attacks or other events which are beyond our control, may cause damage, loss or disruption to our business and have an adverse impact on our business, financial condition, results of operations and growth prospects.***

India has experienced natural calamities such as earthquakes, floods and drought in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. For example, in Fiscal 2015 and 2016, many parts of India received significantly less than normal rainfall, which significantly impacted the performance of the agricultural sector. An erratic monsoon season could also adversely affect sowing operations for certain crops and result in a decline in the growth rate of the agricultural sector. Prolonged spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and potentially causing the trading price of the Equity Shares to decrease.

India has from time to time experienced instances of social, religious and civil unrest and hostilities between neighboring countries. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares. A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. Certain countries in Southeast Asia have reported cases of bird-to-human transmission of avian and swine influenza, resulting in numerous human deaths. The World Health Organization and other agencies have issued warnings on a potential avian or swine influenza pandemic if there is sustained human-to-human transmission. Future outbreaks of avian or swine influenza or a similar contagious disease could adversely affect the Indian economy and economic activity in the region. As a result, any present or future outbreak of avian or swine influenza or other contagious disease could have a material adverse effect on our business and the trading price of the Equity Shares.

52. Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. The occurrence of any financial disruptions may have an adverse effect on our cost of funding, credit card receivables portfolio, business, future financial performance and the trading price of the Equity Shares.

Developments in the Eurozone, recessionary economic conditions as well as concerns related to the impact of tightening monetary policy in the United States and a trade war between large economies may lead to increased risk aversion and volatility in global capital markets. For example, following a national referendum in which a narrow majority of voters in the United Kingdom elected to withdraw from the European Union, the government of the United Kingdom formally initiated the process for withdrawal in March 2017. The terms of any withdrawal are subject to a complex and ongoing negotiation between the United Kingdom and the European Union whose result and timing remain unclear and which has created significant political and economic uncertainty about the future trading relationship between the United Kingdom and the European Union. There is significant uncertainty at this stage as to the impact of the withdrawal of the United Kingdom from the European Union and any consequential impact on global financial markets. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition and results of operations and reduce the price of the Equity Shares. Any significant financial disruption in the future could have an adverse effect on our cost of funding, business, future financial performance and the trading price of the Equity Shares. Adverse economic developments overseas in countries where we have operations could have a material adverse impact on us and the trading price of the Equity Shares.

53. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects, results of operations and, financial condition.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax ("**GST**") regime with effect from July 1, 2017 that combines multiple taxes and levies by the Central and State Governments into a unified tax structure.

Unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations

including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

54. The requirements of being a publicly listed company may strain our resources.

We are not a publicly listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the SEBI Listing Regulations which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/ or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies. Further, as a publicly listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our management's attention may be diverted from our business concerns, which may adversely affect our business, prospects, financial condition and results of operations. In addition, we may need to hire additional staff including legal and accounting staff with appropriate experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

55. Rights of shareholders under Indian law may differ or may be more limited than under the laws of other jurisdictions.

The Companies Act and rules made thereunder, the rules and regulations issued by SEBI and other regulatory authorities, the Memorandum of Association, and the Articles of Association govern the corporate affairs of our Company. Indian legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder in India than as a shareholder of a corporation in another jurisdiction.

56. Difficulties faced by other financial institutions or the Indian financial sector generally could cause our business to suffer.

We are exposed to the risks of the Indian financial system. The financial difficulties faced by certain Indian financial institutions could materially adversely affect our business because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Such "systemic risk", may materially adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and materially adversely affect our business. For instance, towards the end of 2018, defaults in debt repayments by a large NBFC in India, Infrastructure Leasing & Financial Services Limited, which had a significant shareholding from government-owned institutions, led to heightened investor focus around the health of the broader NBFC sector as well as their sources of liquidity. This has led to some tightening in liquidity available to certain NBFCs and, as a result, it has become more difficult for certain NBFCs to renew loans and raise capital in recent times. If any event of similar nature or magnitude affecting the market sentiment surrounding the sector occurs again in the future, it may result in increased borrowing costs and difficulties in accessing cost-effective debt for us. Our cost of borrowings is sensitive to interest rate fluctuations which exposes us to the risk of reduction in spreads, on account of volatility in interest rates. In addition, our transactions with these financial institutions expose us to various risks in the event of default by a counterparty, which can impact us negatively during periods of market illiquidity.

57. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by the company. However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to file an offering document or a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

58. Investors may not be able to enforce a judgment of a foreign court against us.

We are incorporated under the laws of India and all of our Directors and key management personnel reside in India. The majority of our assets, and the assets of certain of our Directors, key management personnel and other senior management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Procedure Code, 1908 (the "**CPC**"). Further, the CPC only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a similar nature or in respect of a fine or other penalty. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India, whether or not predicated solely upon the general laws of the non-reciprocating territory, cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment in India and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. As a result, the investor may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

It cannot be assured that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment.

59. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.

The Indian economy has had sustained periods of high inflation in the recent past which has contributed to an increase in interest rates. High fluctuation in inflation rates may make it more difficult for us to accurately estimate or control our costs. Continued high rates of inflation may increase our expenses related to salaries or wages payable to our employees or any other expenses. There can be no assurance that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

60. QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Bidders can revise their Bids during the Bid/ Issue Period and withdraw their Bids until Bid/ Issue Closing Date. While our Company is required to complete Allotment pursuant to the Issue within six Working Days from the Bid/ Issue Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline on listing.

Risks Relating to the Equity Shares

61. Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter may adversely affect the trading price of the Equity Shares.

After the completion of the Issue, our Promoter, the President of India, acting through the MoR will own, directly and indirectly, approximately 86.36% of our outstanding Equity Shares. Any future equity issuances by us, including in a primary offering, may lead to the dilution of your shareholdings. Any future equity issuances by us or sales of our Equity Shares by our Promoter or by any other significant shareholder after completion of the Issue, may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. There can be no assurance that our Company will not issue Equity Shares or that our significant shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

62. There is no guarantee that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all.

In accordance with Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Issue and until Allotment of Equity Shares pursuant to this Issue. In accordance with current regulations of SEBI, our Equity Shares are required to be listed on the Stock Exchanges within six Working Days from the Bid/ Issue Closing Date, subject to any change in the prescribed timeline in this regard.

However, we cannot assure you that the trading in our Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

63. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.

The Issue Price of the Equity Shares will be determined by the Company and the Selling Shareholder in consultation with the BRLMs through the Book Building Process. The Issue Price will be based on numerous factors, as described under "*Basis for Issue Price*" on page 82 and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Issue Price.

64. The Equity Shares have never been publicly traded and the Issue may not result in an active or liquid market for the Equity Shares. Further, the price of the Equity Shares may be volatile, and the investors may be unable to resell the Equity Shares at or above the Issue Price, or at all.

Prior to the Issue, there has been no public market for the Equity Shares, and an active trading market on the stock exchanges may not develop or be sustained after the Issue. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India and volatility in the Stock Exchanges and securities markets elsewhere in the world.

65. The trading volume and market price of the Equity Shares may be volatile following the Issue.

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- research analysts' recommendations;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;

- changes in exchange rates;
- changes in the price of oil or gas;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

For these reasons, investors should not rely on recent trends to predict future share prices, results of operations or cash flow and financial condition. Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

66. Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Recently, the currencies of a few Asian countries including India suffered depreciation against the U.S. dollar owing to among other things, the announcement by the US government that it may consider reducing its quantitative easing measures. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, prospects, future financial performance and the prices of the Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Liquidity and credit concerns and volatility in the global credit and financial markets have increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major US and European financial institutions. These and other related events, such as the European sovereign debt crisis and a slowdown in economic growth in China, have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in global credit and financial markets. In response to such developments, legislators and financial regulators have implemented a number of policy measures designed to add stability to the financial markets.

However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current difficult conditions in the global credit markets continue or if there is any significant financial disruption, such conditions could have an adverse effect on our business, prospects, future financial performance and the trading price of the Equity Shares.

67. If the Company is classified as a passive foreign investment company ("PFIC") for U.S. Federal income tax purposes, U.S. investors may incur adverse tax consequences.

Under U.S. Federal income tax laws, U.S. investors are subject to special tax rules if they invest in passive foreign investment companies, or PFICs. While we do not believe that we are, or will become in the foreseeable future, a PFIC, since the applicable PFIC rules are complex, there is a risk that we are or may become a PFIC in the future. If we are or do qualify as being a PFIC, U.S. investors generally will not be subject to the regular U.S. federal income tax rules applicable to dividends and capital gains, but will be subject to complex PFIC rules that could result in additional taxation upon certain distributions by us and/ or disposition of Equity Shares.

68. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents and issuances of shares to non-residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI or the concerned ministries or departments of the Government of India. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. Any change in such interpretation could impact our ability to attract foreign investors.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilising the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

69. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors may begin trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently not traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

70. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the stock exchanges, the quantum of gains and any available treaty exemption. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of Securities Transaction Tax ("STT"), on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Provisions under the U.S. Internal Revenue Code of 1986, as amended (the "Code") and U.S. Treasury regulations promulgated thereunder commonly known as "FATCA" generally impose a 30% withholding tax on certain "foreign passthru payments" made by a non-U.S. financial institution (including an intermediary) that has entered into an agreement with the U.S. Internal Revenue Service (the "IRS") to perform certain diligence and reporting obligations (each such non-U.S. financial institution, a "Participating Foreign Financial Institution"). If payments on the Equity Shares are made by a Participating Foreign Financial Institution (including an intermediary), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not a Participating Foreign Financial Institution and is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payor, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether or to what extent payments on the Equity Shares would be considered foreign passthru payments. Withholding on foreign passthru payments would not be required with respect to payments made before January 1, 2019.

The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as foreign passthru payments. Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

SECTION III: INTRODUCTION

THE ISSUE

The following table summarises the details of the Issue:

Issue	Up to 1,407,069,000 Equity Shares aggregating up to ₹[●]million*
of which:	
(i) Fresh Issue(1)	Up to 938,046,000 Equity Shares aggregating up to ₹[●] million*
(ii) Offer for Sale(2)	Up to 469,023,000 Equity Shares aggregating up to ₹[●] million*
of which:	
Employee Reservation Portion(3)(4)(5)	Up to [●] Equity Shares aggregating up to ₹[●] million*
Net Issue	Up to [●] Equity Shares aggregating up to ₹[●] million*
of which:	
A) QIB Portion(3)	Not more than [●] Equity Shares
of which:	
Available for allocation to Mutual Funds only (5% of the QIB Portion)(6)	[●] Equity Shares
Balance of QIB Portion for all QIBs including Mutual Funds(6)	[●] Equity Shares
B) Non-Institutional Portion(3)	Not less than [●] Equity Shares
C) Retail Portion(3)(4)(5)	Not less than [●] Equity Shares
Pre and post Issue Equity Shares	
Equity Shares outstanding prior to the Issue	9,380,460,000 Equity Shares
Equity Shares outstanding after the Issue	10,318,506,000 Equity Shares**
Utilisation of the Net Proceeds	For details, see "*Objects of the Issue*" on page 77. Our Company will not receive any proceeds from the Offer for Sale.

** To be updated upon finalization of the Issue Price.*
*** Assuming full subscription in the Issue.*

Allocation to Bidders in all categories (including the Employee Reservation portion) except the Retail Portion shall be made on a proportionate basis subject to valid Bids received at or above the Issue Price less Employee Discount or Retail Discount (as applicable).

(1) *The Issue has been authorised by our Board pursuant to a resolution passed at its meeting held on September 5, 2019 and by our Shareholders pursuant to a resolution passed at the AGM held on September 26, 2019.*

(2) *The Selling Shareholder has approved the Offer for Sale of up to 469,023,000 Equity Shares of our Company vide its letter dated November 1, 2017. The Equity Shares being offered by the Selling Shareholder are eligible for being offered for sale in terms of Regulation 8 of the SEBI ICDR Regulations. The Selling Shareholder, vide its letter dated January 10, 2020, conveyed the consent for inclusion of the Offered Shares in the Issue.*

(3) *Under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any of the category or combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers and the Designated Stock Exchange, on a proportionate basis and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Issue Price. Under-subscription in the Employee Reservation Portion shall be added to the Net Issue.*

(4) The Selling Shareholder, through its letter dated [●], conveyed the approval of price discount of [●] on the Issue Price to the RIB(s) subject to the advice of the BRLMs and prevailing market conditions and [●] discount for Eligible Employees bidding in the Employee Reservation Portion. Retail Individual Bidders and Eligible Employees bidding at a price within the Price Band can make payment at the Bid Amount (which will be less Retail Discount or Employee Discount, as applicable), at the time of making a Bid. Retail Individual Bidders and Eligible Employees bidding at the Cut-Off Price have to ensure payment at the Cap Price, less Retail Discount or Employee Discount, as applicable at the time of making a Bid.

(5) Retail Individual Bidders must ensure that the Bid Amount, does not exceed ₹200,000. Unless the Employee Reservation Portion is under-subscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (net of Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (net of Employee Discount). The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation up to ₹500,000, which will be less Employee Discount), shall be added to the Net Issue.

(6) If the aggregate demand from Mutual Funds is less than [●] *Equity Shares, the balance Equity Shares available for allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to QIB Bidders in proportion to their Bids.*

Notes:

1. The Issue and Net Issue shall constitute up to 13.64% and up to [●]%, respectively of our post-Issue equity share capital.

2. The Issue comprises the Fresh Issue which shall constitute up to 9.09% of our post-Issue equity share capital and the Offer for Sale shall constitute up to 4.55% of our post-Issue equity share capital.

For further details regarding the Issue Structure, Terms of the Issue and Issue Procedure, see "*Issue Structure*", *"Terms of the Issue"* and "*Issue Procedure*" on pages 320, 323 and 328, respectively.

SUMMARY FINANCIAL INFORMATION

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(*₹in million, except per share data*)

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
ASSETS				
Financial assets				
Cash and cash equivalents	13.03	37.07	11.28	9.43
Bank balance other than above	96,175.05	773.59	986.92	65.74
Derivative financial instruments	-	466.90	968.47	685.78
Receivables				
- Lease receivables	1,349,225.35	1,250,265.12	1,094,716.56	982,061.90
Loans	56,495.22	58,954.87	52,379.55	21,640.30
Investments	119.23	131.44	139.78	145.72
Other financial assets	861,022.43	740,307.27	451,075.99	282,580.72
Total financial assets	**2,363,050.31**	**2,050,936.26**	**1,600,278.55**	**1,287,189.59**
Non-financial assets				
Current tax assets (net)	5,807.16	-	259.27	163.18
Property, plant and equipment	111.18	112.25	112.69	115.04
Other Intangible assets	0.51	0.50	0.27	0.12
Other non-financial assets	14,695.39	14,987.08	14,033.30	35.91
Total non-financial assets	**20,614.24**	**15,099.83**	**14,405.53**	**314.25**
Total Assets	**2,383,664.55**	**2,066,036.09**	**1,614,684.08**	**1,287,503.84**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Derivative financial instruments	3,102.50	3,105.95	7,495.79	6,561.21
Payables				
- Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
- Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	152.66	121.79	87.15	35.07
Debt securities	1,351,895.53	1,235,978.99	1,108,442.46	949,446.22
Borrowings (other than debt securities)	494,421.00	503,347.76	231,612.81	106,446.64
Other financial liabilities	268,921.16	72,999.28	56,625.68	38,783.38
Total financial liabilities	**2,118,492.85**	**1,815,553.77**	**1,404,263.89**	**1,101,272.52**
Non-financial liabilities				
Current tax liabilities (net)	-	29.69	-	-
Provisions	140.89	117.96	108.37	93.57
Deferred tax liabilities (net)	64,431.40	64,431.40	64,431.40	64,431.40
Other non-financial liabilities	108.38	48.15	6,592.73	106.89
Total non-financial liabilities	**64,680.67**	**64,627.20**	**71,132.50**	**64,631.86**

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Total liabilities	**2,183,173.52**	**1,880,180.97**	**1,475,396.39**	**1,165,904.38**
EQUITY				
Equity share capital	93,804.60	93,804.60	65,264.60	65,264.60
Other equity	106,686.43	92,050.52	74,023.09	56,334.86
Total equity	**200,491.03**	**185,855.12**	**139,287.69**	**121,599.46**
Total Liabilities and Equity	**2,383,664.55**	**2,066,036.09**	**1,614,684.08**	**1,287,503.84**

RESTATED SUMMARY STATEMENT OF PROFITS AND LOSS

(₹ *in million*)

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Revenue from operations				
Interest income	14,015.67	17,217.98	9,882.09	5,144.68
Dividend income	-	5.14	4.87	4.54
Lease income	52,556.80	94,100.09	82,784.48	74,984.36
Total revenue from operations	**66,572.47**	**111,323.21**	**92,671.44**	**80,133.58**
Other income	40.46	12.73	12.37	4.32
Total income	**66,612.93**	**111,335.94**	**92,683.81**	**80,137.90**
Expenses				
Finance costs	49,363.99	81,830.60	66,375.73	58,738.90
Impairment on financial instruments	-	275.44	-	-
Employee benefit expense	22.52	62.51	55.26	30.81
Depreciation, amortization and impairment	2.16	4.18	3.54	3.50
Other expenses	76.30	147.37	324.37	229.69
Total expenses	**49,464.97**	**82,320.10**	**66,758.90**	**59,002.90**
Profit before exceptional items and tax	17,147.96	29,015.84	25,924.91	21,135.00
Exceptional items		-	-	-
Profit before tax	**17,147.96**	**29,015.84**	**25,924.91**	**21,135.00**
Tax expense				
Current tax	-	6,469.23	5,434.05	4,552.20
Deferred tax	-	-	-	7,371.09
Total Tax Expenses	**-**	**6,469.23**	**5,434.05**	**11,923.29**
Profit for the period from continuing operations	**17,147.96**	**22,546.61**	**20,490.86**	**9,211.71**
Profit from discontinued operations		-	-	-
Tax expense of discontinued operations		-	-	-
Profit from discontinued operations (after tax)	-	-	-	-
Profit for the period	**17,147.96**	**22,546.61**	**20,490.86**	**9,211.71**
Other comprehensive income				
(A) (i) Items that will not be reclassified to profit or loss				
- Remeasurement of defined benefit plans	(0.58)	(2.71)	0.87	0.85
- Remeasurement of Equity Instrument	(6.55)	3.79	7.33	4.36
(ii) Income tax relating to items that will not be reclassified to profit or loss				
- Remeasurement of defined benefit plans	-	0.58	(0.18)	(0.18)
- Remeasurement of Equity Instrument	-	-	-	(0.61)
Subtotal (A)	**(7.13)**	**1.66**	**8.02**	**4.42**
(B) (i) Items that will be reclassified to profit or loss		-	-	
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	
Subtotal (B)	**-**	**-**	**-**	**-**
Other comprehensive income (A + B)	**(7.13)**	**1.66**	**8.02**	**4.42**
Total comprehensive income for the	**17,140.83**	**22,548.27**	**20,498.88**	**9,216.13**

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
period (comprising profit (loss) and other comprehensive income for the period)				
Earnings per equity share (for continuing operations)				
Basic (Rs.)	1.83	3.43	3.14	1.41
Diluted (Rs.)	1.83	3.43	3.14	1.41
Earnings per equity share (for discontinued operations)				
Basic (Rs.)	-	-	-	-
Diluted (Rs.)	-	-	-	-
Earnings per equity share (for continuing and discontinued operations)				
Basic (Rs.)	1.83	3.43	3.14	1.41
Diluted (Rs.)	1.83	3.43	3.14	1.41

RESTATED SUMMARY STATEMENT OF CASH FLOWS

(₹ *in million*)

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Cash Flows from Operating Activities				
Profit before taxes	17,147.96	29,015.84	25,924.91	21,135.00
Adjustments for:				
Remeasurement of defined benefit plans	(0.58)	(2.71)	0.87	0.85
Depreciation and amortisation	2.16	4.18	3.54	3.50
Provision of interest on income tax	20.91	19.66	12.82	1.55
Loss on sale of fixed assets	0.01	0.16	0.06	0.18
Profit on sale of fixed assets	(0.00)	(0.01)	-	(0.01)
Discount of commercial paper	678.57	1,237.25	2,020.12	1,113.54
Adjustments towards effective interest rate	(288.92)	169.04	(480.12)	188.72
Dividend income received	-	(5.14)	(4.87)	(4.54)
Operating profit before working capital changes	17,560.11	30,438.27	27,477.33	22,438.79
Movements in working capital:				
Increase/(decrease) in payables	(62.94)	34.64	52.08	(359.76)
Increase/(decrease) in provisions	2.02	2.75	3.52	(307.23)
Increase/(decrease) in others non-financial liabilities	60.23	(6,544.58)	6,485.84	(78.18)
Increase/(decrease) in other financial liabilities	193,510.77	16,373.60	17,842.31	9,214.86
Decrease/(increase) in receivables	(98,960.23)	(155,548.55)	(112,654.67)	(77,128.45)
Decrease/(increase) in loans and advances	2,459.66	(6,575.32)	(30,739.25)	1,447.78
Decrease/(increase) in bank balance other than cash and cash equivalents	(95,401.47)	213.33	(921.19)	37.83
Decrease/(increase) in other non-financial assets	291.70	(953.78)	(13,997.39)	4.54
Decrease/(increase) in other financial assets	(120,065.64)	(288,729.70)	(168,777.97)	(144,250.77)
Cash generated from operations	(100,605.79)	(411,289.34)	(275,229.39)	(188,980.59)
Less: Direct taxes paid (net of refunds)	5,836.85	6,192.53	5,531.86	4,466.89
Net cash flow/(used) in operating activities (A)	(106,442.64)	(417,481.87)	(280,761.25)	(193,447.48)
Cash Flows from Investing Activities				
Purchase of property plant & equipment and intangible assets	(1.12)	(4.22)	(1.48)	(1.37)
Proceeds from sale of property plant & equipment	0.00	0.10	0.08	0.13
Proceeds from realization of pass through certificates / sale of investments	5.66	12.12	13.28	14.55
Dividend income received	-	5.14	4.87	4.54
Net cash flow/(used) in investing activities (B)	4.54	13.14	16.75	17.85
Cash Flows from Financing Activities				
Proceeds from issue of equity share capital	-	28,540.00	-	-
Issue of Debt Securities (Net of redemptions)	122,136.80	104,655.95	207,419.28	132,661.55
Raising of Rupee Term Loans/ Foreign Currency Borrowings (net of repayments)	(8,773.90)	270,172.83	125,853.88	28,242.00
Issue of commercial paper (net of repayments)	(6,948.84)	18,646.63	(49,716.17)	26,899.70
Dividend paid	-	(3,750.00)	(2,335.24)	(5,294.80)
Dividend tax paid	-	(770.89)	(475.40)	(1,077.90)
Net cash generated by/(used in) financing activities (C)	106,414.06	417,494.52	280,746.35	181,430.55

Particulars	As at September 30, 2019	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017 (Proforma)
Net increase in Cash and cash equivalents (A+B+C)	(24.04)	25.79	1.85	(11,999.08)
Cash and cash equivalents at the beginning of the year	37.07	11.28	9.43	12,008.51
Cash and cash equivalents at the end of year end	13.03	37.07	11.28	9.43

GENERAL INFORMATION

Our Company was incorporated as Indian Railway Finance Corporation Limited on December 12, 1986, as a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the RoC. Thereafter, our Company received a certificate of commencement of business from the RoC on December 23, 1986. The MCA, through its notification dated October 8, 1993, classified our Company as a Public Financial Institution under Section 4(A) of the Companies Act, 1956 (now defined in Section 2(72) of the Companies Act, 2013). Subsequently, our Company was registered with RBI under Section 45-IA of the RBI Act to carry on the business of a non-banking financial institution without accepting public deposits, pursuant to a certificate of registration bearing No.14.00013 dated February 16, 1998. Subsequently, vide a fresh certificate of registration bearing No.14.00013, dated March 17, 2008, RBI classified our Company as a non-deposit accepting asset finance non-banking financial company. Thereafter, our Company was re-classified as an NBFC-ND-IFC by RBI, through a fresh certificate of registration bearing No. B-14.00013, dated November 22, 2010.

Registered and Corporate Office and registration number

Indian Railway Finance Corporation Limited
UG-Floor, East Tower
NBCC Place, Bisham Pitamah Marg
Pragati Vihar, Lodhi Road
New Delhi - 110 003, India
Registration number: 026363
Corporate Identification Number: U65910DL1986GOI026363

Address of the RoC

Our Company is registered with the RoC, situated at the following address:

Registrar of Companies

National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower
61, Nehru Place
New Delhi - 110 019, India

Board of Directors

The following table sets out the composition of our Board as on the date of this Draft Red Herring Prospectus:

Name and Designation	DIN	Address
Manjula Rangarajan *Part-time Chairperson*	08607897	C-4, Block 7, New Moti Bagh, New Delhi – 110 021
Amitabh Banerjee *Managing Director*	03315975	Flat No. 602, Vashishthi Konkan Rail Vihar, Sector 40, Near Seawood Station, Nerul West, Navi Mumbai – 400 706
Niraj Kumar Chhabra *Director (Finance) and Chief Financial Officer*	00795972	B-54, Modest Ketki CGHS Limited, Plot No. 8-B Sector-11, Phase I, Dwarka, New Delhi – 110 075
Kishor Jinabhai Devani *Non-official Director (Independent Director)*	07502684	Flat No. A-1402, Jupiter CHS Limited, Suncity Complex, near MTNL Gandhi nagar, Powai, Mumbai – 400 076
Aditi Sengupta Ray *Part-time Non-official Director (Independent Director)*	00447385	EH1/602, Eldeco Utopia, Sector 93A, Noida - 201 304
Chetan Venugopal *Part-time Non-official Director (Independent Director)*	00317183	451, 6th Cross, 7th Block, (West) Jayanagar, Bengaluru, Karnataka – 560 082

Name and Designation	DIN	Address
Kumar Vinay Pratap *Part-time Government Director*	07606296	Apartment No. C-13, Kendriya Vihar, Sector-51, Noida 201 307
Ashok Kumar Singhal *Non-official Director (Independent Director)*	08193963	Plot No. 04 Sector 18A, Phase-II, Dwarka, New Delhi – 110 075

For further details of our Board of Directors, see "*Our Management*" on page 129.

Company Secretary and Compliance Officer

Vijay Babulal Shirode is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Vijay Babulal Shirode
UG-Floor, East Tower
NBCC Place, Bisham Pitamah Marg
Pragati Vihar, Lodhi Road
New Delhi - 110 003, India
Tel: +91 (11) 2436 8068
Email: dgmcs@irfc.nic.in

Investor Grievances

Bidders can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Issue related queries and for redressal of complaints, Bidders may also write to the BRLMs.

All grievances may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for Retail Individual Investors who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form and the name and address of the relevant Designated Intermediary where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediary in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Issue.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

Book Running Lead Managers

IDFC Securities Limited
6th Floor, One Indiabulls Centre,
Tower 1C
841, Jupiter Mills Compound
Senapati Bapat Marg
Elphinstone Road
Mumbai- 400 013
Maharashtra, India
Tel: +91 (22) 4222 2050
E-mail: irfc.ipo@idfc.com

Investor grievance e-mail: investorgrievance@idfc.com
Contact Person: Gaurav Mittal/Kunal Thakkar
Website: www.idfc.com/capital/index.htm
SEBI Registration No.: MB/INM000011336

HSBC Securities and Capital Markets (India) Private Limited
52/60, Mahatma Gandhi Road
Fort, Mumbai – 400 001
Maharashtra, India
Tel: +91 (22) 2268 5555
E-mail: irfcipo@hsbc.co.in
Investor grievance e-mail: investorgrievance@hsbc.co.in
Contact Person: Sanjana Maniar
Website: www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback
SEBI Registration No.: INM000010353

ICICI Securities Limited
ICICI Center
H.T. Parekh Marg
Churchgate, Mumbai – 400 020,
Maharashtra, India
Tel: +91 (22) 2288 2460/70
E-mail: irfc.ipo@icicisecurities.com
Investor grievance e-mail: customercare@icicisecurities.com
Contact Person: Shekher Asnani/Anurag Byas
Website: www.icicisecurities.com
SEBI Registration No.: INM000011179

SBI Capital Markets Limited
202, Maker Tower 'E'
Cuffe Parade, Mumbai – 400 005,
Maharashtra, India
Tel: +91 (22) 2217 8300
E-mail: irfc.ipo@sbicaps.com
Investor grievance e-mail: investor.relations@sbicaps.com
Contact Person: Aditya Deshpande
Website: www.sbicaps.com
SEBI Registration No.: INM000003531

Syndicate Members

[●]

Registrar to the Issue

KFin Technologies Private Limited
(formerly known as "Karvy Fintech Private Limited")
Selenium Tower-B
Plot 31 & 32, Gachibowli
Financial District, Nanakramguda
Serilingampally
Hyderabad 500 032
Telangana, India
Tel: +91 (40) 6716 2222
Email: einward.ris@kfintech.com
Investor grievance email: irfc.ipo@kfintech.com
Contact Person: M. Murali Krishna
Website: www.kfintech.com/
SEBI Registration No: INR000000221

Domestic Legal Counsel to the Company and the Selling Shareholder

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1
841 Senapati Bapat Marg
Mumbai – 400 013
Maharashtra, India
Tel: +91 (22) 6636 5000

International Legal Counsel to the Company and the Selling Shareholder

Squire Patton Boggs Singapore LLP
10 Collyer Quay
#03-01/02
Ocean Financial Centre
Singapore- 049 315
Republic of Singapore
Tel: +65 6922 8668

Domestic Legal Counsel to the Book Running Lead Managers

AZB & Partners
Plot No. A-8, Sector - 4,
Noida - 201 301
India
Tel: +91 (120) 417 9999

International Legal Counsel to HSBC

Simmons & Simmons
30th Floor, One Taikoo Place
979 King's Road
Hong Kong
Tel: +852 2868 1131

Statutory Auditors of our Company

M/s SPMG & Co.
3322-A, 2nd Floor, Bank Street,
Karol Bagh, New Delhi- 110005
Tel: +91 (11) 28728769, +91 (11) 28727385
Firm Registration No: 509249C
Email: vinod@spmgindia.in
Peer Review No: 009901

Changes in the auditors

There has been no change in the statutory auditors of our Company during the three years preceding the date of this Draft Red Herring Prospectus.

Bankers to the Issue

[●]

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs (i) in relation to the ASBA (other than through UPI Mechanism) is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI Mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, refer to the above-mentioned link or any other such website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Bids submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the Members of the Syndicate is available on the website of SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time.

Registered Brokers

Bidders can submit ASBA Forms in the Issue using the stock broker network of the stock exchange, i.e. through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at https://www.bseindia.com and https://www.nseindia.com, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept Bid cum Application Forms at the Designated RTA Locations, including details such as address, telephone number and email address, is provided on the websites of Stock Exchanges at https://www.bseindia.com/Static/PublicIssues/RtaDp.aspx and https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept Bid cum Application Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm , respectively, as updated from time to time.

Bankers to our Company

Corporation Bank
Flat no 124 to 130
3 Ansal Chamber - 1
Bhikaji Cama Place
New Delhi – 110 066
Tel: +91 (11) 26101670
Contact Person: Anil Kumar Singh
Website: www.corpbank.com
E-mail: cb373@corpbank.co.in

State Bank of India
5th Floor, Parswanath Capital Tower
Bhai Veer Singh Marg
New Delhi 110 001
Tel: +91 (11) 23475505
Contact Person: Kuldeep Singh
Website: www.sbi.co.in
E-mail: sbi.17313@sbi.co.in

ICICI Bank Limited
ICICI Towers, NBCC Place
Bhishma Pitamah Marg
Pragati Vihar
New Delhi- 110 003
Tel: +91 (11) 42218360
Contact Person: Sunil Rathi
Website: www.icicibank.com
E-mail: sunil.rathi@icicibank.com

IPO grading

No credit rating agency registered with SEBI has been appointed for grading the Issue.

Inter se allocation of responsibilities

The following table sets forth the inter se allocation of responsibilities for various activities among the BRLMs:

Sr. No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring with relative components and formalities	BRLMs	IDFC
2.	Due diligence of our Company including its operations/management/ business/plans/legal, etc. Drafting and design of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalisation of the Prospectus and RoC filing.	BRLMs	IDFC
3.	Drafting and approval of all statutory advertisements and all publicity material including corporate advertising, brochures, etc.	BRLMs	ICICI Securities
4.	Coordination with Auditors on restated financial statements and all Auditors deliverables	BRLMs	HSBC
5.	Appointment of Bankers to the Issue, Registrar to the Issue (including coordinating all agreements, if any to be entered with such parties)	BRLMs	SBICAP
6.	Appointment of other intermediaries including printers, advertising agency and monitoring agency, if required for the Issue (including coordinating all agreements, if any to be entered with such parties)	BRLMs	ICICI Securities
7.	Preparation of roadshow presentation and FAQs	BRLMs	IDFC
8.	Non-institutional and retail marketing of the Issue, which will cover, inter alia: • Finalising media, marketing and public relations strategy; • Finalising centers for holding conferences for brokers, etc.; • Follow-up on distribution of publicity and Issue material including forms, the Prospectus and deciding on the quantum of Issue material; and • Finalising collection centers	BRLMs	ICICI Securities
9.	Domestic Institutional marketing of the Issue, which will cover, inter alia: • Finalising the list and division of investors for one to one meetings, institutional allocation	BRLMs	SBICAP
10.	International Institutional marketing of the Issue, which will	BRLMs	HSBC

Sr. No.	Activity	Responsibility	Co-ordinator
	cover, inter alia: • Finalising the list and division of investors for one to one meetings, institutional allocation		
11.	Managing the book and finalisation of Issue Price, in consultation with the Selling Shareholder and the Company	BRLMs	HSBC
12.	Co-ordination with Stock Exchanges for book building software, bidding terminals, mock trading and payment of 1% security deposit	BRLMs	ICICI Securities
13.	Post Issue activities, which shall involve: • essential follow-up steps, advising the Company about the closure of the Issue based on the Bid file, finalisation of the Basis of Allotment or weeding out of multiple applications, listing of Equity Shares, demat credit etc., including co-ordination with various agencies connected with the intermediaries such as registrar to the Issue; • coordinating with Stock Exchanges and SEBI for release of 1% security deposit post-closure of the Issue. • Payment of applicable securities transaction tax on the sale of unlisted Equity Shares by the Selling Shareholder under the Issue for Sale included in the Issue to the GoI and filing of the securities transaction tax return by the prescribed due date as per Chapter VII of the Finance (no. 2) Act, 2004.	BRLMs	SBICAP

Credit Rating

As this is an Issue of Equity Shares, the requirement of credit rating is not applicable.

Trustees

As this is an Issue of Equity Shares, the requirement of appointment of trustees is not applicable.

Appraising Agencies

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised.

Monitoring Agency

Pursuant to Regulation 41 of the SEBI ICDR Regulations, since our Company is a public financial institution, our Company is exempt from appointing a monitoring agency for the Issue.

Filing of this Draft Red Herring Prospectus

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Division of Issues and Listing, SEBI Bhavan, Plot No. C4 A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051 and simultaneously through the SEBI intermediary portal at https://siportal.sebi.gov.in, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018.

A copy of the Red Herring Prospectus, along with the documents required to be filed (including the material contracts and documents) will be filed with the RoC in accordance with Section 32 of the Companies Act, 2013, and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, 2013 will be delivered for filing to the Registrar of Companies at the address mentioned below:

Registrar of Companies
National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower
61, Nehru Place
New Delhi - 110 019, India

Green Shoe Option

No green shoe option is applicable for the Issue.

Expert to the Issue

Except as disclosed below, our Company has not obtained any expert opinions:

Our Company has received written consent from our Statutory Auditors, M/s SPMG & Co., to include their name in this Draft Red Herring Prospectus as required under Section 26(1) of the Companies Act read with SEBI ICDR Regulations and as an "expert" as defined under Section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditor and in respect of the examination report dated January 16, 2020, on Restated Financial Statements and the statement of special tax benefits dated January 16, 2020 and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

Book Building Process

Book building, in the context of the Issue, refers to the process of collection of Bids from Bidders on the basis of the Red Herring Prospectus and the Bid Cum Application Forms and the Revision Forms within the Price Band, which will be decided by our Company and the Selling Shareholder in consultation with the Book Running Lead Managers, and which will either be included in the Red Herring Prospectus or will be advertised in [●] editions of the English national daily newspaper, [●] and [●] editions of Hindi national daily newspaper, [●] (Hindi being the regional language of the National Capital Territory of Delhi & Haryana, where our Registered Office is located), at least two Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Issue Price shall be determined by our Company in consultation with the Book Running Lead Managers after the Bid/Issue Closing Date. For details, see "*Issue Procedure*" beginning on page 328.

All Bidders shall participate in this Issue mandatorily through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs.

In terms of the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of the number of Equity Shares or the Bid Amount) at any stage. RIBs and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bid(s) during the Bid/ Issue Period and withdraw their Bid(s) until the Bid/ Issue Closing Date. Except for Allocation to RIBs, Allocation in the Issue will be on a proportionate basis.

For further details, see "*Terms of the Issue*" "*Issue Structure*" and "*Issue Procedure*" on pages 323, 320 and 328, respectively.

The process of Book Building under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Issue.

Bidder should note that, the Issue is also subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

Underwriting Agreement

After the determination of the Issue Price, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholder shall enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. Subject to applicable law and pursuant to the terms of such Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein. The Underwriting Agreement is dated [●] and has been approved by our Board of Directors / committee thereof and the Selling Shareholder.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

(amount in ₹million)

Name, address, telephone, and email of the Underwriters	Indicated number of Equity Shares to be underwritten	Amount underwritten
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

The above mentioned is indicative underwriting commitment and will be finalised after pricing and actual allocation and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board of Directors and the Selling Shareholder, the resources of the above-mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Bids procured by them.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders/ UPI Bidders in the Issue (except for ASBA Bids/ Bids using UPI Mechanism procured by any member of the Syndicate). The Underwriting Agreement shall list out the role and obligations of each Member of the Syndicate, and inter alia contain a clause stating that margin collected shall be uniform across all categories indicating the percentage to be paid as margin by the investors at the time of Bidding.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Draft Red Herring Prospectus is set forth below:

(in ₹, except share data)

Particulars	Aggregate nominal value	Aggregate value at Issue Price#
A. Authorised Share Capital		
15,000,000,000 Equity Shares	150,000,000,000	-
B. Issued, subscribed and paid up Equity Share capital before the Issue		
9,380,460,000 Equity Shares	93,804,600,000	-
C. Present Issue in terms of this Draft Red Herring Prospectus*		
Up to 1,407,069,000 Equity Shares	Up to ₹14,070,690,000	
Of which:		
Fresh Issue of up to 938,046,000 Equity Shares	Up to ₹9,380,460,000	[●]
Offer for Sale of up to 469,023,000 Equity Shares by the Selling Shareholder	Up to ₹4,690,230,000	[●]
D: Which includes:		
Employee Reservation Portion up to [●]** Equity Shares	Up to ₹[●]	[●]
Net Issue to the Public		
Up to [●] Equity Shares	Up to ₹[●]	[●]
E. Issued, subscribed and paid up Equity Share capital after the Issue		
Up to 10,318,506,000 Equity Shares***	Up to ₹103,185,060,000****	
F**. Securities Premium Account**		
Before the Issue	Nil	
After the Issue	[●]	

**Our Board of Directors has approved the Issue pursuant to a resolution passed at their meeting held on September 5, 2019 and our Shareholders have approved the Issue pursuant to a resolution passed at the AGM held on September 26, 2019. The Selling Shareholder has approved the Offer for Sale of up to 469,023,000 Equity Shares of our Company vide its letter dated November 1, 2017. The Equity Shares being offered by the Selling Shareholder are eligible for being offered for sale in terms of Regulation 8 of the SEBI ICDR Regulations. Further, vide a letter dated January 10, 2020, the Selling Shareholder has conveyed its consent for inclusion of the Offered Shares in the Issue.*

***The Selling Shareholder has approved the allocation and allotment of Equity Shares amounting to ₹4.4 million in the Issue to Eligible Employees of our Company under the Employee Reservation Portion, vide an office memorandum dated January 2, 2020.*

**** Assuming full subscription in the Issue.*

#To be included upon finalisation of the Issue Price.

Notes to the Capital Structure:

1. Equity Share capital history of our Company:

Date of allotment	Number of equity shares allotted	Face value (₹)	Issue price per equity share (₹)	Consideration (cash, bonus, consideration other than cash)	Nature of allotment and names of allottees*
December 12, 1986	1	1,000	1,000	Cash	Allotment to Mr. Prakash Narain as initial subscriber to MOA
	1	1,000	1,000	Cash	Allotment to Mr. Prakash Narain as initial subscriber to MOA
	1	1,000	1,000	Cash	Allotment to Mr. Srinivasa Ramaswamy as initial subscriber to MOA
	1	1,000	1,000	Cash	Allotment to Mr. Saroj Kumar Mitra as initial subscriber to MOA
	1	1,000	1,000	Cash	Allotment to Mr. Satish Mohan Vaish as initial subscriber to MOA
	1	1,000	1,000	Cash	Allotment to Mr. Raj Kumar Jain as initial subscriber to MOA
	1	1,000	1,000	Cash	Allotment to Mr. Rameshwar Prasad Singh as initial subscriber to MOA
	1	1,000	1,000	Cash	Allotment to Mr. Amar Nath Wanchoo as initial subscriber to MOA
December 24, 1986	499,992	1,000	1,000	Cash	Further allotment
August 4, 1987	300,000	1,000	1,000	Cash	Further allotment
September 30, 1987	200,000	1,000	1,000	Cash	Further allotment
March 23, 1989	600,000	1,000	1,000	Cash	Further allotment
November 15, 1989	720,000	1,000	1,000	Cash	Further allotment
April 25, 2007	2,680,000	1,000	1,000	Cash	Private placement
June 2, 2009	3,000,000	1,000	1,000	Cash	Further allotment
January 27, 2010	2,910,000	1,000	1,000	Cash	Further allotment
December 21, 2010	5,110,000	1,000	1,000	Cash	Further allotment
March 3, 2012	5,000,000	1,000	1,000	Cash	Further allotment
May 4, 2012	2,500,000	1,000	1,000	Cash	Further allotment
May 13, 2013	5,999,995	1,000	1,000	Cash	Further allotment
	5	1,000	1,000	Cash	Further allotment
March 24, 2014	4,000,000	1,000	1,000	Cash	Further allotment
April 24, 2014	2,319,600	1,000	1,000	Cash	Further allotment
May 11, 2015	5,425,000	1,000	1,000	Cash	Rights issue
February 16, 2016	4,000,000	1,000	1,000	Cash	Further allotment
May 11, 2016	20,000,000	1,000	1,000	Cash	Rights issue
With effect from September 12, 2017, 65,264,600 equity shares of face value of ₹1,000 each were split into 6,526,460,000 equity shares of the face value of ₹10 each.					
March 26, 2019	2,854,000,000	10	10	Cash	Rights issue
Total	**9,380,460,000**				

** All issuances were made to the President of India or as nominees of the President of India, acting through the MoR.*

2. Our Company has not issued any Equity Shares or preference shares for consideration other than cash or through a bonus issuance, since its incorporation.

3. Our Company has not issued or allotted any Equity Shares pursuant to any scheme of arrangement approved under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013.

4. Our Company has not issued any Equity Shares or preference shares out of its revaluation reserves, since its incorporation.

5. Other than an allotment of 2,854,000,000 Equity Shares made by our Company on March 26, 2019 pursuant to a rights issue, details of which have been disclosed in *"Capital Structure-Notes to the Capital Structure"*, on page 69, our Company has not made any issue of Equity Shares at a price that may be lower than the Issue Price during the preceding one year from the date of this Draft Red Herring Prospectus.

6. Our Company presently does not have any intention or proposal or is under negotiation or consideration to alter the capital structure for a period of six months from the Bid/Issue Opening Date, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for the Equity Shares) whether by way of preferential issue or bonus or right issue or further public issue of Equity Shares or qualified institutions placement or otherwise.

7. As on date of this Draft Red Herring Prospectus, there are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares.

8. As on date of this Draft Red Herring Prospectus, our Promoter, the President of India, together with its nominees, holds 9,380,460,000 Equity Shares, equivalent to 100% of the issued, subscribed and paid-up Equity Share capital of our Company.

9. Details of the build-up of our Promoter's shareholding in our Company:

Date of allotment	Number of equity shares allotted	Face value (₹)	Issue price per equity share (₹)	Consideration (cash, bonus, consideration other than cash)	Nature of allotment and names of allottees**	Percentage of total pre-Issue paid-up capital^	Percentage of total post-Issue paid-up capital^*
December 12, 1986	1	1,000	1,000	Cash	Allotment to Mr. Prakash Narain as initial subscriber to MOA	0.00%	0.00%
	1	1,000	1,000	Cash	Allotment to Mr. Prakash Narain as initial subscriber to MOA	0.00%	0.00%
	1	1,000	1,000	Cash	Allotment to Mr. Srinivasa Ramaswamy as initial subscriber to MOA	0.00%	0.00%
	1	1,000	1,000	Cash	Allotment to Mr. Saroj Kumar Mitra as initial subscriber to MOA	0.00%	0.00%
	1	1,000	1,000	Cash	Allotment to Mr. Satish Mohan Vaish as initial subscriber to MOA	0.00%	0.00%
	1	1,000	1,000	Cash	Allotment to Mr. Raj Kumar Jain as initial subscriber to MOA	0.00%	0.00%
	1	1,000	1,000	Cash	Allotment to Mr. Rameshwar Prasad Singh as initial subscriber to MOA	0.00%	0.00%
	1	1,000	1,000	Cash	Allotment to Mr. Amar Nath Wanchoo as initial subscriber to MOA	0.00%	0.00%
December 24, 1986	499,992	1,000	1,000	Cash	Further allotment	0.53%	0.48%
August 4, 1987	300,000	1,000	1,000	Cash	Further allotment	0.32%	0.29%
September 30, 1987	200,000	1,000	1,000	Cash	Further allotment	0.21%	0.19%
March 23, 1989	600,000	1,000	1,000	Cash	Further allotment	0.64%	0.58%

Date of allotment	Number of equity shares allotted	Face value (₹)	Issue price per equity share (₹)	Consideration (cash, bonus, consideration other than cash)	Nature of allotment and names of allottees**	Percentage of total pre-Issue paid-up capital^	Percentage of total post-Issue paid-up capital^*
November 15, 1989	720,000	1,000	1,000	Cash	Further allotment	0.77%	0.70%
April 25, 2007	2,680,000	1,000	1,000	Cash	Private placement	2.86%	2.60%
June 2, 2009	3,000,000	1,000	1,000	Cash	Further allotment	3.20%	2.91%
January 27, 2010	2,910,000	1,000	1,000	Cash	Further allotment	3.10%	2.82%
December 21, 2010	5,110,000	1,000	1,000	Cash	Further allotment	5.45%	4.95%
March 3, 2012	5,000,000	1,000	1,000	Cash	Further allotment	5.33%	4.85%
May 4, 2012	2,500,000	1,000	1,000	Cash	Further allotment	2.67%	2.42%
May 13, 2013	5,999,995	1,000	1,000	Cash	Further allotment	6.40%	5.81%
	5	1,000	1,000	Cash	Further allotment	0.00%	0.00%
March 24, 2014	4,000,000	1,000	1,000	Cash	Further allotment	4.26%	3.88%
April 24, 2014	2,319,600	1,000	1,000	Cash	Further allotment	2.47%	2.25%
May 11, 2015	5,425,000	1,000	1,000	Cash	Rights issue	5.78%	5.26%
February 16, 2016	4,000,000	1,000	1,000	Cash	Further allotment	4.26%	3.88%
May 11, 2016	20,000,000	1,000	1,000	Cash	Rights issue	21.32%	19.38%
With effect from September 12, 2017, 65,264,600 equity shares of face value of ₹1,000 each were split into 6,526,460,000 equity shares of the face value of ₹10 each.							
March 26, 2019	2,854,000,000	10	10	Cash	Rights Issue	30.42%	27.66%
Total	**9,380,460,000**					**100.00%**	**90.91%**

**Assuming full subscription in the Issue.*
^After considering and giving effect to the split of the face value of the equity shares of the Company from ₹1,000 to ₹10 with effect from September 12, 2017.
*** All issuances were made to the President of India or as nominees of the President of India, acting through the MoR.*

Details of Promoter's contribution locked in for three years:

As per Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully-diluted post-Issue capital of our Company held by our Promoter shall be considered as Promoter's contribution and locked in for a period of three years from the date of Allotment ("**Promoter's Contribution**") and our Promoter's holding in excess of 20% (excluding the Equity Shares transferred in the Offer for Sale) shall be locked in for a period of one year from the date of Allotment.

Our Promoter, pursuant to its letter dated January 10, 2020, granted consent to include upto 2,063,701,200 Equity Shares held by them as Promoter's Contribution and have agreed not to sell or transfer, charge or pledge or otherwise encumber in any manner, the Promoter's Contribution from the date of this Draft Red Herring Prospectus until the commencement of the lock-in period specified above.

(a) Details of Promoter's shareholding that is eligible for Promoter's contribution is as provided below:

Name of the Promoter	No. of equity shares locked-in	Date of allotment/ transfer	Face value (₹)	Issue/ Acquisition price per equity share (₹)	Number of equity shares pledged	Nature of transaction	% of pre-Issue share capital	% of post-Issue share capital**
Equity Shares eligible for Promoter's Contribution								
President of India	499,992	December 24, 1986	1,000	1,000	Nil	Further allotment	0.01%	0.00%
	300,000	August 4,	1,000	1,000	Nil	Further	0.00%	0.00%

Name of the Promoter	No. of equity shares locked-in	Date of allotment/ transfer	Face value (₹)	Issue/ Acquisition price per equity share (₹)	Number of equity shares pledged	Nature of transaction	% of pre-Issue share capital	% of post-Issue share capital**
		1987				allotment		
	200,000	September 30, 1987	1,000	1,000	Nil	Further allotment	0.00%	0.00%
	600,000	March 23, 1989	1,000	1,000	Nil	Further allotment	0.01%	0.01%
	720,000	November 15, 1989	1,000	1,000	Nil	Further allotment	0.01%	0.01%
	2,680,000	April 25, 2007	1,000	1,000	Nil	Private placement	0.03%	0.03%
	3,000,000	June 2, 2009	1,000	1,000	Nil	Further allotment	0.03%	0.03%
	2,910,000	January 27, 2010	1,000	1,000	Nil	Further allotment	0.03%	0.03%
	5,110,000	December 21, 2010	1,000	1,000	Nil	Further allotment	0.05%	0.05%
	4,617,020	March 3, 2012	1,000	1,000	Nil	Further allotment	0.05%	0.05%
With effect from September 12, 2017, equity shares of face value of ₹1,000 each were split into Equity Shares of the face value of ₹10 each.								
TOTAL	**2,063,701,200**						**22.00%** ^	**20.00%** ^

*** Assuming full subscription in the Issue.*

^ After considering and giving effect to the split of face value of the equity shares of the Company from ₹1,000 to ₹10 with effect from September 12, 2017.

All Equity Shares, which are considered for the purposes of the Promoter's Contribution, are eligible as per the SEBI ICDR Regulations.

The minimum Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot and from the 'Promoter' as required under the SEBI ICDR Regulations. All Equity Shares offered as minimum Promoters' Contribution were fully paid up at the time of their issue.

Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoter's Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, we confirm the following:

(i) The Equity Shares offered for Promoters' Contribution do not include (a) Equity Shares acquired in the three years immediately preceding the date of this Draft Red Herring Prospectus for consideration other than cash, and where revaluation of assets or capitalisation of intangible assets was involved in such transaction; or (b) bonus issue out of revaluation reserves or unrealised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's Contribution;

(ii) The Promoters' Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;

(iii) Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm;

(iv) All the Equity Shares held by our Promoter are held in dematerialized form (other than the Equity Shares held by the nominees of our Promoter); and

(v) The Equity Shares forming part of the Promoter's Contribution are not subject to any pledge.

The Equity Shares held by the nominees of our Promoter shall be dematerialised prior to filing the Red Herring Prospectus with RoC.

Details of other Equity Share capital locked-in for one year:

In addition to the above Equity Shares (forming part of the Promoter's Contribution) that are locked-in for three years, the entire pre-Issue capital of our Company excluding the Equity Shares transferred in the Offer for Sale, will be locked-in for a period of one year from the date of Allotment in this Issue.

(b) Other requirements in respect of lock-in:

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, as mentioned above, may be pledged as collateral security for a loan granted by a scheduled commercial bank, a public financial institution, Systemically Important Non-Banking Financial Company or a deposit accepting housing finance company, subject to the following:

(i) With respect to the Equity Shares locked-in for one year from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan.

(ii) With respect to the Equity Shares locked-in as Promoter's Contribution for three years from the date of Allotment, the loan must have been granted to our Company for the purpose of financing one or more of the objects of the Issue, which is not applicable in the context of this Issue.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer the Equity Shares so pledged till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoter and locked-in, may be transferred to a new promoter, subject to continuation of lock-in applicable with the transferee for the remaining period and compliance with provisions of the SEBI Takeover Regulations, as amended.

Further, in terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by persons other than our Promoter, if any, prior to the Issue and locked-in for a period of one year, may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in with the transferee and compliance with the provisions of the SEBI Takeover Regulations.

10. **Shareholding Pattern of our Company as on the date of this Draft Red Herring Prospectus**

Set forth below is the shareholding pattern of our Company as on date of this Draft Red Herring Prospectus

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)		No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No of Voting Rights: Class – Equity Shares	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
(A)	Promoter and Promoter Group	13*	9,380,460,000*	-	-	9,380,460,000	100.00%*	9,380,460,000	100.00%	-	100.00%		-		-	9,380,458,800
(B)	Public	-	-	-	-	-	-	-	-	-	-		-		-	-
(C)	Non - Promoter- Non - Public	-	-	-	-	-	-	-	-	-	-		-		-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-		-		-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-		-		-	-
(C3)	Shares underlying ESOP's	-	-	-	-	-	-	-	-	-	-		-		-	-
Total		**13**	**9,380,460,000**	**-**	**-**	**9,380,460,000**	**100.00%**	**9,380,460,000**	**100.00%**	**-**	**100.00%**		**-**		**-**	**9,380,458,800**

**As on the date of this Draft Red Herring Prospectus, our Promoter holds 100.00% of the Equity Share capital of the Company, including 1,200 Equity Shares held by 12 nominees of our Promoter.*

11. ***Other details of Shareholding of our Company***

(a) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them, as on the date of this Draft Red Herring Prospectus.

Name of the Shareholders	No. of Equity Shares	Percentage of the pre-Issue Equity Share Capital (%)
President of India, acting through the MoR	9,380,460,000	100.00%

**Inclusive of 1,200 Equity Shares held by nominees of the President of India, acting through the MoR.*

(b) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them, on a fully diluted basis, as of 10 days prior to the date of this Draft Red Herring Prospectus.

Name of the Shareholders	No. of Equity Shares	Percentage of the pre-Issue Equity Share Capital (%)
President of India, acting through the MoR	9,380,460,000	100.00%

**Inclusive of 1,200 Equity Shares held by nominees of the President of India, acting through the MoR.*

(c) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them, on a fully diluted basis, as of one year prior to the date of this Draft Red Herring Prospectus.

Name of the Shareholders	No. of Equity Shares	Percentage of the pre-Issue Equity Share Capital (%)
President of India, acting through the MoR	6,526,460,000	100.00%

**Inclusive of 1,200 Equity Shares held by nominees of the President of India, acting through the MoR.*

(d) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them, on a fully diluted basis, as of two years prior to the date of this Draft Red Herring Prospectus.

Name of the Shareholders	No. of Equity Shares	Percentage of the pre-Issue Equity Share Capital (%)
President of India, acting through the MoR	6,526,460,000	100.00%

**Inclusive of 1,200 Equity Shares held by nominees of the President of India, acting through the MoR.*

(e) Except for the transfer of shares amongst nominees of the President of India, acting through the MoR, neither our Promoter nor our Directors and their relatives have purchased or sold any securities of our Company, during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

(f) None of our Directors hold Equity Shares of our Company in their individual capacities. Further, none of our KMPs hold any Equity Shares in their individual capacities.

(g) The total number of holders of the Equity Shares as on the date of this Draft Red Herring Prospectus is 13, consisting of the President of India, acting through the MoR, and his nominees.

(h) Our Promoter, our Company, our Directors and the BRLMs have not entered into any buyback arrangements for purchase of Equity Shares or other specified securities of our Company.

(i) As on the date of this Draft Red Herring Prospectus, the BRLMs and/or their associates as defined under SEBI (Merchant Bankers) Regulations, 1992, do not hold any Equity Shares.

(j) There has been no financing arrangement by which, Promoter, the Directors and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

(k) None of our Equity Shares are subject to any pledge.

(l) The Equity Shares, including the Equity Shares being offered in the Offer for Sale, are fully paid-up and there are no partly paid-up Equity Shares as on date of this Draft Red Herring Prospectus.

(m) Our Company currently does not have any employee stock option scheme / employee stock purchase scheme for our employees.

(n) No person connected with the Issue, including, but not limited to the Members of the Syndicate, our Company, the Selling Shareholder and our Directors, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

(o) Our Company shall ensure that transactions in the Equity Shares by our Promoter, if any (other than transfers between nominees of our Promoter) during the period between the date of this Draft Red Herring Prospectus filed in relation to this Issue and the date of closure of the Issue, shall be reported to the Stock Exchanges within 24 hours of the transactions.

(p) Except to the extent of Equity Shares offered in the Issue by the Selling Shareholder for sale in the Offer for Sale, our Promoter will not participate in the Issue.

OBJECTS OF THE ISSUE

The Issue comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholder.

The Offer for Sale

The proceeds of the Offer for Sale shall be received by the Selling Shareholder only and our Company will not receive any proceeds from the Offer for Sale.

Objects of the Fresh Issue

The Net Proceeds are proposed to be utilised towards funding of the following objects:

(1) Augmenting our equity capital base to meet our future capital requirements arising out of growth in our business; and

(2) General corporate purposes.

In addition, our Company expects to achieve the benefits of listing of our Equity Shares on the Stock Exchanges and enhancement of our Company's brand name and creation of a public market for our Equity Shares in India.

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable our Company to undertake its existing business activities and the activities for which funds are being raised by our Company through the Fresh Issue.

Proceeds of the Fresh Issue

The details of the Fresh Issue proceeds are summarized in the table below:

Particulars		Estimated amount* (in ₹million)
Gross proceeds of the Fresh Issue		[●]
Less:	Issue expenses in relation to the Fresh Issue (**)	[●]
Net Proceeds		[●]

**To be finalized upon determination of the Issue Price and will be updated in the Prospectus prior to filing with the RoC.*
***For details, see "Issue Expenses" below.*

Proposed implementation and utilisation of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

Particulars	Amount (in ₹million)
Augmenting our equity capital base to meet our future capital requirements arising out of growth in our business	[●]
General corporate purposes*	[●]
Total	**[●]**

* *To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount shall not exceed 25% of the gross proceeds of the Fresh Issue.*

The fund requirements mentioned above are based on our internal management estimates and have not been appraised by any bank, financial institution or any other external agency.

Schedule of Deployment

The Net Proceeds of the Issue are proposed to be deployed in the Financial Year 2020 and 2021.

The fund deployment indicated above is based on current circumstances of our business and we may have to revise its estimates from time to time on account of various factors, such as financial and market conditions, competition, interest rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable laws. For details, see "*Risk Factors – Our management will have flexibility in utilising the Net Proceeds and there we cannot assure you that the deployment of the Net Proceeds in the manner intended will result in an increase in the value of your investment"* on page 43.

Subject to applicable laws, in the event of any increase in the actual utilisation of funds earmarked for the objects of the Issue, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and any additional equity and/or debt arrangements. Further, if the Net Proceeds are not utilized (in full or in part) for the objects of the Issue during the period stated above due to factors such as (i) the timing of completion of the Issue; (ii) market conditions outside the control of our Company; and (iii) any other business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods as may be determined by our Company, in accordance with applicable laws.

Details of the Objects of the Issue

The details in relation to the objects of the Fresh Issue are set forth below:

I. *Augmenting our equity capital base to meet our future capital requirements arising out of growth in our business*

Our Company is the dedicated market borrowing arm of the Indian Railways. It is registered as a systemically important Non-Banking Financial Company which does not accept public deposits, registered with the Reserve Bank of India and has further been classified as an Infrastructure Finance Company. In addition, our Company has been notified as being a Public Financial Institution by the Ministry of Corporate Affairs. We raise money from the market through the issue of bonds, term loans from banks and financial institutions, and off shore borrowings to finance a portion of the annual plan outlay of the Indian railways. For details, see "*Our Business*" on page 102.

The Debt/Equity ratio of our Company, as on September 30, 2019 and March 31, 2019 was 9.21 and 9.36 respectively. The MoR, vide letter bearing reference no. 2019/F(FX)22/4 dated April 15, 2019, has requested our Company to raise an amount of ₹554,710 million, in Fiscal 2020, to fund the extra budgetary resources of MoR. Thus, to enable our Company to raise the aforesaid amount of ₹554,710 million, while maintaining the Debt/Equity ratio at a comfortable level, an amount aggregating to ₹[●] million out of our Net Proceeds is proposed to be utilized for augmenting our equity capital base to meet future capital requirements which are expected to arise out of growth in our Company's assets, primarily our Company's loans and advances, lease receivables and other investments.For further details on the applicable regulations, see "*Key Regulations and Policies*" and "*Our Business*" on pages 120 and 102 respectively.

II. *General corporate purposes*

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹[●] million towards general corporate purposes, subject to such utilisation not exceeding 25% of the gross proceeds of the Fresh Issue, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise Net Proceeds include meeting exigencies and expenses incurred by our Company in the ordinary course of business, and towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilising surplus amounts, if any.

Means of Finance

The entire requirements of the objects detailed above are intended to be met from the Net Proceeds. Accordingly, we confirm that there is no need for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Issue expenses

The total expenses of the Issue are estimated to be approximately ₹[●] million. The Issue expenses consist of listing fees, underwriting fees, selling commission, fees payable to the BRLMs, fees payable to legal counsels, Registrar, Escrow Collection Bank, fee payable to the auditors processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, fees payable to the Sponsor Banks for Bids made by RIBs using UPI mechanism, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges.

The Issue expenses will be shared, upon successful completion of the Issue, between our Company and the Selling Shareholder on a pro-rata basis in proportion to the Equity Shares issued and Allotted by our Company in the Fresh Issue and the Equity Shares transferred by the Selling Shareholder in the Offer for Sale. However, in the event that the Issue is withdrawn by our Company for any reason whatsoever, all the Issue related expenses will be borne by our Company. Any payments by our Company in relation to the Issue expenses on behalf of the Selling Shareholder shall be reimbursed by the Selling Shareholder to our Company. The break-up for the Issue expenses is as follows:

Activity	**Estimated expenses(1) (in ₹million)**	**As a % of total estimated Issue expenses(1)**	**As a % of the total Issue size(1)**
Book Running Lead Managers fees and commissions (including any underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs and Sponsor Bank. Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs(2) (3)(4)	[●]	[●]	[●]
Fees payable to Registrar to the Issue	[●]	[●]	[●]
Other expenses			
- regulatory filing fees, book building software fees, listing fees, etc.)	[●]	[●]	[●]
- printing and stationery	[●]	[●]	[●]
- fee payable to legal counsels	[●]	[●]	[●]
- advertising and marketing	[●]	[●]	[●]
- miscellaneous	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

(1) Issue expenses include applicable taxes, where applicable. Issue expenses will be incorporated at the time of filing of the Prospectus. Issue expenses are estimates and are subject to change.

(2) Selling commission payable to the SCSBs on the portion for RIBs and Non-Institutional Bidders which are directly procured by the SCSBs, would be as follows:

*Portion for RIBs**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*[●]% of the Amount Allotted (plus applicable taxes)*
*Employee Reservation Portion**	*[●]% of the Amount Allotted (plus applicable taxes)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.*

Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

(3) No processing fees shall be payable by our Company and the Selling Shareholder to the SCSBs on the applications directly procured by them.

Processing fees payable to the SCSBs on the portion for RIBs and Non-Institutional Bidders which are procured by the Members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

*Portion for RIBs**	*₹[●] per valid application (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*₹[●] per valid application (plus applicable taxes)*
*Employee Reservation Portion**	*[●]% of the Amount Allotted (plus applicable taxes)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.*

(4) Selling commission on the portion for RIBs, Non-Institutional Bidders which are procured by Members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:

Portion for RIBs	*[●]% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Bidders	*[●]%of the Amount Allotted* (plus applicable taxes)*
*Employee Reservation Portion**	*[●]% of the Amount Allotted (plus applicable taxes)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.*

The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the selling commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.

Bidding Charges payable to Members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for RIBs and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking, would be as follows: ₹[●] plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.

The selling commission and bidding charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

Bidding charges payable to the Registered Brokers, RTAs/CDPs on the portion for RIBs and Non Institutional Bidders which are directly procured by the Registered Broker or RTAs or CDPs and submitted to SCSB for processing, would be as follows:

*Portion for RIBs**	*₹[●] per valid application (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*₹[●] per valid application (plus applicable taxes)*
*Employee Reservation Portion**	*[●]% of the Amount Allotted (plus applicable taxes)*

* *Based on valid applications*

Processing fees for applications made by RIBs using the UPI Mechanism would be as under:

Members of the Syndicate / RTAs / CDPs	*₹[●] per valid application (plus applicable taxes)*
Sponsor Bank	*₹[●] per valid application (plus applicable taxes)* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws*

All such commissions and processing fees set out above shall be paid as per the terms of the Syndicate Agreement and Escrow and Sponsor Bank Agreement.

Interim use of Net Proceeds

The Net Proceed of the Issue pending utilisation for the purposes described above, shall be deposited with one or more Scheduled Commercial Banks included in Second Schedule of Reserve Bank of India Act, 1934, as may be approved by our Board or committee thereof.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

Monitoring of Utilisation of Funds

Our Company is exempted from appointing a Monitoring Agency in terms of Regulation 41 of SEBI ICDR Regulations.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations and SEBI Circular no. CIR/CFD/CMD1/162/2019 dated December 24, 2019, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on a quarterly basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. And after such review, the comments of audit committee along with the report shall be disclosed/submitted to the stock exchange, as part of the format. Such disclosure shall be made only till such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations, if any, in the utilization of the Net Proceeds of the Issue from the objects of the Issue as stated above. The information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee. Comments or reports will also be submitted to the Stock Exchanges on utilization of the Net Proceeds We will disclose the utilization of the Net Proceeds under a separate head along with details in our balance sheet(s) until such time as the Net Proceeds remain unutilized clearly specifying the purpose for which such Net Proceeds have been utilized.

Variation in Objects

In accordance with Section 13(8) and Section 27 of the Companies Act, the SEBI ICDR Regulations and applicable rules, our Company shall not vary the objects of the Fresh Issue unless our Company is authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details and be published as required under the Companies Act and the applicable rules. Our Promoter or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, subject to the provisions of the Companies Act and SEBI ICDR Regulations.

Appraising Entity

None of the objects of the Fresh Issue for which the Net Proceeds will be utilized have been appraised by any bank/financial institution.

Other Confirmations

No part of the proceeds of the Fresh Issue will be paid by us as a consideration to our Promoter, our Directors or our Key Management Personnel, except in the normal course of business and in compliance with the applicable law.

There are no existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Directors, or Key Management Personnel. There are no existing transaction in relation to the utilization of the Net Proceeds by our Promoter, since we are the dedicated market borrowing arm of the Indian Railways and we are responsible for raising the finance necessary for financing the acquisition of Rolling Stock Assets and development and construction of railway projects, the Issue Proceeds may be used for the purposes of meeting the funding requirements of the MoR as a part of our normal course of business .

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company and the Selling Shareholder in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

Some of the qualitative factors which form the basis for the Issue Price are:

1. Strategic role in financing growth of Indian Railways;
2. Competitive cost of borrowings based on strong credit ratings in India and diversified sources of funding;
3. Consistent financial performance and cost-plus model;
4. Low risk business model;
5. Strong asset-liability management; and
6. Experienced senior management and committed team.

For details, see "*Our Business*" on page 102.

Quantitative Factors

The information presented below relating to our Company is based on the Restated Financial Statements prepared in accordance with Indian AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations. For details, see "*Financial Statements*" on page 153.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. **Basic and Diluted Earnings Per Share ("EPS"), as adjusted for changes in capital:**

As per Restated Financial Statements:

Financial Period	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Year ended March 31, 2019	3.43	3.43	3
Year ended March 31, 2018	3.14	3.14	2
Year ended March 31, 2017	1.41	1.41	1
Weighted Average	3.00	3.00	
Six Months ended September 30, 2019*	1.83	1.83	

**Not annualized*

Notes:

(1) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year / Total of weights
(2) The figures disclosed above are based on the Restated Financial Statements of our Company.
(3) Earnings per Share (₹)= Profit for the period before Other Comprehensive Income attributable to equity shareholders / Weighted Average No. of equity shares
(4) Basic EPS and Diluted EPS calculations are in accordance with Ind-AS 33 'Earnings per Share', notified under Section 133 of Companies Act, 2013 read together along with paragraph 7 of the Companies (Accounts) Rules, 2014.
(5) The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure VI.

2. **Price Earnings Ratio (P/E) in relation to the Price Band of ₹[●] to ₹[●] per Equity Share**

Particulars	P/E at the lower end of Price Band (no. of times)	P/E at the higher end of Price band (no. of times)
Based on basic EPS as per the restated financial statements for the year ended March 31, 2019	**[●]***	**[●]***
Based on diluted EPS as per the restated financial statements for the year ended March 31, 2019	**[●]***	**[●]***

**To be disclosed upon determination of the Price Band.*

Industry Peer Group P/E ratio

Not applicable, as there are no listed entities similar to our line of business and operating profile.

3. **Return on average Net Worth (“RoNW”)**

As per Restated Financial Statements of our Company:

Particulars	RoNW (%)	Weight
Year ended March 31, 2019	13.87	3
Year ended March 31, 2018	15.71	2
Year ended March 31, 2017	7.67	1
Weighted Average	13.45	
Six months ended September 30, 2019*	8.88	

**Not annualized*

Notes:

(1) Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year / Total of weights
(2) Return on average Net Worth (%) = Net Profit for the relevant year/period as a percentage of average of our Company’s Net worth as of the last day of the relevant year/period and our Company’s Net worth as of the last day of the immediately preceding year/period.

4. **Net Asset Value per Equity Share of face value of ₹10 each**

(i) Net asset value per Equity Share as on September 30, 2019 is ₹21.37.

(ii) Net asset value per Equity Share as on March 31, 2019 is ₹19.81.

After the Issue:

- At the Floor Price: [●]
- At the Cap Price: [●]

Issue Price: [●]

Notes:

5. *Net Asset Value Per Equity Share = Net worth as per the restated financial information / Number of equity shares outstanding as at the end of year/period*

6. *Net worth means the aggregate value of the Equity Share Capital of our Company and Other Equity.*

7. **Comparison with Listed Industry Peers**

There are no listed companies in India in the same line of business as that of the Company. Hence, industry comparison in relation to the Company is not applicable.

8. **The Issue price is [●] times of the face value of the Equity Shares.**

The Issue Price of ₹[●] has been determined by our Company and the Selling Shareholder, in consultation with the BRLMs on the basis of assessment of demand from investors for the Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters.

Bidders should read the above-mentioned information along with *"Risk Factors"*, *"Our Business"* and *"Financial Statements"* on pages 26, 102 and 153 respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in "*Risk Factors*" and you may lose all or part of your investments.

STATEMENT OF SPECIAL TAX BENEFITS

To,

The Board of Directors

Indian Railway Finance Corporation Limited
Upper Ground Floor, East Tower,
NBCC Place, Bisham Pitamah Marg,
Pragati Vihar, Lodhi Road,
New Delhi 110 003

Re: Proposed initial public offering of equity shares of face value of ₹10 each (the "Equity Shares") of Indian Railway Finance Corporation Limited (the "Company" and such offering, the "Issue") pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations") and the Companies Act, 2013, as amended (the "Companies Act").

Dear Sirs,

We enclose herewith the statement showing the current position of special tax benefits available to the Company and to its shareholders in "Annexure A" under direct and indirect tax laws, as amended and read with the rules, circulars and notifications issued in relation thereto; and for inclusion in the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus (together the "**Issue Documents**") for the proposed Issue.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the direct and indirect tax laws. Hence the ability of the Company or its shareholders to derive these tax benefits is dependent upon their fulfilling such conditions. The benefits discussed in the enclosed statement are neither exhaustive nor conclusive.

The contents stated in the Annexure A are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

We do not express any opinion or provide any assurance whether:

(a) The Company or its shareholders will continue to obtain these benefits in future;
(b) The conditions prescribed for availing the benefits have been/ would be met;
(c) The revenue authorities/ courts will concur with the views expressed herein.

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its shareholders in the Issue Documents for the proposed public issue of shares which the Company intends to submit to the Securities and Exchange Board of India, Registrar of Companies and stock exchanges provided that the below statement of limitation is included in the Issue Documents. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

LIMITATIONS

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on the statement. This statement has been prepared solely in connection with the offering of Equity shares by the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

For SPMG & Co.

Chartered Accountants

FRN: 509249C

CA Vinod Gupta

(Partner)

Membership No. 090687

UDIN: 20090687AAAAAN3952

Place: Delhi

Date: 16/01/2020

Encl.: Annexure

Annexure A

Statement of possible special tax benefits available to the Company and to its shareholders.

1. **Benefits available to the Company / holders:**

   (a) Services of leasing of assets (rolling stock assets including wagons, coaches, locos) by the Company to Indian Railways is exempt from Goods and Services Tax ("**GST**") vide notification no. 12/2017 dated June 28, 2017 under S.No. 43 heading 9973.

   (b) Vide notification F.No. 370142/18/2017-TPL dated August 8, 2017, any bond redeemable after three years and issued by the Company on or after the date of the notification, is eligible for tax exemption u/54EC (ba) of the Income Tax Act 1961.

   (c) Vide notification No. 28/2018 (F.No 275/27/2017-IT(B) dated June 18, 2018, Central Government notifies "Indian Railway Finance Corporation Limited 54EC Capital Gains Bond" issued by the Company vide notification no 27/2018-Income Tax for exemption from TDS provisions under clause (iib) of the proviso to section 193 of the Income Tax Act 1961.

2. **Benefits available to the shareholders:**

   The shareholders of the Company are not eligible to any special tax benefits under the direct and indirect tax laws.

Notes:

The above statement of direct and indirect tax laws sets out the possible tax benefits available to the Company and its Shareholders under the current tax laws presently in force in India.

(a) This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

(b) We have not commented on the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

(c) Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless stated otherwise or the context otherwise requires, industry data used in this section has been obtained or derived from publicly available information as well as industry publications and sources, including from various government publications and websites. Further, certain industry related data in this section has been procured from the MoR, vide its letters dated January 10, 2020 and January 13, 2020. The contents of websites or websites linked directly or indirectly to such websites are not incorporated by reference into this Draft Red Herring Prospectus and should not be relied upon. Neither we nor any other person connected with the Issue have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

GLOBAL OUTLOOK

According to the International Monetary Fund (the "**IMF**"), the world economy is projected to grow at 3.0% in 2019 and 3.4% in 2020. A slightly higher growth rate is projected by the IMF for 2021 to 2024. This global growth pattern reflects a major downturn and projected recovery in a group of emerging market economies. The groups of emerging market economies that have driven part of the projected decline in growth in 2019 and account for the majority of the projected recovery in 2020 include those that have either been under severe strain or have underperformed relative to past averages. (*Source: International Monetary Fund, Economic Outlook, October 2019*)

In particular, South Asia's growth is forecasted to be approximately 5.9 % in 2019, which is 0.7% lower than the growth in 2018. Compared to earlier forecasts, less private consumption and more government consumption is expected. The estimated recovery to 6.3% in 2020 and 6.7% in 2021 is tentative as forecasts under current circumstances, particularly for investment, are highly uncertain (*Source: South Asia Economic Focus | Fall 2019, The World Bank*). In India, the growth reduced in 2019 as corporate and environmental regulatory uncertainty, together with concerns about the health of the non-banking financial sector, weighed on demand. The strengthening of growth in 2020 and beyond in India as well as for these two groups (which in some cases entails continued contraction, but at a less severe pace) is the driving factor behind the forecast of an eventual global pickup. (*Source: International Monetary Fund, Economic Outlook, October 2019*)

INDIAN ECONOMY

The Indian economy is the third largest economy in the world in terms of GDP at purchasing power parity ("**PPP**") exchange rates, with an estimated GDP, in PPP terms for 2017 of US$9.47 trillion. India has the world's second largest population, estimated at 1,297 million people in July 2018, and the second largest labour force, estimated at 521.9 million people in 2017. India is developing into an open-market economy. Economic liberalization measures including industrial deregulation, privatization of state-owned enterprises and reduced controls on foreign trade and investment began in the 1990s and have accelerated India's growth which averaged nearly 7% per annum from 1997 to 2017. (*Source: CIA World Factbook, 2019*) India's inflation movements have become favourable over the last three Fiscal years. The consumer price index inflation has fallen from 4.5% in Fiscal 2017, to 3.6% in Fiscal 2018 and to 3.4% in Fiscal 2019 (*Source: RBI Annual Report 2017-18 and RBI Bulletin December 2019*). The Fiscal deficit has been reduced from 4.1% in Fiscal 2015 to an estimated 3.3% estimate for Fiscal 2019 and Fiscal 2020 (*Source: RBI Annual Report 2017-18, Union Budget Fiscal 2020*).

The Indian economy with a gross domestic product ("**GDP**") at constant prices (2011-12) for Fiscal 2019 was estimated at ₹140,780 billion, showing a growth rate of 6.8% over the estimates of GDP for Fiscal 2018 of ₹131,800 billion. India's GDP at Constant (2011-12) Prices in the second quarter of Fiscal 2020 is estimated at

₹35,990 billion, as against ₹34,430 billion in the second quarter of Fiscal 2019, showing a growth rate of 4.5%. (Source: *Press Note on Provisional Estimates of Annual National Income, 2018-2019 and Quarterly Estimates of Gross Domestic Product for the Fourth Quarter of 2018-2019, Central Statistics Officer, Ministry of Statistics and Programme Implementation, Government of India, Nov 29, 2019*)

The growth for India is projected to be approximately 6.0% in Fiscal 2019 and is expected to gradually recover to approximately 6.9% in Fiscal 2020 and to approximately 7.2% in Fiscal 2021. With a growth rate of approximately 8.6%, government consumption has become the fastest growing expenditure component in India. Further, based on the current economic momentum and persistently low food prices, inflation averaged approximately 3.4% in Fiscal 2019 and remained well below the RBI's mid-range target of 4% in the first half of Fiscal 2020. This allowed the RBI to ease their monetary policy through a cumulative 135 basis point cut in the repo rate since January 2019 and a shift in the policy stance from "neutral" to "accommodative". (*Source: South Asia Economic Focus | Fall 2019 by World Bank*)

Union Budget 2019 - 2020

The Government of India announced the Union Budget 2019 – 2020 on July 5, 2019 with a number of proposals in the railway sector. The Union Budget proposed a capital expenditure of ₹1,602 billion for the Railways Ministry for Fiscal 2020. This is the highest-ever allocation for the Indian Railways, surpassing Fiscal 2019's capital expenditure (revised estimate) of ₹1,388.58 billion. The proposed capital outlay for Fiscal 2020 comprises ₹661.05 billion from gross budgetary support, ₹105 billion from internal resources and ₹835.71 billion from extra budgetary resources. While ₹272.78 billion has been allocated for construction of new lines, gauge conversion received ₹31.18 billion, doubling ₹176.02 billion, rolling stock ₹375.15 billion and signalling and telecom received ₹17.50 billion. The allocation for passenger amenities was ₹59.23 billion. (*Source: Ministry of Railways*) It was proposed to enhance the metro railway initiatives by encouraging more PPP initiatives, ensuring completion of sanctioned works and supporting transit oriented development to ensure commercial activity around transit hubs. In addition, dedicated freight corridor project is on track to be completed as per targeted timelines easing up existing railway network for passenger trains. (*Source: http://www.indianrailways.gov.in/railwayboard/view_section.jsp?id=0%2C1%2C304%2C366%2C539*)

INDIAN RAILWAYS

Background

The Indian Railways is a departmental undertaking of the GoI, which owns and operates India's rail transport, through the Ministry of Railways, GoI ("**MoR"**). The Indian Railways is the largest rail network in Asia, running approximately 13,452 trains every day to transport approximately 22.70 million passengers per day in Fiscal 2018 (*Source: http://indianrailways.gov.in/railwayboard/view_section_new.jsp?lang=0&id=0,1,261 and Indian Railways - Year Book 2017-18, Ministry of Railways*). As of March 31, 2019, the total running track kilometres was 96,552 (provisional) kilometres (*Source: Ministry of Railways*). Further, the total freight traffic per day was 3.19 million tonnes in Fiscal 2018 (*Source: Indian Railways - Year Book 2017-18, Ministry of Railways*). The Indian Railways employs 1.27 million people (*Source: Ministry of Railways*). Indian Railways' revenue increased from approximately ₹1,653 billion in Fiscal 2017 to ₹1,787 billion in Fiscal 2018 (*Source: Indian Railways - Year Book 2017-18, Ministry of Railways*).

Based on the data of the World Bank, in 2017, India had one of the lowest rail route kilometre per million population internationally.

Country	Route kilometre per million population (2017)
United States of America	464
Russia	592
Japan	134
France	437
China	49
India	50
Germany	405

(*Source: World Bank*)

The Indian Railways has deployed 11,764 locomotives, 65,326 passenger service vehicles, 279,308 wagons and 6,499 other coaching vehicles as of March 31, 2018. (*Source: Indian Railways - Year Book 2017-18, Ministry of*

Railways) There were 7,318 and 7,401 (provisional) railway stations in India as of March 31, 2018 and as of March 31, 2019, respectively (*Source: Ministry of Railways*).

The Indian Railways earns its internal revenue primarily from passenger and freight traffic. In Fiscal 2018, the Indian Railways earned approximately ₹1,135 billion from freight traffic excluding demurrage/ wharfage and approximately ₹486 billion from passenger traffic. The number of originating passengers on Indian Railways increased by 1.84% from 8,286 million in Fiscal 2018 to 8,439 (provisional) million in Fiscal 2019. Further, the passenger earnings also increased by 5.14% or ₹25 billion from Fiscal 2018 to Fiscal 2019, to amount to ₹511 (provisional) billion in Fiscal 2019. In addition, the freight earnings, excluding demurrage/ wharfage, also increased by 8.01% or ₹91 billion from Fiscal 2018 to Fiscal 2019, to amount to ₹1,226 (provisional) billion in Fiscal 2019. (*Source: Ministry of Railways*)

The Indian Railways has constantly expanded its network, developed, and grown across various parameters including freight and passenger revenues as detailed below:

Freight Volumes

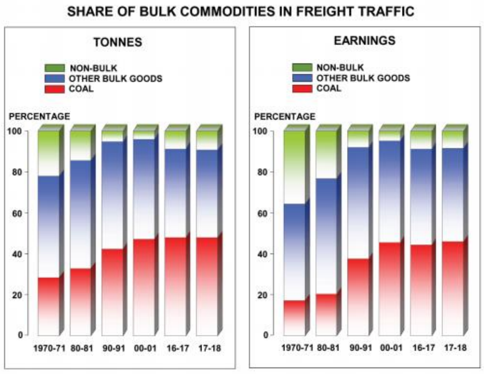
The Indian Railways along with national highways and ports is the backbone of India's transportation infrastructure. Currently approximately 30% of total freight traffic (in terms of tonne kilometres) of India moves on rail. Nine commodities including coal, iron, steel, iron ore, food grains, fertilizers and petroleum products primarily support freight business for the Indian Railways. Freight remains the major revenue-earning segment for the Indian Railways, it utilises one-third of its capacity and generates two-thirds of Indian Railway's revenues. (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*)

The table below sets out details of tonnage originated and earnings from freight carried in the periods indicated:

Particulars	**Fiscal**									
	2001	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Tonnes originating (*million tonnes*)	504	926	975	1,014	1,059	1,101	1,109	1,111	1,163	1,225#
Earnings from freight carried* (*₹billion*)	230	607	677	835	916	1,031	1,069	1,020	1,135	1,226#

**Excluding wharfage & demurrage charges*
 # Provisional figures
(*Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf; Integrated Budgetary Financial Figures for Western Railways for Fiscal 2019, Ministry of Railways (Railway Board) and Ministry of Railways*)

The Indian Railways has always played a key role in India's social and economic development as it is a cheap and affordable means of transportation for millions of passengers. Further, as a carrier of bulk freight, such as ores and minerals, iron and steel, cement, mineral oils, food grains and fertilizers, and containerized cargo, the Indian Railways plays a significant role in various industries, including agriculture. The Indian Railways generates most of its freight revenue from the transportation of coal, cement, iron ore and food-grains, which accounted for 45.84%, 8.47%, 7.76% and 7.40%, respectively, of the total earnings from bulk commodities in Fiscal 2018. (*Source: Indian Railways - Year Book 2017-18, Ministry of Railways*). The Indian Railways goods earnings increased from approximately ₹1,020 billion in Fiscal 2017 to approximately ₹1,135 billion in Fiscal 2018 (*Source: Indian Railways, Annual Report & Accounts 2017-18 and Ministry of Railways*).



(*Source: Indian Railways - Year Book 2017-18, Ministry of Railways*)

In order to improve freight traffic, in Fiscal 2018, the MoR implemented several policies such as: (i) liberalising automatic freight rebate scheme in empty flow directions (routes with low freight traffic), (ii) entering into long term tariff contracts with key freight customers, and (iii) introducing double stack dwarf containers as a new delivery model to increase load-ability of trains and attract new traffic under wire. (*Source: Standing Committee on Railways, 'Ministry of Railways (Railway Board), Nineteenth Report Demand for Grants', 2018-2019*)

Passenger Traffic

Passenger trains utilise two-thirds of capacity, however, generate only one-third of revenues for the Indian Railways. (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*)

The table below sets out details of passengers originated and passenger earnings in the periods indicated:

Particulars	Fiscal									
	2001	2011	2012	2013	2014	2015	2016	2017	2018	2019
Passengers originating (*million*)	4,833	7,651	8,224	8,421	8,397	8,224	8,107	8,116	8,286	8,439*
Passenger earnings (*₹billion*)	105	257	282	313	365	422	443	463	486	511*

* *Provisional figures*
(*Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf; Integrated Budgetary Financial Figures for Western Railways for Fiscal 2019, Ministry of Railways (Railway Board) and Ministry of Railways*)

Train travel remains the preferred means for long-distance travel for a majority of Indians and with urbanisation, improving income standards and increasing population, passenger traffic is expected to grow further, which will entail major investments and capital outlay. The Indian Railways is planning certain reforms for passenger convenience such as, amongst others, refurbishment of coaches with amenities such as WiFi, vending machines and auto doors. (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*)

Track/Route kilometres

The Indian Railways has constantly added tracks to enable wider reach and focus on connectivity throughout India. The capacity augmentation including electrification remains a focus area for the Indian Railways and GoI provides for a significant share in the Indian Railways budget for electrification every year. (*Source: Mission Electrification Report by Ministry of Railways*)

The total running track kilometres have expanded from 81,865 as of March 31, 2001 to 96,552 (provisional) as of March 31, 2019. The Indian Railways has increased the electrified running track kilometres from 27,937 as of March 31, 2001 to 59,397 (provisional) as of March 31, 2019. (*Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf and Ministry of Railways*) Major parts of the electrification of the railway tracks have been done during the period between Fiscal 2015 and Fiscal 2019.

As of March 31, 2019, the Indian Railways had 34,035 (provisional) route kilometres of network commissioned on electric traction (*Source: Ministry of Railways*). This constituted approximately 52% of the total network and carried approximately 65% of freight and approximately 54% of coaching traffic. The rate of electrification has accelerated in India and a total of 38,000 route kilometres have been identified for electrification by 2021. (*Source: Press Information Bureau of India, Ministry of Finance dated July 4, 2019*)

The table below sets out the details of total running track kilometres, total route kilometres, electrified running track kilometres and electrified route kilometres in the period indicated:

Particulars	**As of March 31,**									
	2001	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019***
Total running track kilometres	81,865	87,114	89,801	89,236	89,919	90,803	92,081	93,902	94,735	96,552
Route kilometres	63,028	64,460	64,600	65,436	65,808	66,030	66,687	67,368	68,442	68,885
Electrified running track kilometres	27,937	36,007	38,669	38,524	39,661	41,038	43,357	48,239	52,296	59,397
Electrified route kilometres	14,856	19,607	20,275	20,884	21,614	22,224	23,555	25,367	29,376	34,035

* *Provisional figures*
(*Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf and Ministry of Railways*)

Number of stations

In line with improving connectivity, the Indian Railways has added stations over a period. The following table provides the number of stations in India as of the periods indicated:

Particulars	**As of March 31,**									
	2001	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019***
Number of stations (*in units*)	6,843	7,133	7,146	7,172	7,112	7,137	7,216	7,309	7,318	7,401*

* *Provisional figures*
(*Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf; and Ministry of Railways*)

There is also significant focus on redevelopment of stations, wherein the GoI is focussing on modernising the stations (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*). In February 2017, 23 stations were identified for the first phase for station development program (*Source: Indian Railways Stations Re-development Project, Ministry of Railways*)

Capital Investments in Railways

Historical background

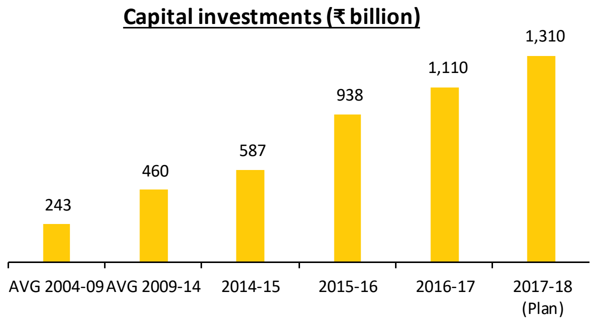
While the Indian Railways network is large, a significant proportion of the infrastructure was built during the British era. The British made significant investments in building the railway infrastructure to facilitate fast movement of goods and troops. Post-Independence, the network growth of the Indian Railways was constrained due to lower investments.

The Indian Railways has been facing certain challenges such as overstretched infrastructure, with approximately 60% of the routes being more than 100% utilized and inadequate carrying capacity leading to decreasing modal share in freight and substantial unmet passenger demand (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*). Further, due to low passenger fares, passenger trains utilized two-third of the capacity and generated one-third of revenues, whereas high freight traffic lead to railway freight being out priced in the market. Hence, it was identified to increase investment in the Indian Railways as a top priority area.

The MoR has made substantial progress in initiating railway infrastructure. The amount of investment made during Fiscal 2015 and Fiscal 2017, was approximately 75% of the total investment made in the Indian

Railways during the prior 10 Fiscals, *i.e.* Fiscal 2004 to Fiscal 2014. (*Source: Indian Railways – Three Year Performance Report*)

Investments in the Indian Railways:



Planned outlay during five-year plan from Fiscal 2016 to Fiscal 2020:
₹ 8,560.2 billion

(*Source: Standing Committee on Railways, 'Ministry of Railways (Railway Board), Nineteenth Report Demand for Grants', 2018-2019 and "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*)

The Indian Railways had laid down a capital expenditure plan from Fiscal 2016 to Fiscal 2020 of ₹8,560.2 billion. (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*)

The table below shows the detailed breakup for the ₹8,560.2 billion capital expenditure plan from Fiscal 2016 to Fiscal 2020:

	₹ billion	% allocation
Network decongestion (including DFC + electrification, Doubling + electrification & traffic facilities)	1,993	23%
Network expansion (including electrification)	1,930	23%
Safety (Track renewal, bridge works, ROB, RUB and S&T)	1,270	15%
Rolling stock (Locomotives, coaches, wagons – production & maintenance)	1,020	12%
Station redevelopment + logistics park	1,000	12%
High speed rail & elevated corridor	650	8%
National projects (North eastern & Kashmir connectivity projects)	390	5%
Passenger Amenities	125	1%
Information technology/ Research	50	1%
Others	132	2%
Total	8,560	

(*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*)

The capital expenditure plan from Fiscal 2016 to Fiscal 2020 differs from the previous investment plans by focussing on improving freight carrying capacity through capacity augmentation to achieve network decongestion, which will be done by enhancing outlay for doubling third and fourth line projects and through connectivity to logistic park. Further, this capital expenditure plan focuses on improving competitiveness of the Indian Railways through cost optimisation through electrification and improving customer experience by increasing outlay for safety, station redevelopment and passenger amenities.

In addition, as a part of the investment reform agenda for the Indian Railways, the Indian Railways is setting up various joint ventures with State governments to ensure faster development of rail infrastructure.

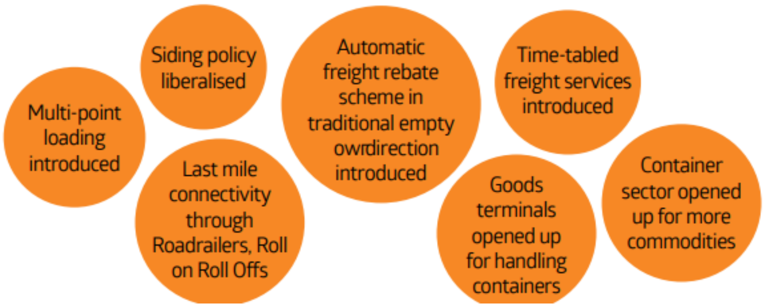
The capital expenditure plan from Fiscal 2016 to Fiscal 2020 focuses on certain key area for investments as follows:

Network Decongestion

Network decongestion was a key area of concern wherein the Indian Railways identified that for the past 64 years till March 31, 2014, the freight loading grew by 1,344%, passenger kilometres grew by 1,642%, however, the route kilometres grew by only 23% and that approximately 161 sections out of the total 247 sections in 2014, *i.e.*, 65% of the sections, were running at 100% or above line capacity on high-density network routes. (*Source: Indian Railways – Three Year Performance Report*)

The planned investments have placed a high focus on improving freight and passenger carrying capacity through capacity augmentation to achieve network decongestion (*Source: Reform, Perform and Transform" – Report by the Indian Railways, July 2017*).

The Government of India has undertaken various policy interventions in order to liberalise the freight sector as follows:



(*Source: Indian Railways – Three Year Performance Report*)

- *Enhancing outlay for doubling third and fourth line projects*

During the period between 2009 and 2014, average broad gauge lines commissioned every year was 1,528 kilometres whereas the planned outlay for Fiscal 2018 is to more than double the average to 3,500 kilometres (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*). All meter gauge lines have been eliminated in the North East region of India and 481 kilometres of new broad gauge lines have been added in Fiscal 2017 while the average of broad gauge lines commissioned from Fiscal 2009 to Fiscal 2014 was 100 kilometres (*Source: Indian Railways – Three Year Performance Report*). Further, the speed of infrastructure creation (doubling of tracks) has increased from four kilometres per day in 2014 to seven kilometres per day in July 2017. The Indian Railways is targeting to increase the doubling of tracks to 9.5 kilometres per day in Fiscal 2018 and to reach 19 kilometres per day by 2022. (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*)

- *Developing dedicated freight corridors*

The Golden Quadrilateral linking Delhi, Mumbai, Chennai and Howrah along with its two diagonals between Delhi and Chennai and Mumbai and Howrah, accounts for only 16% of the Indian Railways' route network, but more than 58% of revenue earning freight traffic. The existing routes between Howrah and Delhi on the eastern corridor and Mumbai and Delhi on the western corridor are highly saturated. To address this issue, the MoR decided to develop high speed Dedicated Freight Corridors ("**DFC**") for freight movement. These DFC's are expected to provide a cheaper and efficient means for transportation *vis-à-vis* rail freight. Accordingly, the Dedicated Freight Corridor Corporation of India ("**DFCCIL**"), a wholly-owned special purpose vehicle of the Indian Railways, was incorporated in October 2006. (*Source: http://www.dfccil.com/Home/DynemicPages?MenuId=3*)

The MoR has sanctioned implementation of DFC's, namely, Western DFC (1,504 kilometres) and Eastern DFC (1,856 kilometres). The commissioning of the Western DFC and Eastern DFCs (excluding a few sections) is targeted in phases by 2019 – 2020. The projects, when commissioned, are expected to take up more than 70% of the Indian Railways freight traffic on to their faster, longer and heavier trains. The total investment for the two freight corridors is envisaged at ₹814.6 billion. (*Source: Dedicated Freight Corridors, Ministry of Railways,* *Press Information Bureau, dated July 21, 2017 - https://pib.gov.in/newsite/erelease.aspx?relid=91718*). The funding of the projects is being done by the World Bank, Japan International Cooperation Agency and through GBS.

Decongestion of network and the DFC commissioning are expected to release capacity, which would lead to operational streamlining and hence higher punctuality. Predictive maintenance regime is incorporated to further enhance asset reliability.

Network Expansion including electrification

With its focus on improving connectivity in India, the Indian Railways has continuously added running track kilometres to its foray. The total running track kilometres, which was 81,865 kilometres as of March 31, 2001, have increased to 96,552 (provisional) kilometres as of March 31, 2019. The total route kilometres which was 63,028 kilometres as of March 31, 2001 have increased to 68,885 (provisional) kilometres as of March 31, 2019. (*Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf; and Ministry of Railways*)

Considering the economic as well as environmental benefits associated with the electrification, an action plan to electrify 90% of the existing broad gauge lines by 2020 has been drawn. The above target is nearly 3.5 times of the actual electrification of railway tracks carried out previously. During the period between Fiscal 2009 and Fiscal 2014, electrification was done at an average of 1,184 route kilometres every year whereas the plan is to increase the pace of electrification to almost 4,000 route kilometres every year from Fiscal 2018. (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*)

Annual Railway Electrification (route kilometres)

Fiscal	Electrified kilometres (in route kilometres)
2014	1,350
2015	1,375
2016	1,730
2017	2,013
2018	4,087

(*Source: Indian Railways - Year Book 2017-18, Ministry of Railways*)

The detailed targets for each year are as follows:

Fiscal	Targets (in route kilometres)
2019	6,000
2020	6,200
2021	6,200

(*Source: "Mission Electrification" report by Ministry of Railways*)

In these directions, the Research Design and Standards Organisation has cleared mechanized foundation and all future railway electrification projects shall be with minimum 50% of mechanized execution. This is expected to reduce project execution time. Further, routes have been identified and targeted for commissioning on yearly basis till Fiscal 2021 to set a clear direction to the "Mission Electrification". (*Source: Mission Electrification Report by Ministry of Railways*)

Safety

Keeping in mind the thrust of improving customer experience, the Indian Railways is showing renewed vigour on safety works. In the capital expenditure plan from Fiscal 2016 to Fiscal 2020, the planned outlay for safety has seen a significant increase. In addition, safety works have received a big boost through higher allocation from the Central Road Fund. The Indian Railways is targeting elimination of all unmanned level crossings going ahead to avoid accidents. The number of unmanned crossings eliminated were at an average of 1,139 during Fiscal 2009 and Fiscal 2014, which has increased to 1,503 in Fiscal 2017. Further, the Indian Railways is planning to eliminate all unmanned level crossings on broad gauge in the next three Fiscals between Fiscal 2018 and Fiscal 2020. The Indian Railways has also increased the number of new railways over bridges/under bridges constructed from an average of 762 between Fiscal 2009 and Fiscal 2014 to 1,354 in Fiscal 2017. (*Source: Indian Railways - Three Year Performance Report*)

Expenditure on safety has increased from ₹306.61 billion in 2009-2010 to ₹730.65 billion in Fiscal 2019 (budget estimates). Rashtriya Rail Sanraksha Kosh ("**RRSK**") has been introduced in Fiscal 2018 for financing critical safety related works under capital segment of budget with an amount of ₹1,000 billion over a period of five years having an annual outlay of ₹200 billion. Funds under RRSK are deployed to finance identified works under plan heads track renewal, bridge works, signalling and telecommunication works, road safety works of level crossing and road over/ under bridges, rolling stock, traffic facilities, electrical works, machinery and plant, workshops, passenger amenities, training/ human resource development and other specified works. (*Source: Initiatives for Railway Safety, Ministry of Railways, Press Information Bureau dated January 2, 2019 - http://pib.nic.in/newsite/PrintRelease.aspx?relid=187095*)

The Indian Railways plans to move towards zero fatalities in five years. Accordingly, the Indian Railways has identified four sub-themes for improving the safety standards of the railways, infrastructural changes, technological interventions, root cause investigations and resource mobilisation. (*Source: Indian Railways - Vision & Plans – 2017 - 2019, January 2017, Indian Railways - http://www.indianrailways.gov.in/Railways%20Presentation.pdf*)

Station Redevelopment

The Indian Railways targets to modernise over 400 stations to world class standards. The Indian Railways is planning to redevelop the stations to enable improvement in service as well as to provide opportunities for generating significant non-tariff revenues. This is the largest transit-oriented development program with an overall targeted program cost of ₹1,000 billion. Pursuant to this program, approximately 2,200 acres of prime real estate land available across the top 100 cities will be tapped in the first phase of redevelopment. (*Source: First Phase of the Station Redevelopment Program comprising 23 major Railway Stations of Indian Railways, Press Information Bureau dated February 8, 2017 - https://pib.gov.in/newsite/mbErel.aspx?relid=158286*)

Redevelopment of stations is planned through leveraging of commercial development of vacant land/ air space in and around stations. Therefore, no funds have been earmarked for the purpose. Such projects shall generally be cost neutral to railways. (*Source: Redevelopment of Railway Stations, Ministry of Railways, Press Information Bureau dated July 18, 2018 - http://www.pib.gov.in/PressReleseDetail.aspx?PRID=1538991*)

Indian Railway Stations Development Corporation Limited ("**IRSDC**") has been entrusted with redevelopment of Anand Vihar, Bijwasan, Chandigarh, Gandhinagar, Habibganj (Bhopal), and Surat railway stations. An MoU between Rail Land Development Authority ("**RLDA**") and NBCC India Limited has been entered into for development of the following 10 stations: Tirupati, Delhi Sarai Rohilla, Nellore, Madgaon, Charbagh, Gomtinagar, Kota, Thane new, Ernakulam Junction and Puducherry. (*Source: Redevelopment of Railway Stations, Ministry of Railways, Press Information Bureau dated July 18, 2018 - http://www.pib.gov.in/PressReleseDetail.aspx?PRID=1538991*)

Contracts have been finalised for Gomtinagar and bids have been invited for Charbagh (Lucknow) station and Tirupati stations. All the above works have been offered to indigenous companies/ firms. (*Source: Redevelopment of Railway Stations, Ministry of Railways, Press Information Bureau dated July 18, 2018 - http://www.pib.gov.in/PressReleseDetail.aspx?PRID=1538991*)

*High Speed Railway ("**HSR**") and Elevated Corridors*

The Indian Railways has formulated a plan to develop a HSR network in the country. These HSR services, having speed of approximately 250 to 300 kilometres per hour have already been developed in other countries. The HSR network can compete with airlines for customers and routes that have travel time of two-three hours.

The Mumbai-Ahmedabad Rail corridor is a sanctioned High Speed Rail Project in the country implemented with technical and financial assistance of Government of Japan. The estimated cost of the project is ₹1,080 billion. Government of Japan has agreed to provide a soft loan of 81% of total project cost with 0.1% rate of interest per annum. The time period for repayment of loan is 50 years with a 15 year grace period. (*Source: High Speed Rail Corridors, Ministry of Railways, Press Information Bureau dated March 27, 2018 - http://pib.nic.in/newsite/PrintRelease.aspx?relid=178068*)

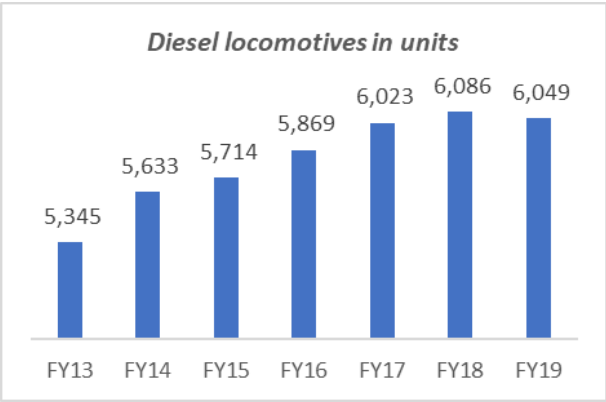
Six corridors on the 'Diamond Quadrilateral' connecting metropolitan cities and growth centres of the country (Delhi, Mumbai, Chennai and Kolkata) have been identified for a feasibility study for high speed rail connectivity, comprising: (i) Delhi-Mumbai, (ii) Mumbai-Chennai, (iii) Chennai-Kolkata, (iv) Kolkata-Delhi and both diagonals i.e. (v) Delhi-Chennai and (vi) Mumbai-Kolkata routes. As high speed projects are highly capital and technology intensive sanction of high speed projects is subject to its technical feasibility, financial viability and availability of resources. (*Source: High Speed Rail Corridors, Ministry of Railways, Press Information Bureau dated March 27, 2018 - http://pib.nic.in/newsite/PrintRelease.aspx?relid=178068*)

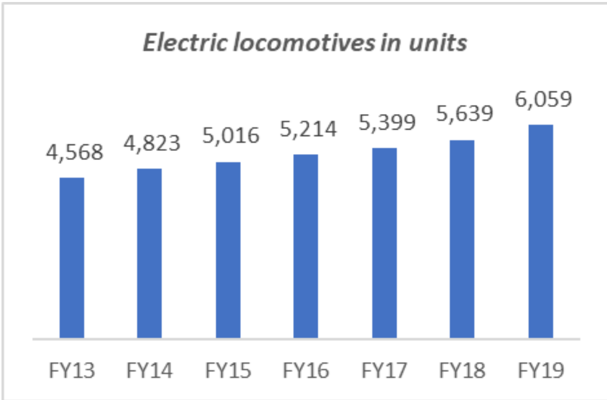
Rolling Stock

With the expansion of the freight network and passengers demand, the requirement of rolling stock will increase substantially. Indian Railway Finance Corporation Limited ("**IRFC**") is responsible for financing the acquisition of the majority of the rolling stock purchased by the IRFC and leased to the MoR. In Fiscals 2017, 2018 and 2019 (revised estimate), IRFC was responsible for financing 72%, 93% and 82%, respectively, of the Indian Railway's total rolling stock (*Source: Ministry of Railways*).

Locomotives

The Indian Railway's locomotive fleet has seen significant changes over time. Initially, led by steam locomotives at the time of independence, the shift in favour of diesel locomotives has been gradual. Now, electric locomotives are expected to dominate the future in the Indian Railways. The following charts show cumulative locomotives over the Fiscals across diesel and electric locomotive units:



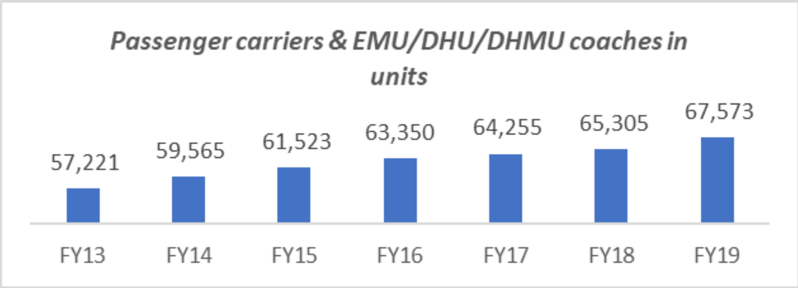


(*Figures for Fiscal 2019 are provisional figures. Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf, Indian Railways - Year Book 2017-18, Ministry of Railways and Ministry of Railways*)

Coaches

There has been an increase in demand for electric multiple unit ("**EMU**") and diesel electric multiple units ("**DEMU**") driven by rising demand from suburban traffic as well as efficiency considerations. Passenger carriers are also expected to be in demand with the increasing passenger usage. It is expected that the demand for coaches shall outstrip supply of coaches.

The following charts shows cumulative coaches deployed over the years – Passenger carriers and EMU/DMU/ diesel hydraulic multiple unit ("**DHMU**") coaches.

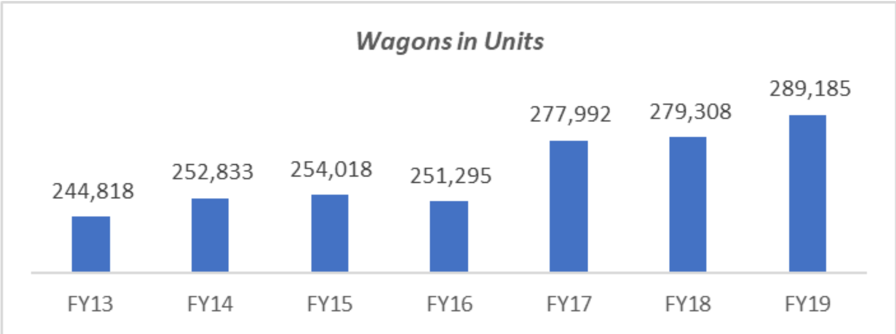


(*Figures for Fiscal 2019 are provisional figures. Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf, Indian Railways - Year Book 2017-18, Ministry of Railways and Ministry of Railways*)

Wagons

Wagons manufacturing got a boost post the economic reforms in early 1990s with annual production figures reaching as high as 26,000.

The following charts shows cumulative wagons over the various Fiscals:



(*Figures for Fiscal 2019 are provisional figures. Source: Statistical Summary – Indian Railways - http://www.indianrailways.gov.in/railwayboard/uploads/directorate/stat_econ/IRSP_2016-17/Annual_Report_Accounts_Eng/Statistical_Summary.pdf, Indian Railways - Year Book 2017-18, Ministry of Railways and Ministry of Railways*)

Sources of Funding

The capital expenditure plan from Fiscal 2016 to Fiscal 2020 as laid above is funded through various sources of financing for the Indian Railways. The primary sources of funds for the planned capital outlay of the Indian Railways are GBS, internally generated funds, public private partnerships and market borrowings leasing through IRFC and other sources (EBR-IF), railway safety fund and RRSK.

Total annual outlay for proposed capital expenditure for Fiscal 2020 has been budgeted at ₹1,602 billion comprising gross budgetary support of ₹661.05 billion, internal resources of ₹105 billion and extra budgetary resources of ₹835.71 billion consisting of marketing borrowings, public private partnership and institutional financing (*Source: Ministry of Railways*).

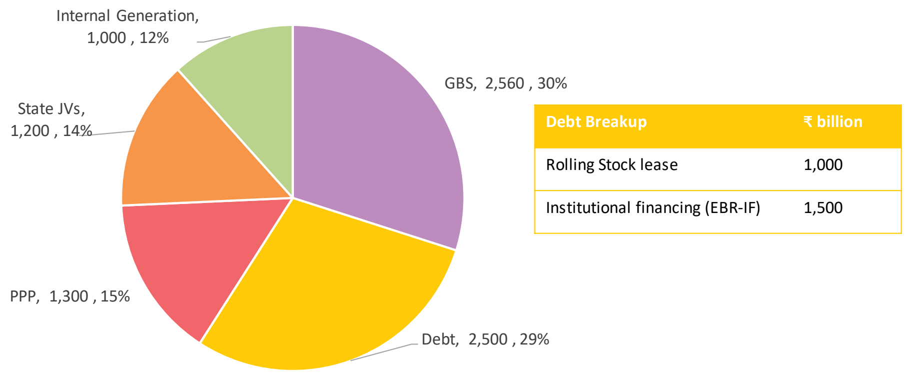
The following table provides for the details of the Indian Railways actual capital outlay and its sources of financing:

Period	**Capital Outlay**	**Gross Budgetary Support**	**Internally Generated Funds**	**Public Private Partnership**	**Market Borrowings**		**Railway Safety Fund**	**RRSK**
					IRFC	**EBR-IF through IRFC**		
	(₹billion)							
Fiscal 2019	1,334	349	16	243	237	279	30	180
Fiscal 2018	1,020	270	18	221	188	146	16	161
Fiscal	1,083	345	105	268	143	115	107	-

Period	Capital Outlay	Gross Budgetary Support	Internally Generated Funds	Public Private Partnership	Market Borrowings		Railway Safety Fund	RRSK
					IRFC	EBR-IF through IRFC		
	(₹billion)							
2017								
Fiscal 2016	935	350	168	151	141	99	26	-
Fiscal 2015	587	301	153	-	110	-	22	-
Fiscal 2014	540	271	97	-	152	-	20	-
Fiscal 2013	503	241	95	-	151	-	16	-

(*Source: Ministry of Railways*)

The breakup of the capital expenditure plan from Fiscal 2016 to Fiscal 2020 amounting to ₹8,560.20 billion is as follows:



(*₹billion. Source: Achievements and Plans of Indian Railways - http://www.indianrailways.gov.in/Presentation%20on%20Achievements%20&%20Plans%20of%20Indian%20Railways.pdf*)

Gross Budgetary Support

The central Government supports Indian Railways in the form of a gross budgetary support in order to expand its network and invest in capital expenditure. In Fiscal 2020, the gross budgetary support from the central Government is proposed to be ₹661.05 billion, which has increased from ₹349 billion in Fiscal 2019 (*Source: Ministry of Railways*).

Internally Generated Funds

The Indian Railways' internal resources are primarily utilized for replacement, renewals, upgrades and modernization of existing infrastructure i.e., track renewal, signalling replacement, other electrical works and safety (road over bridge/ road under bridge). The internal resource generation is significantly dependent on the economic growth which impacts freight revenues.

Flexi fare was introduced from September 9, 2016. During the periods from September 2016 to March 2017, Fiscal 2018, and April 2018 to June 2018, the Indian Railways earned approximately ₹3.71 billion, ₹8.60 billion, and ₹2.62 billion, respectively, as additional earnings from trains offering flexi fare. (*Source: Revenue Generation by Railways, Ministry of Railways, Press Information Bureau dated 30 July 2018 - http://www.pib.gov.in/PressReleseDetail.aspx?PRID=1540623*)

The Indian Railways is focussing on further enhancing the share of non-fare revenues through initiatives, such as, "Train branding" which includes internal and external advertising on trains; "Railway display network" which includes creating a new medium for advertising and information dissemination, sole advertising rights for the entire zonal railways and on-board entertainment. (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*)

Railway Safety Fund and RRSK

The railway safety fund actual capital outlay has increased from ₹16 billion in Fiscal 2018 to ₹30 billion in Fiscal 2019 (*Source: Ministry of Railways*). The Union Budget 2018 introduced the RRSK fund for works relating to renewal, replacement, upgradation of critical safety assets under the capital segment of Union Budget. The fund has an amount ₹1,000 billion over a period of five years, with an annual outlay of ₹200 billion. The fund is intended to be utilized to finance track renewals, bridge works, signalling and telecommunication works, road safety works of level crossings and road over/ under bridges, rolling stock, traffic facilities, electrical works, machinery and plant, workshops, passenger amenities and training. (*Source: Railway Safety Fund, Ministry of Railways, Press Information Bureau dated July 25, 2018 - https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1540105*) In Fiscals 2018 and 2019, expenses of ₹161 billion and ₹180 billion was utilised in relation to this fund (*Source: Ministry of Railways*).

Public Private Partnerships

The Indian Railways has laid emphasis on public private partnerships to implement initiatives such as rail connectivity for ports, station redevelopment, rail-side logistics parks and warehousing as well as satellite terminals. The Indian Railways proposed capital expenditure plan from Fiscal 2016 to Fiscal 2020 comprises ₹1,300 billion in public private partnerships. This proposed investment of the Indian Railways in relation to public private partnerships will primarily be engaged in station development, logistic parks and *new* lines on BOT. The Indian Railways has also approved two new locomotives factories in Bihar with a combined order book of ₹400 billion over ten years. These projects are one of the largest foreign direct investment projects of the Indian Railways in India. (*Source: Standing Committee on Railways (2017 – 2018), Sixteenth Lok Sabha, Ministry of Railways (Railway Board), Nineteenth Report, Demands for Grants (2018 – 19) - http://164.100.47.193/lsscommittee/Railways/16_Railways_19.pdf and Indian Railways - Vision & Plans – 2017 - 2019, January 2017, Indian Railways - http://www.indianrailways.gov.in/Railways%20Presentation.pdf*) Public private partnerships estimated contribution was ₹270 billion in Fiscal 2019 and is estimated to contribute ₹281 billion in Fiscal 2020. (*Source: Ministry of Railways*)

A joint venture company has been formed with Pipavav Port authorities to provide broad gauge connectivity to Pipavav Port. MoUs have been signed between Ministry of Railways and the State governments of Andhra Pradesh, Karnataka, Maharashtra, West Bengal, Tamil Nadu and Jharkhand in developing rail infrastructure in these States. (*Source: http://www.indianrailways.gov.in/railwayboard/view_section.jsp?lang=0&id=0,1,261*)

Market Borrowings/ Debt

Extra budgetary resource support from the central Government is proposed to be ₹836 billion in Fiscal 2020, which has increased from ₹759 billion in Fiscal 2019 (*Source: Ministry of Railways*).

In this regard, the Standing Committee on Railways directed the MoR to furnish reasons for emphasising on budgetary support and extra budgetary resource for funding the annual plan rather than increasing internal resources for capital funding and also to state the interest liability on Indian Railways for extra borrowings. The MoR, in their written replies, submitted that higher outlays have been provided through budgetary support and extra budgetary resources to meet increasing requirement for project execution and procurement of rolling stock, as internal resource generation was not adequate for plan financing, due to adverse impact of implementation of Seventh Central Pay Commission recommendations, which has been applicable since Fiscal 2017. However, a higher provision of ₹115 billion has been made in Fiscal 2019 under internal resources, compared to ₹109 billion of RE Fiscal 2018. (*Source: Standing Committee on Railways (2017 – 2018), Sixteenth Lok Sabha, Ministry of Railways (Railway Board), Nineteenth Report, Demands for Grants (2018 – 19) - http://164.100.47.193/lsscommittee/Railways/16_Railways_19.pdf*)

In budget estimates for Fiscal 2019, outlay from extra budgetary resources was kept at ₹819.40 billion (₹285 billion from market borrowings through bonds, ₹264.40 billion from institutional financing and ₹270 billion as investment under extra budgetary resource. The higher outlays were kept in order to meet increasing requirement for project execution and procurement of rolling stock. The estimated interest liability for extra borrowings in Fiscal 2019 in respect of rolling stock and extra budgetary resource (institutional finance) will be ₹134.35 billion (for rolling stock over a period of 15 years and for extra budgetary resource (IF) over a period of 30 years). (*Source: Standing Committee on Railways (2017 – 2018), Sixteenth Lok Sabha, Ministry of Railways (Railway Board), Nineteenth Report, Demands for Grants (2018 – 19) - http://164.100.47.193/lsscommittee/Railways/16_Railways_19.pdf*)

The Indian Railways has planned to borrow ₹2.50 trillion from IRFC, including ₹1 trillion for Rolling Stock Assets, to fund its proposed capital expenditure from Fiscal 2016 to Fiscal 2020 (*Source: Ministry of Railways*). The Indian Railways/ RVNL has borrowed an amount of ₹236.86 billion, ₹274.88 billion, ₹335.22 billion and ₹525.35 billion in Fiscal 2016, Fiscal 2017, Fiscal 2018 and Fiscal 2019, respectively, from IRFC. The MoR has indicated its intention to borrow ₹554.71 billion from IRFC in Fiscal 2020. As of March 31, 2019, the cumulative funding by IRFC to the MoR amounted to ₹2,688.67 billion.

The MoR signed a memorandum of understanding with Life Insurance Corporation of India ("**LIC**"), a public sector undertaking of the GoI, for funding assistance of ₹1.5 trillion for financing railway projects over a period of five years (*Source: "Reform, Perform and Transform" – Report by the Indian Railways, July 2017*). As LIC funding will be of 30 years tenor, it matches the Indian Railways' requirement of long term funds for investment in projects. LIC funds will carry low interest rates and are linked with the government security with a small margin over it and with the lowering of interest rates, the cost of funds is expected to come down further over a period of time. These funds are flowing to the Indian Railways through IRFC. As of March 31, 2019, IRFC had raised ₹162 billion from LIC for providing funding assistance to the Indian Railways for its projects.

Foreign Direct Investment

The Government of India has permitted 100% Foreign Direct Investment ("**FDI**") on automatic route in the following activities/areas of railway infrastructure:

(i) Suburban corridor projects through Public Private Partnership;
(ii) High speed train projects;
(iii) Dedicated freight lines;
(iv) Rolling stock including train sets, and locomotives or coaches manufacturing and maintenance facilities;
(v) Railway Electrification;
(vi) Signalling systems;
(vii) Freight terminals;
(viii) Passenger terminals;
(ix) Infrastructure in industrial park pertaining to railway lines or sidings including electrified railway lines and connectivities to main railway line; and
(x) Mass Rapid Transport Systems.

(*Source: Non-fare Revenue and FDI in Indian Railways, Press Information Bureau of India, Ministry of Railways dated November 27, 2019*)

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 19 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations" on pages 26 and 252, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

We have, in this Draft Red Herring Prospectus, included various operational and financial performance indicators, some of which may not be derived from our financial statements and have not been subjected to an audit or review by our statutory auditors. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and must evaluate such information in the context of the Restated Financial Statements.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2017, 2018 and 2019, and the six months ended September 30, 2019 included herein is derived from our Restated Financial Statements, included in this Draft Red Herring Prospectus. For further information, see "Financial Statements" on page 153.

Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, in this section, references to "we", "us", "our", "the Company" or "our Company" refers to Indian Railway Finance Corporation Limited.

Overview

We are the dedicated market borrowing arm of the Indian Railways. Our primary business is financing the acquisition of rolling stock assets, which includes both powered and unpowered vehicles, for example locomotives, coaches, wagons, trucks, flats, electric multiple units, containers, cranes, trollies of all kinds and other items of rolling stock components as enumerated in the Standard Lease Agreement (collectively, "**Rolling Stock Assets**"), leasing of railway infrastructure assets and national projects of the Government of India (collectively, "**Project Assets**") and lending to other entities under the Ministry of Railways, Government of India ("**MoR**"). The MoR is responsible for the procurement of Rolling Stock Assets and for the improvement, expansion and maintenance of Project Assets. We are responsible for raising the finance necessary for such activities. Over the last three decades, we have played a significant role in supporting the capacity enhancement of the Indian Railways by financing a proportion of its annual plan outlay. The Union Budget proposed a capital expenditure of ₹1,602 billion for the Indian Railways for Fiscal 2020, which was higher than the capital expenditure (revised estimate) of ₹1,388.58 billion in Fiscal 2019 (*Source: Ministry of Railways*). The actual capital expenditure of the Indian Railways was ₹1,334 billion in Fiscal 2019 (*Source: Ministry of Railways*). In Fiscal 2019, we financed ₹525.35 billion accounting for 39.38% of the actual capital expenditure of the Indian Railways.

We are wholly-owned by the Government of India acting through the MoR. We are registered with the Reserve Bank of India as a NBFC (Systematically Important) and are classified under the category of an "Infrastructure Finance Company" under Section 45-IA of the Reserve Bank of India Act, 1934. We were notified as a "Public Financial Institution" under the Companies Act, 1956 through a notification dated October 8, 1993 issued by the Ministry of Corporate Affairs.

We follow a financial leasing model for financing the Rolling Stock Assets. The period of lease with respect to Rolling Stock Assets is typically 30 years comprising a primary period of 15 years followed by a secondary period of 15 years, unless otherwise revised by mutual consent. In terms of the leasing arrangements, the principal amount pertaining to the leased assets is effectively payable during the primary 15 years lease period, along with the weighted average cost of borrowing and a margin determined by the MOR in consultation with us at the end of each Fiscal. Typically, the weighted average cost of borrowing factors in any expenses incurred by us with respect to any foreign currency hedging costs and/ or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations. For the second 15 year period, we charge the Indian Railways a nominal rate which is subject to revision on mutually acceptable terms. We also follow a leasing model for Project Assets, which typically provide for lease periods of 30 years. As of September 30, 2019, our total AUM, consisted of 60.80% of lease receivables primarily in relation to Rolling Stock Assets, 2.56% of loans to central public sector enterprises entities under the administrative control of MoR ("**Other PSU Entities**"), and 36.64% of advances against leasing of Project Assets.

In Fiscals 2017, 2018 and 2019 (revised estimate), we were responsible for financing 72%, 93% and 82%, respectively, of the Indian Railway's total rolling stock (*Source: Ministry of Railways*). The total value of Rolling Stock Assets financed by us as of March 31, 2019 and as of September 30, 2019 was ₹1,940,440.00 million and ₹2,102,023.51 million, respectively, while the value of Rolling Stock Assets financed in Fiscal 2019 and in the six months ended September 30, 2019, was ₹240,550.84 million and ₹146,517.25 million, respectively. The following table sets forth certain information on the Rolling Stock Assets financed by us from commencement of our business till March 31, 2019 and September 30, 2019:

Rolling Stock Assets	Assets financed till March 31, 2019 since commencement of business	Assets financed in Fiscal 2019	Assets financed till September 30, 2019 since commencement of business	Assets financed in the six months ended September 30, 2019
	No. of Units	No. of Units	No. of Units	No. of Units
Locomotives	10,350	707	10,852	502
Coaches	57,370	5,598	60,641	3,271
Wagons	229,815	9,069	235,468	5,653
Cranes and track machines	85	-	85	-

In addition, we extend debt financing to Other PSU Entities consistent with our objective of being the principal source of finance for the Indian Railways.

At the beginning of each Fiscal, the MoR provides us with its target fund requirement based on its planned capital expenditure, which we meet by raising funds through various sources including the issue of taxable and tax-free bonds in India, term loans from banks/ financial institutions, external commercial borrowings including bonds and syndicated loans, internal accruals, asset securitization and lease financing. For Fiscal 2020, the MoR has provided targets for market borrowings from us for funding of Rolling Stock Assets and Project Assets, which includes financing of ₹284,000 million for Rolling Stock Assets and financing of ₹6,310 million for project assets being executed by RVNL and financing ₹264,400 million for Project Assets through institutional finance. The Union Budget proposed a capital expenditure of ₹1,602 billion for the Railways Ministry for Fiscal 2020 (*Source: Ministry of Railways*).

For all the Rolling Stock Assets acquired during a financial year by Indian Railways, we enter into a lease agreement with the MoR following the close of each respective Fiscal (the "**Standard Lease Agreement**"). Lease rentals include the value of the Rolling Stock Assets leased by us to the MoR in the relevant fiscal year, the weighted average cost of borrowing as well as a certain margin, all in accordance with the terms of the Standard Lease Agreement. In Fiscal 2019, we were entitled to a margin of 40 bps over the weighted average cost of borrowing for financing Rolling Stock Assets and a spread of 35 bps over the weighted average cost of borrowing for financing Project Assets over the weighted average cost of borrowing.

Our total revenue from operations increased by 15.65% from ₹80,133.58 million in Fiscal 2017 to ₹92,671.44 million in Fiscal 2018 and by 20.13% to ₹111,323.21 million in Fiscal 2019, and was ₹66,572.47 million in the six months ended September 30, 2019. In Fiscals 2017, 2018 and 2019, and the six months ended September 30, 2019, our profit for the period was ₹9,211.71 million, ₹20,490.86 million, ₹22,546.61 million and ₹17,147.96 million, respectively. Our AUM, which represents sum of total lease receivables, loans to Other PSU Entities, and advances against leasing of Project Assets, have grown by 24.73% from ₹1,238,980.07 million in Fiscal 2017 to ₹1,545,346.66 million in Fiscal 2018 and by 30.03% to ₹2,009,373.33 million in Fiscal 2019, and was ₹2,219,102.49 million in the six months ended September 30, 2019. Disbursements to the MoR increased by 33.59% from ₹274,879.71 million in Fiscal 2017 to ₹367,222.54 million in Fiscal 2018 and by 43.06% to ₹525,351.84 million in Fiscal 2019, and was ₹245,343.25 million in the six months ended September 30, 2019. Our capital adequacy ratio as of March 31, 2019 and September 30, 2019 was 259.46% and 303.78%, respectively. As of September 30, 2019, we did not have any non-performing assets.

We maintain the highest possible credit ratings for an Indian issuer both for domestic and international borrowings. We have received the highest credit ratings from CRISIL – CRISIL AAA and CRISIL A1+, ICRA

– ICRA AAA and ICRA A1+, and CARE – CARE AAA and CARE A1+. We have also been accorded with Baa2 (Negative) rating by Moody’s, BBB- (Stable) rating by Standard and Poor’s, BBB- (Stable) rating by Fitch and BBB+ (Stable) rating by Japanese Credit Rating Agency that are on par with India’s sovereign ratings.

Strengths

We believe that the following are our competitive strengths:

Strategic role in financing growth of Indian Railways

We were incorporated as the dedicated market borrowing arm for the Indian Railways and have played a strategic role in financing the operations of the Indian Railways. In Fiscal 2019, we financed ₹525.35 billion accounting for 39.38% of the actual capital expenditure of the Indian Railways. In Fiscals 2017, 2018 and 2019, and in the six months ended September 30, 2019, we financed Rolling Stock Assets worth ₹142,808.41 million, ₹186,698.64 million, ₹240,550.84 million and ₹146,517.25 million, respectively. In addition to financing of Rolling Stock Assets, we have also financed Project Assets aggregating to ₹223,554.00 million and ₹92,516.00 million in Fiscal 2019 and the six months ended September 30, 2019, respectively.

We believe that the extensive expansion plans of the Indian Railways in the future will involve significant financing, and we believe that our operations, as a primary financing source for the Indian Railways, will increase significantly. The Indian Railways has laid down a capital expenditure plan from Fiscal 2016 to Fiscal 2020 of ₹8,560.2 billion (*Source: “Reform, Perform and Transform” – Report by the Indian Railways, July 2017*). The Indian Railways has planned to borrow ₹2.50 trillion from IRFC, including ₹1 trillion for Rolling Stock Assets, to fund its proposed capital expenditure from Fiscal 2016 to Fiscal 2020 (*Source: Ministry of Railways*). From April 1, 2015 to September 30, 2019, we have financed ₹1.54 trillion to the Indian Railways in relation to such proposed capital expenditure.

Our financing targets are determined annually by the MoR based on the annual planned capital outlay contained in the Union Budget of India for Indian Railways which we undertake to meet through various sources including taxable and tax-free bonds issuances, term loans from banks/financial institutions, external commercial borrowings, internal accruals, asset securitization and lease financing. Some of these funds are also utilized for debt financing provided to other entities under the administrative control of the MoR. The MoR has provided targets for market borrowings from us for funding of Rolling Stock Assets and Project Assets for Fiscal 2020, which includes financing of ₹284,000 million for Rolling Stock Assets and financing of ₹6,310 million for project assets being executed by RVNL and financing ₹264,400 million for Project Assets through institutional finance.

Competitive cost of borrowings based on strong credit ratings in India and diversified sources of funding

We meet our funding requirements through various sources. We fund acquisitions of Rolling Stock Assets and Project Assets through market borrowings of various maturities and currencies. Our ability to source external commercial borrowings in the form of syndicated foreign currency term loans, issuance of bonds/ notes in offshore markets at competitive rates supplement the funds available to us from domestic sources. We believe our diversified sources of funding, credit ratings and strategic relationship with the MoR, have enabled us to keep our cost of borrowing competitive. Since we are registered as an NBFC and classified under the category of an “Infrastructure Finance Company”, according to the Reserve Bank of India’s ‘External Commercial Borrowings (ECB) Policy - New ECB Framework’ dated January 16, 2019 read with ‘Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations’ dated March 26, 2019, we are allowed to raise external commercial borrowings of up to USD 750 million or equivalent per financial year under the automatic route without the prior approval of the Reserve Bank of India, subject to compliance with parameters and other terms and conditions set out in the external commercial borrowings policy/ framework issued by the Reserve Bank of India.

In addition to equity infusion from time-to-time by the Government of India, our long/ medium term sources of funding include taxable and tax-free bond issuances, term loans from banks/financial institutions, external commercial borrowings, internal accruals, asset securitization and lease financing. We also have a diverse base of investors from whom we raise funds through our issuance of bonds in the domestic and international bonds. These include banks and financial institutions, pension funds, provident fund trusts, insurance companies, sovereign funds, corporates, public (including high net worth individuals, retail investors and non-resident investors), trusts and mutual funds. The table below sets forth our sources of funding as of March 31, 2019 and as of September 30, 2019:

Particulars	Total borrowings as of March 31, 2019		Total borrowings as of September 30, 2019	
	Amount (₹million)	Percentage	Amount (₹million)	Percentage
Long Term Borrowing				
Bonds – Taxable	794,349.00	45.64%	912,035.00	49.37%
Bonds – Tax Free	343,326.87	19.73%	346,357.67	18.75%
Less: Unamortised transaction cost for domestic bonds	(1,127.84)		(1,083.02)	
External commercial borrowings	95,814.98	5.51%	119,847.39	6.49%
Rupee Term Loan	452,905.00	26.02%	397,250.00	21.50%
Short Term Borrowing				
Term Loan	24,198.97	1.39%	48,320.00	2.62%
Working Capital Loan	-	-	-	-
Commercial Papers	29,859.77	1.72%	23,589.50	1.28%
Total	**1,739,326.75**	**100%**	**1,846,316.54**	**100%**

For details, see "– *Sources of Funding*" on page 98.

Our Cost of Borrowings in Fiscals 2017, 2018 and 2019 was 6.97%, 6.82% and 7.09%, respectively. We have received the highest credit ratings from CRISIL – CRISIL AAA and CRISIL A1+, ICRA – ICRA AAA and ICRA A1+, and CARE – CARE AAA and CARE A1+. We have also been accorded with Baa2 (Negative) rating by Moody's, BBB- (Stable) rating by Standard and Poor's, BBB- (Stable) rating by Fitch and BBB+ (Stable) rating by Japanese Credit Rating Agency that are on par with India's sovereign ratings. For details, see *"– Credit Ratings*" on page 117.

Consistent financial performance and cost plus model

We have demonstrated consistent growth in terms of funding and profitability. Our total revenue from operations increased by 15.65% from ₹80,133.58 million in Fiscal 2017 to ₹92,671.44 million in Fiscal 2018 and by 20.13% to ₹111,323.21 million in Fiscal 2019, and was ₹66,572.47 million in the six months ended September 30, 2019. In Fiscals 2017, 2018 and 2019, and the six months ended September 30, 2019, our profit for the period was ₹9,211.71 million, ₹20,490.86 million, ₹22,546.61 million and ₹17,147.96 million, respectively.

Our total outstanding borrowings increased by 26.91% from ₹1,055,892.86 million as of March 31, 2017 to ₹1,340,055.27 million as of March 31, 2018 and by 29.80% to ₹1,739,326.75 million as of March 31, 2019 and was ₹1,846,316.53 million as of September 30, 2019. Our net worth (calculated as the aggregate value of the equity share capital and other equity) increased from ₹121,599.46 million as of March 31, 2017 to ₹185,855.12 million as of March 31, 2019 and was ₹200,491.03 million as of September 30, 2019. Further, our net gearing ratio, return on average total assets and average net worth as a percentage of average total assets was 9.36%, 1.23% and 8.83%, respectively, in Fiscal 2019 and 9.21%, 0.77% and 8.68%, respectively, in the six months ended September 30, 2019. Since Fiscal 1991, we have consistently made dividend distributions.

Our cost-plus based Standard Lease Agreement with the MoR has historically provided us with a margin over the weighted average cost of borrowing determined by the MoR in consultation with us at the end of each Fiscal. In Fiscal 2019, we were entitled to a margin of 40 bps over the weighted average cost of borrowing for financing Rolling Stock Assets and a margin of 35 bps over the weighted average cost of borrowing for financing Project Assets. Typically, the weighted average cost of borrowing factors in any expenses incurred by us with respect to any foreign currency hedging costs and/ or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations. Similarly, we follow the cost-plus pricing model for our financing to Other PSU Entities, which typically provide for a relatively higher margin. Such financing activity has allowed us to maintain an average net interest margin of 1.79% from Fiscal 2017 through Fiscal 2019.

In addition, we believe our low overhead and administrative costs and high operational efficiency has resulted in increased profitability. Our employee benefit expenses were ₹30.81 million, ₹55.26 million, ₹62.51 million and ₹22.52 million in Fiscal 2017, 2018 and 2019 and the six months ended September 30, 2019, respectively and accounted for 0.04%, 0.06%, 0.06% and 0.03% of our total income, respectively, in such periods.

Low risk business model

We believe that our relationship with the MoR enables us to maintain a low risk profile. Typically, the expenses incurred by us with respect to any foreign currency hedging costs and/ or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations are built into the weighted average cost of borrowing. This enables us to earn a margin, as determined by the MoR in consultation with us at the end of each Fiscal, over the life of the lease. Risks relating to damage to Rolling Stock Assets as a result of natural calamities and accidents are also passed on to the MoR. Further, the MoR is required to indemnify us at all times from and against any loss or seizure of the Rolling Stock Assets under distress, execution or other legal process. For further information, see "– *Standard Lease Agreement*" on page 256.

As of September 30, 2019, our total AUM, consisted of 60.80% of lease receivables primarily in relation to Rolling Stock Assets, 2.56% of loans to Other PSU Entities, and 36.64% of advances against leasing of Project Assets. As of September 30, 2019, we did not have any non-performing assets. Although historically we have not been required to resort to such funding from the MoR, our liquidity risk is also minimized as the MoR is required to cover any funding shortfall required by us for the redemption of bonds issued by us on maturity or repay term loan facilities availed by us. The MoR has historically never defaulted in its payment obligations under the Standard Lease Agreement. In addition, lease payments to us by the MoR form part of the annual railway budget in the Union Budget of India.

In order to minimize interest rate and foreign currency exchange risks, we enter into hedging arrangements with respect to a portion of our interest rate risk and foreign currency exposure, particularly arising from our external commercial borrowings. The costs of such hedging are typically included in the weighted average cost of borrowing which are included in the lease rentals payable by the MoR.

Strong asset-liability management

In addition to traditional cash flow management techniques, we manage our cash flows through an active asset and liability management strategy. Our asset-liability management model is structured in a manner which ensures that we have minimum asset-liability mismatches. We borrow on a long-term basis to align with the long-term tenure of the assets funded by us. We believe that such an approach of matching the tenure of our advances with our borrowings allows us to manage our liquidity better and meet the growing demands of the Indian Railways. To ensure that we always have sufficient funds to meet our commitments, we maintain satisfactory levels of liquidity to ensure availability of funds at any time to meet operational and statutory requirements.

Further, in the event we do not have sufficient funds to redeem bonds or repay term loans owing to inadequate cash flows during the fiscal year, the MoR is required under the Standard Lease Agreement to provide for such shortfall, through bullet payments in advance prior to maturity of the relevant bonds or term loans. Such payments are required to be adjusted in the subsequent lease rentals payable under the respective Standard Lease Agreement. For details of the maturity pattern of certain items of assets and liabilities, see "*Selected Statistical Information*" on page 148.

Experienced senior management and committed team

We believe that the industry knowledge and experience of our senior management has enabled us to develop and implement a consistent business plan and streamlined operational procedures, and allowed us to maintain consistent business growth over the years. In particular, members of our senior management team have extensive experience in the finance industry. Manjula Rangarajan, an officer of the Indian Railway Accounts Service, is the part-time Chairperson of the Board of our Company and currently serves as the financial commissioner (railways), alongside the position of additional member (finance) and additional member (budget) with the Railway Board. Amitabh Banerjee, is the Managing Director of our Company, was an employee of the India Railways Accounts Service and has been associated with Konkan Railway Corporation Limited as well as the Hindustan Paper Corporation Limited in the capacity of director (finance). Niraj Kumar Chhabra, a member of the ICAI, is the Director (Finance) and Chief Financial Officer of our Company and has experience across sectors, including in the railway sector, power sector financing and the fertilizer industry.

As of September 30, 2019, we had 24 permanent employees. Our senior management team and executive team have a range of professional qualifications and experience in corporate lending, structured finance and law, working at government agencies as well as leading commercial banks and financial institutions. For further information, see "*Our Management*" on page 129.

Business Strategies

Our principal business strategies include the following:

Diversification of borrowing portfolio

We have historically issued, through public issues of tax-free bonds and private placements of tax-free and taxable bonds with innovative structures, securitized receivables from the MoR and availed external commercial borrowings including syndicated loans, bonds and notes. We continue to diversify our borrowing portfolio through a range of financing instruments and identifying new markets and investors, including through issuance of 'green bonds' and 'medium term notes'. For instance, in March 2019, we set up our first US $ 2 billion Euro Medium Term Note ("**EMTN**") Programme and issued US $ 500 million Notes due in March 2024 under this EMTN Programme. In addition, we issued 'Reg-S Bonds Green Bond 1st Series' of US $ 500 million in December 2017. Further, we have issued bonds aggregating to ₹15.80 billion out of which a 'green shoe option' of ₹7.90 billion has been reserved exclusively for the Bharat Bonds Exchange Traded Fund ("ETF"), which has been set up by the Cabinet Committee on Economic Affairs and the Department of Investment and Public Asset Management.

As part of our diversification strategy, we continue to explore additional fund raising options at cost effective rates, including Indian Rupee denominated bonds issued in international markets. We may explore funding from sovereign wealth funds and pension funds, as well as multilateral agencies such as the World Bank and the Asian Development Bank where our funding requirements are aligned with their infrastructure and development funding targets. For instance, in May 2019, we entered into a facility agreement with Asian Development Bank and MoR for an amount of US $ 750 million. For further information, see "*Financial Indebtedness*" on page 291. In addition, the 'Multilateral Investment Guarantee Agency', a member of the World Bank, has approved a potential credit enhancement for a foreign currency denominated loan for our Company, subject to certain conditions, for an amount of up to US $ 1 billion and for tenors of up to 15 years. We believe that a diversification of our borrowing portfolio will enable us to raise more funds at a lower cost.

In addition, the Government has allowed us to raise tax saving bonds under section 54EC(ba) of Income Tax Act, 1961, pursuant to the notification dated August 8, 2017 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, GoI. This has enabled us to raise funds at a relatively lower cost than funds raised through taxable bonds of similar tenor.

Broaden our financing portfolio

While we act as the principal source of finance for the MoR, we continue to focus on funding the Rolling Stock Assets requirements of the Indian Railways. We plan to diversify our financing portfolio and broaden our lending activities by funding financially viable Project Assets. We plan to fund various Project Assets including those relating to the decongestion of the railways network and the expansion of the existing network of the Indian Railways. We also intend to fund projects undertaken by other MoR entities to improve railways infrastructure in India. We further intend to meet the financing requirements of public private partnership projects, including funding of redevelopment of stations as well as manufacturing of Rolling Stock Assets.

We intend to leverage our role as a primary financing partner of the MoR to provide financing for various joint venture entities established by the MoR with various State governments and other public sector undertakings for the development of railways infrastructure across India. We also intend to further diversify our lending portfolio by addressing the various financing requirements of the entities under the MoR, including by extending guarantees to entities under the MoR and providing short term borrowings. We believe that this will enable us to more effectively address the funding requirements of the Indian Railways and ensure financing for focused implementation and monitoring of railways projects.

In addition to providing financing support for the MoR and other entities administered by the MoR, we also plan to diversify our financing portfolio to include forward and backward linkages for railways sector. We believe that such core infrastructure focused businesses will benefit from the significant investment proposed by the GoI and various State governments as well as by the private sector.

Continued focus on asset-liability management

In order to manage our liquidity risk and interest rate risk, we intend to continue to undertake periodic analysis of profiles of our assets, liabilities, receipts and debt service obligations. As part of our measures to improve our asset-liability management, we take into account interest rate forecasts and spreads, internal cost of funds, operating results, projected funding needs of the MoR, projected loan disbursements, our current liquidity position and funding strategies. Going forward, we intend to have a strong in-house team comprising of consultants to provide guidance and inputs on improving our asset-liability framework and strategies. We will continue to target funding sources with long-term repayment schedules that match with the lease term of the Rolling Stock Assets and Project Assets that we fund.

Provide advisory and consultancy services and venture into syndication activities

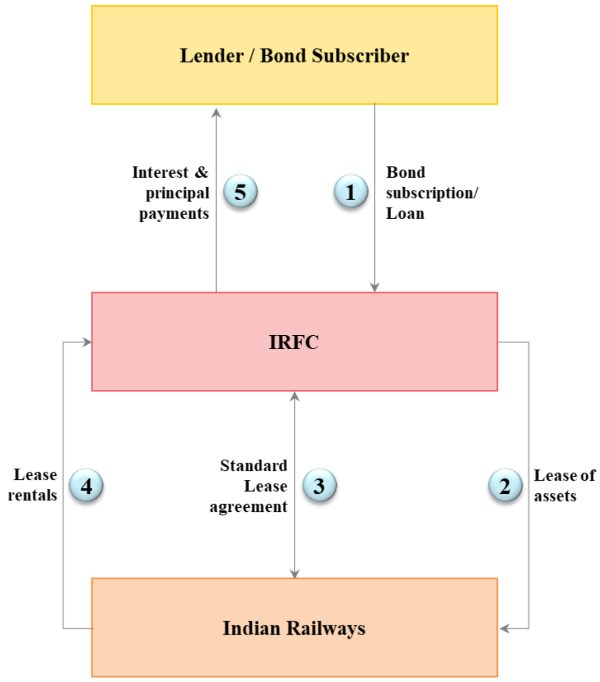
We intend to leverage our significant and diversified experience in fundraising and financing activities for the Indian Railways to provide financial structuring advisory and consultancy services. We intend to assist other Indian Railways entities with their funding requirements, providing strategic advice on, long-term access to capital, acquisition finance and equity capital. We further intend to leverage our significant industry experience as an NBFC and an infrastructure finance company to provide customized financing solutions for other railway entities.

We also propose to leverage our role as the principal source of finance for the MoR to venture into syndication activities. We intend to engage in loan syndication and equity syndication. Railways are a capital-intensive industry and a syndicate of lenders is often required to meet the large scale financing requirements of railways projects. We believe our extensive industry knowledge and financing experience will enable us to act as a syndicate arranger for the Indian Railways and other related entities, and ensure financial closure for railways and related projects.

Our Leasing Operations

Under the terms of the Standard Lease Agreement dated September 5, 2019 entered between the Indian Railways/ MoR and our Company for Fiscal 2019, we, as a lessor of the Rolling Stock Assets, retain legal title to such leased assets. The lease period with respect to Rolling Stock Assets is typically 30 years, comprising an initial primary period of 15 years and a secondary period of 15 years, unless otherwise revised by mutual consent. At the end of 30 years, the assets are to be transferred to the MoR for a nominal price. For instance, the leases executed for Rolling Stock Assets in Fiscal 1988 and Fiscal 1989 for ₹7,703.29 million and ₹8,607.27 million, respectively, expired on March 31, 2018 and March 31, 2019, respectively. During the primary and secondary lease periods for such leases, the full value of assets, including interest, has been recovered from the MoR. These assets have outlived their useful economic life. We are currently in the process of transferring these assets to the MoR. For further information, "*Financial Statements – Annexure VI – Note 41*" on page 225.

The MoR determines our annual financing objectives to meet its funding requirements for Rolling Stock Assets and Project Assets. We enter into a Standard Lease Agreement with the MoR after the end of the fiscal year, based on standard terms. The Standard Lease Agreement provides for the lease of Rolling Stock Assets delivered into service during the fiscal year and the repayment, over a 15 year period, of the lease rentals which include the value of the Rolling Stock Assets leased by us to the MoR in the relevant fiscal year, the weighted average cost of borrowing as well as a certain margin, all in accordance with the terms of the Standard Lease Agreement. The weighted average cost of borrowing and margin are determined by the MOR in consultation with us. Typically, the weighted average cost of borrowing factors in any expenses incurred by us with respect to any foreign currency hedging costs and / or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations. The Standard Lease Agreement is applicable with effect from the commencement of the financial year in which the relevant Rolling Stock Assets was delivered into service. The lease rentals are payable on a half-yearly basis in advance. The Standard Lease Agreement includes detailed information of the Rolling Stock Assets acquired as well as the lease rentals payable by the MoR to us. For details, see "*– Standard Lease Agreement*" on page 256. See also, "*Risk Factors – The Standard Lease Agreement is executed after the end of the Fiscal to which it relates and there can be no assurance that the agreement will be executed each year*" on page 28.



Our cost-plus based Standard Lease Agreement with the MoR has historically provided us with a margin over the weighted average cost of borrowing determined by the MoR in consultation with us at the end of each Fiscal. The following table sets forth certain information with respect to the margin on the incremental Rolling Stock Assets leased to the MoR in the periods indicated:

Period	**Cost to MoR**	**Weighted Average Cost of Borrowing to our Company for financing Rolling Stock Assets**	**Margin on Incremental Rolling Stock Assets leased**
	(%)		
Fiscal 2017	7.65%	7.15%	0.50%
Fiscal 2018	8.05%	7.75%	0.30%
Fiscal 2019	8.49%	8.09%	0.40%
September 30, 2019	7.80%	7.40%	0.40%*

** Provisional figure*

We have no direct contract with the manufacturers of Rolling Stock Assets, requisite orders and specifications are provided by the MoR directly to the manufacturers. Any subsequent improvement to the Rolling Stock Assets are undertaken at the cost of the MoR.

The following table sets forth certain information with respect to the value of assets leased during the periods indicated:

Period	**Value of Rolling Stock Assets Leased**
	(₹million)
Fiscal 2015	107,710.24
Fiscal 2016	140,002.16
Fiscal 2017	142,808.41
Fiscal 2018	186,698.64
Fiscal 2019	240,550.84
Six months ended September 30, 2019	146,517.25

Historically, we have not experienced any delay in receipt of lease rentals due to our Company from the MoR.

The following table sets forth the details of the Rolling Stock Assets financed by us and the total Rolling Stock Assets held by the Indian Railways during the periods indicated:

Particulars	Rolling Stock Assets held by the Indian Railways*	Rolling Stock Assets financed by our Company	Percentage of Rolling Stock Assets financed by our Company
	No. of units		(%)
As of March 31, 2019			
Locomotives	12,108	10,350	85.48%
Passenger coaches	67,573	57,370	84.90%
Freight wagons	289,185	229,815	79.47%
As of March 31, 2018			
Locomotives	11,725	9,643	82.24%
Passenger coaches	65,305	51,772	79.27%
Freight wagons	279,308	220,746	79.03%
As of March 31, 2017			
Locomotives	11,422	8,998	78.78%
Passenger coaches	64,255	47,825	74.43%
Freight wagons	277,992	214,456	77.14%

** Source: Ministry of Railways*

Terms of Standard Lease Agreement

Under the terms of the Standard Lease Agreement, we are deemed to have acquired ownership of the Rolling Stock Assets leased to the MoR from the first day of the month in which the item of Rolling Stock Assets are placed on line/ released to traffic. The payments for the Rolling Stock Assets, which we acquire, are made by the transfer of the specified purchase amount to the MoR. Payment for the asset is required to be made in the month in which the relevant asset is deemed to have been acquired by us. In the event of any delay or non-payment by us in the relevant month, we are required to pay interest to the MoR for any such delay at rates specified in the Standard Lease Agreement.

Under the terms of the Standard Lease Agreement, at all times during the continuance of the lease:

- The MoR is required to ensure that the Rolling Stock Assets are in its possession and under its control;
- The MoR is required to ensure that our logo and other marks indicating our sole ownership of the relevant asset remains affixed on such asset;
- The MoR is not entitled to claim right, title or interest in the Rolling Stock Assets other than as lessee and is not entitled to deny our ownership of the relevant assets;
- The MoR is required to use and operate the Rolling Stock Assets in the normal manner and is required to maintain such assets in good working condition, and repair such assets at its own expense, all in accordance with relevant operational manuals and standard maintenance practices of the Indian Railways. The MoR is also required to comply with all statutory and other requirements relating to the storage, installation, use and operation of the Rolling Stock Assets;
- The MoR is required to ensure that the Rolling Stock Assets are used and operated by qualified personnel for the purpose for which it is designed and may not, by act or omission, cause any warranty or the performance guarantee extended by the manufacturer to be invalidated or become unenforceable in whole or in part;
- The MoR is required to arrange at its own risk and expense the transportation of the Rolling Stock Assets from the place of manufacture to the place of installation and/or use;
- We are entitled to, with prior notice in writing, to inspect, view and examine the Rolling Stock Assets;
- The MoR is not entitled to transfer, assign or otherwise dispose of or deal with our rights, obligations or interests under the lease agreement by way of mortgage, charge, sublease, sale, assignment, hypothecation, pledge, encumbrance or lien or otherwise part with the possession of the Rolling Stock Assets;

- The MoR is required to indemnify us at all times from and against any loss or seizure of the Rolling Stock Assets under distress, execution or other legal process;

- The MoR is not entitled to make, except as expressly provided in the Standard Lease Agreement, any alterations, additions or improvement to the Rolling Stock Assets or change the conditions thereof without our prior written consent;

- The MoR is required to bear any loss or damage caused to the Rolling Stock Assets during the lease period as a result of accidents or natural calamities such as, amongst others, lightning, earthquake, flood, war, theft or civil commotion;

- The MoR is required to reimburse all taxes, levies and charges on the Rolling Stock Assets or part thereof or on any input or material or equipment used or supplied in or in connection with the Rolling Stock Assets; and

- In the event of total loss/damage of Rolling Stock Assets, the MoR has the option to pay us the depreciated value of such Rolling Stock Assets as mutually agreed between us and MoR within three months from the date that such Rolling Stock Assets are declared by us as a total loss. The MoR is then entitled to discontinue payment of lease rentals in respect of such Rolling Stock Assets.

The MoR pays lease rentals to us in advance on a bi-annual basis in April and October of each fiscal year. Lease rentals include the value of the Rolling Stock Assets leased by us to the MoR in the relevant fiscal year, the weighted average cost of borrowing as well as a certain margin, all in accordance with the terms of the Standard Lease Agreement. The weighted average cost and margin are determined by the MoR in consultation with us. Typically, the weighted average cost of borrowing factors in any expenses incurred by us with respect to any foreign currency hedging costs and / or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations. Further, the Standard Lease Agreement entered into by our Company for Fiscal 2019 also specifically provides that any costs in relation to foreign currency hedging undertaken by our Company with respect to our overseas borrowings will be borne by the MoR and any benefit accruing from such hedging transaction will be passed on by our Company to the MoR.

The following table sets forth certain information relating to the lease pricing, which comprises principal repayment and interest payment (calculated on the agreed cost-plus basis), in the periods indicated:

Period	**Lease Pricing***	**Cost to the MoR (%)**
Fiscal 2017	10.90% per annum, semi-annual in advance over a primary lease period of 15 years.	7.65% per annum
Fiscal 2018	11.15% per annum, semi-annual in advance over a primary lease period of 15 years.	8.05% per annum
Fiscal 2019	11.43% per annum, semi-annual in advance over a primary lease period of 15 years.	8.49% per annum
Six Months Ended September 30, 2019[#]	11.00% per annum, semi-annual in advance over a primary lease period of 15 years.	7.80% per annum

** Calculated on the basis of relevant Rolling Stock Assets cost and simple (non-compounded) payment over the relevant period.*

 # Provisional figure.

Any surplus funds with us are invested in short-term deposits to ensure availability of sufficient funds for redemption of bonds and repayment of loans. In the event we do not have sufficient funds to redeem bonds or repay term loans owing to inadequate cash flows during the fiscal year, the MoR is required under the Standard Lease Agreement to provide for such shortfall, through bullet payments in advance prior to maturity of the relevant bonds or term loans. Such payments are required to be adjusted in the subsequent lease rentals payable under the respective Standard Lease Agreement. However, we have never availed such a facility from the MoR till date. Shortly before the commencement of each fiscal year, we notify the MoR of the estimated lease rentals for all the assets acquired in the previous Fiscals and expected to be leased during the forthcoming fiscal year.

We received ₹65,679.90 million, ₹74,043.94 million, ₹85,002.29 million and ₹47,557.02 million in Fiscal 2017, 2018 and 2019 and the six months ended September 30, 2019, respectively, on account of capital recovery for the period in relation to the lease receivables. Lease payments to us by the MoR form part of the annual railway budget in the Union Budget of India.

Disbursement of Loans

In addition to raising funds for the Indian Railways, we have also disbursed loans amounting to ₹10,460.00 million and ₹6,310.00 million to a central public sector enterprise in Fiscal 2019 and the six months ended September 30, 2019, respectively. As of September 30, 2019, our total AUM, consisted of 2.56% of loans to Other PSU Entities.

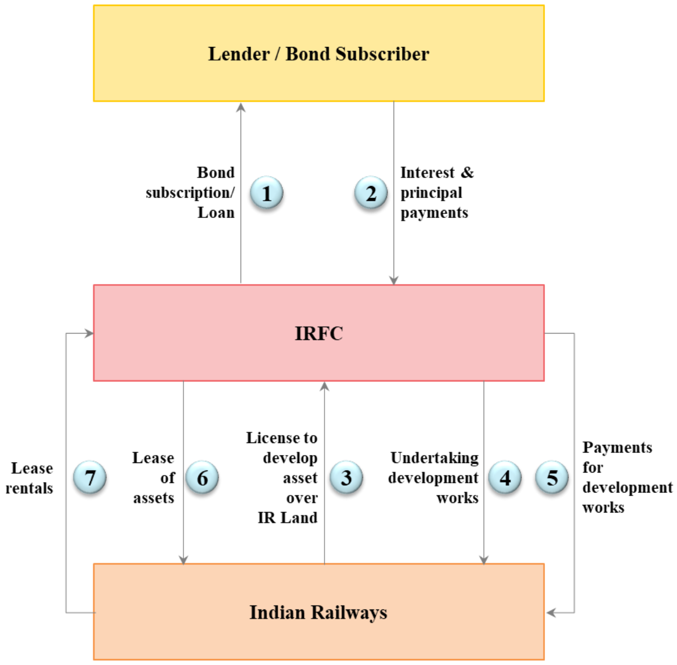
Summary of Loan Agreement - RVNL

We entered into a loan agreement dated July 10, 2008 and a supplementary agreement dated March 15, 2013 with RVNL. The tenure for the loan is 15 years with an initial moratorium period of three years after which the loan shall be repaid in annual instalments with an interest rate determined by us on the basis of the annualized weighted average cost of borrowing for the period plus margin. The interest on funds provided to RVNL is charged on a yearly basis which is notified by us to the MoR and RVNL after the close of each Fiscal. The lending of funds by us to RVNL is in the form of a loan and typically, the range of margin is between 65 bps and 88 bps over the weighted average cost of borrowing.

Summary of Loan Agreement - IRCON

We entered into a loan agreement dated March 28, 2018 with IRCON. The tenure for the loan is 5 years and 15 days with an initial moratorium period of one year after which the loan shall be repaid in five equal instalments commencing from April 15, 2019. The rate of interest provided to IRCON is 8.77% and is charged on a yearly basis. The lending of funds by us to IRCON is in the form of a loan.

Financing of Project Assets



Funding from Life Insurance Corporation of India ("LIC")

We also raise funds from the LIC. The MoR entered into a MoU dated March 11, 2015 with LIC to avail ₹1,500,000 million over a period of five years, commencing from Fiscal 2016. Based on this MoU, we have entered into a MoU with the MoR dated May 23, 2017 to be the intermediary for the funding from LIC. The MoU provides for a tenor of 30 years for each installment, with capitalization of interest accruing in the first five years and repayment of principal in equal semi-annual installments in 20 years commencing after a moratorium of 10 years. In terms of the MoU executed between our Company and the MoR, the repayment terms by MoR are to be kept similar to the structure of funding from LIC. In Fiscal 2019, we were entitled to a spread of 35 bps over the weighted average cost of borrowing in relation to the financing of Project Assets. As of September 30, 2019, outstanding borrowings from the LIC amounted to ₹180,000.00 million. We have raised funds by issuing bonds on a private placement basis to the LIC. Funds raised are being utilized for implementing identified railway projects. Similar to Rolling Stock Assets leasing model, we acquire leasehold interest in the Project Assets under a lease agreement and MoR is required to pay lease rentals. We are, however, yet to execute the lease agreements, license agreements and development agency agreements with the MoR (in respect of the projects funding provided by us in Fiscals 2016, 2017, 2018, 2019 and 2020) as the projects are still being developed and the costs to the MoR have not been completely determined by the MoR.

In addition, funding from LIC matching the requirements of the Indian Railways for projects has been constrained due to the exposure limit as per the extant guidelines prescribed by the Insurance Regulatory and Development Authority of India and accordingly, we have arranged funds from other sources to bridge the shortfall which has shorter tenor as compared to the tenor of funding from the LIC. We have requested the MoR to maintain the tenor of lease between the Company and MoR corresponding to the tenor of borrowing for railway projects. For further information, see "*Risk Factors - Non-availability of funding from the Life Insurance Corporation of India ("LIC") matching the requirement of funds by Indian Railways for railway projects under EBR-IF may affect the asset-liability position of our Company.*" on page 32.

Funding of Project Assets in Fiscal 2012

Pursuant to the memorandum of understanding dated July 27, 2012 entered into by our Company and the GoI, we agreed to lease out infrastructure assets, such as doubling projects and electrification projects to the GoI. Subsequently, we entered into a lease agreement dated August 26, 2014 with the President of India, through the Executive Director, Finance (Budget), Government of India in relation to said project funding in Fiscal 2012. The primary lease period is for 15 years from April 1, 2011 and the secondary lease period commences from the date next to the expiry of the primary lease for 15 years or unless otherwise revised by mutual consent. The lease rental is calculated on the value of the infrastructure assets of ₹20,784.94 million. Prior to the execution of the lease agreement, we made pre-lease disbursements of ₹20,784.94 million by raising the funds by issuing tax-free bonds. The lease rental shall be paid in annual installments on October 15 of every year. In case of any delay in payment of lease rentals, the GoI shall pay an overdue rate till such delay subsists.

Further, we also entered into licensing agreement dated August 26, 2014 with the President of India, through the Executive Director (Land and Amenities), Ministry of Railways (Railway Board), Government of India. Pursuant to the terms of the licensing agreement, we have undertaken to lease the infrastructure assets and accordingly, are required to carry out development works. Thus, in order to carry out such development works and own the infrastructure assets, the GoI has granted us a license. The GoI has granted to us the right, amongst others, to carry out the development work on the land, to acquire, construct, erect, build, install, own, situate, keep, hold and beneficially enjoy the infrastructure asset on the land during the license period, to transfer, sell or otherwise dispose of or enjoy the infrastructure asset. We cannot use the land for any other purpose without the prior consent of the GoI. In addition, the license period commenced from the date of this licensing agreement and shall terminate at the expiry on first anniversary of date of termination of the lease agreement. All costs in relation to the preparation and improvement of the land for carrying out the development work forms part of the project cost. This agreement for grant of lease of the infrastructure assets constitutes sufficient and full consideration for grant of the license rights under the licensing agreement. Further, we are not be liable to pay any license fee.

We have also entered into a development agency agreement dated August 26, 2014 with the President of India, through the Executive Director (Works), Ministry of Railways (Railway Board), Government of India. Pursuant to the terms of the development agency agreement, the GoI has undertaken to carry out the development works and construction of infrastructure assets on behalf of our Company in order to bring the infrastructure assets into a commercial usable state for the purpose of leasing such infrastructure assets.

Sources of Funding

Our sources of funds include taxable and tax-free bonds issuances, term loans from banks and financial institutions, commercial papers, external commercial borrowings, asset securitization, internal accruals and lease financing. After the Union Budget is passed by the Indian Parliament each year (which since 2017 also included the railway budget), the MoR notifies borrowing targets, *i.e.* how much funding it expects to receive from us during the Fiscal. We have an overall borrowing limit set out by our Shareholder, the Government of India. As on the date of this Draft Red Herring Prospectus, our borrowings cannot exceed a maximum monetary borrowing limit of ₹4,000,000 million. Our total outstanding borrowing as of September 30, 2019 was ₹1,846,316.53 million. All our borrowings are referenced to funding targets assigned to us by the MoR.

The following table sets forth the maturity profile and average interest rate of our Company's outstanding debt as of September 30, 2019:

	Fiscal 2020		Fiscal 2021 – Fiscal 2025		After Fiscal 2025	
	Maturity Amount	Interest Rate (per annum)*	Maturity Amount	Interest Rate (per annum)*	Maturity Amount	Interest Rate (per annum)*
	(₹million, except percentages)					
Domestic	₹226,711.60	5.25% to 9.86%	₹384,390.28	5.25% to 10.70%	₹1,116,450.29	7.04% to10.04%
Overseas (in other currencies)	₹213.15	3.57% to 4.15%	₹35,844.75	2.85% to 3.73%	₹87,720.92	0.8% to 3.84%

** The interest rate range indicates the present rate of interest per annum applicable to the existing facilities. For Fiscal 2021- Fiscal 2026 and after Fiscal 2026, for calculating the interest rate in case of LIBOR linked borrowings the interest rate is computed based on the probable/ projected LIBOR rate, which would prevail at the time of the maturity of the respective underlying borrowings.*

For details, see "*Financial Indebtedness*" on page 291.

Domestic Borrowings

Bonds

Taxable Bonds: We typically issue non-convertible, redeemable taxable bonds under various series with a maturity period usually ranging up to 30 years from the date of allotment. As of September 30, 2019, our outstanding taxable bonds were ₹912,035.00 million bearing fixed interest rates. These bonds are issued on a private placement basis and majority of these bonds are listed on the "whole sale debt market segment" on the Stock Exchanges.

Further, the Cabinet Committee on Economic Affairs and the Department of Investment and Public Asset Management have recently set up the Bharat Bonds ETF to mobilize funds for investment in corporate bonds and non-convertible debentures to be issued by state-run companies to be traded on exchanges. Our Company had indicated its intention to participate in the Bharat Bond ETF. Further to our discussions with the Department of Investment and Public Asset Management, we have issued bonds aggregating to ₹15.80 billion out of which a 'green shoe option' of ₹7.90 billion had been reserved exclusively Bharat Bonds ETF.

Tax-Free Bonds: We typically issue secured, non-convertible, redeemable tax-free bonds under various series typically with a maturity period ranging from 10 to 20 years from the date of allotment. As of September 30, 2019, our outstanding tax-free bonds were ₹346,358.67 million bearing fixed interest rates. These bonds are issued to retail, corporate and institutional investors through a public issue or on a private placement basis and are currently listed on the "whole sale debt market segment" on the Stock Exchanges (bonds raised through private placement) and the capital market segments of the NSE and the BSE (bonds raised through public issues). We are only able to issue tax-free bonds to the extent permitted by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India.

For details of the terms of our bond issuances, see "*Financial Indebtedness – Non-Convertible Debentures*" and "*Financial Statements – Note 15: Debt Securities*" on pages 292 and 191, respectively.

Term Loans

We avail secured long-term and medium-term loans, as well as unsecured short-term loans from various domestic scheduled commercial banks and financial institutions including government operated savings funds. For details of the terms of our term loans facilities with banks and financial institutions, see "*Financial Indebtedness – Secured Long Term Rupee Loans from domestic banks" and "Financial Indebtedness – Unsecured Short-Term Rupee Loans from domestic banks"* on pages 297 and 297, respectively.

Unsecured Commercial Paper

We have issued unsecured commercial paper (CP-XVII series) of face value of ₹40,000 million at a discount rate of 5.14% on November 20, 2019, with a maturity date as of February 17, 2020.

International Borrowings

External Commercial Borrowings

We have raised funds through syndicated loans and term loans, and have issued foreign currency unsecured bonds (primarily in US Dollars and Japanese Yen) which have been listed on international stock exchanges. As of September 30, 2019, our outstanding foreign currency loans were ₹119,847.39 million.

The following table sets out details of our external commercial borrowings:

Particulars of borrowing	Sanctioned amount	Principal outstanding amount (₹million) (as of September 30, 2019)	Tenor	Rate of Interest* (per annum)	Redemption Date
External Commercial Borrowings					
Unsecured foreign currency bonds issued in offshore market					
Reg-S bonds under EMTN programme	USD 500 million	35,525.00 million	five years from deemed date of allotment	3.73% payable semi annually	March 29, 2024
Green Reg-S Unsecured fixed rate U.S.D 500,000,000 Notes	USD 500 million	35,525.00 million	ten years from deemed date of allotment	3.835% payable semi annually	December 13, 2027
Secured Foreign Currency Term Loan					
Bank of India	USD 60 million	532.88 million	24 years (including the four years moratorium)	Six-month LIBOR + 1.25%	Repayable in 40 equal half-yearly instalments starting April 2002, after a moratorium of four years from the date of availment
Rupee Denominated Loan Facility from Asian Development Bank (ADB)	INR equivalent of USD 750 Million	-	20 Years	ADB's Funding Rate + 1.25%*	Repayable in 32 structured semi-annual instalments and the first repayment date shall be the first interest payment date falling four years after Financial Close
Unsecured Foreign Currency Loan					
American Family Life Insurance Company of Columbus (AFLAC-1)	JPY 12 billion equivalent to USD 145.90 million	10,365.96 million	15 years	2.85%	Bullet repayment on final maturity date March 10, 2026
American Family Life Insurance Company of Columbus (AFLAC-2)	JPY 3 billion equivalent to USD 37.04 million	2,631.48 million	15 years	2.90%	Bullet repayment on final maturity date March 30, 2026
Syndicated Foreign Currency Term Loan					
The Bank of Tokyo-Mitsubishi UFJ Ltd. (Singapore branch), Mizuho Bank Ltd. (Singapore branch) and Sumitomo Mitsui Banking Corporation (Singapore branch)	JPY 26.23 billion	17,401.81 million	10 years	6-month JPY LIBOR + 0.8%	Bullet repayment on final maturity date, March 28, 2028

Particulars of borrowing	Sanctioned amount	Principal outstanding amount (₹million) (as of September 30, 2019)	Tenor	Rate of Interest* (per annum)	Redemption Date
The Bank of Tokyo-Mitsubishi UFJ Ltd. (Singapore branch), Mizuho Bank Ltd. (Singapore branch) and Sumitomo Mitsui Banking Corporation (Singapore branch)	JPY 32.856 billion	21,796.67 million	7 years	6-month JPY LIBOR + 0.90%	Bullet repayment on final maturity date, June 4, 2026

**Interest Rate will be reset with reference to ADB's Funding Rate at every two year's interval.*
Note:
 # JPY, has been converted into INR as per the exchange rate prevailing on September 30, 2019 i.e. ₹66.34 for 100 JPY.
 # USD, has been converted into INR as per the exchange rate prevailing on September 30, 2019 i.e. ₹71.05 for 1 USD.

For further details of the foreign currency loans, see "*Financial Indebtedness – Non-Convertible Debentures*" and " *Financial Statements – Note 15: Debt Securities*" on pages 291 and 191, respectively.

Assets

The Standard Lease Agreement for Fiscal 2019 was executed on September 5, 2019. A majority of the assets of our Company comprise of lease receivables represented by Rolling Stock Assets leased to the MoR. The Ministry of Corporate Affairs ("**MCA**") has vide notification dated March 30, 2019 notified 'Ind AS 116 – Leases' and we were required to adopt Ind AS 116 from April 1, 2019. Our Company applied the transition provisions as mentioned in Appendix C to Ind AS 116. There is no financial impact on our Company on adoption of Ind AS 116. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Accounting Policies - Leases*" and " *Financial Statements*" on pages 260 and 153, respectively.

We owned and leased the following units of railway Rolling Stock Assets to the Indian Railways for the periods:

Rolling Stock Assets	Six months ended September 30, 2019		Fiscal 2019		Fiscal 2018		Fiscal 2017	
	No. of Units	Book Value (₹million)	No. of Units	Book Value (₹million)	No. of Units	Book Value (₹million)	No. of Units	Book Value (₹million)
Locomotives	446	54,740.06	707	83,235.00	645	91,866.00	608	77,135.00
Passenger coaches	3,272	75,205.80	5,598	132,985.90	3,947	77,429.39	2,280	38,708.77
Freight wagons	5,643	16,571.39	9,069	24,329.90	6,290	17,403.25	10,000	26,964.64
Total	**9,361**	**146,517.25**	**15,374**	**240,550.84**	**10,882**	**186,698.64**	**12,888**	**142,808.41**

Rolling Stock Assets have an average life of 30 years. As of March 31, 2019 and as of September 30, 2019, our outstanding gross leased assets (net of capital recovery) to the MoR were ₹1,250,265.12 million and ₹1,349,225.35 million, respectively, representing 62.22% and 60.80%, respectively, of our total AUM.

Treasury Operations

Our treasury operations help us meet the funding requirements of the Indian Railways. We are well capitalised with diversified sources of funds. We have a dedicated resource mobilization team which handles funding requirements, minimize the cost of our borrowings, diversify the sources of our funds, manage interest rate risk and invest surplus funds. Our finance team undertakes liquidity management by seeking to maintain an optimum level of liquidity. Our objective is to ensure adequate capitalisation to conduct our business without holding excessive cash. In addition, we invest our surplus funds in fixed deposits with scheduled commercial banks in accordance with the guidelines issued by the Department of Public Enterprises, issued from time to time. For further information about the components of interest-earning assets and interest-bearing liabilities, see "*Selected Statistical Information*" on page 148.

Off Balance Sheet Arrangement

We have not entered into any securitization transaction or assignment transaction during the six months ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017. However, we entered into two securitization transactions in respect of our lease receivables from MoR on January 25, 2010 and March 24, 2011. As per IND AS 109 – 'Financial Instruments', the gain on these transactions was recognised in the year of transactions, itself.

In terms of the Minimum Retention Requirement as contained in the draft guidelines issued by the RBI in April 2010, we had invested 5% of the total securitized amount towards minimum retention requirement in respect of our second securitization transaction executed in 2011. The present exposure on account of securitization transaction as of September 30, 2019 was ₹27.64 million, while as of March 31, 2019, 2018 and 2017, it was ₹33.30 million, ₹45.42 million and ₹58.69 million.

For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Securitization and Assignment Arrangements*", "*Financial Statements – Annexure VI – Note 54.3 – Disclosures relating to Securitization*" and "*Restated Financial Statements – Annexure VI – Note 48"* on pages 281, 236 and 227, respectively.

Credit Ratings

Domestic Ratings

We have been accorded the highest ratings by three domestic credit rating agencies namely, CRISIL, ICRA and CARE. Details of ratings assigned by such domestic credit rating agencies to us are as follows:

Rating Agency	Rating	Outlook
Long term rating		
CRISIL	CRISIL AAA	Stable
ICRA	ICRA AAA	Stable
CARE	CARE AAA	Stable
Short term rating		
CRISIL	CRISIL A1+	-
ICRA	(ICRA) A1+	-
CARE	CARE A1+	-

International Ratings

Details of the ratings assigned by international credit rating agencies to us are as follows:

Rating Agency	Rating	Outlook
Long term rating		
Moody's	Baa2	Negative
Fitch	BBB-	Stable
Standard & Poor's	BBB-	Stable
Japan Credit Rating Agency	BBB+	Stable

Prudential Norms

We are registered with the RBI as a NBFC and are classified under the category of an "Infrastructure Finance Company" under section 45-IA of the RBI Act, 1934. We are regulated principally by the RBI and are subject to the RBI's guidelines on the regulation of the NBFC-ND-SIs, which includes, among other things, matters related to capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFC-ND-SIs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to the NBFC-ND-SIs.

Earlier, NBFCs which were government companies in terms of the Companies Act, 2013, were exempt from the prudential norms as prescribed by the RBI for NBFCs. This exemption has since been withdrawn with effect from May 31, 2018. However, the RBI has granted exemption to our Company from asset classification, provisioning and exposure norms to the extent of its exposure to the MoR. Further, we have been granted exemption by the RBI from credit concentration norms to the extent of 100% of our owned funds for our exposure to Railway entities in which the ownership of the State/Central Government is minimum 51%.

Accordingly, our Company has been adhering to the prudential norms prescribed by the RBI for NBFC-ND-SI except its exposure to sovereign, *i.e.* the MoR. Further, we have decided to follow the asset classification and provisioning norms as provided by the RBI for loans/ leases/ advances to entities other than Indian Railways. For further information, see "*Selected Statistical Information – Classification of Assets*" and "*Financial Statements – Annexure VI – Note 42*" on pages 151 and 225, respectively.

Further, until March 31, 2019, our Company, being a government-NBFC, was exempt from creation and maintenance of Reserve Fund as specified under section 45-IC of the RBI Act, 1934. However, the said exemption has been withdrawn by the RBI through notification no. DNBR (PD) CC.No.092/03.10.001/2017-18 dated May 31, 2018. Accordingly, our Company is now creating the Reserve Fund as required under section 45-IC of RBI Act, 1934, wherein at least 20% of net profit every year will be transferred, as disclosed in the profit and loss account and before the declaration of dividend. For further information, see "*Our Business – Prudential Norms*" and "*Restated Financial Statements – Annexure VI – Note 42*" on pages 117 and 225, respectively. Also, see "*Key Regulations and Policies*" on page 120.

Risk Management

Credit Risk

A major portion of our assets are in the form of lease receivables from the MoR that we believe carry minimal risk. Occasionally, we lend to other railway entities in the form of loans. We believe we are adequately covered for risks arising from such loans as these are covered either under a presidential directive or cash flows that constitute our receivables under such loans originated from the MoR. We have in place robust internal control systems that, we believe, are commensurate with the nature and volume of our business. We have also established various risk management committees and an Asset Liability Committee comprising of the Managing Director, the Director – Finance and senior officials.

Operational Risk

Our internal controls and systems are reviewed periodically by our internal auditors. The internal audit function has been assigned to an independent firm of chartered accountants. Our Statutory Auditors are appointed by Comptroller and Auditor General of India ("**C&AG**"), and the appointment is rotated periodically. Besides, our accounts are subject to supplementary audit by the office of C&AG as required under the Companies Act. The C&AG also conducts a proprietary audit.

Foreign Exchange Risk

In order to minimize our foreign exchange risks, we hedge our foreign currency exposure associated with our external commercial borrowings. Typically, any expenses incurred by us with respect to any foreign currency hedging costs is included the weighted average cost of borrowing factors which forms part of the lease rentals payable by the MoR to us. We adopt cost-effective risk management strategies to safeguard our operations against exchange rate variation risk on our overseas borrowings. In addition, The Standard Lease Agreement entered into by our Company for Fiscal 2019 also specifically provides that any costs in relation to foreign currency hedging undertaken by our Company with respect to our overseas borrowings will be borne by the MoR and any benefit accruing from such hedging transaction will be passed on by our Company to the MoR.

Interest Rate Risk

Typically, the weighted average cost of borrowing factors in any expenses incurred by us with respect to any hedging costs for interest rate fluctuations. Such weighted average cost of borrowing are included in the lease rentals payable by the MoR to us. Further, we enter into derivative transactions to hedge interest rate risk and minimize our interest rate exposure. In addition, the provision in the Standard Lease Agreement helps us maintain an appropriate matching of interest rate sensitivity profile of our assets and liabilities.

Technology

We maintain and upgrade our IT infrastructure periodically. This ensures faster processing of data / information. We use information technology as a strategic tool in our business operations to improve our overall productivity. We intend to streamline and standardize our various processes and accordingly, propose to implement a standard BPM solution, which will allow for more efficiency and monitoring.

All critical data is backed-up daily with backup servers to ensure data safety. We also train our employees on the importance of safeguarding data.

Insurance

We maintain a standard fire insurance and special perils policy for our Registered and Corporate office, which is renewed every year. In addition, we have a burglary insurance policy for our office equipment and furniture. We have also obtained 'group serving linked' insurance policy for our employees. Our insurance policies may not be sufficient to cover our economic loss. For details, see "*Risk Factors – Insurance obtained by us may not adequately protect us against all losses and could adversely affect our business prospects, financial condition and results of operations*" on page 41.

Employees

As of September 30, 2019, we had 24 permanent employees. In order to enhance the professional input to our processes, we currently outsource a few non-core activities, such as internal auditing and accounting, to professional agencies.

Corporate Social Responsibility ("CSR")

We have constituted a CSR Committee that comprises Chetan Venugopal (chairman), Kishor Jinabhai Devani, Ashok Kumar Singhal, Amitabh Banerjee and Niraj Kumar Chhabra. In accordance with the provisions of the Companies Act and guidelines issued by the Department of Public Enterprises, we have adopted a 'Corporate Social Responsibility and Sustainability Policy'.

Intellectual Property

We have applied for registration of our logo , and our slogans "Future on track" with the Trade Marks Registry, Government of India. We have obtained a trademark registration for our slogan "Bhavishya Path Par" under Class 36 of the Trade Marks Act, 1999. We have also obtained registration for our website, "www.irfc.nic.in" and "www.irfc.co.in". For details see, "*Government and Other Approvals*" on page 303.

Property

Our registered and corporate office is located at Upper Ground Floor, East Tower, NBCC Place, Bisham Pitamah Marg, Pragati Vihar, Lodhi Road, New Delhi – 110 003. We have entered into agreements to acquire our registered and corporate office, however, the execution of a sale deed and registration formalities are yet to be completed. For details see, "*Risk Factors - We have not registered the title documents to our registered and corporate office premises and accordingly the title to our office premises may be imperfect.*" on page 41.

KEY REGULATIONS AND POLICIES

*Our Company is notified by the MCA as a public financial institution under Section 4A of the Companies Act, 1956 (now defined under Section 2 (72) of the Companies Act, 2013) and also classified as an NBFC-ND-IFC by RBI vide its certificate dated November 22, 2010. The business activities of NBFCs and public financial institutions are regulated by various RBI regulations. Historically, the RBI had exempted a government company as defined under Section 2(45) of the Companies Act, 2013 from the applicability of several sections of the RBI Act as well as, inter alia, the NBFC-ND-SI Directions. However, pursuant to a notification issued by the RBI dated May 31, 2018, Government companies which were previously exempt from, inter alia, the NBFC-ND-SI Directions and certain income recognition, asset classification, provision requirements, capital adequacy requirements, leverage ratios and concentration of credit and investments, corporate governance and deposit regulations, will now have to comply in the same way as non-Government companies within the prescribed timelines ("**Withdrawal Notification**"). Additionally, the Withdrawal Notification permits government companies set up to serve specific sectors to approach the RBI for exemptions.*

Pursuant to the letter issued by the RBI dated December 21, 2018, our Company has been granted exemption from the Withdrawal Notification to the extent of the standard asset provisioning, exposure and income recognition and asset classification norms, insofar as they relate to our direct exposure on the sovereign. Further, pursuant to a letter issued by the RBI dated March 22, 2019, our Company has also been granted exemption from credit concentration norms to the extent of 100% of our owned funds for our exposure to Indian Railways' entities in which ownership of the Central Government of India or the State Governments, is minimum of 51 per cent.

Except as otherwise stated in this Draft Red Herring Prospectus, taxation statutes such as the Income Tax Act, 1961, Central Goods and Services Tax Act, 2017, and other miscellaneous regulations and statutes, apply to us as they do to any other Indian company.

The following is an overview of certain sector-specific laws and regulations which are applicable to the operations of our Company. The information detailed in this chapter has been obtained from publications available in public domain. The description of laws and regulations set out below is not exhaustive but indicative and is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

A. The Reserve Bank of India Act, 1934 ("RBI Act")

The RBI is entrusted with the responsibility of regulating and supervising activities of NBFCs by virtue of the power vested in it under Chapter IIIB of the RBI Act. The RBI Act defines an NBFC under Section 45-I (f) as:

(i) "a financial institution which is a company;
(ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner;
(iii) such other non-banking institution or class of such institutions, as the Bank may, with the previous approval of the Central Government and by notification in the Official Gazette, specify."

A "financial institution" and a "non-banking institution" have been defined under Sections 45-I(c) and 45-I(e) of the RBI Act, respectively.

The RBI has clarified through a press release dated April 8, 1999, for identification of place of business of an NBFC, that it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company, to decide its principal business. The company will be treated as an NBFC (a) if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets); and (b) if its income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied as the determinant factor for principal business of a company.

The RBI Act, and directions made thereunder, mandate that no NBFC shall commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration ("**CoR**") and without having a net owned fund not exceeding ₹20 million. In case an NBFC does not accept deposits from the public, the CoR expressly states the same.

B. ***Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017 ("Risk Management Directions")***

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued the Risk Management Directions. The Risk Management Directions specify that core management functions like internal auditing, strategic and compliance functions, decision making functions such as compliance with "*know your customer*" norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

C. ***Financial Regulation of Systemically Important NBFC's and bank's relationship with them***

The RBI has issued guidelines dated December 12, 2006 relating to the financial regulation of systemically important NBFCs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from financing NBFCs for certain activities, such as *inter alia* (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or inter-corporate deposits by NBFCs to or in any company; (iii) investments of NBFCs both of current and long term nature, in any company; (iv) all types of loans and advances by NBFCs to their subsidiaries, group companies/entities by way of shares, debentures, etc., with certain exceptions; and (v) further lending to individuals for the purpose of subscribing to an initial public offer.

D. ***Supervisory Framework***

In order to ensure adherence to the regulatory framework by systemically important ND-NBFCs, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution with requirement to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalisation of the balance sheet and in any other case not later than December 31 of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013 the auditors are also required to make a separate report to the Board of Directors on certain matters, including compliance with prudential norms including capital adequacy, asset classification, etc. Where the statement regarding any of the items such as those referred to above, is unfavourable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI, it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned regional office of the Department of Non-Banking Supervision of RBI under whose jurisdiction the registered office of the company is located.

E. ***Asset Liability Management***

The RBI has prescribed Guidelines for Asset Liability Management ("**ALM**") System in relation to NBFCs ("**ALM Guidelines**") that are applicable to all NBFCs through a Master Circular-Miscellaneous Instructions to NBFC-ND-SI, dated July 1, 2015 and Asset Liability Management (ALM) System for NBFCs – Guidelines dated June 27, 2001 ("**2001 Circular**"). As per the 2001 Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹100 crore, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ₹20 crore or more (irrespective of the asset size) as per their audited balance sheet as of March 31, 2001, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

F. ***Anti-Money Laundering***

The RBI has issued a Master Circular dated July 1, 2015 ("**Master Circular**") to ensure that a proper policy framework for the Prevention of Money Laundering Act, 2002 ("**PMLA**") is put into place. The

PMLA seeks to prevent money laundering and provides for confiscation of property derived from or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the Master Circular, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record *inter alia* (i) for all cash transactions of value of more than ₹1 million; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹1 million where such series of transactions have taken place within one month and the monthly aggregate value of such transaction exceeds ₹1 million. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least five years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least five years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

The RBI, vide its notification dated December 3, 2015, titled "Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards" has directed all regulated entities (including NBFCs) to comply with the updated Financial Action Task Force Public Statement and document 'Improving Global AML/CFT Compliance: on-going process', both dated October 23, 2015.

G. ***Insolvency and Bankruptcy Code, 2016***

The Insolvency and Bankruptcy Code, 2016 (Bankruptcy Code) was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

RBI vide its circular dated June 7, 2019, laid down the Prudential Framework for Resolution of Stressed Assets whereby prescribing the regulatory approach for resolution of stressed assets *inter alia* by: (i) early recognition and reporting of default by banks, financial institutions and NBFCs in respect of large borrowers; (ii) affording complete discretion to lenders with regard to design and implementation of resolution plans, subject to the specified timeline and independent credit evaluation; (iii) laying down a system of disincentives in the form of additional provisioning for delay in implementation of resolution plan or initiation of insolvency proceedings; (iv) withdrawal of asset classification dispensations on restructuring; and (v) requiring the mandatory signing of an inter-creditor agreement (ICA) by all lenders, which will provide for a majority decision making criteria.

Recently, MCA vide notification dated November 15, 2019, issued the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 ("**FSP Rules**") *inter alia* governing the corporate insolvency resolution process and liquidation process of Financial Service Providers (FSPs) under the Bankruptcy Code. The issuance of the FSP Rules has made viable and unified resolution process accessible for the FSPs and their creditors.

H. Classification Of Infrastructure Finance Companies

The NBFC-ND-SI Directions, 2016 are applicable to every non-deposit taking NBFC-IFC registered with the RBI under the provisions of the RBI Act and having an asset size of ₹5,000 million and above. Our Company was classified as an NBFC-ND-IFC by the RBI through its CoR dated November 22, 2010. NBFC-IFCs are NBFCs that fulfil the following criteria:

(i) a minimum of 75 per cent of its total assets should be deployed in "infrastructure loans";

(ii) net owned funds of `3,000 million or above;

(iii) minimum credit rating 'A' or equivalent of CRISIL, FITCH, CARE, ICRA, Brickwork Rating India Private Limited or equivalent rating by any other credit rating agency accredited by the bank.

(iv) Capital to risk weighted asset ratio of 15% (with a minimum tier I capital of 10%).

I. Regulations Applicable To Central Public Sector Enterprises

As a CPSE, we are required to comply with certain laws and regulations such as guidelines on corporate social responsibility and sustainability for central public sector enterprises, Prevention of Corruption Act, 1988, the Central Vigilance Commission Act, 2003, Right to Information Act, 2005, amongst others, including those promulgated by the Department of Public Enterprises, GoI.

J. Labour Laws

India has stringent labour related legislations, which are applicable to us. Further, in order to rationalize and reform labour laws in India, the GoI intends to frame three labour codes, namely, (i) the draft Industrial Relations Code, 2019; (ii) the Code on Social Security, 2019, and (iii) the draft Labour Code on Occupational Safety, Health and Working Conditions. The Code on Wages Bill, 2019 which was notified on August 8, 2019 subsumed four earlier laws, namely, (i) the Minimum Wages Act, 1948, (ii) the Payment of Wages Act, 1936, (iii) the Payment of Bonus Act, 1965, and (iv) the Equal Remuneration Act, 1976.

K. Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

Other laws

In addition to the above, our Company is also required to comply with the provisions of the Companies Act and rules framed thereunder, Bankruptcy Code and rules framed thereunder and other applicable statutes imposed by the Central or the State Government and other authorities for our day-to-day business and operations. Our Company is also amenable to various central and state tax laws.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as Indian Railway Finance Corporation Limited on December 12, 1986, as a public limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the RoC. Thereafter, our Company received a certificate of commencement of business from the RoC on December 23, 1986. The MCA, through its notification dated October 8, 1993, classified our Company as a Public Financial Institution under Section 4(A) of the Companies Act, 1956 (now defined in Section 2(72) of the Companies Act, 2013). Subsequently, our Company was registered with RBI under Section 45-IA of the RBI Act to carry on the business of a non-banking financial institution without accepting public deposits, pursuant to a certificate of registration bearing No.14.00013 dated February 16, 1998. Subsequently, vide a fresh certificate of registration bearing No.14.00013, dated March 17, 2008, RBI classified our Company as a non-deposit accepting asset finance non-banking financial company. Thereafter, our Company was re-classified as an NBFC-ND-IFC by RBI, through a fresh certificate of registration bearing No. B-14.00013, dated November 22, 2010.

Changes in the Registered Office

Date of Change	Change in address	Reasons for change
November 1, 1987	The registered office of our Company was changed from 'Palika Bhavan, Sector 13, R.K. Puram, New Delhi – 110 066' to 'Ansal Chamber 1, Block 'A', 4th Floor, Bhikaji Cama Place, New Delhi – 110 066'	Administrative and operational efficiency
November 1, 2000	The registered office of our Company was changed from 'Ansal Chamber 1, Block 'A', 4th Floor, Bhikaji Cama Place, New Delhi – 110 066' to 'UG-Floor, East Tower, NBCC Place, Bisham Pitamah Marg Pragati Vihar, Lodhi Road, New Delhi - 110 003'	Administrative and operational efficiency

Main objects of our Company

Our main objects, as contained in our Memorandum of Association, are:

1. *"To finance the Rolling Stock assets such as coaches, carriages, rail cars, containers, trolleys, wagons, locomotives, trawlers, track laying machines, vehicles of all kinds moving on rails, etc and purchase, sell, import, export or otherwise deal in any Rolling Stock assets for the purpose of leasing.*

2. *To finance all railway assets, movable or immovable, such as railway tracks, sidings, yards, roads, bridges, rails, stations, offices, warehouses, wharves, workshops, plant and machinery, running rooms, ferries, ships, boats, rafts, rail / road equipment, rest houses, institutes, hospitals, water works and water installation systems, staff dwellings, installation of signalling equipment, power generation plants and transmission lines, electrification of railway system, office buildings, other civil structures, etc. and to purchase, acquire, construct itself or through one or more agencies on the land acquired on lease, license, conveyance, easement, right to use or otherwise, or sell or deal in any of the aforesaid assets for the purpose of leasing.*

3. *To take on lease, license, easement, right of use, conveyance or any other mode and or sub-lease Rolling Stock Assets and Railway Assets, movable or immovable, such as the railway tracks, sidings yards, roads, bridges, rails, stations, offices, warehouses, wharves, workshops, plant and machinery, running rooms, ferries, ships, boats, rafts, rail / road equipment, rest houses, institutes, hospitals, water works and water installation systems, staff dwellings, installation of signalling equipment, power generation plants and transmission lines, electrification of railway system, other civil structures, etc. and to carry out development, construction, extension or any other activities on such property itself or through one or more agencies or persons on the land acquired on lease, license, conveyance, easement, right to use or otherwise.*

4. *To finance and to provide financial assistance for those activities which have a forward and backward linkages for the railways such as power generation and transmission, mining, fuel, coal, warehousing, telecom, hotels and catering, etc.*

5. *To finance maintenance of railway assets owned by railways / any other entities or persons.*

6. *To borrow funds by availing loans, external commercial borrowings, issuance of debentures, debenture stock, bonds, securitization of receivables or through any other instrument / source, unsecured or secured by mortgage, charge, etc. on the undertaking of all or any of the existing and or future assets of the Company by trust deed or any other deed or assurance and on such terms and conditions as may be deemed fit.*

7. *To provide Share Capital through subscription to equity or preference shares for Railway Joint Ventures / Entities / Body Corporates.*

8. *To subscribe to the Bonds issued by the Railway Entities and Railway Joint Ventures / Body Corporates.*

9. *To carry on business of agency, issue guarantee, indemnity, factoring, loan syndication, underwriting of loans and financing of book debts and to undertake obligations of any kind and description.*

10. *To accept and or place surplus funds in deposits, secured or unsecured with scheduled commercial Banks, State Government / Central Government Companies or Joint Venture Companies / Entities promoted by Railways and other Body Corporates.*

11. *To promote, organise or carry on consultancy services for Railways and allied sectors.*

12. *To finance or to provide grants for studies, surveys, schemes, experiments and research activities associated with railways.*

13. *To invest surplus funds in the Units of Mutual Funds, Shares and Securities of a Body Corporate.*

14. *To promote and / or incorporate the Debt Fund / Venture Capital Fund for funding of Railway Assets.*

15. *To implement the developmental programmes initiated by Railway / Government of India for railway sector".*

The main objects as contained in our MoA enables our Company to carry on the business presently being carried out and proposed to be carried out.

Amendments to our Memorandum of Association

The following changes have been made to our Memorandum of Association in the last 10 years:

Date of amendment/ Shareholder's resolution	**Details**
June 22, 2011	Amendment in Clause V of the Memorandum of Association altering the authorized capital of our Company to increase the authorized share capital of our Company from ₹20,000 million comprising 20 million equity shares of ₹1,000 each to ₹50,000 million comprising 50 million equity shares of ₹1,000 each.
September 16, 2015	Amendment in Clause V of the Memorandum of Association altering the authorized capital of our Company to increase the authorized share capital of our Company from ₹50,000 million comprising 50 million equity shares of ₹1,000 each to ₹150,000 million comprising 150 million equity shares of ₹1,000 each.
September 12, 2017	Amendment in Clause V of the Memorandum of Association to reflect the subdivision of 150 million equity shares of face value of ₹1,000 each into 15,000 million Equity Shares of ₹10 each, amounting to ₹150,000 million.

Major events in our history

The table below sets forth the key events in the history of our Company:

Fiscal	Event
1988	• Commencement of fund raising from the domestic capital market; and • Financing the procurement of Rolling Stock Assets by Indian Railways. • Raised loan from Export Import Bank of Japan on behalf of the Ministry of Finance.
1991	• Company declared dividend to the GoI.
1993	• Declared as a Public Financial Institution under Section 4A of the Companies Act, 1956.
1996	• Issue of floating rate notes of USD 70 million in the offshore market; and • Public issue of deep discount bonds.
1998	• Registered as a NBFC; • Raised term loans from Corporation Bank and Indian Overseas Bank for a tenure of 15 years; and • Issue of secured, redeemable, non-cumulative, taxable bonds to Life Insurance Corporation of India for tenure of 15 years.
1999	• Issue of secured, redeemable, non-cumulative, taxable bonds in Separately Transferable Redeemable Principal Parts (STRPP).
2003	• Raised USD 75 million through syndicated foreign currency loan.
2006	• Issue of floating rate bonds in the domestic capital market.
2008	Categorized as NBFC-ND-AFC by RBI.
2010	• Issuance of secured, redeemable, non-cumulative, taxable bonds for a tenure of 25 years; and • Categorized as NBFC-IFC by RBI.
2011	• Issue of Euro-Dollar bonds (Regulation S) in the offshore market; and • Raised foreign currency term loan from American Family Life Assurance Company of Columbus for a tenure of 15 years
2012	• Raised funds through a public issue of tax –free bonds at a differential coupon rate; and • Our Company entered into a memorandum of understanding dated July 27, 2012 with MoR with respect to the financing of railway infrastructure projects by our Company. The MoU sets out the understanding between the parties as regards the leasing by our Company to the MoR of the infrastructure assets like railway tracks etc. owned by our Company.
2016	• Mobilization of ₹95,000 million through tax free bonds; and • Forayed into funding railway projects through institutional finance from LIC;
2018	• Central Board of Direct Taxes vide notification dated August 8, 2017 notified that the any bond redeemable after three years issued by our Company will be classified as "long-term specified asset" under Section 54EC of the Income-tax Act, 1961. • The Bank of Tokyo-Mitsubishi UFJ Ltd., Mizuho Bank Ltd. and Sumitomo Mitsui Banking Corporation (Singapore branch) sanctioned syndicated loan to our Company amounting to JPY equivalent of USD 250 million for a period of 10 years. • Unsecured fixed rate Regulation S green bonds issued by our Company amounting to USD 500 million for a period of 10 years
2019	• Set up Euro Medium Term Note (EMTN) Programme for USD 2 billion • Issuance of Reg S Bonds of USD 500 Million in the EMTN format

Awards and Accreditations

The table below sets forth the key awards and certifications/ recognitions received by our Company:

Calendar Year	Particulars
2019	Awarded *"Best Growth Performance-Financial Services*" and *"Best Miniratna in Services"* at the PSU Awards 2019, organised by dun & bradstreet.
2018	Awarded *"Mini Ratna Category I"* status.

Our Holding Company

Our Company does not have a holding company.

Subsidiaries and joint ventures of our Company

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiary or joint venture.

Defaults or rescheduling/ restructuring of borrowings with financial institutions/ banks and conversion of loans into equity

There have been no defaults or rescheduling or restructuring of borrowings with the financial institutions/ banks/ debenture holders.

Time and Cost Overruns

We have not experienced any instances of time/ cost overrun in our business operations.

Shareholder's Agreements

There is no shareholder's agreement entered into by our Company.

Summary of key agreements

Other than as disclosed below, our Company has not entered into any other subsisting material agreement, other than in the ordinary course of business:

1) **Memorandum of Understanding dated May 20, 2019, between the MoR and our Company**

   Our Company enters into an annual memorandum of understanding with the MoR. For Fiscal 2020, our Company has executed a memorandum of understanding dated May 20, 2019 ("**MoU**") wherein certain mandatory and other parameters have been prescribed for our Company. The MoU stipulates certain market borrowing targets by our Company, for funding of rolling stock and projects for the MoR during Fiscal 2020. In terms of the said MoU, our Company has been set a cumulative market borrowing target of ₹554,710 million during Fiscal 2020.

2) **Memorandum of Understanding dated May 23, 2017 between the MoR and our Company containing terms and conditions of financing of Indian Railways infrastructure projects by our Company**

   Our Company and the President of India, acting through the MoR, have entered into a memorandum of understanding ("**MoU**") on May 23, 2017, with respect to the MoR availing financial assistance from LIC through our Company, with a limit of ₹1,500,000 million over a period of 5 years from April 1, 2015, for developing and implementing identified railway projects which shall be part of Ministry's annual budgeted estimates presented to the Parliament of India. The terms and condition of the financial assistance agreed between MoR and LIC provide for a tenor of 30 years for each instalment, with capitalization of interest accruing in the first 5 years and repayment of principal in equal semi-annual instalments in 20 years commencing after a moratorium of 10 years. In Fiscal 2019, our Company was entitled to a spread of 35 bps in relation to the financing of Project Assets.

Our Company also enters into an annual rolling stock lease agreement with the MoR in the ordinary course of its business, which provides for the lease of Rolling Stock Asset by our Company to the MoR, delivered into service during the financial year with an internal rate of return on the lease fixed at a mark-up over the weighted average cost of borrowing for the Fiscal to which it pertains and the repayment, over a 15 year period, of principal and interest under the relevant borrowings. For further details, see "*Our Business-Terms of Standard Lease Agreement*" on page 110.

Significant Financial or Strategic Partners

Our Company does not have any significant financial or strategic partners as of the date of this Draft Red Herring Prospectus.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamations or any revaluation of assets in the last 10 years

Our Company has not acquired or divested any business or undertaking, and has not undertaken any merger, amalgamation or revaluation of assets in the last 10 years.

Details of guarantees given to third parties by our Promoter

As on the date of this Draft Red Herring prospectus, our Promoter has not given any guarantees on behalf of our Company to third parties.

Agreements with Key Managerial Personnel, Director, Promoter or any other employee

There are no agreements entered into by a Key Managerial Personnel or Director or Promoter or any other employee of our Company, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

OUR MANAGEMENT

Board of Directors

Subject to the provisions of the Companies Act, 2013 and the Articles of Association of our Company, the number of Directors of our Company shall not be less than three and not more than 15 provided that our Company may appoint more than such maximum number of Directors after passing a special resolution and obtaining approval from the President of India. As on the date of this Draft Red Herring Prospectus, our Board comprises eight Directors, of which four are Independent Directors, including one-woman Director. In accordance with the Articles of Association, all the Directors are appointed by the President of India (acting through the MoR). The composition of our Board of Directors is in compliance with Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations.

The following table sets forth the details regarding our Board as of the date of this Draft Red Herring Prospectus:

Name, designation, DIN, date of birth, occupation, term, period of Directorship, and MoR order no. and date	Age (in years)	Address	Other directorships
Manjula Rangarajan **Designation:** Part-time Chairperson **DIN:** 08607897 **Date of birth:** September 17, 1960 **Occupation**: Service **Term:** From November 20, 2019 till the time she holds the post of Financial Commissioner (Railways), or until further orders, whichever is earlier, subject to regularisation of her appointment at the AGM of the Company to be held in the year 2020. **Current period of Directorship:** Since November 20, 2019 **MoR order no. and date:** No. 2009/PL/47/2 dated November 20, 2019	59	C-4, Block 7, New Moti Bagh, New Delhi – 110 021	1. NRTU Foundation
Amitabh Banerjee **Designation:** Managing Director **DIN:** 03315975 **Date of birth:** December 21, 1963 **Occupation**: Service **Term:** From October 12, 2019 till December 31, 2023, or until further orders, whichever is earlier **Current period of Directorship:** Since October 12, 2019 **MoR order no. and date:** No. 2018/E(O)II/40/19 dated October 12, 2019	56	Flat No. 602, Vashishthi Konkan Rail Vihar, Sector 40, Near Seawood Station, Nerul West, Navi Mumbai – 400 706	Nil
Niraj Kumar Chhabra **Designation:** Director (Finance) and Chief Financial Officer **DIN:** 00795972 **Date of birth:** July 7, 1960 **Occupation**: Service **Term:** Five years from the date of assumption of charge of the post from July 1, 2015, or till the date of his superannuation, or until further orders, whichever is earliest. **Current period of Directorship:** Since	59	B-54, Modest Ketki CGHS Limited, Plot No. 8-B Sector-11, Phase I, Dwarka, New Delhi – 110 075	Nil

Name, designation, DIN, date of birth, occupation, term, period of Directorship, and MoR order no. and date	Age (in years)	Address	Other directorships
July 1, 2015 **MoR order no. and date:** No. 2014/E(O)II/40/12 dated April 1, 2015			
Kishor Jinabhai Devani **Designation:** Non-official Director (Independent Director) **DIN:** 07502684 **Date of birth:** July 3, 1951 **Occupation**: Professional **Term:** One year with effect from April 1, 2019, or until further orders, whichever is earlier. **Current period of Directorship:** Since April 1, 2016 **MoR order no. and date:** No.2009/PL/48/1 (pt.3) dated July 11, 2019	68	Flat No. A-1402, Jupiter CHS Limited, Suncity Complex, near MTNL Gandhi nagar, Powai, Mumbai – 400 076	Nil
Aditi Sengupta Ray **Designation:** Part-time Non-official Director (Independent Director) **DIN:** 00447385 **Date of birth:** October 7, 1955 **Occupation**: Professional **Term:** Three years with effect from September 19, 2017 or until further orders, whichever is earlier. **Current period of Directorship:** Since September 19, 2017 **MoR order no. and date:** No.2003/PL/60/1 (pt.) dated September 19, 2017	63	EH1/602, Eldeco Utopia, Sector 93A, Noida - 201 304	Nil
Chetan Venugopal **Designation:** Part-time Non-official Director (Independent Director) **DIN:** 00317183 **Date of birth:** March 30, 1967 **Occupation**: Professional **Term:** Three years with effect from March 8, 2018, or until further orders, whichever is earlier. **Current period of Directorship:** Since March 8, 2018 **MoR order no. and date:** No.2003/PL/60/1(Pt.) dated March 8, 2018	52	451, 6th Cross, 7th Block, (West) Jayanagar, Bengaluru, Karnataka – 560 082	1. E Analytics Partners (India) Private Limited 2. Flat World Interactive Services Private Limited 3. Ikshu Technologies Bangalore Private Limited 4. Pierian Digital Private Limited 5. Pierian Services Private Limited
Kumar Vinay Pratap **Designation:** Part-time Government Director **DIN:** 07606296 **Date of birth:** December 29, 1963 **Occupation**: Service **Term:** From April 23, 2018 till the time he holds the post of joint secretary (IPF), Department of Economic Affairs, or until further orders, whichever is earlier **Current period of Directorship:** Since April 23, 2018	56	Apartment No. C-13, Kendriya Vihar, Sector-51, Noida 201 307	1. India Infrastructure Finance Company Limited 2. Indian Railway Stations Development Corporation Limited 3. ONGC Videsh Limited

Name, designation, DIN, date of birth, occupation, term, period of Directorship, and MoR order no. and date	Age (in years)	Address	Other directorships
MoR order no. and date: No. No.2009/PL/47/2 dated April 23, 2018			
Ashok Kumar Singhal **Designation:** Non-official Director (Independent Director) **DIN:** 08193963 **Date of birth:** January 10, 1956 **Occupation**: Professional **Term:** Three years with effect from July 20, 2018, or until further orders, whichever is earlier. **Current period of Directorship:** Since July 20, 2018 **MoR order no. and date:** No. 2008/PL/48/1 (Pt.) dated July 20, 2018	63	Plot No. 04 Sector 18A, Phase-II, Dwarka, New Delhi – 110 075	Nil

Brief profiles of the Directors

Manjula Rangarajan is the Part-time Chairperson of the Board of our Company. She holds a master's degree in sociology from the University of Madras. She is an officer of the Indian Railway Accounts Service. She currently serves as the financial commissioner (railways), alongside the position of additional member (finance) and additional member (budget) with the Railway Board. She has prior experience in Railway's financial management and general administration, having served as the principal financial adviser of the Southern Railways and divisional railway manager in Tiruchirappalli, among several others.

Amitabh Banerjee is the Managing Director of our Company. He holds a bachelor's degree in commerce from the University of Delhi and a master's degree in commerce from the University of Delhi and is also a fellow member of the Institute of Cost Accountants of India. He is an employee of the Indian Railways Accounts Service. In the past, he has been associated with Konkan Railway Corporation Limited as well as the Hindustan Paper Corporation Limited in the capacity of director (finance). Additionally, he has also been associated with Delhi Metro Rail Corporation Limited in the capacity of general manager (finance). He has prior experience in the fields of finance, accounts, and general administration.

Niraj Kumar Chhabra is the Director (Finance) and Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from the University of Delhi and is a member of the ICAI. He has experience across sectors, including in the railway sector, power sector financing and the fertilizer industry. Prior to his appointment to the Board of our Company, he has served in various capacities, including, most recently, as general manager (finance) with the Power Finance Corporation Limited.

Kishor Jinabhai Devani is a Non-official Director (Independent Director) of our Company. He holds a bachelor's degree in commerce, a bachelor's degree in law, and a diploma in financial management from the University of Mumbai. He was a member of the Bar Council of Maharashtra and is a fellow member of the ICAI. He has experience in the fields of academics, finance, and law. Prior to his appointment to the Board of our Company, he held the post of assistant professor (selection grade) at the K. J. Somaiya College of Arts and Commerce, Mumbai. He is also a practicing-chartered accountant.

Aditi Sengupta Ray is a Part-time Non-official Director (Independent Director) of our Company. She holds a bachelor's degree in economics and a master's degree in economics from the University of Calcutta**.** She has prior experience as a practicing economist with GoI**.** Prior to her appointment to the Board of our Company, she worked in advisory and functional positions in the economic ministries handling industrial undertakings and policy/legislation matters in the Ministry of Industry, Ministry of Petroleum and Natural Gas and Ministry of Mines, GoI. She has also served as government nominee director on the boards of Bharat Gold Mines Limited, Bharat Petroleum Corporation Limited and Oil India Limited.

Chetan Venugopal is a Part-time Non-official Director (Independent Director) of our Company. He holds a bachelor's degree in commerce from Bangalore University. He has also participated in the Executive Education

Programme on "*International Financial Reporting*" conducted by the Indian Institute of Management, Bangalore. He is admitted as a fellow member of the ICAI. He has prior experience in the field of finance, strategy and consulting. He is the co-founder and a director on the board of Pierian Services Private Limited and Pierian Digital Private Limited. He has previously worked with Netkraft Private Limited and was founding partner at Chetan and Gurunath, Chartered Accountants.

Kumar Vinay Pratap is a Part-time Government Director of our Company. He holds a master's degree in business administration from the Indian Institute of Management, Lucknow. He holds a doctorate from the University of Maryland, College Park, U.S.A. He is currently joint secretary (infrastructure policy and finance) in the Ministry of Finance, GoI. He has held various positions in the past, including at the prime minister's office (GoI), the World Bank, the Embassy of India at Washington D.C and at the Ministry of Finance. He was also a visiting faculty at the Indian School of Business, Mohali. He received a letter of appreciation from the Prime Minister of India in 2004 for his services. He is also a recipient of the University of Melbourne's Emerging Leaders Fellowship as well as a scholarship at the National Talent Search Examination. He also has numerous national and international publications to his name, and has also co-authored a book titled *"Public-Private Partnerships in Infrastructure: Managing the Challenges"*, which was published by Springer.

Ashok Kumar Singhal is a Non-official Director (Independent Director) of our Company. He is a former head of the Indian Cost Accounts Service. He holds a bachelor's degree in arts and a bachelor's degree in law from Dr. Bhimrao Ambedkar University (formerly, Agra University). He also holds a master's degree in science, with a specialisation in finance from the University of Strathclyde, United Kingdom. He is also a qualified chartered accountant, and fellow member of the ICAI. He has prior experience in the fields of finance, management and administration. He has held various positions with the GoI in the past, including as the additional chief advisor (cost) at the Ministry of Finance (department of expenditure), principal adviser (finance) at the Ministry of Defence, adviser (pricing) at the Ministry of Chemicals & Fertilizers, director (finance) at the Ministry of Finance (department of revenue), among several others.

Confirmations from Directors

None of our Directors are related to each other or to any of the Key Managerial Personnel.

None of the Directors of our Company have held, or currently hold, directorship in any listed company whose shares have been, or were, suspended from being traded on any stock exchange in India during their tenure, in the five years prior to the date of this Draft Red Herring Prospectus.

None of the Directors of our Company are, or were, associated as director with any listed company which has been, or was, delisted from any stock exchange in India during the term of their directorship in such company.

None of our Directors are associated with the securities market in any manner. Further, there have been no outstanding proceedings / investigations initiated against them by the SEBI in the five years prior to the date of this Draft Red Herring Prospectus.

Arrangement or understanding with major Shareholders, customers, suppliers, or others

As per article 198 of our Articles of Association, the part time chairman, managing Director(s), a full time chairman-cum managing Director, other full time Directors of the Board of Directors, and the Government representatives on the Board of Directors shall be appointed by the President of India (acting through the MoR). Other members of the Board of Directors are also to be appointed by the President of India (acting through the MoR). The Directors appointed are entitled to hold office for such period as the President of India may determine.

Except as stated above, none of our Directors or Key Managerial Personnel have been appointed as directors, members of senior management, or as key managerial personnel, pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

Borrowing powers of the Board

Pursuant to our Articles of Association and a special resolution of our Shareholders passed at their meeting held on September 26, 2019, and in accordance with the provisions of Section 180(1)(c) of the Companies Act and the rules made thereunder, our Board has been authorised to borrow sums of money upon such terms and conditions and for such purposes as it may deem fit, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by our Company (apart from the temporary loans obtained by us in our ordinary course of business) will exceed aggregate of the paid-up share capital of our Company and our free reserves, provided that the aggregate indebtedness of our Company shall not at any point in time exceed ₹4,000,000 million.

Service contracts with Directors

Our Company has not entered into any service contract with any Director which provides for benefits upon termination of employment.

Details of remuneration of our Directors

In Fiscal 2019 and the six-month period ended September 30, 2019, our Company has not paid any compensation or granted any benefit on an individual basis to any of our Directors (including contingent or deferred compensation) other than the remuneration paid to them for such period. The remuneration paid to our Directors in Fiscal 2019 and the six-month period ended September 30, 2019, is as follows:

Managing Director and Director (Finance) and Chief Financial Officer

The following table sets forth the remuneration paid by our Company to the Managing Director and Director (Finance) and Chief Financial Officer for Fiscal 2019 and the six-month period ended September 30, 2019:

(*₹million*)

Name of Director	Designation	Remuneration	
		Fiscal 2019	Six-month period ended September 30, 2019
Amitabh Banerjee	Managing Director	Nil	Nil*
Niraj Kumar Chhabra	Director (Finance) and Chief Financial Officer	6.36	5.68

** Amitabh Banerjee was appointed as Managing Director of the Company with effect from October 12, 2019. Accordingly, no remuneration was paid to him in Fiscal 2019 and during the six month period ended September 30, 2019.*

Non-Executive Directors

Other than our Part-time Government Director, all our non-executive Directors are paid sitting fees for each meeting of the Board and committees that they attend. They are also subject to a maximum amount as prescribed under the Companies Act, 2013. Presently, pursuant to the Board resolution dated May 8, 2018 and the MoR order dated June 25, 2018, the sitting fees payable to our Independent Directors is ₹30,000 for each meeting of the Board, and ₹20,000 for meetings of the committees of the Board.

The following table sets forth details of the total sitting fees paid to the Independent Directors for Fiscal 2019 and the six- month period ended September 30, 2019:

(*₹million*)

Name of Director	Sitting Fees		Total
	Board meeting	Committee meeting	
Aditi Sengupta Ray	0.41	0.30	0.71
Ashok Kumar Singhal	0.39	0.18	0.57
Chetan Venugopal	0.44	0.26	0.70
Kishor Jinabhai Devani	0.41	0.38	0.79

No remuneration / sitting fee is payable to our Part-time Government Director.

Remuneration to Directors by subsidiary or associate company

Our Company does not have any subsidiary or associate company, as a result of which, no remuneration was paid, or is payable, by a subsidiary or an associate company to any of the Directors.

***Details of terms of appointment of our Managing Director and Director (Finance) and Chief Financial Officer*:**

Amitabh Banerjee

Amitabh Banerjee is the Managing Director of our Company. He was appointed on October 12, 2019 pursuant to MoR Order No. 2018/E(O)II/40/19 dated October 12, 2019. His current terms and conditions of employment were prescribed by MoR Order No. 2018/E(O)II/40/19, dated November 19, 2019. Some of the key terms and conditions amongst others as revised from time to time are as under:

Term	From October 12, 2019 till December 31, 2023 (the date of his superannuation), or until further orders, whichever occurs earlier, and in accordance with the provisions of the Companies Act. The appointment may, however, be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof.
Pay	Basic pay of ₹2,62,140/- per month in the scale of ₹2,00,000/- to ₹3,70,000/- from the date of assumption of office.
Dearness allowance	Dearness allowance would be paid in accordance with the scheme spelt out in the DPE's office memoranda dated August 3, 2017.
Housing	As per the rates indicated in the DPE's office memoranda dated August 3, 2017 and August 4, 2017.
Annual increment	He will be eligible to draw his annual increment at three percent of basic pay on the anniversary date of his appointment in the scale and further increments on the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of pay scale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two-year period from the date he reaches the maximum of his pay scale provided he gets a performance rating of "Good" or above. He will be granted a maximum of three such stagnation increments.
Conveyance	He is entitled to the facility of staff car for private use.
Performance related payment	He shall be eligible for approved performance related payment as per DPE's office memoranda dated August 3, 2017.
Other benefits and perquisites/ superannuation	The Board of Directors will decide on the allowances and perks subject to a maximum ceiling of 35% of his basic pay as indicated in office memoranda dated August 3, 2017, August 4, 2017 and September 7, 2017. He shall be eligible for superannuation benefit based on approved schemes as per office memoranda dated August 3, 2017.
Leave	He will remain subject to the leave rules of CPSE.
Restriction on joining private commercial undertakings after retirement/ resignation	He shall not accept any appointment or post, whether, advisory or administrative, in any firm or company whether Indian or foreign, with which the CPSE has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government.
Conduct, discipline and appeal rules	The conduct, discipline and appeal rules framed by the CPSE in respect of their non-workmen category of staff would also mutatis mutandis apply to him with the modification that the disciplinary authority in his case would be the President of India. The Government also reserves the right not to accept his resignation, if the circumstances so warrant i.e. the disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him.

Niraj Kumar Chhabra

Niraj Kumar Chhabra is the Director (Finance) and Chief Financial Officer of our Company. He was appointed on July 1, 2015 pursuant to MoR Order No. 2014/E(O)II/40/12 dated April 1, 2015. The current terms and conditions of his employment were prescribed by MoR Order No. 2014/E(O)II/40/12 dated May 2, 2016. Pursuant to an office memorandum bearing reference number W-02/0028/2017-DPE (WC)-GL-XIII/17, August 3, 2017, issued by DIPAM and a letter bearing reference number 2017/PL/52/4, dated November 24, 2017 issued by the MoR, certain terms of appointment applicable to the Director (Finance) and Chief Financial Officer were revised with effect from January 1, 2017.

Some of the key terms and conditions amongst others as revised from time to time are as under:

Term	For a period of five years with effect from July 1, 2015 in the first instance, or till the date of his superannuation, or until further orders, whichever occurs earlier, and in accordance with the provisions of the Companies Act. The appointment may, however, be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof.
Pay	Basic pay of ₹2,13,100/- per month in the scale of ₹1,80,000/- to ₹3,40,000/- with effect from January 1, 2017
Dearness allowance	Dearness allowance would be paid in accordance with the scheme spelt out in the DPE's office memoranda dated August 3, 2017.
Housing	As per the rates indicated in the DPE's office memoranda dated August 3, 2017 and August 4, 2017.
Annual increment	He will be eligible to draw his annual increment at three percent of basic pay on the anniversary date of his appointment in the scale and further increments on the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of pay scale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two-year period from the date he reaches the maximum of his pay scale provided he gets a performance rating of "Good" or above. He will be granted a maximum of three such stagnation increments.
Conveyance	He is entitled to the facility of staff car private use.
Performance related payment	He shall be eligible for approved performance related payment as per DPE's office memoranda dated August 3, 2017.
Other benefits and perquisites/ superannuation	The Board of Directors will decide on the allowances and perks subject to a maximum ceiling of 35% of his basic pay as indicated in office memoranda dated August 3, 2017, August 4, 2017 and September 7, 2017. He shall be eligible for superannuation benefit based on approved schemes as per office memoranda dated August 3, 2017.
Leave	He will remain subject to the leave rules of CPSE.
Restriction on joining private commercial undertakings after retirement/ resignation	He shall not accept any appointment or post, whether, advisory or administrative, in any firm or company whether Indian or foreign, with which the CPSE has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government.
Conduct, discipline and appeal rules	The conduct, discipline and appeal rules framed by the CPSE in respect of their non-workmen category of staff would also mutatis mutandis apply to him with the modification that the disciplinary authority in his case would be the President of India. The Government also reserves the right not to accept his resignation, if the circumstances so warrant i.e. the disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him.

Bonus or profit-sharing plan of the Directors

The Director (Finance) and the Managing Director are eligible for performance related pay in accordance with the DPE's office memorandum dated August 3, 2017, which provides for such compensation to all executives of a CPSE.

As on the date of this Draft Red Herring Prospectus, there are no bonus or profit sharing plans for our Directors.

Shareholding of the Directors in our Company

Our Articles of Association do not require that the Directors hold any qualification shares in our Company.

The table below sets forth details of Equity Shares held by the Directors as on date of this Draft Red Herring Prospectus:

Name of the Director	Number of Equity Shares held
Manjula Rangarajan (as nominee of the President of India, acting through MoR)	100

Interest of Directors

All our Directors may be deemed to be interested to the extent of sitting fees, if any, payable to them for attending meetings of the Board or a committee thereof, and other remuneration and reimbursement of expenses, if any, payable to them by our Company. For further details, see "*Details of terms of appointment of our Managing Director and Director (Finance) and Chief Financial Officer*" and "*Details of remuneration of our Directors*" above.

Our Directors may also be interested in our Company to the extent of Equity Shares, if any, held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives. However, currently, only Manjula Rangarajan, our Part-time Chairperson, holds Equity Shares as a nominee of the President of India, acting through the MoR. None of our Directors hold Equity Shares of our Company in their individual capacities. Accordingly, none of our Directors are interested to the extent of Equity Shares held by them in our Company, in their individual capacities. Correspondingly, no dividend is payable to them in respect of such Equity Shares.

For further details, see "*Capital Structure*" on page 68.

Except as stated in *"Financial Statements – Related party disclosures"* on page 230, our Directors do not have any other interest in the business of our Company.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce them to become, or to qualify them as a Director, or otherwise for services rendered by them or by such firm or company, in connection with the promotion or formation of our Company.

Further, our Directors are not interested in any property acquired by our Company, or in any property that is or proposed to be acquired by it. Further, none of our Directors are interested in any transaction for the acquisition of land, construction of building, or supply of machinery.

None of our Directors have any interest in the promotion or formation of our Company.

Changes in the Board in the last three years

The changes in the Board in the last three years are as follows:

Sr. No.	Name	Date of Appointment	Date of Cessation	Reason
1.	Shahzad Shah	-	February 28, 2017	Cessation
2.	P.V. Vaidialingam	-	March 9, 2017	Cessation
3.	Santosh Kumar Pattanayak	March 9, 2017	-	Appointment
4.	Baikuntha Nath Mohapatra	April 20, 2017	-	Appointment
5.	Aditi Sengupta Ray	September 19, 2017	-	Appointment
6.	Sharmila Chavaly	-	September 26, 2017	Cessation
7.	Baikuntha Nath Mohapatra	-	January 31, 2018	Cessation
8.	Chetan Venugopal	March 8, 2018	-	Appointment
9.	Kumar Vinay Pratap	April 23, 2018	-	Appointment

Sr. No.	Name	Date of Appointment	Date of Cessation	Reason
10.	Ashok Kumar Singhal	July 20, 2018	-	Appointment
11.	Santosh Kumar Pattanayak	-	July 26, 2018	Cessation
12.	Vijay Kumar	July 26, 2018	-	Appointment
13.	Anup Kumar Prasad	August 14, 2018	-	Appointment
14.	Anup Kumar Prasad	-	March 1, 2019	Cessation
15.	Kishor Jinabhai Devani	April 1, 2019		Appointment
16.	Vijay Kumar	-	October 11, 2019	Cessation
17.	Amitabh Banerjee	October 12, 2019	-	Appointment
18.	Manjula Rangarajan	November 20, 2019	-	Appointment

Committees of the Board

In addition to the applicable provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance for Central Public Sector Enterprises with respect to corporate governance, provisions of the SEBI Listing Regulations will also be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges.

Pursuant to an MCA notification dated June 5, 2015, the GoI has exempted/ modified the applicability of certain provisions of the Companies Act in respect of Government companies. In accordance with this notification, the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises and pursuant to our Articles, matters pertaining to, among others, appointment, remuneration and performance evaluation of our Directors is determined by the President of India. Further, our Statutory Auditor is appointed by the Comptroller and Auditor General of India. Accordingly, in so far as the aforesaid matters are concerned, the terms of reference of our Nomination and Remuneration Committee and Audit Committee only allow these committees to take on record the actions of the President of India or the Comptroller and Auditor General of India, as the case may be.

Other than as described above, our Company is in compliance with corporate governance norms prescribed under SEBI Listing Regulations, including in relation to the composition of the Board committees.

The details of the committees of our Board are given below:

A. *Audit Committee*

The Audit Committee was originally constituted on June 19, 2001. It last was re-constituted pursuant to the board meeting held on July 26, 2019. The present terms of reference of the Audit Committee were adopted on August 29, 2017. It presently comprises the following members:

Name of the Director	Designation
Kishor Jinabhai Devani	Chairman
Aditi Sengupta Ray	Member
Ashok Kumar Singhal	Member
Chetan Venugopal	Member
Amitabh Banerjee	Member

The company secretary is the secretary of the Audit Committee.

Scope and terms of reference:

Terms of reference for the Audit Committee are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

2. Taking on record the appointment of auditors of the Company by the Comptroller and Auditor General of India;

3. Recommendation for remuneration and terms of appointment of auditors of our Company based on the order of Comptroller and Auditor General of India;

4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

   (a) Matters required to be included in the director’s responsibility statement to be included in the Board’s report in terms of clause (c) of sub-Section (3) of Section 134 of the Companies Act;

   (b) Changes, if any, in accounting policies and practices and reasons for the same;

   (c) Major accounting entries involving estimates based on the exercise of judgment by management;

   (d) Significant adjustments made in the financial statements arising out of audit findings;

   (e) Compliance with listing and other legal requirements relating to financial statements;

   (f) Disclosure of any related party transactions;

   (g) Modified opinion(s) in the draft audit report;

6. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

7. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, *etc.*), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

8. Reviewing and monitoring the auditor’s independence and performance, and effectiveness of audit process;

9. Approval or any subsequent modification of transactions of our Company with related parties;

10. Scrutiny of inter-corporate loans and investments;

11. Valuation of undertakings or assets of our Company, wherever it is necessary;

12. Evaluation of internal financial controls and risk management systems;

13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

14. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

15. Discussion with internal auditors of any significant findings and follow up there on;

16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

19. To review the functioning of the whistle blower mechanism;

20. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, *etc.* of the candidate;

21. Review the following information:

    (a) Management discussion and analysis of financial condition and results of operations;

    (b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;

    (c) Management letters / letters of internal control weaknesses issued by the statutory auditors;

    (d) Internal audit reports relating to internal control weaknesses;

    (e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee; and

    (f) Statement of deviations;

22. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations;

23. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations;

24. To review the follow up action on the audit observations of the C&AG audit;

25. Recommend the appointment, removal and fixing of remuneration of cost auditors and secretarial auditors; and

26. Carrying out any other function as specified by the Board from time to time.

B. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was originally constituted on April 24, 2014. The present committee was reconstituted in the board meeting held on July 26, 2019 and the present terms of reference were adopted pursuant to the Board resolution dated August 29, 2017. It presently comprises the following members:

Name of the Director	Designation
Aditi Sengupta Ray	Chairperson
Chetan Venugopal	Member
Amitabh Banerjee	Member
Niraj Kumar Chhabra	Member

Scope and terms of reference:

Terms of reference for the Stakeholders' Relationship Committee are as follows:

1. The Stakeholders' Relationship Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of securities, non-receipt of annual report, non-receipt of declared dividends, *etc.*;

2. Allotment or transfer of equity shares, approval of transfer or transmission of equity shares, debentures, or any other securities, of the Company;

3. Issue of duplicate certificates and new certificates on split/consolidation/renewal, *etc.*; and

4. Carrying out any other function contained in the SEBI Listing Regulations, as and when amended from time to time.

C. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was originally constituted on May 11, 2016. The present committee was reconstituted in the board meeting held on July 26, 2019. The present terms of reference of the Nomination and Remuneration Committee were adopted on August 29, 2017. It presently comprises the following members:

Name of the Director	Designation
Ashok Kumar Singhal	Chairman
Aditi Sengupta Ray	Member
Kishor Jinabhai Devani	Member
Kumar Vinay Pratap	Member

Scope and terms of reference:

Terms of reference for the Nomination and Remuneration Committee are as follows:

1. Decide on the annual bonus/ performance pay/ variable pay pool and policy for its distribution across the executives and non-unionized supervisors of our Company;

2. Formulation and modification of schemes for providing perks and allowances for officers and non-unionized supervisors;

3. Any new scheme of compensation like medical scheme, pension *etc.* to officers, non-unionized supervisors and the employees as the case may be;

4. Exercising such other roles assigned to it by the provisions of the SEBI Listing Regulations and any other laws and their amendments from time to time;

5. Taking on record the appointment and removal of directors, including independent directors, by the President of India, acting through respective ministries;

6. Taking on record the extension, if any, of the term of the independent directors of our Company, as may be directed by the President of India, acting through the respective ministries; and

7. Taking on record the various policies, if any, promulgated by the Central Government including policy on diversity of Board of Directors and criteria for evaluation of performance of the directors.

D. CSR Committee

The CSR committee was originally constituted on February 11, 2013. The present committee was reconstituted in the board meeting held on July 26, 2019. The present terms of reference of the CSR Committee were adopted on February 11, 2013**.** It presently comprises the following members:

Name of the Director	Designation
Chetan Venugopal	Chairman
Kishor Jinabhai Devani	Member
Ashok Kumar Singhal	Member
Amitabh Banerjee	Member
Niraj Kumar Chhabra	Member

Scope and terms of reference:

Terms of reference for the CSR Committee are as follows:

1. Recommend CSR and sustainability development policy to the Board;

2. Recommend plan of action and projects to be initiated in the short, medium and long term for CSR and sustainability development;

3. To recommend the annual CSR and sustainability development plan and budget; and

4. Periodic review of CSR and sustainability development policy plans and budgets.

E. Risk Management Committee

The Risk Management Committee was originally constituted on September 13, 2013. The present committee was reconstituted in the board meeting held on August 29, 2017.The present terms of reference of the Risk Management Committee were adopted on August 29, 2017. It presently comprises the following members:

Name of the Directors	Designation
Amitabh Banerjee	Chairman
Niraj Kumar Chhabra	Member

Scope and terms of reference

Terms of reference for the Risk Management Committee are as follows:

1. Carry out responsibilities as assigned by the Board;

2. Monitor and review risk management plan as approved by the Board;

3. Review and recommend risk assessment report and risk management report for approval of the Board;

4. Ensure that appropriate system of risk management is in place;

5. Oversee recent developments in the Company and periodic updating of Company's enterprise risk management program for assessing, monitoring and mitigating the risks; and

6. Periodically, but not less than annually, review the adequacy of the Company's resources to perform its risk management responsibilities and achieve objectives.

F. Asset Liability Management Committee

The Asset Liability Management Committee was originally constituted on August 29, 2017. The present committee was reconstituted in the board meeting held on August 8, 2018 and the present terms of reference of the Asset Liability Management Committee, which are governed by the Company's asset liability management policy, were adopted on August 29, 2017. It presently comprises the following members:

Name of the Directors/KMPs	Designation
Amitabh Banerjee	Member
Niraj Kumar Chhabra	Member
N.H Kannan	Member
Ashutosh Samantray	Member

Scope and terms of reference

Terms of reference for the Asset Liability Management Committee are as follows:

1. Shall be responsible for balance sheet planning from risk return perspective including the strategic management of interest rate and liquidity risks;

2. Shall ensure that IRFC operates within the limits/parameters set by Board;

3. Shall consider, *inter alia*, product pricing for both borrowings and advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services/product, etc;

4. Shall review the results of and progress in implementation of the decisions made in the previous meetings.

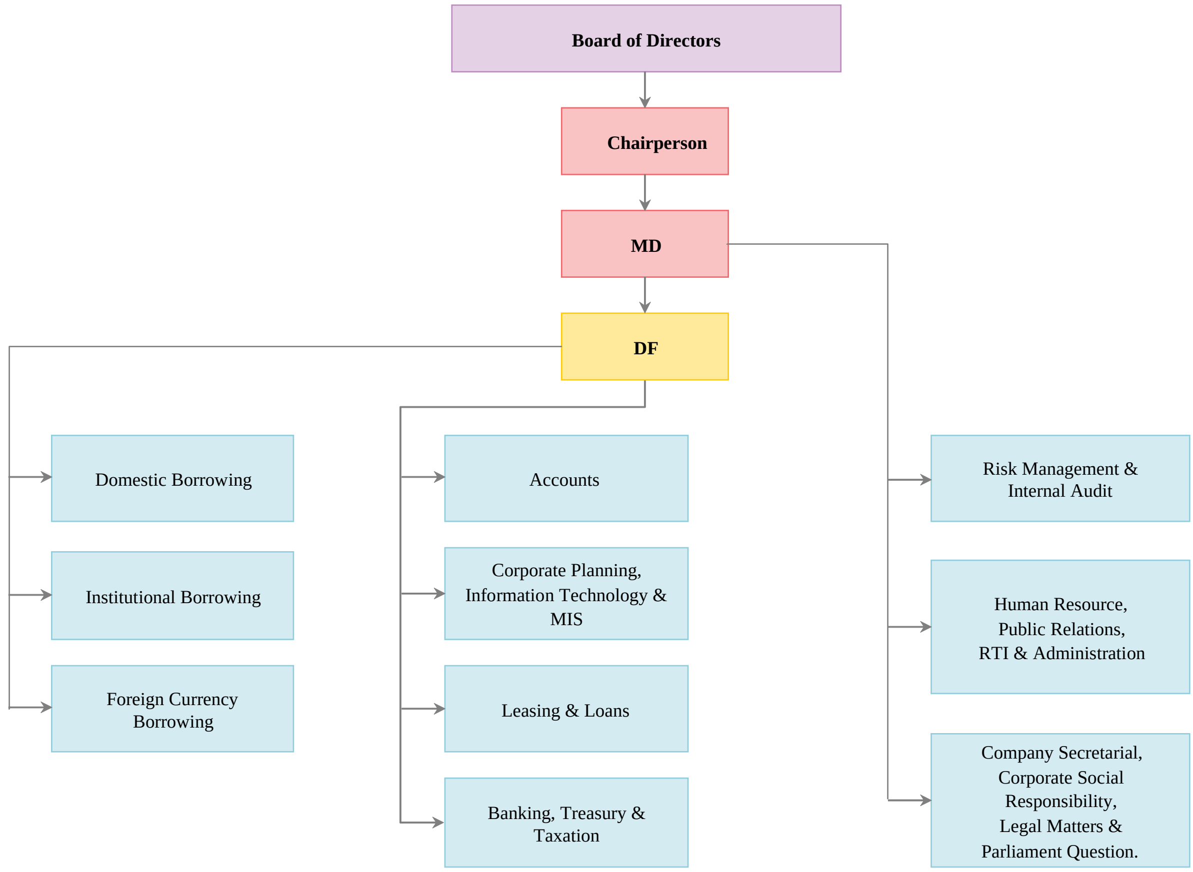
5. Oversee recent developments in the Company and periodic updating of Company's enterprise risk management program for assessing, monitoring and mitigating the risks;

6. Shall articulate the current interest rate view and base its decisions for future business strategy on this view;

7. Shall decide on source and mix of liabilities of IRFC; and

8. Shall develop a view on future direction of interest rate movements and recommend on funding mixes between fixed vs. floating rate funds, money market vs. capital market funding, domestic vs. foreign currency funding, etc.

Management Organisation Structure of our Company



Key Managerial Personnel

All our KMPs are permanent employees of our Company. There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our KMPs have been appointed.

In addition to the Director (Finance) and our Managing Director, whose details have been provided above under *"Our Management – Brief profile of the Directors"* on page 131, the details of our other KMPs, as of the date of this Draft Red Herring Prospectus, are set forth below:

Vijay Babulal Shirode is the Company Secretary and Compliance Officer of our Company and was appointed as such with effect from March 9, 2018. He is a qualified company secretary and a fellow member of the Institute of Company Secretaries of India. He holds a bachelor's degree in law, a bachelor's degree in commerce, and a master's degree in commerce from the University of Pune. His term of office expires on attaining the age of 60, which is on May 25, 2040. He is responsible for overlooking the secretarial, legal and CSR functions in our Company. He has past experience in handling the secretarial, legal and CSR matters and has previously worked with various entities, including, most recently in Quick Heal Technologies Limited as company secretary and compliance officer. His gross remuneration for Fiscal 2019 was ₹1.68 million.

Ashutosh Samantaray is the Additional General Manager (Finance) of our Company. He joined our Company with effect from January 20, 2006**.** He holds a bachelor's degree in commerce, a master's degree in commerce and a master's degree in finance and control from Utkal University, Orissa, wherein he secured the first position in his department for his master's degree in finance and control. His term of office expires on attaining the age of 60, which is on January 11, 2032**.** He is responsible for overlooking the corporate finance functions, financial risk management, and fund mobilisation functions of our Company. He has significant experience in the fields of accounts and finance, domestic and international fund raising activities of the Company. In the past, he was a recipient of the "*Best Employee Award*" of our Company. His gross remuneration for Fiscal 2019 was ₹2.06 million.

N.H. Kannan is the General Manager (Finance) of our Company. He joined our Company with effect from February 21, 2018. He holds a bachelor's degree in commerce from Madurai Kamaraj University. He also holds a master's degree in business administration with specialization in financial management from the Indira Gandhi National Open University. He is a qualified chartered accountant and cost and works accountant. His term of office expires on attaining the age of 60, which is on May 31, 2027. He is responsible for overlooking the finance related functions in our Company. He has significant experience in the fields of finance and accounts. He has previously worked with the Dredging Corporation of India Limited in his capacity as general manager (finance), NLC India Limited as chief manager (finance) and with Indian Rare Earths Limited as senior manager (finance). His gross remuneration for Fiscal 2019 was ₹2.31 million.

Prasanta Kumar Ojha is the General Manager (Finance) of our Company. He joined our Company with effect from January 9, 2019. He holds a bachelor's degree in commerce from Utkal University. He has completed the CAIIB examination conducted by the Indian Institute of Banking and Finance. He is also an associate of the ICAI. His term of office expires on June 30, 2032, which is the date on which he will attain 60 years of age. He is responsible for overlooking the audit, accounts, finance and loan appraisal functions of our Company. He has prior experience in the field of banking and finance. He has previously worked with various entities, including, most recently, with PEC Limited as general manager (finance and accounts). His gross remuneration for Fiscal 2019 was ₹0.46 million.

Service Contracts with KMPs

The KMPs have not entered into any service contract with our Company providing for any benefits upon retirement and / or termination of employment.

Changes in our KMPs in the last three years

Sr. No	Name of the KMP	Date of change	Reason of change
1.	N.H Kannan, General Manager (Finance)	February 21, 2018	Appointment
2.	S.K. Ajmani, Company Secretary and Compliance Officer	March 9, 2018	Deceased

Sr. No	Name of the KMP	Date of change	Reason of change
3.	Vijay Babulal Shirode, Company Secretary and Compliance Officer	March 9, 2018	Appointment
4.	Prasanta Kumar Ojha, General Manager (Finance)	January 9, 2019	Appointment

Attrition rate of KMPs

The attrition rate of our KMPs is not high, as compared to the industry standard.

Shareholding of the KMPs

None of our KMPs hold any Equity Shares in their individual capacities.

Contingent or deferred compensation payable to the Directors / KMPs

There is no contingent or deferred compensation payable to our Directors / KMPs, which does not form part of their remuneration.

Bonus or profit-sharing plan for the KMPs

Our KMPs are eligible for performance related pay in accordance with the DPE's office memorandum dated August 3, 2017, which provides for such compensation to all executives of a CPSE.

As on the date of this Draft Red Herring Prospectus, there are no bonus or profit sharing plans for our KMP's.

Interests of the KMPs

Except as disclosed in *"Our Management – Key Managerial Personnel"* and *"Our Management – Shareholding of the KMPs"* above, none of our Key Managerial Personnel have any interest in our Company other than to the extent of normal remuneration and benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Payment or benefit to the officers of our Company

Other than as disclosed below, no amount or benefit has been paid, or given, within the two preceding years from the date of this Draft Red Herring Prospectus, or is intended to be paid, or given, to any of the officers of our Company, other than in the ordinary course of their employment or engagement with our Company.

Our Company has advanced a housing loan of ₹2.49 million as well as a multi-purpose advance (in the nature of a personal loan) of ₹0.75 million to Vijay Babulal Shirode, our Company Secretary and Compliance Officer.

Employee Stock Option Scheme/ Employee Stock Purchase Scheme

Our Company does not have any scheme of employee stock option or employee stock purchase scheme.

Relationship between KMPs

None of our KMPs are related to each other.

OUR PROMOTER AND PROMOTER GROUP

Our Promoter is the President of India, acting through the MoR. Our Promoter, along with its nominees, currently holds 100% of the pre-Issue paid-up Equity Share capital of our Company. After this Issue, our Promoter shall hold 86.36% of the post Issue paid-up Equity Share capital of our Company, assuming that the Issue will be fully subscribed. As our Promoter is the President of India, acting through the MoR, disclosures and confirmations in relation to the Promoter Group (as defined in Regulation 2(1)(pp) of the SEBI ICDR Regulations) as specified in Schedule VI of the SEBI ICDR Regulations are inapplicable to our Company and have therefore not been provided in this Draft Red Herring Prospectus.

OUR GROUP COMPANIES

Pursuant to a resolution dated January 15, 2020, the IPO Committee of our Board has noted that in accordance with the SEBI ICDR Regulations and for purposes of disclosure in this Draft Red Herring Prospectus, group companies of our Company, shall include (i) all such companies covered under the schedule of related party transactions as per the Restated Financial Statements; (ii) such companies with which there were related party transactions subsequent to the latest period for which the Restated Financial Statements have been included in this Draft Red Herring Prospectus; and (iii) such other companies as considered "*material*" by our Board, in accordance with the Materiality Policy. Accordingly, based on the parameters outlined above, as on the date of this Draft Red Herring Prospectus, our Company does not have any Group Company.

DIVIDEND POLICY

As per the CPSE Capital Restructuring Guidelines, as notified by the Department of Expenditure (GoI) and the Department of Economic Affairs (GoI), *vide* office memoranda dated September 27, 2004 and January 1, 2016 respectively, all central public sector enterprises, including our Company, are required to pay a minimum annual dividend of 30% of its profit after tax or 5% of its net-worth, whichever is higher, subject to the maximum dividend permitted under applicable laws.

However, the declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of our Articles and the Companies Act. Pursuant to a resolution of our Board dated November 11, 2019, our Company has adopted a *"Dividend Distribution Policy"*, which *inter alia* outlines certain parameters which the Company shall consider while declaring dividend.

Further, the dividends, if any, will depend on a number of factors, including but not limited to (i) our earnings; (ii) guidelines issued by the DPE; (iii) capital requirements; and (iv) overall financial position of our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including the results of our operations, financial condition, contractual restrictions, and restrictive covenants under the loan or financing arrangements we may enter into. For further details, refer to *"Financial Statements – Annexure X– Statement of Dividend*" and "*Financial Indebtedness*" on pages 248 and 291 respectively. Our Company may also, from time to time, pay interim dividends.

The details of dividend paid by our Company during the last three financial years and the six-month period ended September 30, 2019, is presented below:

(in ₹million)

Particulars	**Six-month period ended September 30, 2019**	**Fiscal 2019**	**Fiscal 2018**	**Fiscal 2017***
Face value of Equity Shares (in ₹per Equity Share)	10	10	10	10
Total Dividend (in ₹million)**	2,000.00	3,750.00	2,335.24	5,294.80
Total Dividend per Equity Share (₹)	0.21	0.48	0.36	0.94
Total Dividend Rate (%)	2.13%	4.81%	3.58%	9.40%

The Shareholders, in their AGM held on September 12, 2017, had approved the sub-division of the equity shares of face value of ₹1000 each, from ₹1000 to ₹10 ("Split**"). However, for the purpose of this chapter, to ensure comparability, all the numbers, amounts and other information with respect to dividend, have been determined by assuming that the Split was effectuated on March 31, 2017.*

*** Dividend paid during the relevant Fiscal, which is inclusive of interim dividend for that particular fiscal and final dividend for previous year.*

Our Company has not declared any dividend between the last audited period and the date of this Draft Red Herring Prospectus.

The amounts distributed as dividends in the past are not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future. For further details, see "*Risk Factors – Our ability to pay dividends in the future will depend upon future earnings, guidelines issued by the DPE, financial condition, cash flows, working capital requirements and capital expenditures",* on page 42. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not decrease in the future. Our future interim as well as annual dividends will depend on guidelines issued by DPE, our profits, revenues, capital requirements, contractual restrictions and overall financial position of our Company.

SELECTED STATISTICAL INFORMATION

The following financial, statistical and operational information is included for analytical purposes and should be read in conjunction with the Financial Statements beginning on page 153 as well as the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 250.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

Return and Leverage Metrics

The following table sets forth, for the years/ period indicated, selected financial information relating to the return on equity, return on assets and leverage metrics for our Company:

Particulars	As of/ for the year ended March 31,			As of / for the six months ended September 30, 2019*
	2017	2018	2019	
	(₹million, except percentages and per share data)			
Net Profit (1)	9,211.71	20,490.86	22,546.61	17,147.96
Average Total Assets (2)	1,183,607.91	1,451,093.96	1,840,360.09	2,224,850.32
Average Net Worth (3)	120,177.74	130,443.58	162,571.41	193,173.08
Average Liabilities	1,063,430.17	1,320,650.39	1,677,788.68	2,031,677.25
Total Debt (4)	1,055,892.86	1,340,055.27	1,739,326.75	1,846,316.53
Average Debt (5)	963,186.41	1,197,974.07	1,539,691.01	1,792,821.64
Return on Average Total Assets (%)(6)	0.78%	1.41%	1.23%	0.77%
Return on Average Net Worth (%) (7)	7.67%	15.71%	13.87%	8.88%
Average Debt / Average Net Worth	8.01	9.18	9.47	9.28
Net Gearing Ratio (8)	8.68	9.62	9.36	9.21
Average Net Worth as a percentage of Average Total Assets	10.15%	8.99%	8.83%	8.68%
Earnings per Share (9) (in ₹)	1.41	3.14	3.43	1.83
Book Value per Share (10) (in ₹)	18.63	21.34	19.81	21.37

Notes:

* *Ratios as of and for the period ended September 30, 2019 are not annualized.*

1. *Net Profit represents profit after tax for the relevant year/ period.*
2. *Average Total Assets represents the average of our Company's total assets as of the last day of the relevant year/ period and our Company's total assets as of the last day of the immediately preceding year/ period.*
3. *Average Net Worth represents the average of our Company's net worth (aggregate value of the Equity Share Capital and Other Equity) as of the last day of the relevant year/ period and our Company's net worth as of the last day of the immediately preceding year/ period.*
4. *Total Debt represents the aggregate of all our Company's borrowings as of the last day of the relevant year/ period.*
5. *Average Debt represents the average of our Company's total debt as of the last day of the relevant year/ period and our Company's total debt as of the last day of the immediately preceding year/ period.*
6. *Return on Average Total Assets is calculated as the Net Profit for the relevant year/ period as a percentage of Average Total Assets in such year/ period.*
7. *Return on Average Net Worth is calculated as the Net Profit for the relevant year/ period as a percentage of Average Net Worth in such year/ period.*
8. *Net Gearing Ratio represents Total Debt, less cash and cash equivalents at the end of the relevant year/ period, divided by the Net Worth at the end of the relevant year/ period.*
9. *Earnings per Share has been provided on a diluted basis.*
10. *Book Value per Share represents the net worth for the relevant year/ period divided by number of equity shares outstanding as at the end of the year/ period.*

Selected Financial Information and Ratios

The following table sets forth, for the years/periods indicated, certain selected financial information and ratios for our Company:

Particulars	As of / for the year ended March 31,			As of / for the six months ended September 30, 2019*
	2017	2018	2019	
	(₹million, except percentages)			
AUM[(1)]	1,238,980.07	1,545,346.66	2,009,373.33	2,219,102.49
AUM Growth (%)	21.19%	24.73%	30.03%	10.44%
Average AUM[(2)]	1,130,650.80	1,392,163.37	1,777,360.00	2,114,237.91
Disbursements[(3)]	274,879.71	367,222.54	525,351.84	245,343.25
Disbursement Growth (%)	16.05%	33.59%	43.07%	NA
Adjusted Interest Income[(4)]	88,051.12	107,893.00	138,433.88	87,054.27
Adjusted Finance Costs[(5)]	67,095.89	81,749.51	109,155.63	70,086.46
Net Interest Income[(6)]	20,955.23	26,143.49	29,278.25	16,967.81
Adjusted Total Income[(7)]	21,394.68	26,295.71	29,492.61	17,208.48
Operating Expense[(8)]	264.00	383.17	214.06	100.98
Credit Cost[(9)]	-	-	275.44	(21.23)
Cost of Borrowings[(10)]	6.97%	6.82%	7.09%	3.91%
Net Interest Margin[(11)]	1.85%	1.88%	1.65%	0.80%
Cost to Income Ratio[(12)]	1.23%	1.46%	0.73%	0.59%
Operating Expense/ Average AUM (%)	0.02%	0.03%	0.01%	0.00%
Gross NPA/ Net NPA	-	-	-	-

Notes:

* *Growth rates and ratios as of and for the period ended September 30, 2019 are not annualized.*

1. *Assets Under Management ("**AUM**") represents sum of total lease receivables, loans to Other PSU Entities and advances against leasing of Project Assets.*
2. *Average AUM represents the average of AUM as of the last day of the relevant period and AUM as of the last day of the immediately preceding year/ period.*
3. *Disbursements represent the aggregate funding for acquisition and leasing of Rolling Stock Assets, loans to Other PSU Entities, and advances against leasing of Project Assets in the relevant year/ period.*
4. *Adjusted Interest Income represents lease income, interest income from loans, interest income and capitalized finance cost on advances for funding Project Assets pending commencement of lease in the relevant year/ period.*
5. *Adjusted Finance Costs represents the sum of interest on debt securities, interest on borrowings, discount on commercial paper, interest on delayed payments to the MoR, interest to income tax authorities, and other borrowing costs including bond issue expenses and expenses on loans and bond/loan syndication servicing expenses in the relevant year/ period without reducing the capitalized finance cost on advances for funding Project Assets pending commencement of lease in the relevant year/ period .*
6. *Net Interest Income represents Adjusted Interest Income reduced by Adjusted Finance Costs in the relevant year/ period.*
7. *Adjusted Total Income represents sum of Net Interest Income and other operating revenues (including interest income from deposits, investments and dividend income).*
8. *Operating Expense represents employee benefit expense, other expenses and depreciation and amortization expenses in the relevant year/ period.*
9. *Credit Cost represents NPA provisions, contingency provisions against standard assets, and write-offs in the relevant year/ period.*
10. *Cost of Borrowings represents the ratio of Adjusted Finance Costs to the Average Debt in the relevant year/ period.*
11. *Net Interest Margin represents the ratio of the Net Interest Income to the Average AUM in the relevant year/ period.*
12. *Cost to Income Ratio represents the ratio of Operating Expense to Adjusted Total Income*

Funding Sources

The following table sets forth certain information relating to our funding sources for the periods indicated:

Particulars	As of March 31,						As of September 30, 2019	
	2017		2018		2019			
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(₹million)	(%)	(₹million)	(%)	(₹million)	(%)	(₹million)	(%)
Long Term Borrowings								
Secured Long Term Borrowings								
Bonds from Indian Capital Market	741,361.38	79.94%	873,886.91	67.72%	974,548.03	57.83%	1,077,309.65	60.71%

Particulars	As of March 31,						As of September 30, 2019	
	2017		2018		2019			
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(₹million)	(%)	(₹million)	(%)	(₹million)	(%)	(₹million)	(%)
Rupee Term Loans from Banks	1,000.00	0.11%	42,000.00	3.25%	27,7905.00	16.49%	222,250.00	12.53%
Foreign Currency Term Loans	981.95	0.11%	784.36	0.06%	625.44	0.04%	531.85	0.03%
Others - National small saving fund	-	-	100,000.00	7.75%	175,000.00	10.38%	175,000.00	9.86%
Unsecured Long Term Borrowings								
Bonds from International Capital Market	50,412.90	5.44%	62,579.67	4.85%	69,571.19	4.13%	70,996.38	4.00%
Bonds from Indian Capital Market	100,000.00	10.78%	162,000.00	12.55%	162,000.00	9.61%	180,000.00	10.14%
Foreign Currency Term Loans	33,643.10	3.63%	49,136.45	3.81%	25,618.35	1.52%	48,319.15	2.72%
Total (a)	**927,399.33**	**100.00%**	**1,290,387.39**	**100.00%**	**1,685,268.01**	**100.00%**	**1,774,407.03**	**100.00%**
Short Term Borrowings								
Secured Short Term Borrowings								
Loan against Term Deposits	-	-	-	-	-	-	48,320.00	67.20%
Working Capital Demand Loan	-	-	-	-	-	-	-	0.00%
Unsecured Short Term Borrowings								
Rupee Term Loan from Banks	70,821.59	55.12%	39,692.00	79.91%	24,198.97	44.76%	-	0.00%
Commercial Paper	57,671.94	44.88%	9,975.88	20.09%	29,859.77	55.24%	23,589.50	32.80%
Total (b)	**128,493.53**	**100.00%**	**49,667.88**	**100.00%**	**54,058.74**	**100.00%**	**71,909.50**	**100.00%**
Grand Total (a) + (b)	**1,055,892.86**		**1,340,055.27**		**1,739,326.75**		**1,846,316.53**	

Interest Coverage Ratios

The following table sets forth interest coverage ratios for our Company for the periods indicated:

Interest Coverage Ratios		Fiscal			Six months ended September 30, 2019
		2017	2018	2019	
		(₹million, except ratios)			
(i)	Profit before tax	21,135.00	25,924.91	29,015.84	17,147.96
(ii)	Non-Cash Expenses(1)	3.50	3.54	279.62	2.16
(iii)	Adjusted Finance Costs(2)	67,095.89	81,749.51	109,155.63	70,086.46
(iv)	Total [(i)+(ii)+(iii)]	88,234.39	107,677.96	138,451.09	87,236.58
(v)	Interest Coverage Ratio [(iv)/(iii)]	1.32	1.32	1.27	1.24

Notes:

(1) *Non-cash expenses includes depreciation and amortization, and provision for impairment of loss as of the end of the relevant year/ period.*

(2) *Adjusted Finance Costs represents the sum of interest on debt securities, interest on borrowings, discount on commercial paper, interest on delayed payments to the MoR, interest to income tax authorities, and other borrowing costs including bond issue expenses and expenses on loans and bond/loan syndication servicing expenses in the relevant year/ period without reducing the capitalized finance cost on advances for funding Project Assets pending commencement of lease in the relevant year/ period.*

Capital Adequacy

Our Company is subject to the capital adequacy ratio ("**CAR**") requirements prescribed by the RBI. Our Company is currently required to maintain a minimum CAR of 15.00%, based on our total capital to risk-weighted assets. As a part of our governance policy, our Company ordinarily maintain capital adequacy higher than the statutorily prescribed CAR. As of September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017, our CAR was 303.78%, 259.46%, 224.80%, and 381.77% respectively. For further information, see "*Key Regulations and Policies*" on page 120.

The following table sets out our capital adequacy ratios as of the dates indicated based on the audited financial statements for the respective years/periods:

Particulars	As of March 31,			As of September 30, 2019
	2017	2018	2019	
	(₹million, except percentages)			
Tier I Capital	121,538.83	139,281.71	185,850.45	200,490.50

Particulars	As of March 31,			As of September 30, 2019
	2017	2018	2019	
	(₹million, except percentages)			
Tier II Capital	-	-	-	-
Total Capital	121,538.83	139,281.71	185,850.45	200,490.50
Total Risk Weighted Assets	31,835.84	61,958.56	71,629.95	65,998.54
Capital Adequacy Ratio				
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	381.77%	224.80%	259.46%	303.78%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	-	-	-	-
Total Capital (as a Percentage of Total Risk Weighted Assets (%))	381.77%	224.80%	259.46%	303.78%

Classification of Assets:

Loans are classified as required by Master Direction – Non-Banking Financial Company – Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016, as amended. As of September 30, 2019, we do not have any non-performing assets. Earlier, NBFCs which were government companies in terms of the Companies Act, 2013, were exempt from the prudential norms as prescribed by the Reserve Bank of India for NBFCs. This exemption has since been withdrawn with effect from May 31, 2018. However, the Reserve Bank of India has granted exemption to our Company from asset classification, provisioning and exposure norms to the extent of its exposure to the MoR. Further, we have been granted exemption by the RBI from credit concentration norms to the extent of 100% of our owned funds for our exposure to Railway entities in which the ownership of the State/Central Government is minimum 51%. Accordingly, our Company has been adhering to the prudential norms prescribed by the Reserve Bank of India for NBFC-ND-SI except its exposure to sovereign, *i.e.* MoR. Further, we have decided to follow the asset classification as provided by the RBI for loans / leases / advances to entities other than Indian Railways. For further information, see "*Significant Factors Affecting our Results of Operations – Government Policy and Regulation*" and "*Key Regulations and Policies*" on pages 255 and 120, respectively. Also, see "*Financial Statements – Annexure VI – Note 42*" on pages 225.

Provisioning and Write-offs

Our Company also follows the provisioning norms as mandated by the RBI for loans/ leases/ advances to entities other than Indian Railways. Our Company makes provision on loans as per the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended. Our Company has made standard assets provisioning at the rate of 0.40% for loans by it to RVNL and IRCON Limited as prescribed by RBI. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors Affecting our Results of Operations – Government Policy and Regulation*" and "*Key Regulations and Policies*" on pages 255 and 120, respectively. Also, see "*Financial Statements – Annexure VI – Note 42*" on pages 225.

The following table sets forth certain information relating to the classification of assets:

Asset Classification	As of March 31,			As of September 30, 2019
	2017	2018	2019	
	(₹million)			
Loans Outstanding (gross)				
Standard Assets	1,238,980.07	1,545,346.66	2,009,373.33	2,219,102.49
Sub-Standard Assets	-	-	-	-
Doubtful Assets	-	-	-	-
Total Loans Outstanding (gross)	1,238,980.07	1,545,346.66	2,009,373.33	2,219,102.49
Provisions				
Standard Assets	-	-	236.77	226.88
Sub-Standard Assets	-	-	-	-
Doubtful Assets	-	-	-	-
Total Provisions	-	-	236.77	226.88
Loans Outstanding (net)				
Standard Assets	1,238,980.07	1,545,346.66	2,009,136.56	2,218,875.61
Sub-Standard Assets	-	-	-	-

Asset Classification	As of March 31,			As of September 30, 2019
	2017	2018	2019	
	(₹million)			
Doubtful Assets	-	-	-	-
Total Loans Outstanding (net)	1,238,980.07	1,545,346.66	2,009,136.56	2,218,875.61

Asset Liability Management

The following table sets forth the maturity pattern of certain items of assets and liabilities as of September 30, 2019:

	1 day to 30/31 (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Grand Total
	(₹million)								
Liabilities									
Borrowings from banks	51,426.58	5,000.00	5,000.00	35,000.00	48,856.58	32,319.73	32,000.00	61,500.00	271,102.89
Borrowings from National Small Savings Fund	-	-	-	-	-	-	-	175,000.00	175,000.00
Syndicated Foreign Currency Loan from Offshore Market	-	-	-	-	-	-	-	52,195.92	52,195.92
Market borrowings	23,589.50	15,000.00	0.00	11,022.10	32,780.00	158,822.36	197,892.91	913,925.29	1,353,032.16
Capital and Reserves & Surplus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200,491.03	200,491.03
Other Outflows	49,803.34	30,000.00	0.00	43,102.65	9,386.16	0.00	0.00	199,550.40	331,842.55
Total Outflows (A)	**124,819.42**	**50,000.00**	**5,000.00**	**89,124.75**	**91,022.74**	**191,142.09**	**229,892.91**	**1,602,662.64**	**2,383,664.55**
Cumulative Total Outflows (B)	**124,819.42**	**174,819.42**	**179,819.42**	**268,944.17**	**359,966.91**	**551,109.00**	**781,001.91**	**2,383,664.55**	-
Assets									
Advances (net of provisions for non-performing assets))	50,788.13	-	-	-	58,583.41	236,451.51	243,365.80	1,629,913.65	2,219,102.49
Investments (net of provision for diminution for value of investments)	5.40	-	-	-	5.16	17.07	-	91.60	119.23
Cash, Cash Equivalents and other Bank Balances	96,188.08	-	-	-	-	-	-	-	96,188.08
Other Inflows	147.03	0.06	0.06	0.19	3,389.95	21,747.01	1,947.12	41,023.32	68,254.74
Total Inflows (C)	**147,128.64**	**0.06**	**0.06**	**0.19**	**61,978.52**	**258,215.59**	**245,312.92**	**1,671,028.58**	**2,383,664.55**
Cumulative Total Inflows (D)	**147,128.64**	**147,128.70**	**147,128.76**	**147,128.95**	**209,107.47**	**467,323.06**	**712,635.98**	**2,383,664.55**	-
Mismatch [(E) = (C) – (A)]	**22,309.22**	**-49,999.94**	**-4,999.94**	**-89,124.56**	**-29,044.22**	**67,073.50**	**15,420.01**	**68,365.94**	-
Cumulative Mismatch [(F) = (B) – (D)]	**(22,309.22)**	**27,690.72**	**32,690.66**	**121,815.22**	**150,859.44**	**83,785.94**	**68,365.93**	-	-
Cumulative Mismatch as a % [(F) / (B)]	**(17.87)%**	**15.84%**	**18.18%**	**45.29%**	**41.91%**	**15.20%**	**8.75%**	**0.00%**	-

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

To,
The Board of Directors,
Indian Railways Finance Corporation Limited
UG Floor, East Tower, NBCC Place,
Bhisham Pitamah Marg, Lodhi Road,
New Delhi-110003

Dear Sirs,

1. We have examined the attached Restated Financial Information of Indian Railways Finance Corporation Limited (the "Company") comprising the Restated Statement of Assets and Liabilities as at September 30, 2019 and as at March 31, 2019, 2018, 2017, the Restated Statements of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity, the Restated Cash Flow Statement for the years ended March 31, 2019, 2018 and 2017 and six months ended September 30, 2019, the Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on 16th January, 2020 for the purpose of inclusion in the Draft Red Herring Prospectus (the "DRHP") prepared by the Company in connection with its proposed initial public offering of equity shares ("IPO") prepared in terms of the requirements of:

   (a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

   (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

   (c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

Managements' Responsibility for the Restated Standalone Summary Statements

2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India, and BSE Limited and National Stock Exchange of India (collectively, the "Stock Exchanges") in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in para 4 below. The Board of Directors of the Company responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

Auditor's Responsibility

3. We have examined such Restated Financial Information taking into consideration:

   (a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated December 30, 2019 in connection with the proposed IPO of equity shares of the Company;

   (b) The Guidance Note, that also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   (c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and

   (d) The requirements of Section 26 of the Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

4. These Restated Financial Information have been compiled by the management from:

   (a) Audited Ind AS financial statements of the Company as at and for the half year ended September 30, 2019 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Companies Act and other accounting principles generally accepted in India (the “Ind AS Financial Statements”) which have been approved by the Board of Directors at their meeting held on 11th November, 2019.

   (b) Audited Ind AS financial statements of the company as at and for the year ended March 31, 2019, prepared in accordance with the Indian Accounting Standards (referred to as “Ind AS”) as prescribed under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 05th September, 2019. The comparative information for the year ended March 31, 2018 included in such financial statements have been prepared by making Ind AS adjustments to the audited financial statements of the Company as at and for the year ended March 31, 2018, prepared in accordance with the accounting standards notified under the section 133 of the Companies Act (“Indian GAAP”) which was approved by the Board of directors at their meeting held on 10th September, 2018.

   (c) The Restated Financial Information also contains the proforma Ind AS financial information as at and for the year ended March 31, 2017. The proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2017 which has been approved by the Board of Directors at their meeting held on July 31, 2017.

5. Based on our examination and according to the information and explanations given to us, we report that the Restated Financial Information:

   (a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2019, 2018 and 2017 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the half year ended September 30, 2019;

   (b) have been prepared after incorporating proforma Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2017; and

   (c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

6. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 4 above.

7. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

8. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

9. Our report is intended solely for use of the Board of Directors for the purpose set forth in the first paragraph of this report including for inclusion in the DRHP to be filed with SEBI and the Stock Exchanges in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

10. The Key Audit Matters/Other Matter/Emphasis of Matter in the auditor's report as included in Annexure A to this report are to be read with significant accounting policies and significant notes to accounts. These do not entail any adjustments in the Restated Financial Information.

Yours faithfully,
For SPMG & Co.
Chartered Accountants
FRN: 509249C

CA Vinod Gupta
(Partner)
Membership No: 090687
UDIN: 20090687AAAAAV8000

Place: Delhi
Date: 16/01/2020

Annexure A

Detail of Key Audit Matters, Emphasis of Matters, Other Matters and observations paragraph disclosed in the Audit Reports for the half year ended 30th September, 2019 and financial years ended March 31, 2019, 2018 & 2017.

Para 1. Emphasis of Matters reported in the Audit Report

(a) For the half-year ended September 30, 2019

We draw attention to the Comptroller & Audit General (C&AG) of India Auditor's observations regarding the presentation/classification of the "Advance given against railway infrastructure assets to be Leased" out to the railways and advance funding against National projects into "Non financial Assets-Capital Advances" instead of "Other Financial Assets" as treated by the Company. The total amount under observation is Rs. 6,99,916.57 Million. As agreed with C & AG, the Company has referred the matter to the Expert Advisory Committee of the Institute of Chartered Accountants of India for an expert opinion. The reply from ICAI is awaited.

As the Company is still waiting for the Expert opinion from The Institute of Chartered Accountants of India, the same accounting treatment has been followed while preparing the financials as on September 30, 2019. Our opinion is not modified in respect of this matter.

Para 2. Observations reported in report on 'Other Legal and Regulatory Requirements':-

(a) For the half-year ended September 30, 2019

1. The Fixed Assets Records does not include the particulars of Fixed Assets leased to Ministry of Railways. The same are shown as lease receivables in the books of accounts.

2. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased assets. Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.

3. Office Building including parking area has been capitalized from the date of taking possession. However, the sale/transfer deed of office building is yet to be executed in favour of the Company.

4. The Company has given an amount to Ministry of Railways under leased arrangement for financing the Railway Infrastructure Projects & National Project. 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.

5. The detail of disputed statutory dues is as disclosed in financial statement for the period ended September 30, 2019.

(b) For the financial year ended March 31, 2019

1. The Fixed Assets Records does not include the particulars of Fixed Assets leased to Ministry of Railways. The same are shown as lease receivables in the books of accounts.

2. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased assets. Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.

3. Office Building including parking area has been capitalized from the date of taking possession. However, the sale/transfer deed of office building is yet to be executed in favour of the Company.

4. The Company has given an amount to Ministry of Railways under leased arrangement for financing the Railway Infrastructure Projects & National Project. 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.

5. The detail of disputed statutory dues is as disclosed in financial statement for the period ended March 31, 2019.

(c) For the financial year ended March 31, 2018

1. The Fixed Assets Records does not include the particulars of Fixed Assets leased to Ministry of Railways. The same are shown as lease receivables in the books of accounts.

2. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased assets. Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.

3. Office Building including parking area has been capitalized from the date of taking possession. However, the sale/transfer deed of office building is yet to be executed in favour of the Company.

4. The Company has given an amount 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.

5. The detail of disputed statutory dues is as disclosed in financial statement for the period ended March 31, 2018.

(d) For the financial year ended March 31, 2017

1. The Fixed Assets Records does not include the particulars of Fixed Assets leased to Ministry of Railways. The same are shown as lease receivables in the books of accounts.

2. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased assets. Leased assets have been certified by the Lessee (Ministry of Railways) as to their physical existence and good working condition.

3. Office Building including parking area has been capitalized from the date of taking possession. However, the sale/transfer deed of office building is yet to be executed in favour of the Company.

4. The Company has given an amount 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.

5. The detail of disputed statutory dues is as disclosed in financial statement for the period ended March 31, 2017.

<u>Para 3. Key Audit Matters reported in the Audit Report</u>

(a) For the half-year ended September 30, 2019

S.No.	Key Audit Matters	Auditor's Response
1.	The government has introduced new section 115BAA by the Taxation Law (Amendment) Ordinance, 2019 w.e.f F.Y 2019-20, which provides an option to opt for a income tax rate of 22%, Surcharge 10% & Health and Education Cess at 4% by any domestic company. By opting this total effective tax rate will be at 25.17% (under normal provision of income tax) as against earlier effective tax rate of 34.95% (under normal provision of income tax). However, the earlier effective tax rate under MAT was 21.55% which was applicable on the Company.	After adoption of Section 115BAA, the taxable income under the normal provision income tax may become NIL. Further after adoption of section 115BAA, the Company will be outside the scope and applicability of MAT Provision under section 115JB of Income Tax Act, 1961. Hence, no tax liability may be there w.e.f F.Y 2019-20 on the Company. However, the accumulated MAT Credit of Rs. 37,559.32 Million as on 31.03.2019 by adoption of section 115BAA is not going to be claimable by the Company against their future tax liability under normal provisions of Income Tax Act, 1961. As per the past records, the Company was not able to adjust/claim MAT Credit against the normal

S.No.	Key Audit Matters	Auditor's Response
		tax liability. That is the reason the same has not been provided in the books of accounts. In view of above, the Company is not likely to loose any amount against the accumulated MAT credit of Rs. 37,559.32 Million. Hence no tax provision has been created for the F.Y 2019-20.
2.	The Ministry of Corporate Affairs has notified the Companies (Share Capital and Debentures) Amendments Rules, 2019 on 16th August, 2019 which exempts NBFC listed companies registered with Reserve Bank of India under section 45-IA of the RBI Act, 1934 from creation of Debenture Redemption Reserve. However the Company is required to invest or deposit a sum of not less than fifteen percent of the amount of debentures maturing during the year ending on the 31st day of March of the next year as prescribed under these rules	The Bond Redemption Reserve as on 31.03.2019 amounting to Rs. 57,145.59 Million has been transferred to General Reserve as at September 30, 2019.

(b) For the financial year ended March 31, 2019

S.No.	Key Audit Matters	Auditor's Response
1.	The Company has adopted Ind AS from 1 April 2018 with an effective date of 1 April 2017 for such transition. For periods up to and including the year ended 31 March 2018, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind-AS, these financial statements for the year ended 31 March 2019, together with the comparative financial information for the previous year ended 31 March 2018 and the transition date Balance Sheet as at 1 April 2017 have been prepared under Ind AS. The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting and disclosure requirements prescribed under extant Reserve Bank of India (RBI) directions. In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.	Read the Ind-AS impact assessment performed by the Management and the resultant changes made to the accounting policies considering the requirements of the new framework. Evaluated the exemptions and exceptions allowed by Ind-AS and applied by the Management in applying the first-time adoption principles of Ind-AS 101 in respect of fair valuation of assets and liabilities existing as at transition date. Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. Tested the disclosures prescribed under Ind AS. Reliance has been placed on the external expert appointed by the Company to look into the Ind-AS Compliance.
2.	As per the Master direction issued by Reserve Bank of India circular no. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31st May, 2018 read with letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21st December 2018, the Company has to follow the	As stated in Note 27 of the financial statements, the Company has made a provision of 0.40% amounting to Rs. 275.44 Million as at 31St March, 2019.

S.No.	Key Audit Matters	Auditor's Response
	Income recognition, asset classification and provisioning norms on the loans/ advances to non sovereign bodies, which was earlier exempted vide notification DNBR.PD.008/03.10.119/2016-17 dated 1st September 2016 for all government owned NBFC's.	
3.	As per the Master direction issued by Reserve Bank of India circular no. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31st May, 2018 read with letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21st December 2018, for all government owned NBFC's required to transfer 20% of the net profit after tax.	As stated in Note 22.4 of the financial statements the Company has transferred 20% of the net profit after tax amounting to Rs. 4,509.49 Million in reserve fund as per Section 45-IC of RBI Act, 1934 as at 31st March, 2019.
4	Company enters into derivative contracts in accordance with RBI guidelines to manage its currency and interest rate risk. The Company has applied Hedge Accounting and accounted for the derivatives either as fair value hedges or cash flow hedges. We consider the valuation of the derivative financial instruments and hedge accounting as a key audit matter due to material exposure and the fact that the inappropriate application of these requirements could lead to a material effect on the financial statement.	Company obtains fair value of derivative contracts from the counter party banks. Our procedure include review of the fair value obtained using observable market inputs like prevailing exchange rate, interest rate curves and other volatility index subsequent thereto. We did not find any material misstatement in measuring derivative contracts at fair value obtained from counter party banks while considering other inputs.

Yours faithfully,
For SPMG & Co.
Chartered Accountants
FRN: 509249C

CA Vinod Gupta
(Partner)
Membership No: 090687

Place: Delhi
Date: 16/01/2020

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Annexure I: Restated statement of assets and liabilities
(All amounts in millions of INR, unless stated otherwise)

Particulars	Notes (Annexure VI)	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
ASSETS					
Financial assets					
Cash and cash equivalents	3	13.03	37.07	11.28	9.43
Bank balance other than above	4	96,175.05	773.59	986.92	65.74
Derivative financial instruments	5	-	466.90	968.47	685.78
Receivables	6				
- Lease receivables		13,49,225.35	12,50,265.12	10,94,716.56	9,82,061.90
Loans	7	56,495.22	58,954.87	52,379.55	21,640.30
Investments	8	119.23	131.44	139.78	145.72
Other financial assets	9	8,61,022.43	7,40,307.27	4,51,075.99	2,82,580.72
Total financial assets		**23,63,050.31**	**20,50,936.26**	**16,00,278.55**	**12,87,189.59**
Non-financial assets					
Current tax assets (net)	10	5,807.16	-	259.27	163.18
Property, plant and equipment	11	111.18	112.25	112.69	115.04
Other Intangible assets	12	0.51	0.50	0.27	0.12
Other non-financial assets	13	14,695.39	14,987.08	14,033.30	35.91
Total non-financial assets		**20,614.24**	**15,099.83**	**14,405.53**	**314.25**
Total Assets		**23,83,664.55**	**20,66,036.09**	**16,14,684.08**	**12,87,503.84**
LIABILITIES AND EQUITY					
LIABILITIES					
Financial liabilities					
Derivative financial instruments	5	3,102.50	3,105.95	7,495.79	6,561.21
Payables	14				
- Trade payables					
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	-	-
- Other payables					
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		152.66	121.79	87.15	35.07
Debt securities	15	13,51,895.53	12,35,978.99	11,08,442.46	9,49,446.22
Borrowings (other than debt securities)	16	4,94,421.00	5,03,347.76	2,31,612.81	1,06,446.64
Other financial liabilities	17	2,68,921.16	72,999.28	56,625.68	38,783.38
Total financial liabilities		**21,18,492.85**	**18,15,553.77**	**14,04,263.89**	**11,01,272.52**
Non-financial liabilities					
Current tax liabilities (net)	10	-	29.69	-	-
Provisions	18	140.89	117.96	108.37	93.57
Deferred tax liabilities (net)	19	64,431.40	64,431.40	64,431.40	64,431.40
Other non-financial liabilities	20	108.38	48.15	6,592.73	106.89
Total non-financial liabilities		**64,680.67**	**64,627.20**	**71,132.50**	**64,631.86**
Total liabilities		**21,83,173.52**	**18,80,180.97**	**14,75,396.39**	**11,65,904.38**
EQUITY					
Equity share capital	21	93,804.60	93,804.60	65,264.60	65,264.60
Other equity	22	1,06,686.43	92,050.52	74,023.09	56,334.86
Total equity		**2,00,491.03**	**1,85,855.12**	**1,39,287.69**	**1,21,599.46**
Total Liabilities and Equity		**23,83,664.55**	**20,66,036.09**	**16,14,684.08**	**12,87,503.84**

This is the restated statement of assets and liabilities referred to in our report of even date.
The accompanying annexures V to annexure X form an integral part of this Statement.

For SPMG & Co.
Chartered Accountants
(FRN 509249C)

For and on behalf of the Board of Directors
Indian Railway Finance Corporation Limited

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

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Place: New Delhi
Date: 16th January 2020

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Annexure II: Restated statement of profit and loss
(All amounts in millions of INR, unless stated otherwise)

Particulars	**Notes (Annexure VI)**	**Half year ended 30 September 2019**	**Year ended 31 March 2019**	**Year ended 31 March 2018**	**Year ended 31 March 2017 (Proforma)**
Revenue from operations					
Interest income	**23**	14,015.67	17,217.98	9,882.09	5,144.68
Dividend income		-	5.14	4.87	4.54
Lease income	**24**	52,556.80	94,100.09	82,784.48	74,984.36
Total revenue from operations		**66,572.47**	**1,11,323.21**	**92,671.44**	**80,133.58**
Other income	**25**	40.46	12.73	12.37	4.32
Total income		**66,612.93**	**1,11,335.94**	**92,683.81**	**80,137.90**
Expenses					
Finance costs	**26**	49,363.99	81,830.60	66,375.73	58,738.90
Impairment on financial instruments	**27**	-	275.44	-	-
Employee benefit expense	**28**	22.52	62.51	55.26	30.81
Depreciation, amortization and impairment	**29**	2.16	4.18	3.54	3.50
Other expenses	**30**	76.30	147.37	324.37	229.69
Total expenses		**49,464.97**	**82,320.10**	**66,758.90**	**59,002.90**
Profit before exceptional items and tax		17,147.96	29,015.84	25,924.91	21,135.00
Exceptional items			-	-	-
Profit before tax		**17,147.96**	**29,015.84**	**25,924.91**	**21,135.00**
Tax expense	**31**				
Current tax		-	6,469.23	5,434.05	4,552.20
Deferred tax		-	-	-	7,371.09
Total Tax Expenses		**-**	**6,469.23**	**5,434.05**	**11,923.29**
Profit for the period from continuing operations		**17,147.96**	**22,546.61**	**20,490.86**	**9,211.71**
Profit from discontinued operations			-	-	-
Tax expense of discontinued operations			-	-	-
Profit from discontinued operations (after tax)		-	-	-	-
Profit for the period		**17,147.96**	**22,546.61**	**20,490.86**	**9,211.71**
Other comprehensive income					
(A) (i) Items that will not be reclassified to profit or loss					
- Remeasurement of defined benefit plans		(0.58)	(2.71)	0.87	0.85
- Remeasurement of Equity Instrument		(6.55)	3.79	7.33	4.36
(ii) Income tax relating to items that will not be reclassified to profit or loss					
- Remeasurement of defined benefit plans		-	0.58	(0.18)	(0.18)
- Remeasurement of Equity Instrument		-	-	-	(0.61)
Subtotal (A)		**(7.13)**	**1.66**	**8.02**	**4.42**
(B) (i) Items that will be reclassified to profit or loss			-	-	
(ii) Income tax relating to items that will be reclassified to profit or loss			-	-	
Subtotal (B)		**-**	**-**	**-**	**-**
Other comprehensive income (A + B)		**(7.13)**	**1.66**	**8.02**	**4.42**
Total comprehensive income for the period (comprising profit (loss) and other comprehensive income for the period)		**17,140.83**	**22,548.27**	**20,498.88**	**9,216.13**
Earnings per equity share (for continuing operations)	**32**				
Basic (Rs.)		1.83	3.43	3.14	1.41
Diluted (Rs.)		1.83	3.43	3.14	1.41
Earnings per equity share (for discontinued operations)					
Basic (Rs.)		-	-	-	-
Diluted (Rs.)		-	-	-	-
Earnings per equity share (for continuing and discontinued operations)	**32**				
Basic (Rs.)		1.83	3.43	3.14	1.41
Diluted (Rs.)		1.83	3.43	3.14	1.41

This is the restated statement of profit and loss referred to in our report of even date.
The accompanying annexures V to annexure X form an integral part of this Statement.

For SPMG & Co.
Chartered Accountants
(FRN- 509249C)

For and on behalf of the Board of Directors
Indian Railway Finance Corporation Limited

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

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Place: New Delhi
Date: 16th January 2020

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Annexure III: Restated statement of cash flow
(All amounts in millions of INR, unless stated otherwise)

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxes	17,147.96	29,015.84	25,924.91	21,135.00
Adjustments for:				
Remeasurement of defined benefit plans	(0.58)	(2.71)	0.87	0.85
Depreciation and amortisation	2.16	4.18	3.54	3.50
Provision of interest on income tax	20.91	19.66	12.82	1.55
Loss on sale of fixed assets	0.01	0.16	0.06	0.18
Profit on sale of fixed assets	(0.00)	(0.01)	-	(0.01)
Discount of commercial paper	678.57	1,237.25	2,020.12	1,113.54
Adjustments towards effective interest rate	(288.92)	169.04	(480.12)	188.72
Dividend income received	-	(5.14)	(4.87)	(4.54)
Operating profit before working capital changes	**17,560.11**	**30,438.27**	**27,477.33**	**22,438.79**
Movements in working capital:				
Increase/(decrease) in payables	(62.94)	34.64	52.08	(359.76)
Increase/(decrease) in provisions	2.02	2.75	3.52	(307.23)
Increase/(decrease) in others non financial liabilities	60.23	(6,544.58)	6,485.84	(78.18)
Increase/(decrease) in other financial liabilities	1,93,510.77	16,373.60	17,842.31	9,214.86
Decrease/(increase) in receivables	(98,960.23)	(1,55,548.55)	(1,12,654.67)	(77,128.45)
Decrease/(increase) in loans and advances	2,459.66	(6,575.32)	(30,739.25)	1,447.78
Decrease/(increase) in bank balance other than cash and cash equivalents	(95,401.47)	213.33	(921.19)	37.83
Decrease/(increase) in other non financial assets	291.70	(953.78)	(13,997.39)	4.54
Decrease/(increase) in other financial assets	(1,20,065.64)	(2,88,729.70)	(1,68,777.97)	(1,44,250.77)
Cash generated from operations	**(1,00,605.79)**	**(4,11,289.34)**	**(2,75,229.39)**	**(1,88,980.59)**
Less: Direct taxes paid (net of refunds)	5,836.85	6,192.53	5,531.86	4,466.89
Net cash flow/(used) in operating activities (A)	**(1,06,442.64)**	**(4,17,481.87)**	**(2,80,761.25)**	**(1,93,447.48)**
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property plant & equipement and intangible assets	(1.12)	(4.22)	(1.48)	(1.37)
Proceeds from sale of property plant & equipement	0.00	0.10	0.08	0.13
Proceeds from realization of pass through certificates / sale of investments	5.66	12.12	13.28	14.55
Dividend income received	-	5.14	4.87	4.54
Net cash flow/(used) in investing activities (B)	**4.54**	**13.14**	**16.75**	**17.85**
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of equity share capital	-	28,540.00	-	-
Issue of Debt Securities (Net of redemptions)	1,22,136.80	1,04,655.95	2,07,419.28	1,32,661.55
Raising of Rupee Term Loans/ Foreign Currency Borrowings (net of repayments)	(8,773.90)	2,70,172.83	1,25,853.88	28,242.00
Issue of commercial paper (net of repayments)	(6,948.84)	18,646.63	(49,716.17)	26,899.70
Dividend paid	-	(3,750.00)	(2,335.24)	(5,294.80)
Dividend tax paid	-	(770.89)	(475.40)	(1,077.90)
Net cash generated by/(used in) financing activities (C)	**1,06,414.06**	**4,17,494.52**	**2,80,746.35**	**1,81,430.55**
Net increase in Cash and cash equivalents (A+B+C)	**(24.04)**	**25.79**	**1.85**	**(11,999.08)**
Cash and cash equivalents at the beginning of the year	37.07	11.28	9.43	12,008.51
Cash and cash equivalents at the end of year end (Refer Note No. 3 in Annexure V)	**13.03**	**37.07**	**11.28**	**9.43**

This is the restated statement of cash flow referred to in our report of even date.
The accompanying annexures V to annexure X form an integral part of this Statement.

For SPMG & Co.
Chartered Accountants
(Firm Registration No. 509249C)

For and on behalf of the Board of Directors
Indian Railway Finance Corporation Limited

Vinod Gupta
Partner
Membership No. 090687

Vijay Babulal Shirode
Company Secretary & DGM (Law)

Niraj Kumar
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Place: New Delhi
Date: 16th January 2020

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Annexure IV: Restated statement of changes in equity
(All amounts in millions of INR, unless stated otherwise)

A. Equity share capital

Particulars	Notes (Annexure VI)	Amount
Balance as at 1 April 2016 (Proforma)	**21**	**45,264.60**
Changes in equity share capital during the year		20,000.00
Balance as at 31 March 2017	**21**	**65,264.60**
Changes in equity share capital during the year		**-**
Balance at 31 March 2018	**21**	**65,264.60**
Changes in equity share capital during the year		28,540.00
Balance at 31 March 2019	**21**	**93,804.60**
Changes in equity share capital during the year		-
Balance at 30 September 2019	**21**	**93,804.60**

This is the restated statement of changes in equity referred to in our report of even date.

The accompanying annexures V to annexure X form an integral part of this Statement.

For SPMG & Co.
Chartered Accountants
(FRN 509249C)

For and on behalf of the Board of Directors
Indian Railway Finance Corporation Limited

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

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Place: New Delhi
Date: 16th January 2020

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Annexure IV: Restated statement of changes in equity
(All amounts in millions of INR, unless stated otherwise)

B. Other equity

Particulars	Share issue expenses	Reseves and surplus				Equity instruments through other comprehensive income	Total other equity
		General Reserve	Bond redemption reserve	Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	Retained Earnings		
Balance as at 1 April 2016 (Proforma)	**-**	**6,039.87**	**43,906.92**	**-**	**3,491.42**	**53.21**	**53,491.43**
Total comprehensive income for the year	-	-	-	-	9,212.38	3.75	**9,216.13**
Transfer to bond redemption reserve	-	-	4,842.47	-	(4,842.47)	-	**-**
Dividend	-	-	-	-	(5,294.80)	-	**(5,294.80)**
Dividend tax	-	-	-	-	(1,077.90)	-	**(1,077.90)**
Balance as at 31 March 2017	**-**	**6,039.87**	**48,749.39**	**-**	**1,488.63**	**56.96**	**56,334.86**
Total comprehensive income for the year	-	-	-	-	20,491.55	7.33	**20,498.88**
Transfer to bond redemption reserve	-	-	4,198.10	-	(4,198.10)	-	-
Transfer to general reserve	-	11,358.03	-	-	(11,358.03)	-	-
Dividend	-	-	-	-	(2,335.24)	-	**(2,335.24)**
Dividend tax	-	-	-	-	(475.40)	-	**(475.40)**
Balance at 31 March 2018	**-**	**17,397.90**	**52,947.49**	**-**	**3,613.41**	**64.29**	**74,023.10**
Total comprehensive income for the year	-	-	-	-	22,544.48	3.79	**22,548.27**
Transfer to bond redemption reserve	-	-	4,198.10	-	(4,198.10)	-	-
Transfer to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	-	-	-	4,509.49	(4,509.49)	-	-
Transfer to general reserve	-	12,929.46	-	-	(12,929.46)	-	
Dividend	-	-	-	-	(3,750.00)	-	**(3,750.00)**
Dividend tax	-	-	-	-	(770.84)	-	**(770.84)**
Balance at 31 March 2019	**-**	**30,327.36**	**57,145.59**	**4,509.49**	**-**	**68.08**	**92,050.52**
Total comprehensive income for the period	-	-	-	-	17,147.38	(6.55)	**17,140.83**
Addition during the period	(93.81)	-	-	-	-	-	**(93.81)**
Transfer to retained earnings	-	-	(57,145.59)	-	57,145.59	-	**-**
Dividend	-	-	-	-	(2,000.00)	-	**(2,000.00)**
Dividend tax	-	-	-	-	(411.11)	-	**(411.11)**
Balance at 30 September 2019	**(93.81)**	**30,327.36**	**-**	**4,509.49**	**71,881.86**	**61.53**	**1,06,686.43**

This is the restated statement of changes in equity referred to in our report of even date.
The accompanying annexures V to annexure X form an integral part of this Statement.

For SPMG & Co.
Chartered Accountants
(FRN 509249C)

For and on behalf of the Board of Directors
Indian Railway Finance Corporation Limited

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

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Place: New Delhi
Date: 16th January 2020

1. Background

Indian Railway Finance Corporation Ltd., referred to as "the Company" or "IRFC" 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 Company's principal business is to borrow funds from the financial markets to finance the acquisition / creation of assets which are then leased out to the Indian Railways as finance lease. IRFC is a Schedule 'A' Public Sector Enterprise under the administrative control of the Ministry of Railways, Govt. of India. It is also registered as Systemically Important Non–Deposit taking Non – Banking Financial Company (NBFC – ND-SI) and Infrastructure Finance Company (NBFC- IFC) with Reserve Bank of India (RBI).The President of India along with his nominees holds 100% of the equity share capital.

The registered address and principal place of business of the Company is Upper Ground Floor, East Tower, NBCC Place, Pragati Vihar, Lodhi Road, New Delhi - 110003.

2. Basis of Preparation and Significant Accounting Policies

A summary of basis of preparation and significant accounting policies adopted in the preparation of the financial statements are as given below. These basis of preparation and accounting policies have been applied consistently to all periods presented in the financial statements.

2.1 Statement of Compliance

The Financial Statements comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

Financial statements for the year ended March 31, 2019 were the first set of Ind AS financial statements issued by the Company, hence were covered by Ind AS 101, 'First Time Adoption of Indian Accounting Standards'. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ("Indian GAAP"), which is considered as the Previous GAAP, for purposes of Ind AS 101.

2.2 Basis for preparation of financial statements

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Unless otherwise stated, all amounts are stated in Millions of Rupees.

The Restated Statement of Assets and Liabilities of the Company as at September 30, 2019; March 31, 2019, 2018 and 2017 and the Restated Statement of Profit and Loss, the Restated Statement of Changes in Equity and the Restated Statement of Cash Flows for half year ended September 30, 2019; and for the years ended March 31, 2019, 2018, and 2017, along with notes thereto (hereinafter collectively referred to as "Restated Financial Information") has been prepared under Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013. The Restated Financial Information has been compiled by the Company for the half year ended September 30, 2019, year ended March 31, 2019 and year ended March 31, 2018 from the Audited Financial Statements of the Company prepared under Ind AS and for the year ended March 31, 2017 have been compiled based on Audited Financial Statements prepared under Indian GAAP ("Audited Financial Statements") adjusted in conformity with Ind AS.

The Restated Financial Information have been prepared by the Management in connection with the proposed listing of equity shares of the Company by way of an Initial Public Offer ("IPO"), which is to be filed by Company with the Securities and Exchange Board of India ("SEBI"), the Registrar of Companies, Delhi and the concerned Stock Exchanges in accordance with the requirements of:

a) Section 26 of Part 1 of Chapter III of the Companies Act, 2013 ("Act");

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

These Restated Financial Information have been extracted by the Management from:

a) Audited interim Ind AS financial statements of the Company as at and for the half year ended September 30, 2019 prepared in accordance with Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting", specified under section 133 of the Act and other accounting principles generally accepted in India (the "Interim Ind AS Financial Statements").

b) Audited Ind AS financial statements of the Company as at and for the year ended March 31, 2019, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors. The comparative information for the year ended March 31, 2018 included in such financial statements have been prepared by making Ind AS adjustments to the audited financial statements of the Company as at and for the year ended March 31, 2018, prepared in accordance with the accounting standards notified under the section 133 of the Act ("Indian GAAP").

c) The Restated Financial Information also contains the proforma Ind AS financial information as at and for the year ended March 31, 2017. The proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2017.

The Restated Financial Information have been prepared so as to contain information disclosures and incorporating adjustments set out below in accordance with the SEBI ICDR Regulations:

a) prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2019, March 31, 2018 and March 31, 2017 and for the half year ended September 30, 2019 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed;

b) prepared after incorporating proforma Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2017 to the Restated Financial Information; and

c) prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

d) Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Equity and Total Comprehensive income are provided in Annexure VII.

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such basis except for, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value.

In addition, for financial reporting purposes fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs for the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

•Level 1 -Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

•Level 2 -Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

•Level 3- inputs are unobservable inputs for the asset or liability.

2.3 Use of estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience & other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is as under:

a) **Formulation of accounting policies**
The accounting policies are formulated in a manner that results in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial.

b) **Post-employment benefit plans**
Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

c) **Provisions and contingencies**
The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37 'Provisions, contingent liabilities and contingent assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

2.4 Revenue

Company's revenues arise from lease income, interest on lease advance, loans, deposits and investments. Revenue from other income comprise dividend from investment in equity shares and other miscellaneous income etc.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Finance lease income in respect of finance leases is allocated to the accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.(Also see accounting policy on leases at 2.14).

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Pre-commencement lease-interest income is determined based on the MOU entered with Ministry of Railways and when it is probable that the economic benefits will flow to the Company and the amount can be determined reliably.

Dividend income is recognized in profit or loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

2.5 Foreign Currency Transaction

Functional and presentation currency

Items included in the financial statements of entity are measured using currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Where the difference is a pass through the lessee, the amount is received/ reimbursed to the lessee.

2.6 Employee Benefits

Defined contribution plan

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government/Company administrated Trust. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution.

Defined benefit plan

The defined benefit plans sponsored by the Company define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. Gratuity isin the nature of a defined benefit plan. The liability recognised in the financial statements in respect of the plan is the present value of the defined benefit obligation net of fair value of plan assets at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of Other Comprehensive Income in the period in which such gains or losses are determined.

Other long-term employee benefits

Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the period in which such gains or losses are determined.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

2.7 Taxation

Tax expense comprises Current Tax and Deferred Tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively.

Post 1st April 2019, the Company has elected to exercise the option permitted under section 115BAA of the Income – tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 on 20th September 2019. On adoption of section 115BAA of the Income – tax Act, 1961, the Company is *outside the scope and applicability of MAT provisions under section 115JB of the Income – tax Act, 1961.*

Deferred Tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Till 31.3.2017
Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in Other Comprehensive Income or equity, in which case it is recognized in Other Comprehensive Income or equity.

After 31.3.2017
The Company does not recognize deferred tax asset or deferred tax liability because as per Gazette Notification no. S.O. 529(E) dated 5th February 2018 as amended by notification no. S.O. 1465 dated 2 April 2018 issued by Ministry of Corporate Affairs, Government of India, the provision of Indian Accounting Standards 12 relating to Deferred Tax Assets (DTA) or Deferred Tax Liability (DTL) does not apply to the Company w.e.f. 1 April 2017.

2.8 Property, Plant and Equipment (PPE)

An item of property, plant and equipment is recognized as an asset if and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Items of property, plant and equipment are initially recognized at cost. Subsequent measurement is done at cost less accumulated depreciation/amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When parts of an item of property, plant and equipment have different useful lives, they are recognized separately.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

De-recognition

Property, plant and equipment is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on de-recognition of an item of property, plant and equipment are determined by comparing the proceeds from disposal, if any, with the carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

Depreciation

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

2.9 Intangible assets

An intangible asset is recognized if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use.

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

De-recognition

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains & losses on de-recognition of an item of intangible assets are determined by comparing the proceeds from disposal, if any, with the carrying amount of intangible assets and are recognized in the statement of profit and loss.

Amortization

Software is amortized over 5 years on straight-line method.

2.10 Borrowing costs

Borrowing costs consist of interest expense calculated using the effective interest method as described in Ind AS 109 'Financial Instruments' and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction/development or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which necessarily take substantial period of time to get ready for their intended use or sale.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition, construction/exploration or erection of the qualifying asset.

Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete.

All other borrowing costs are recognized as an expense in the year in which they are incurred.

2.11 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.12 Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance costs.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent assets are possible assets that arise from past events and whose existence 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. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

2.13 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.14 Leases

Till 31st March 2019, the Company had adopted Ind AS 17, Leases. In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 notifying Ind AS 116, Leases and withdrawing Ind AS 17, Leases.Ind AS 116 is effective from accounting periods beginning from 1st April 2019.

Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the erstwhile standard – i.e. lessors continue to classify leases as finance or operating leases. The Company has applied the transition provisions as mentioned in Appendix C to Ind AS 116. There is no financial impact on the Company on adoption of Ind AS 116.

At inception of a contract, the Company assesses whether the contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessor

The Company classifies each of its leases as either an operating lease or a finance lease.

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The depreciation policy for depreciable underlying assets subject to operating leases is consistent with the Company's normal depreciation policy for similar assets.

Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Company as a lessee

At the contract commencement date, the Company recognizes right – of – use asset and a lease liability. A right – of – use asset is an asset that represents a lessee's right to use an underlying asset for the lease term. The Company has elected not to apply the aforesaid requirements to short term leases (leases which at the commencement date has a lease term of 12 months or less) and leases for which the underlying asset is of low value as described in paragraphs B3 – B9 of Ind AS 116.

A right of use asset is initially measured at cost and subsequently applies the cost mode ie less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of lease liability. Ind AS 16, Property, Plant and Equipment is applied in depreciating the right – of – use asset.

A lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used. Subsequently, the carrying amount of the lease liability is increased to reflect interest on lease liability; reduced to reflect the lease payments; and remeasured to reflect any reassessment or lease modifications or to reflect revised in – substance fixed lease payments.

2.15 Securitisation of Finance Lease Receivable

Lease Receivables securitised out to Special Purpose Vehicle in a securitisation transactions are de-recognised in the balance sheet when they are transferred and consideration has been received by the Company.

The resultant gain/loss arising on securitization is recognised in the Statement of Profit & Loss in the year in which transaction takes place.

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.

2.16 Leasing of Railway Infrastructure Assets

In terms of Indian Accounting Standard-116, 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.

The commencement of the lease term is the date on which lessor makes an underlying asset available for use by the lessee.

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 presented as 'Advances against Lease of Rly. Infrastructure Assets' and 'Advance funding against National Project'.

2.17 Dividends

Dividends and interim dividends payable to the Company's shareholders are recognized as changes in equity in the period in which they are approved by the shareholders' meeting and the Board of Directors respectively.

2.18 Material Prior Period Errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

2.19 Earnings per share

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.20 Statement of Cash Flows

Statement of cash flows is prepared in accordance with the indirect method prescribed in Ind AS 7 'Statement of cash flows'.

2.21 Operating Segments

The Managing Director (MD) of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments".

The Company has identified 'Leasing and Finance' as its sole reporting segment.

2.22 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.22.1. Financial Assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition or issue of the financial asset.

Subsequent measurement

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at Fair value through Other Comprehensive Income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
(b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss.

Debt instrument at Fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity investments

All equity investments in entities other than subsidiaries and joint venture companies are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable. The Company has decided to classify its investments into equity shares of IRCON International Limited through FVTOCI.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets)is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and bank balance.
(b) Financial assets that are debt instruments and are measured as at FVTOCI.

(c) Lease receivables under Ind AS 116.
(d) Loan commitments which are not measured as at FVTPL.
(e) Financial guarantee contracts which are not measured as at FVTPL.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

2.22.2. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/losses are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, cross currency swaps and interest rate swaps to hedge its foreign currency risks and interest rate risks of foreign currency loans. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken to statement of profit and loss. Where the derivative is designated as a hedging instrument, the accounting for subsequent changes in fair value depends on the nature of item being hedged and the type of hedge relationship designated. Where the difference is a pass through the lessee, the amount is received/ reimbursed to the lessee.

(All amounts in millions of INR, unless stated otherwise)

Note 3: Cash and cash equivalents

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Balances with banks				
- in current accounts	12.93	36.97	11.18	9.33
Balances in franking machine	0.00	0.00	0.00	0.00
Deposits with Reserve Bank of India				
- in public deposit account	0.10	0.10	0.10	0.10
Total	**13.03**	**37.07**	**11.28**	**9.43**

Note 4: Bank balances other than above

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Balances with banks				
- in interest redemption accounts*	76.90	80.91	58.16	65.74
- in term deposits accounts**	95,550.00	-	-	-
- in escrow pool Account***	548.15	692.68	928.76	-
Total	**96,175.05**	**773.59**	**986.92**	**65.74**

* 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

** The Company has taken Loan against these Term Deposits shown under Note 16

*** Related to allotment of 54EC bond- September 2019 series (31 March 2019: March 2019 series; 31 March 2018: March 2018 series; 31 March 2017: March 2017 series

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Note 5: Derivative financial instruments

The Company enters into derivative contracts for Currency & Interest Rate risk. Derivative transactions include forwards, interest rate swaps, cross currency swaps, etc. to hedge the liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purposes.

	As at 30 September 2019			As at 31 March 2019			As at 31 March 2018			As at 31 March 2017(Proforma)		
PART I	**Notional amounts**	**Fair value-assets**	**Fair value-liabilities**	**Notional amounts**	**Fair value-assets**	**Fair value-liabilities**	**Notional amounts**	**Fair value-assets**	**Fair value-liabilities**	**Notional amounts**	**Fair value-assets**	**Fair value-liabilities**
(i) Currency derivatives												
-Spot and forwards	-	-	-	-	-	-	42,284.86	-	5,141.60	42,284.86	-	3,650.13
-Currency swaps	12,997.44	-	2,919.88	12,737.67	-	3,105.95	11,982.16	-	2,354.19	12,000.45	-	2,911.08
Subtotal	**12,997.44**	**-**	**2,919.88**	**12,737.67**	**-**	**3,105.95**	**54,267.02**	**-**	**7,495.79**	**54,285.31**	**-**	**6,561.21**
(ii) Interest rate derivatives												
- Forward rate agreements and interest rate swaps	12,997.44	-	182.62	12,737.67	466.90	-	25,082.16	968.47	-	25,100.45	685.78	-
Subtotal	**12,997.44**	**-**	**182.62**	**12,737.67**	**466.90**	**-**	**25,082.16**	**968.47**	**-**	**25,100.45**	**685.78**	**-**
Credit derivatives												
Equity linked derivatives												
Other derivatives												
Total derivatives instruments	**25,994.88**	**-**	**3,102.50**	**25,475.34**	**466.90**	**3,105.95**	**79,349.18**	**968.47**	**7,495.79**	**79,385.76**	**685.78**	**6,561.21**
PART II												
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:												
(i) Fair value hedging												
Currency derivatives	12,997.44	-	2,919.88	12,737.67	-	3,105.95	54,267.02	-	7,495.79	54,285.31	-	6,561.21
Interest rate derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	**12,997.44**	**-**	**2,919.88**	**12,737.67**	**-**	**3,105.95**	**54,267.02**	**-**	**7,495.79**	**54,285.31**	**-**	**6,561.21**
(ii) Cash flow hedging												
Currency derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Interest rate derivatives	12,997.44	-	182.62	12,737.67	466.90	-	25,082.16	968.47	-	25,100.45	685.78	-
Subtotal	**12,997.44**	**-**	**182.62**	**12,737.67**	**466.90**	**-**	**25,082.16**	**968.47**	**-**	**25,100.45**	**685.78**	**-**
Total derivative financial instruments	**25,994.88**	**-**	**3,102.50**	**25,475.34**	**466.90**	**3,105.95**	**79,349.18**	**968.47**	**7,495.79**	**79,385.76**	**685.78**	**6,561.21**

Refer note 38.5 & 38.6 for currency and interest rate risk management

(All amounts in millions of INR, unless stated otherwise)

Note 6 : Receivables

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Lease receivables* (Unsecured, considered good due from Ministry of Railways, Government of India)	13,49,225.35	12,50,265.12	10,94,716.56	9,82,061.90
Total	**13,49,225.35**	**12,50,265.12**	**10,94,716.56**	**9,82,061.90**

*No impairment loss has been recogonised as the entire lease receivables are from Ministry of Railways, Government of India, a sovereign receivable as per Reserve Bank of India letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21-December-2018. (Refer note- 18)

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Note 7 : Loans

	As at 30 September 2019						As at 31 March 2019						As at 31 March 2018						As at 31 March 2017(Proforma)					
		At Fair Value						At Fair Value						At Fair Value						At Fair Value				
	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Subtotal	Total
Loans																								
(A) Term Loans																								
-Loan to Rail Vikas Nigam Limited	32,109.80	-	-	-	-	32,109.80	28,426.30	-	-	-	-	28,426.30	20,379.55	-	-	-	-	20,379.55	21,640.30	-	-	-	-	21,640.30
-Loan to Ircon International Limited	24,612.30	-	-	-	-	24,612.30	30,765.34	-	-	-	-	30,765.34	32,000.00	-	-	-	-	32,000.00	-	-	-	-	-	-
Total (A) -Gross	**56,722.10**	**-**	**-**	**-**	**-**	**56,722.10**	**59,191.64**	**-**	**-**	**-**	**-**	**59,191.64**	**52,379.55**	**-**	**-**	**-**	**-**	**52,379.55**	**21,640.30**	**-**	**-**	**-**	**-**	**21,640.30**
Less:Impairment loss allowance	226.88	-	-	-	-	226.88	236.77	-	-	-	-	236.77	-	-	-	-	-	-	-	-	-	-	-	-
Total (A) - Net	**56,495.22**	**-**	**-**	**-**	**-**	**56,495.22**	**58,954.87**	**-**	**-**	**-**	**-**	**58,954.87**	**52,379.55**	**-**	**-**	**-**	**-**	**52,379.55**	**21,640.30**	**-**	**-**	**-**	**-**	**21,640.30**
(B)(i) Secured by tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii)Secured by intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii)Covered by Bank/Government Guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Unsecured	56,722.10	-	-	-	-	56,722.10	59,191.64	-	-	-	-	59,191.64	52,379.55	-	-	-	-	52,379.55	21,640.30	-	-	-	-	21,640.30
Total (B)-Gross	**56,722.10**	**-**	**-**	**-**	**-**	**56,722.10**	**59,191.64**	**-**	**-**	**-**	**-**	**59,191.64**	**52,379.55**	**-**	**-**	**-**	**-**	**52,379.55**	**21,640.30**	**-**	**-**	**-**	**-**	**21,640.30**
Less:Impairment loss allowance	226.88	-	-	-	-	226.88	236.77	-	-	-	-	236.77	-	-	-	-	-	-	-	-	-	-	-	-
Total (B)-Net	**56,495.22**	**-**	**-**	**-**	**-**	**56,495.22**	**58,954.87**	**-**	**-**	**-**	**-**	**58,954.87**	**52,379.55**	**-**	**-**	**-**	**-**	**52,379.55**	**21,640.30**	**-**	**-**	**-**	**-**	**21,640.30**
(C) (I) Loans in India																								
(i) Public Sector	-	-	-	-	-	-	59,191.64	-	-	-	-	59,191.64	52,379.55	-	-	-	-	52,379.55	21,640.30	-	-	-	-	21,640.30
(ii) Others (to be specified)	56,722.10	-	-	-	-	56,722.10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (C)-Gross	**56,722.10**	**-**	**-**	**-**	**-**	**56,722.10**	**59,191.64**	**-**	**-**	**-**	**-**	**59,191.64**	**52,379.55**	**-**	**-**	**-**	**-**	**52,379.55**	**21,640.30**	**-**	**-**	**-**	**-**	**21,640.30**
Less: Impairment loss allowance	226.88	-	-	-	-	226.88	236.77	-	-	-	-	236.77	-	-	-	-	-	-	-	-	-	-	-	-
Total(C) (I)-Net	**56,495.22**	**-**	**-**	**-**	**-**	**56,495.22**	**58,954.87**	**-**	**-**	**-**	**-**	**58,954.87**	**52,379.55**	**-**	**-**	**-**	**-**	**52,379.55**	**21,640.30**	**-**	**-**	**-**	**-**	**21,640.30**
(C)(II)Loans outside India																								
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (C)(II)- Net	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total C(I)and C(II)	**56,495.22**	**-**	**-**	**-**	**-**	**56,495.22**	**58,954.87**	**-**	**-**	**-**	**-**	**58,954.87**	**52,379.55**	**-**	**-**	**-**	**-**	**52,379.55**	**21,640.30**	**-**	**-**	**-**	**-**	**21,640.30**

* Impairement loss allowance is recogonised as per Reserve Bank of India circular no. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31 May 2018 read with letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21 December 2018 which was earlier exempted vide notification DNBR.PD.008/03.10.119/2016-17 dated 1st September 2016 for all government NBFC company. (refer note-18)

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Note 8 : Investments

	As at 30 September 2019						As at 31 March 2019						As at 31 March 2018						As at 31 March 2017(Proforma)					
		At Fair Value						At Fair Value						At Fair Value						At Fair Value				
	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub total	Total	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub total	Total	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub total	Total	Amortised cost	Through Other Comprehensive Income	Through profit or loss	Designated at fair value through profit or loss	Sub total	Total
Debt securities*	27.63	-	-	-	-	27.63	33.29	-	-	-	-	33.29	45.42	-	-	-	-	45.42	58.69	-	-	-	-	58.69
Equity instruments #	-	91.60	-	-	91.60	91.60	-	98.15	-	-	98.15	98.15	-	94.36	-	-	94.36	94.36	-	87.03	-	-	87.03	87.03
Total (A)	**27.63**	**91.60**	**-**	**-**	**91.60**	**119.23**	**33.29**	**98.15**	**-**	**-**	**98.15**	**131.44**	**45.42**	**94.36**	**-**	**-**	**94.36**	**139.78**	**58.69**	**87.03**	**-**	**-**	**87.03**	**145.72**
Investments Outside India							-	-	-	-	-	-	-	-	-		-	-	-	-	-		-	-
Investments in India	27.63	91.60	-	-	91.60	119.23	33.29	98.15	-	-	98.15	131.44	45.42	94.36	-	-	94.36	139.78	58.69	87.03	-	-	87.03	145.72
Total (B)	**27.63**	**91.60**	**-**	**-**	**91.60**	**119.23**	**33.29**	**98.15**	**-**	**-**	**98.15**	**131.44**	**45.42**	**94.36**	**-**	**-**	**94.36**	**139.78**	**58.69**	**87.03**	**-**	**-**	**87.03**	**145.72**
Less: Allowance for Impairment '(C)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A)-(C)	**27.63**	**91.60**	**-**	**-**	**91.60**	**119.23**	**33.29**	**98.15**	**-**	**-**	**98.15**	**131.44**	**45.42**	**94.36**	**-**	**-**	**94.36**	**139.78**	**58.69**	**87.03**	**-**	**-**	**87.03**	**145.72**

	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017(Proforma)
Details of debt securities*				
Numbers of Senior Pass through Certificates of NOVO X Trust Locos	30	35	45	55
Fair value of Senior Pass through Certificates of NOVO X Trust Locos	27.63	33.29	45.42	58.69
Details of equity instruments #				
Numbers of Equity Shares of IRCON International Limited	2,40,000	2,44,000	2,44,000	2,44,000
Fair value of Equity Shares of IRCON International Limited	91.60	98.15	94.36	87.03

The Company holds nominal Equity (less than 0.26%) in IRCON International Limited. The Equity shares of IRCON International Limited were listed on National Stock Exchange with effect from 28 September 2018. The Company had elected to classify its investment in IRCON International Limited as fair value through other comprehensive income. The fair value as on 31 March 2019 has been measured as per the quotation on National Stock Exchange (Level 1 Input). The fair market value in earlier year has been determined on the basis of book value computed as per the preceding year's annual financial statement of IRCON International Limited as available with the Company (Level 3 Input).

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Note 9 : Other financial assets

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Amount recoverable from Ministry of Railways on account of exchange rate variation / derivatives#	8,489.06	4,644.90	2,675.79	8,636.38
Amount recoverable from Ministry of Railways - Leased Assets	-	4,729.63	33,270.51	28,979.99
Advance against Railway Infrastructure Assets to be leased (Refer Note No. 45)	7,60,933.76	6,49,088.40	3,98,250.55	2,35,277.87
Advance Funding Against National Project (Refer Note No. 45)	52,221.28	50,828.17	-	-
Interest accrued but not due on advance for railway project to be leased	32,438.85	21,340.11	9,649.87	2,258.41
Security deposits	0.91	0.96	1.09	0.92
House building advance (secured)*	3.11	3.26	1.01	1.38
Advance to employees	3.51	3.05	0.08	0.09
Interest accrued but not due on advance to employees**	0.62	0.51	0.83	0.77
Interest accrued but not due on loans (Refer Note No. 7)	6,831.21	9,669.11	7,183.74	7,381.73
Interest accrued but not due on fixed deposits with bank (Refer Note No. 4)	91.43	-	-	-
Interest accrued but not due on investment (Refer Note No. 8)	32.67	36.04	40.90	43.12
Interest accrued but not due on 54 EC bond application money	2.68	1.33	1.39	-
Amount recoverable from others	0.67	0.47	0.23	0.06
Gross Total	**8,61,049.76**	**7,40,345.94**	**4,51,075.99**	**2,82,580.72**
Less: Impairment on interest accrued and due on loans & deposits***	27.33	38.67	-	-
Net Total	**8,61,022.43**	**7,40,307.27**	**4,51,075.99**	**2,82,580.72**

*Includes 2.38 millions for 30 September 2019; 2.47 millions for 31 March 2019; 0.11 millions for 31 March 2018; 1.38 millions for 31 March 2017 to Key Managerial Personnel/Officers of the Company.
**Includes 0.07 millions for 30 September 2019; 0.01 millions for 31 March 2019; 0.40 millions for 31 March 2018; 0.86 millions for 31 March 2017 to Key Managerial Personnel/Officers of the Company.
*** As per Reserve Bank of India Circular No. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31-May-2018
# Amount recoverable from Ministry of Railway on account of exchange rate variation / derivatives includes amount recoverable from Ministry of Railways on account of MTM derivatives of the respective year. (Refer Note 44)

Note 10 : Current tax assets (net)

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
TDS & advance tax	31,284.61	25,447.76	23,415.73	17,980.69
Provision for tax	(25,477.45)	(25,477.45)	(23,156.46)	(17,817.51)
Total	**5,807.16**	**(29.69)**	**259.27**	**163.18**

(All amounts in millions of INR, unless stated otherwise)

Note 11 : Property, plant and equipment

Particulars	Building	Office Equipment	Computer	Furniture and fixtures	Plant and equipment	Vehicles	Total
Deemed cost/ Gross Block							
Balance as at 1 April 2016 (Proforma)	152.42	5.32	5.97	8.54	0.33	1.02	**173.60**
Additions	-	0.49	0.18	0.70	-	-	**1.37**
Disposals	-	(0.38)	-	(0.21)	-	-	**(0.59)**
Balance at 31 March 2017 (Proforma)	**152.42**	**5.43**	**6.15**	**9.03**	**0.33**	**1.02**	**174.38**
Balance at 1 April 2017	112.32	0.96	0.68	0.80	0.03	0.26	**115.03**
Additions	-	0.54	0.33	0.40	-	-	**1.26**
Disposals	-	(0.26)	(0.18)	-	-	-	**(0.43)**
Balance at 31 March 2018	**112.32**	**1.24**	**0.83**	**1.20**	**0.03**	**0.26**	**115.86**
Additions	-	0.75	0.85	0.03	-	2.27	**3.90**
Disposals	-	(0.32)	(0.09)	-	-	-	**(0.42)**
Balance at 31 March 2019	**112.32**	**1.67**	**1.58**	**1.23**	**0.03**	**2.52**	**119.34**
Additions	-	0.41	0.60	-	-	-	**1.01**
Disposals	-	(0.04)	-	-	-	-	**(0.04)**
Balance at 30 September 2019	**112.32**	**2.04**	**2.18**	**1.23**	**0.03**	**2.52**	**120.32**
Accumulated depreciation							
Balance as at 1 April 2016 (Proforma)	**37.55**	**4.23**	**5.16**	**8.33**	**0.27**	**0.68**	**56.22**
Depreciation expense	2.55	0.38	0.31	0.06	0.03	0.09	**3.41**
Adjusments	-	-	-	-	-	-	**-**
Elimination on disposals of assets	-	(0.13)	-	(0.16)	-	-	**(0.29)**
Balance at 31 March 2017 (Proforma)	**40.10**	**4.47**	**5.47**	**8.23**	**0.30**	**0.77**	**59.34**
Balance at 1 April 2017	-	-	-	-	-	-	**-**
Depreciation expense	2.55	0.27	0.42	0.11	0.03	0.09	**3.47**
Adjusments	-	-	-	-	-	-	**-**
Elimination on disposals of assets	-	(0.11)	(0.18)	-	-	-	**(0.29)**
Balance at 31 March 2018	**2.55**	**0.16**	**0.24**	**0.11**	**0.03**	**0.09**	**3.18**
Depreciation expense	3.05	0.35	0.35	0.14	-	0.21	**4.09**
Adjusments	-	-	-	-	-	-	**-**
Elimination on disposals of assets	-	(0.13)	(0.04)	-	-	-	**(0.17)**
Balance at 31 March 2019	**5.60**	**0.38**	**0.55**	**0.25**	**0.03**	**0.30**	**7.10**
Depreciation expense	1.53	0.14	0.15	0.07	-	0.18	**2.06**
Adjusments	-	-	-	-	-	-	**-**
Elimination on disposals of assets	-	(0.02)	-	-	-	-	**(0.02)**
Balance at 30 September 2019	**7.13**	**0.50**	**0.70**	**0.32**	**0.03**	**0.47**	**9.14**
Carrying amount							
Balance as at 1 April 2016 (Proforma)	**114.87**	**1.09**	**0.82**	**0.21**	**0.06**	**0.34**	**117.38**
Additions	-	0.49	0.18	0.70	-	-	1.37
Disposals	-	(0.25)	-	(0.05)	-	-	(0.30)
Depreciation expense	(2.55)	(0.38)	(0.31)	(0.06)	(0.03)	(0.09)	(3.41)
Balance at 31 March 2017 (Proforma)	**112.32**	**0.95**	**0.68**	**0.80**	**0.03**	**0.25**	**115.04**
Balance at 1 April 2017	**112.32**	**0.96**	**0.68**	**0.80**	**0.03**	**0.26**	**115.04**
Additions	-	0.54	0.33	0.40	-	-	**1.26**
Disposals	-	(0.15)	-	-	-	-	**(0.15)**
Depreciation expense	(2.55)	(0.27)	(0.42)	(0.11)	(0.03)	(0.09)	**(3.47)**
Balance at 31 March 2018	**109.77**	**1.08**	**0.59**	**1.08**	**0.00**	**0.17**	**112.69**
Additions	-	0.75	0.85	0.03	-	2.27	**3.90**
Disposals	-	(0.20)	(0.05)	-	-	-	**(0.25)**
Depreciation expense	(3.05)	(0.35)	(0.35)	(0.14)	-	(0.21)	**(4.09)**
Balance at 31 March 2019	**106.72**	**1.29**	**1.04**	**0.98**	**0.00**	**2.23**	**112.25**
Additions	-	0.41	0.60	-	-	-	**1.01**
Disposals	-	(0.01)	-	-	-	-	**(0.01)**
Depreciation expense	(1.53)	(0.14)	(0.15)	(0.07)	-	(0.18)	**(2.06)**
Balance at 30 September 2019	**105.19**	**1.55**	**1.49**	**0.91**	**0.00**	**2.05**	**111.18**

(All amounts in millions of INR, unless stated otherwise)

Note 12 : Other intangible assets

Particulars	**Software**
Deemed cost/ Gross Block	
Balance as at 1 April 2016 (Proforma)	**0.43**
Additions	-
Disposals	-
Balance at 31 March 2017 (Proforma)	**0.43**
Balance at 1 April 2017	**0.12**
Additions	0.22
Disposals	-
Balance at 31 March 2018	**0.34**
Additions	0.32
Disposals	-
Balance at 31 March 2019	**0.66**
Additions	0.11
Disposals	-
Balance at 30 September 2019	**0.77**
Accumulated depreciation	
Deemed cost/ Gross Block	
Balance as at 1 April 2016 (Proforma)	0.23
Depreciation expense	0.09
Elimination on disposals of assets	-
Balance at 31 March 2017 (Proforma)	**0.32**
Balance at 1 April 2017	**-**
Depreciation expense	0.07
Elimination on disposals of assets	-
Balance at 31 March 2018	**0.07**
Depreciation expense	0.09
Elimination on disposals of assets	-
Balance at 31 March 2019	**0.16**
Depreciation expense	0.10
Elimination on disposals of assets	-
Balance at 30 September 2019	**0.26**
Carrying amount	
Balance as at 1 April 2016 (Proforma)	0.21
Additions	-
Disposals	-
Depreciation expense	(0.09)
Balance at 31 March 2017 (Proforma)	**0.12**
Balance at 1 April 2017	0.12
Additions	0.22
Disposals	-
Depreciation expense	(0.07)
Balance at 31 March 2018	**0.27**
Additions	0.32
Disposals	-
Depreciation expense	(0.09)
Balance at 31 March 2019	**0.50**
Additions	0.11
Disposals	-
Depreciation expense	(0.10)
Balance at 30 September 2019	**0.51**

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Note 13 : Other non-financial assets

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Capital Advances				
Advance to FA & CAO, Northern Railway	25.30	25.30	25.30	25.30
Advances other than capital advances				
Advance to others	1.67	1.67	1.67	2.10
Others		-		
Gratuity funded assets	-	-	-	0.51
Prepaid expenses	0.03	4.17	4.88	3.90
Deposit with NCRDC, New Delhi	-	-	-	0.44
Tax refund receivable	3.66	249.71	3.66	3.66
GST (TDS) recoverable	-	41.50	-	-
GST recoverable	14,664.73	14,664.73	13,997.79	-
Total	**14,695.39**	**14,987.08**	**14,033.30**	**35.91**

Note 14 : Payables

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
(I) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises (Refer Note no. 51)	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
(II) Other payables				
(i) total outstanding dues of micro enterprises and small enterprises (Refer Note no. 51)	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises	152.66	121.79	87.15	35.07
Total	**152.66**	**121.79**	**87.15**	**35.07**

(All amounts in millions of INR, unless stated otherwise)

Note 15 : Debt Securities

	As at 30 September 2019				As at 31 March 2019				As at 31 March 2018				As at 31 March 2017(Proforma)			
	At amortised cost	At fair value through profit	Designated at fair value	Total	At amortised cost	At fair value through profit	Designated at fair value	Total	At amortised cost	At fair value through profit or	Designated at fair value	Total	At amortised cost	At fair value through	Designated at fair value	Total
Others																
Bonds from domestic capital market	12,57,309.65	-	-	12,57,309.65	11,36,548.03	-	-	11,36,548.03	10,35,886.91	-	-	10,35,886.91	8,41,361.38	-	-	8,41,361.38
Bonds from overseas capital market	70,996.38	-	-	70,996.38	69,571.19	-	-	69,571.19	62,579.67	-	-	62,579.67	50,412.90	-	-	50,412.90
Commercial Paper	23,589.50	-	-	23,589.50	29,859.77	-	-	29,859.77	9,975.88	-	-	9,975.88	57,671.94	-	-	57,671.94
Total (A)	**13,51,895.53**	**-**	**-**	**13,51,895.53**	**12,35,978.99**	**-**	**-**	**12,35,978.99**	**11,08,442.46**	**-**	**-**	**11,08,442.46**	**9,49,446.22**	**-**	**-**	**9,49,446.22**
Debt securities in India	12,80,899.15	-	-	12,80,899.15	11,66,407.80	-	-	11,66,407.80	10,45,862.79	-	-	10,45,862.79	8,99,033.32	-	-	8,99,033.32
Debt securities outside India	70,996.38	-	-	70,996.38	69,571.19	-	-	69,571.19	62,579.67	-	-	62,579.67	50,412.90	-	-	50,412.90
Total (B) to tally with (A)	**13,51,895.53**	**-**	**-**	**13,51,895.53**	**12,35,978.99**	**-**	**-**	**12,35,978.99**	**11,08,442.46**	**-**	**-**	**11,08,442.46**	**9,49,446.22**	**-**	**-**	**9,49,446.22**

Also, refer note 38.2

Indian Railway Finance Corporation Limited

Secured bonds from domestic capital market

The secured bonds issued in the domestic capital market are secured by first pari passu charge on the present/ future rolling stock assets/ lease receivables of the Company. Maturity profile and rate of interest of the bonds issued in the domestic capital market and amount outstanding as on various dates is as set out below:

S.No	Series	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Bond	30 September 2019	31 March 2019	31 March 2018	31 March 2017 (Proforma)
1	104th 'A' Series Tax Free Bonds Public Issue	7.50%	Annual	Bullet Repayment	21-Dec-35	3,696.34	3,696.34	3,696.34	3,696.34
2	104th Series Tax Free Bonds Public Issue	7.25%	Annual	Bullet Repayment	21-Dec-35	2,944.16	2,944.16	2,944.16	2,944.16
3	71st "E" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-35	2,200.00	2,200.00	2,200.00	2,200.00
4	70th "E" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-35	150.00	150.00	150.00	150.00
5	141th Taxable Non-Cum. Bonds	7.48%	Annual	Bullet Repayment	29-Aug-34	21,070.00	-	-	-
6	139th Taxable Non-Cum. Bonds	7.54%	Annual	Bullet Repayment	29-Jul-34	24,556.00	-	-	-
7	138th Taxable Non-Cum. Bonds	7.85%	Annual	Bullet Repayment	01-Jul-34	21,200.00	-	-	-
8	71st "D" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-34	2,200.00	2,200.00	2,200.00	2,200.00
9	70th "D" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-34	150.00	150.00	150.00	150.00
10	71st "C" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-33	2,200.00	2,200.00	2,200.00	2,200.00
11	70th "C" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-33	150.00	150.00	150.00	150.00
12	71st "B" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-32	2,200.00	2,200.00	2,200.00	2,200.00
13	70th "B" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-32	150.00	150.00	150.00	150.00
14	71st "A" Taxable Non-Cum. Bonds	8.83%	Semi Annual	Bullet Repayment	14-May-31	2,200.00	2,200.00	2,200.00	2,200.00
15	76th "B" Taxable Non-Cum. Bonds	9.47%	Semi Annual	Bullet Repayment	10-May-31	9,950.00	9,950.00	9,950.00	9,950.00
16	70th "A" Taxable Non-Cum. Bonds	8.72%	Semi Annual	Bullet Repayment	04-May-31	150.00	150.00	150.00	150.00
17	108th 'A' Series Tax Free Bonds Public Issue	7.64%	Annual	Bullet Repayment	22-Mar-31	11,943.13	11,943.13	11,943.13	11,943.13
18	108th Series Tax Free Bonds Public Issue	7.35%	Annual	Bullet Repayment	22-Mar-31	10,163.76	10,163.76	10,163.76	10,163.76
19	103rd 'A' Series Tax Free Bonds Public Issue	7.53%	Annual	Bullet Repayment	21-Dec-30	10,742.17	10,742.17	10,742.17	10,742.17
20	103rd Series Tax Free Bonds Public Issue	7.28%	Annual	Bullet Repayment	21-Dec-30	20,573.10	20,573.10	20,573.10	20,573.10
21	70th "AA" Taxable Non-Cum. Bonds	8.79%	Semi Annual	Bullet Repayment	04-May-30	14,100.00	14,100.00	14,100.00	14,100.00
22	67th "B" Taxable Non-Cum. Bonds	8.80%	Semi Annual	Bullet Repayment	03-Feb-30	3,850.00	3,850.00	3,850.00	3,850.00
23	142th Taxable Non-Cum. Bonds	7.50%	Annual	Bullet Repayment	09-Sep-29	27,070.00	-	-	-
24	140th Taxable Non-Cum. Bonds	7.48%	Annual	Bullet Repayment	13-Aug-29	25,920.00	-	-	-
25	136th Series Taxable Bonds	7.95%	Annual	Bullet Repayment	12-Jun-29	30,000.00	-	-	-
26	135 Series Taxable Bonds	8.23%	Annual	Bullet Repayment	29-Mar-29	25,000.00	25,000.00	-	-
27	96th Series Tax Free Bonds Public Issue	8.63%	Annual	Bullet Repayment	26-Mar-29	9,479.13	9,479.13	9,479.13	9,479.13
28	96th A Series Tax Free Bonds Public Issue	8.88%	Annual	Bullet Repayment	26-Mar-29	4,364.14	4,364.14	4,364.14	4,364.14
29	134 Series Taxable Bonds	8.30%	Annual	Bullet Repayment	25-Mar-29	30,000.00	30,000.00	-	-
30	133 Series Taxable Bonds	8.35%	Annual	Bullet Repayment	13-Mar-29	30,000.00	30,000.00	-	-
31	131St Series Taxable Bonds	8.55%	Annual	Bullet Repayment	21-Feb-29	22,365.00	22,365.00	-	-
32	92nd Series Tax Free Bonds Public Issue	8.40%	Annual	Bullet Repayment	18-Feb-29	10,901.87	10,901.87	10,901.87	10,901.87
33	92nd A Series Tax Free Bonds Public Issue	8.65%	Annual	Bullet Repayment	18-Feb-29	6,883.59	6,883.59	6,883.59	6,883.59
34	94th A Series Tax Free Non-Cum Bonds	8.55%	Annual	Bullet Repayment	12-Feb-29	130.00	130.00	130.00	130.00
35	93rd A Series Tax Free Non-Cum Bonds	8.55%	Annual	Bullet Repayment	10-Feb-29	16,500.00	16,500.00	16,500.00	16,500.00
36	130Th Series Taxable Bonds	8.40%	Annual	Bullet Repayment	08-Jan-29	28,454.00	28,454.00	-	-
37	129th Series Taxable Bonds	8.45%	Annual	Bullet Repayment	04-Dec-28	30,000.00	30,000.00	-	-
38	90th A Series Tax Free Non-Cum Bonds	8.48%	Annual	Bullet Repayment	27-Nov-28	550.00	550.00	550.00	550.00
39	89th A Series Tax Free Non-Cum Bonds	8.48%	Annual	Bullet Repayment	21-Nov-28	7,380.00	7,380.00	7,380.00	7,380.00
40	87th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.04%	Annual	Bullet Repayment	23-Mar-28	2,211.40	2,211.40	2,203.56	2,186.74
41	87th 'A' Series (Retail), Tax Free Bonds Public Issue	7.54%	Annual	Bullet Repayment	23-Mar-28	427.44	427.44	435.27	452.10
42	86th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	7.34%	Annual	Bullet Repayment	19-Feb-28	23,147.42	23,147.42	23,082.43	22,970.59
43	86th 'A' Series (Retail), Tax Free Bonds Public Issue	7.84%	Annual	Bullet Repayment	19-Feb-28	2,441.68	2,441.68	2,506.68	2,618.51
44	83rd 'A' Tax Free Non-Cum. Bonds	7.39%	Annual	Bullet Repayment	06-Dec-27	950.00	950.00	950.00	950.00
45	82nd 'A' Tax Free Non-Cum. Bonds	7.38%	Annual	Bullet Repayment	30-Nov-27	300.00	300.00	300.00	300.00
46	81st 'A' Tax Free Non-Cum. Bonds	7.38%	Annual	Bullet Repayment	26-Nov-27	667.00	667.00	667.00	667.00
47	124th Series Taxable Non-Cum Bonds	7.54%	Annual	Bullet Repayment	31-Oct-27	9,350.00	9,350.00	9,350.00	-
48	123rd Series Taxable Non-Cum Bonds	7.33%	Annual	Bullet Repayment	28-Aug-27	17,450.00	17,450.00	17,450.00	-
49	121st Taxable Non Cum - Bonds	7.27%	Annual	Bullet Repayment	15-Jun-27	20,500.00	20,500.00	20,500.00	-
50	54th "B" Taxable Non-Cum. Bonds	10.04%	Semi Annual	Bullet Repayment	07-Jun-27	3,200.00	3,200.00	3,200.00	3,200.00

51	120th Taxable Non Cum - Bonds	7.49%	Annual	Bullet Repayment	30-May-27	22,000.00	22,000.00	22,000.00	-
52	118th Taxable Non Cum - Bonds	7.83%	Annual	Bullet Repayment	21-Mar-27	29,500.00	29,500.00	29,500.00	29,500.00
53	80th 'A' Series (Non-Retail), Tax Free Bonds Public Issue	8.10%	Annual	Bullet Repayment	23-Feb-27	27,749.81	27,749.81	27,665.14	27,463.54
54	80th 'A' Series (Retail), Tax Free Bonds Public Issue	8.30%	Annual	Bullet Repayment	23-Feb-27	3,206.71	3,206.71	3,291.38	3,492.98
55	53rd "C" Taxable Non-Cum. Bonds	8.75%	Semi Annual	Bullet Repayment	29-Nov-26	4,100.00	4,100.00	4,100.00	4,100.00
56	79th "A" Tax Free Non-Cum. Bonds	7.77%	Annual	Bullet Repayment	08-Nov-26	1,915.10	1,915.10	1,915.10	1,915.10
57	76th "A" Taxable Non-Cum. Bonds	9.33%	Semi Annual	Bullet Repayment	10-May-26	2,550.00	2,550.00	2,550.00	2,550.00
58	75th Taxable Non-Cum. Bonds	9.09%	Semi Annual	Bullet Repayment	31-Mar-26	1,500.00	1,500.00	1,500.00	1,500.00
59	74th Taxable Non-Cum. Bonds	9.09%	Semi Annual	Bullet Repayment	29-Mar-26	10,760.00	10,760.00	10,760.00	10,760.00
60	107th 'A' Series Tax Free Bonds Public Issue	7.29%	Annual	Bullet Repayment	22-Mar-26	1,907.14	1,907.14	1,907.14	1,907.14
61	107th Series Tax Free Bonds Public Issue	7.04%	Annual	Bullet Repayment	22-Mar-26	485.97	485.97	485.97	485.97
62	106th Series Tax Free Bonds Public Issue	7.04%	Annual	Bullet Repayment	03-Mar-26	10,500.00	10,500.00	10,500.00	10,500.00
63	102nd 'A' Series Tax Free Bonds Public Issue	7.32%	Annual	Bullet Repayment	21-Dec-25	3,689.49	3,689.49	3,689.49	3,689.49
64	102nd Series Tax Free Bonds Public Issue	7.07%	Annual	Bullet Repayment	21-Dec-25	3,674.74	3,674.74	3,674.74	3,674.74
65	100th Series Tax Free Non-Cum Bonds	7.15%	Annual	Bullet Repayment	21-Aug-25	3,290.00	3,290.00	3,290.00	3,290.00
66	99th Series Tax Free Non-Cum Bonds	7.19%	Annual	Bullet Repayment	31-Jul-25	11,390.00	11,390.00	11,390.00	11,390.00
67	69th Taxable Non-Cum. Bonds	8.95%	Semi Annual	Bullet Repayment	10-Mar-25	6,000.00	6,000.00	6,000.00	6,000.00
68	67th "A" Taxable Non-Cum. Bonds	8.65%	Semi Annual	Bullet Repayment	03-Feb-25	2,000.00	2,000.00	2,000.00	2,000.00
69	65th "O" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-24	600.00	600.00	600.00	600.00
70	95th Series Tax Free Bonds Public Issue	8.19%	Annual	Bullet Repayment	26-Mar-24	2,311.52	2,311.52	2,311.52	2,311.52
71	95th A Series Tax Free Bonds Public Issue	8.44%	Annual	Bullet Repayment	26-Mar-24	1,297.38	1,297.38	1,297.38	1,297.38
72	132 Series Taxable Bonds	8.25%	Annual	Bullet Repayment	28-Feb-24	25,000.00	25,000.00	-	-
73	91st Series Tax Free Bonds Public Issue	8.23%	Annual	Bullet Repayment	18-Feb-24	17,783.21	17,783.21	17,783.21	17,783.21
74	91st A Series Tax Free Bonds Public Issue	8.48%	Annual	Bullet Repayment	18-Feb-24	5,262.55	5,262.55	5,262.55	5,262.55
75	63rd "B" Taxable Non-Cum. Bonds	8.65%	Semi Annual	Bullet Repayment	15-Jan-24	3,150.00	3,150.00	3,150.00	3,150.00
76	62nd "B" Taxable Non-Cum. Bonds	8.50%	Semi Annual	Bullet Repayment	26-Dec-23	2,850.00	2,850.00	2,850.00	2,850.00
77	90th Series Tax Free Non-Cum Bonds	8.35%	Annual	Bullet Repayment	27-Nov-23	570.00	570.00	570.00	570.00
78	89th Series Tax Free Non-Cum Bonds	8.35%	Annual	Bullet Repayment	21-Nov-23	4,870.00	4,870.00	4,870.00	4,870.00
79	61st "A" Taxable Non-Cum. Bonds	10.70%	Semi Annual	Bullet Repayment	11-Sep-23	6,150.00	6,150.00	6,150.00	6,150.00
80	65th "N" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-23	600.00	600.00	600.00	600.00
81	88th Taxable Non-Cum. Bonds	8.83%	Annual	Bullet Repayment	25-Mar-23	11,000.00	11,000.00	11,000.00	11,000.00
82	87th Series (Non-Retail), Tax Free Bonds Public Issue	6.88%	Annual	Bullet Repayment	23-Mar-23	1,366.17	1,366.17	1,361.09	1,348.78
83	87th Series (Retail), Tax Free Bonds Public Issue	7.38%	Annual	Bullet Repayment	23-Mar-23	285.53	285.53	290.61	302.92
84	86th Series (Non-Retail), Tax Free Bonds Public Issue	7.18%	Annual	Bullet Repayment	19-Feb-23	26,638.41	26,638.41	26,609.55	26,551.84
85	86th Series (Retail), Tax Free Bonds Public Issue	7.68%	Annual	Bullet Repayment	19-Feb-23	1,506.39	1,506.39	1,535.26	1,592.96
86	126th Taxable Non-Cum. Bonds*	7.63%	Annual	Bullet Repayment	25-Jan-23	30,000.00	30,000.00	30,000.00	-
87	85th Tax Free Non-Cum. Bonds	7.19%	Annual	Bullet Repayment	14-Dec-22	950.00	950.00	950.00	950.00
88	84th Tax Free Non-Cum. Bonds	7.22%	Annual	Bullet Repayment	07-Dec-22	4,999.00	4,999.00	4,999.00	4,999.00
89	83rd Tax Free Non-Cum. Bonds	7.22%	Annual	Bullet Repayment	06-Dec-22	300.00	300.00	300.00	300.00
90	82nd Tax Free Non-Cum. Bonds	7.22%	Annual	Bullet Repayment	30-Nov-22	410.00	410.00	410.00	410.00
91	81st Tax Free Non-Cum. Bonds	7.21%	Annual	Bullet Repayment	26-Nov-22	2,560.00	2,560.00	2,560.00	2,560.00
92	58th "A" Taxable Non-Cum. Bonds	9.20%	Semi Annual	Bullet Repayment	29-Oct-22	5,000.00	5,000.00	5,000.00	5,000.00
93	54th "A" Taxable Non-Cum. Bonds	9.95%	Semi Annual	Bullet Repayment	07-Jun-22	1,500.00	1,500.00	1,500.00	1,500.00
94	55th "O" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-22	330.00	330.00	330.00	330.00
95	65th "M" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-22	600.00	600.00	600.00	600.00
96	80th Series (Non-Retail) Tax Free Bonds Public Issue	8.00%	Annual	Bullet Repayment	23-Feb-22	28,301.10	28,301.10	28,215.91	28,082.00
97	80th Series (Retail) Tax Free Bonds Public Issue	8.15%	Annual	Bullet Repayment	23-Feb-22	3,431.28	3,431.28	3,516.47	3,650.38
98	53rd "B" Taxable Non-Cum. Bonds	8.68%	Semi Annual	Bullet Repayment	29-Nov-21	2,250.00	2,250.00	2,250.00	2,250.00
99	114th Taxable Non Cum - Bonds	6.70%	Annual	Bullet Repayment	24-Nov-21	20,000.00	20,000.00	20,000.00	20,000.00

100	113th Taxable Non Cum - Bonds	7.24%	Annual	Bullet Repayment	08-Nov-21	6,500.00	6,500.00	6,500.00	6,500.00
101	79th Tax Free Non-Cum. Bonds	7.55%	Annual	Bullet Repayment	08-Nov-21	5,396.00	5,396.00	5,396.00	5,396.00
102	78th Taxable Non-Cum. Bonds	9.41%	Semi Annual	Bullet Repayment	28-Jul-21	15,000.00	15,000.00	15,000.00	15,000.00
103	55th "N" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-21	330.00	330.00	330.00	330.00
104	77th Taxable Non-Cum. Bonds	9.57%	Semi Annual	Bullet Repayment	31-May-21	12,450.00	12,450.00	12,450.00	12,450.00
105	52nd "B" Taxable Non-Cum. Bonds	8.64%	Semi Annual	Bullet Repayment	17-May-21	7,000.00	7,000.00	7,000.00	7,000.00
106	76th Taxable Non-Cum. Bonds	9.27%	Semi Annual	Bullet Repayment	10-May-21	3,900.00	3,900.00	3,900.00	3,900.00
107	65th "L" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-21	600.00	600.00	600.00	600.00
108	127th Taxable Non-Cum. Bonds	7.65%	Annual	Bullet Repayment	15-Mar-21	25,000.00	25,000.00	25,000.00	-
109	51st Taxable Non-Cum. Bonds	7.74%	Semi Annual	Bullet Repayment	22-Dec-20	4,500.00	4,500.00	4,500.00	4,500.00
110	73rd "B" Tax Free Non-Cum. Bonds	6.72%	Semi Annual	Bullet Repayment	20-Dec-20	8,359.10	8,359.10	8,359.10	8,359.10
111	49th "O" - FRB Taxable Non-Cum. Bonds	7.68%^	Semi Annual	Bullet Repayment	22-Jun-20	100.00	100.00	100.00	100.00
112	72nd Taxable Non-Cum. Bonds	8.50%	Semi Annual	Bullet Repayment	22-Jun-20	8,000.00	8,000.00	8,000.00	8,000.00
113	55th "M" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-20	330.00	330.00	330.00	330.00
114	119th Taxable Non - Cum Bonds	7.20%	Annual	Bullet Repayment	31-May-20	23,750.00	23,750.00	23,750.00	23,750.00
115	65th "K" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-20	600.00	600.00	600.00	600.00
116	115th Taxable Non Cum - Bonds	6.73%	Annual	Bullet Repayment	23-Mar-20	8,000.00	8,000.00	8,000.00	8,000.00
117	68th "B" Tax Free Non-Cum. Bonds	6.70%	Semi Annual	Bullet Repayment	08-Mar-20	9,272.10	9,272.10	9,272.10	9,272.10
118	67th Taxable Non-Cum. Bonds	8.55%	Semi Annual	Bullet Repayment	03-Feb-20	1,750.00	1,750.00	1,750.00	1,750.00
119	112th Taxable Non - Cum Bonds	6.92%	Annual	Bullet Repayment	10-Nov-19	15,000.00	15,000.00	15,000.00	15,000.00
120	48th "JJ" Taxable Non-Cum. Bonds	6.85%	Semi Annual	Bullet Repayment	17-Sep-19	-	500.00	500.00	500.00
121	111th Taxable Non Cum - Bonds	7.65%	Annual	Bullet Repayment	30-Jul-19	-	10,000.00	10,000.00	10,000.00
122	49th "N" - FRB Taxable Non-Cum. Bonds	7.53%^	Semi Annual	Bullet Repayment	22-Jun-19	-	100.00	100.00	100.00
123	66th Taxable Non-Cum. Bonds	8.60%	Semi Annual	Bullet Repayment	11-Jun-19	-	5,000.00	5,000.00	5,000.00
124	128th Taxable Non-Cum. Bonds	7.72%	Annual	Bullet Repayment	07-Jun-19	-	26,000.00	26,000.00	-
125	55th "L" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-19	-	330.00	330.00	330.00
126	65th "AA" Taxable Non-Cum. Bonds	8.19%	Semi Annual	Bullet Repayment	27-Apr-19	-	5,600.00	5,600.00	5,600.00
127	65th "J" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-19	-	600.00	600.00	600.00
128	105th Series Taxable Non-Cum Bonds	8.33%	Annual	Bullet Repayment	26-Mar-19	-	-	15,000.00	15,000.00
129	47th "O" Taxable Non-Cum. Bonds	5.99%	Semi Annual	Bullet Repayment	26-Mar-19	-	-	100.00	100.00
130	63rd "A" Taxable Non-Cum. Bonds	8.55%	Semi Annual	Bullet Repayment	15-Jan-19	-	-	17,050.00	17,050.00
131	62nd "A" Taxable Non-Cum. Bonds	8.45%	Semi Annual	Bullet Repayment	26-Dec-18	-	-	5,000.00	5,000.00
132	57th Taxable Non-Cum. Bonds	9.66%	Semi Annual	Redeemable in four Equal installments commencing from 28-09-2019	28-Sep-18	6,000.00	8,000.00	10,000.00	10,000.00
133	48th "II" Taxable Non-Cum. Bonds	6.85%	Semi Annual	Bullet Repayment	17-Sep-18	-	-	500.00	500.00
134	117th Taxable Non Cum - Bonds	7.15%	Annual	Bullet Repayment	16-Sep-18	-	-	14,800.00	14,800.00
135	61st Taxable Non-Cum. Bonds	10.60%	Semi Annual	Bullet Repayment	11-Sep-18	-	-	8,550.00	8,550.00
136	116th Taxable Non Cum - Bonds	7.00%	Annual	Bullet Repayment	10-Sep-18	-	-	21,650.00	21,650.00
137	46th "EE" Taxable Non-Cum. Bonds	6.20%	Semi Annual	Bullet Repayment	12-Aug-18	-	-	250.00	250.00
138	46th "O" Taxable Non-Cum. Bonds	6.25%	Semi Annual	Bullet Repayment	12-Aug-18	-	-	130.00	130.00
139	49th "M" - FRB Taxable Non-Cum. Bonds	7.11%^^	Semi Annual	Bullet Repayment	22-Jun-18	-	-	100.00	100.00
140	55th "K" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-18	-	-	330.00	330.00
141	60th Taxable Non-Cum. Bonds	9.43%	Semi Annual	Bullet Repayment	23-May-18	-	-	6,040.00	6,040.00
142	45th "OO" Taxable Non-Cum. Bonds	6.39%	Semi Annual	Bullet Repayment	13-May-18	-	-	70.00	70.00
143	65th "I" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-18	-	-	600.00	600.00
144	47th "N" Taxable Non-Cum. Bonds	5.99%	Semi Annual	Bullet Repayment	26-Mar-18	-	-	-	100.00
145	73rd "A" Tax Free Non-Cum. Bonds	6.32%	Semi Annual	Bullet Repayment	20-Dec-17	-	-	-	2,845.60
146	43rd "OO" Taxable Non-Cum. Bonds	7.63%	Semi Annual	Bullet Repayment	29-Oct-17	-	-	-	300.00
147	48th "HH" Taxable Non-Cum. Bonds	6.85%	Semi Annual	Bullet Repayment	17-Sep-17	-	-	-	500.00
148	42nd "O" Taxable Non-Cum. Bonds	8.00%	Semi Annual	Bullet Repayment	29-Aug-17	-	-	-	100.00
149	46th "N" Taxable Non-Cum. Bonds	6.25%	Semi Annual	Bullet Repayment	12-Aug-17	-	-	-	130.00
150	49th "L" -FRB Taxable Non-Cum. Bonds	7.71%^^^	Semi Annual	Bullet Repayment	22-Jun-17	-	-	-	100.00
151	54th Taxable Non-Cum. Bonds	9.81%	Semi Annual	Bullet Repayment	07-Jun-17	-	-	-	2,200.00
152	55th "J" Taxable Non-Cum. Bonds	9.86%	Semi Annual	Bullet Repayment	07-Jun-17	-	-	-	330.00
153	45th "NN" Taxable Non-Cum. Bonds	6.39%	Semi Annual	Bullet Repayment	13-May-17	-	-	-	70.00
154	65th "H" Taxable Non-Cum. Bonds	8.20%	Semi Annual	Bullet Repayment	27-Apr-17	-	-	-	600.00
155	98th Series Taxable Non-Cum Bonds	7.95%	Annual	Bullet Repayment	10-Apr-17	-	-	-	12,000.00
	Total					**10,72,110.03**	**9,72,424.03**	**8,73,775.04**	**7,42,750.63**

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

^ Applicable interest rate as on 30 September 2019, interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half year rest. All other interest rates are fixed.

^^ Applicable interest rate as on 31 March 2018, interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half year rest. All other interest rates are fixed.

^^^ Applicable interest rate as on 31 March 2017, interest rate is floating linked to Indian Benchmark (INBMK) Yield and reset at half year rest. All other interest rates are fixed.

54 EC Bonds Secured in markets									
The 54 EC bonds issued in the domestic capital market are secured by first pari passu charge on the present/ future rolling stock assets/ lease receivables of the Company. Maturity Profile and Rate of Interest of the 54EC secured bonds issued in the domestic capital market and amount outstanding as on various dates is as set out below:-									
S.No	**Description**	**Interest rate**	**Interest payment frequency**	**Terms of Repayment**	**Date of Maturity of Loan**	**30 September 2019**	**31 March 2019**	**31 March 2018**	**31 March 2017 (Proforma)**
1	54 EC, Sep 2019 Bond Series*	5.75%	Annual	Bullet Repayment	30-Sep-24	543.41	-	-	-
2	54 EC, August 2019 Bond Series*	5.75%	Annual	Bullet Repayment	31-Aug-24	571.15	-	-	-
3	54 EC, July 2019 Bond Series	5.75%	Annual	Bullet Repayment	31-Jul-24	633.99	-	-	-
4	54 EC, June 2019 Bond Series	5.75%	Annual	Bullet Repayment	30-Jun-24	596.14	-	-	-
5	54 EC, May 2019 Bond Series	5.75%	Annual	Bullet Repayment	31-May-24	436.60	-	-	-
6	54 EC, Apr 2019 Bond Series	5.75%	Annual	Bullet Repayment	30-Apr-24	249.51	-	-	-
7	54EC Bond Mar 2019 Series	5.75%	Annual	Bullet Repayment	31-Mar-24	692.68	692.68	-	-
8	54EC Bond Feb 2019 Series	5.75%	Annual	Bullet Repayment	29-Feb-24	145.31	145.31	-	-
9	54EC Bond Jan 2019 Series	5.75%	Annual	Bullet Repayment	31-Jan-24	133.35	133.35	-	-
10	54 EC, Dec 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Dec-23	135.12	135.12	-	-
11	54 EC, Nov 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Nov-23	98.69	98.69	-	-
12	54 EC, Oct 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Oct-23	116.94	116.94	-	-
13	54 EC, Sep 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Sep-23	71.01	71.01	-	-
14	54 EC, Aug 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Aug-23	81.17	81.17	-	-
15	54 EC, July 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-Jul-23	137.02	137.02	-	-
16	54 EC, June 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Jun-23	127.56	127.56	-	-
17	54 EC, May 2018 Bond Series	5.75%	Annual	Bullet Repayment	31-May-23	83.58	83.58	-	-
18	54 EC, Apr 2018 Bond Series	5.75%	Annual	Bullet Repayment	30-Apr-23	54.52	54.52	-	-
19	54 EC, Mar 2018 Bond Series	5.25%	Annual	Bullet Repayment	31-Mar-21	928.76	928.76	928.76	-
20	54 EC, Feb 2018 Bond Series	5.25%	Annual	Bullet Repayment	28-Apr-21	248.95	248.95	248.95	-
21	54 EC, Jan 2018 Bond Series	5.25%	Annual	Bullet Repayment	29-May-21	104.70	104.70	104.70	-
22	54 EC, Dec 2017 Bond Series	5.25%	Annual	Bullet Repayment	31-Dec-20	82.68	82.68	82.68	-
23	54 EC, Nov 2017 Bond Series	5.25%	Annual	Bullet Repayment	30-Nov-20	9.79	9.79	9.79	-
	Total					**6,282.63**	**3,251.83**	**1,374.88**	**-**

* Deemed Date of allotment as per resolution taken in Board Committee meeting held on 16th September 2019, 30th September 2019, 1st October 2019, 9th October 2019 and 4th November 2019.

Unsecured bonds from domestic capital market									
The Unsecured bonds issued in the domestic capital market and outstanding as on various dates is as set out below:-									
S.No	**Series**	**Interest rate**	**Interest payment frequency**	**Terms of Repayment**	**Date of Maturity of Loan**	**30 September 2019**	**31 March 2019**	**31 March 2018**	**31 March 2017 (Proforma)**
1	137th Series Taxable Bonds	7.30% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2030	18-Jun-49	18,000.00	-	-	-
2	125th Series Taxable Bonds	7.41% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2028	22-Dec-47	21,000.00	21,000.00	21,000.00	-
3	122nd Series Taxable Bonds	6.77% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2028	27-Jun-47	41,000.00	41,000.00	41,000.00	-
4	110th Series Taxable Bonds	7.80% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2027	22-Jun-46	30,000.00	30,000.00	30,000.00	30,000.00
5	109th Series Taxable Bonds	8.02% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2026	30-Mar-46	50,000.00	50,000.00	50,000.00	50,000.00
6	101st Series Taxable Bonds	7.87% p.a.	Semi Annual	Reedemable in forty equal half yearly instalments commencing from 15 April 2026	27-Oct-45	20,000.00	20,000.00	20,000.00	20,000.00
	Total					**1,80,000.00**	**1,62,000.00**	**1,62,000.00**	**1,00,000.00**

Reconciliation

Particulars	30 September 2019	31 March 2019	31 March 2018	31 March 2017 (Proforma)
Secured Bonds from Domestic Capital Market	10,72,110.03	9,72,424.03	8,73,775.04	7,42,750.63
54EC Bonds Secured in Market	6,282.63	3,251.83	1,374.88	-
Unsecured Bonds from Domestic Capital Market	1,80,000.00	1,62,000.00	1,62,000.00	1,00,000.00
Bonds in Domestic Market as per IGAAP	**12,58,392.66**	**11,37,675.86**	**10,37,149.92**	**8,42,750.63**
Less: Unamortised transaction cost	(1,083.01)	(1,127.83)	(1,263.01)	(1,389.25)
Bonds in Domestic Market as per Ind AS	**12,57,309.65**	**11,36,548.03**	**10,35,886.91**	**8,41,361.38**

Unsecured bonds from overseas capital market

The Unsecured bonds issued from overseas capital market and outstanding as on various dates is as set out below:-

S.No	Series	Interest rate	Interest payment frequency	Terms of Repayment	Date of Maturity of Loan	30 September 2019	31 March 2019	31 March 2018	31 March 2017 (Proforma)
1	Reg-S Bonds Green Bond 1st Series (USD 500 Million)	3.835% p.a	Semi Annual	Bullet Repayment	13-Dec-27	35,525.00	34,815.00	32,750.00	-
2	Reg S Bonds USD 500M-EMTN	3.73% p.a	Semi Annual	Bullet Repayment	29-Mar-24	35,525.00	34,815.00	-	-
3	Reg-S Bonds 3rd Series (USD 500 Million)	3.92% p.a.	Semi Annual	Bullet Repayment	26-Feb-19	-	-	32,750.00	32,800.00
4	Reg-S Bonds 2nd Series (USD 300 Million)	3.42 % p.a.	Semi Annual	Bullet Repayment	10-Oct-17	-	-	-	19,680.00
	Total Overseas bonds as per IGAAP					**71,050.00**	**69,630.00**	**65,500.00**	**52,480.00**
	Less: Unamortised transaction cost					(53.62)	(58.81)	(21.18)	(10.09)
	Less: Fair value hedge adjustment- recoverable from Ministry of Railways					-	-	(2,899.15)	(2,057.01)
	Total Overseas bonds as per IND AS					**70,996.38**	**69,571.19**	**62,579.67**	**50,412.90**

Commercial Paper (Unsecured)

Details of Commercial Paper outstanding as on various dates is as set out below:

S.No	Series	Discount Rate	Date of Maturity of Loan	30 September 2019	31 March 2019	31 March 2018	31 March 2017 (Proforma)
1	CP Series- XVI	5.44%	04-Oct-19	23,600.00	-	-	-
2	CP Series- XIII	7.23%	25-Apr-19	-	30,000.00	-	-
3	CP series -X	7.40%	13-Apr-18	-	-	10,000.00	-
4	CP series -V	6.33%	15-Jun-17	-	-	-	20,000.00
5	CP series -IV	6.39%	12-Apr-17	-	-	-	38,000.00
	Less: Unexpired discount			(10.50)	(140.23)	(24.12)	(328.06)
	Total			**23,589.50**	**29,859.77**	**9,975.88**	**57,671.94**

Total Indian Bonds	12,57,309.65	11,36,548.03	10,35,886.91	8,41,361.38
Total Overseas Bonds	70,996.38	69,571.19	62,579.67	50,412.90
Commercial Paper	23,589.50	29,859.77	9,975.88	57,671.94
Total Debt Borrowings	**13,51,895.53**	**12,35,978.99**	**11,08,442.46**	**9,49,446.22**

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Note 16: Borrowings (other than debt securities)

	As at 30 September 2019				As at 31 March 2019				As at 31 March 2018				As at 31 March 2017(Proforma)			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Term loans																
Secured Loans																
(i) from banks- Indian	2,22,250.00	-	-	2,22,250.00	2,77,905.00	-	-	2,77,905.00	42,000.00	-	-	42,000.00	1,000.00	-	-	1,000.00
(II) from bank-Foreign	531.85	-	-	531.85	625.44	-	-	625.44	784.36			784.36	981.95	-	-	981.95
(ii)from other parties- National small saving fund	1,75,000.00	-	-	1,75,000.00	1,75,000.00	-	-	1,75,000.00	1,00,000.00	-	-	1,00,000.00	-	-	-	-
Unsecured Loans																
(i) from banks (indian)	-	-	-	-	24,198.97	-	-	24,198.97	39,692.00	-	-	39,692.00	70,821.59	-	-	70,821.59
(ii) from banks (foreign)	48,319.15	-	-	48,319.15	25,618.35	-	-	25,618.35	49,136.45	-	-	49,136.45	33,643.10	-	-	33,643.10
Other loans																
(i) Loan against Term Deposits	48,320.00	-	-	48,320.00	-	-	-	-	-	-	-	-	-	-	-	-
Total (A)	**4,94,421.00**	**-**	**-**	**4,94,421.00**	**5,03,347.76**	**-**	**-**	**5,03,347.76**	**2,31,612.81**	**-**	**-**	**2,31,612.81**	**1,06,446.64**	**-**	**-**	**1,06,446.64**
Borrowings in India	4,45,570.00	-	-	4,45,570.00	4,77,103.97	-	-	4,77,103.97	1,81,692.00	-	-	1,81,692.00	71,821.59	-	-	71,821.59
Borrowings outside India	48,851.00	-	-	48,851.00	26,243.79	-	-	26,243.79	49,920.81	-	-	49,920.81	34,625.05	-	-	34,625.05
Total (B) to tally with (A)	**4,94,421.00**	-	-	**4,94,421.00**	**5,03,347.76**	**-**	**-**	**5,03,347.76**	**2,31,612.81**	**-**	**-**	**2,31,612.81**	**1,06,446.64**	**-**	**-**	**1,06,446.64**

Indian Railway Finance Corporation
Working of Secured Rupee Term Loan

Rupee Term Loans availed from banks are secured by first paripassu charge on the present/future rolling stock assets/ lease receivables of the Company. Terms of repayment of secured term loans and amount outstanding as on various dates is as set out below :-

S.No	Description	Interest rate	Interest Type	Terms of Repayment	Date of Maturity of Loan	30 September 2019	31 March 2019	31 March 2018	31 March 2017 (Proforma)
1	Canara Bank	8.35%	Linked to MCLR	Bullet Repayment	29-Apr-20	-*	5,000.00	12,000.00	1,000.00
2	Punjab National Bank	8.10%	Linked to MCLR	Bullet Repayment	29-Apr-20	10,000.00	10,000.00	-	-
3	Allahbad Bank	8.15%	Linked to MCLR	Bullet Repayment	28-Apr-20	13,000.00	13,000.00	-	-
4	Corporation Bank	8.20%	Linked to MCLR	Bullet Repayment	26-Apr-20	11,500.00	11,500.00	-	-
5	Corporation Bank	8.20%	Linked to MCLR	Bullet Repayment	19-Apr-20	6,250.00	7,500.00	-	-
6	State Bank of India	8.15%	Linked to MCLR	Bullet Repayment	29-Jan-20	10,000.00	10,000.00	-	-
7	State Bank of India	8.15%	Linked to MCLR	Bullet Repayment	29-Jan-20	20,000.00	20,000.00	-	-
8	State Bank of India	8.29%	Linked to MCLR	**Sanctioned Amount:** Rs. 90,000 Millions with 20 Equal Half Yearly installments of Rs. 4500 Millions each commencing 3 July 2019 **Drawdown:** Rs. 80,000 Millions **Balance Installments:** 19 Equal Half Yearly installements Rs. 4,500 millions commencing from 3 Jan 2020	03-Jan-20	75,500.00	80,000.00	-	-
9	J&K Bank	8.15%	Linked to MCLR	Bullet Repayment	01-Dec-19	5,000.00	5,000.00	-	-
10	J&K Bank	8.15%	Linked to MCLR	Bullet Repayment	29-Nov-19	5,000.00	5,000.00	-	-
11	Bank of India	8.35%	Linked to MCLR	installements of Rs.1,000 millions each commencing from 15 October 2019	15-Oct-19	20,000.00	20,000.00	-	-
12	Bank of India	8.35%	Linked to MCLR	installements of Rs.500 millions each commencing from 15 October 2019	15-Oct-19	9,000.00	9,500.00	-	-
13	State Bank of India	8.30%	Linked to MCLR	installements of Rs.1,000 millions each commencing from 15 October 2019	15-Oct-19	18,000.00	19,000.00	-	-
14	State Bank of India	8.30%	Linked to MCLR	installements of Rs.500 millions each commencing from 15 October 2019	15-Oct-19	9,000.00	9,500.00	-	-
15	HDFC	8.30%	3M TBILL+SPREAD	installements of Rs. 500 millions each commencing from 30 March 2020	30-Mar-20	10,000.00	-	-	-
17	Andhra Bank	8.05%	Linked to MCLR	Bullet Repayment	10-Sep-19	-	14,905.00	-	-
18	Punjab National Bank	8.10%	Linked to MCLR	Bullet Repayment	10-Sep-19	-	10,000.00	-	-
20	State Bank of India	7.90%	Linked to MCLR	Bullet Repayment	22-Apr-19	-	28,000.00	30,000.00	-
Total						**2,22,250.00**	**2,77,905.00**	**42,000.00**	**1,000.00**

* Loan prepaid on 11-04-2019

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

Working of Secured foreign currency term loan								
Foreign Currency Loan are secured by first paripassu charge on the present/ future rolling stock assets/ lease receivables of the Company. Terms of Repayment of the foreign currency term loan and amount outstanding as on various dates is as set out below:-								
S.No	**Description**	**Interest rate**	**Interest payment frequency**	**Date of Maturity of Loan**	**30 September 2019**	**31 March 2019**	**31 March 2018**	**31 March 2017 (Proforma)**
1	Bank Of India	6M USD LIBOR+1.25%	Semi Annual	31-Oct-19	532.88	-	-	-
2	Bank Of India	6M USD LIBOR+1.25%	Semi Annual	30-Apr-19	-	626.67	-	-
3	Bank Of India	6M USD LIBOR+1.25%	Semi Annual	30-Apr-18	-	-	786.00	-
4	Bank Of India	6M USD LIBOR+1.25%	Semi Annual	30-Apr-17	-	-	-	984.00
Total as per IGAAP					**532.88**	**626.67**	**786.00**	**984.00**
Unamortised transaction cost					(1.03)	(1.23)	(1.64)	(2.05)
Secured Foreign Currency Term Loan as per Ind AS					**531.85**	**625.44**	**784.36**	**981.95**

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

Working of Secured Rupee term loan from National Small Saving Fund (NSSF)									
Rupee term loan from National Small Saving fund is secured by the first pari passu charge on the present/ future rolling stock assets/ lease receivables of the Company. Terms of repayment and the amount outstanding as on various dates is as set out below:-									
S.No	**Description**	**Interest rate (p.a.)**	**Interest payment frequency**	**Terms of Repayment**	**Date of Maturity of Loan**	**30 September 2019**	**31 March 2019**	**31 March 2018**	**31 March 2017 (Proforma)**
1	National Small Saving Fund (NSSF)-II*	8.11%	Semi Annual	Bullet Repayment	07-Feb-29	75,000.00	75,000.00	-	-
2	National Small Saving Fund (NSSF)-I	8.01%	Semi Annual	Bullet Repayment	28-Mar-28	1,00,000.00	1,00,000.00	1,00,000.00	-
	Total					**1,75,000.00**	**1,75,000.00**	**1,00,000.00**	**-**

* Pending registration of charge with the Registrar of Companies ('ROC') as on 31st March 2019

Working of Unsecured Rupee Term Loan									
Terms of repayment of the Unsecured Rupee Term Loans from banks and amount outstanding as on various dates is as set out below:-									
S.No	**Description**	**Interest rate**	**Interest Type**	**Terms of Repayment**	**Date of Maturity of Loan**	**30 September 2019**	**31 March 2019**	**31 March 2018**	**31 March 2017 (Proforma)**
1	State Bank of India	8.25%	Linked to MCLR	Bullet Repayment	12-Apr-19	-	9,198.97	-	-
2	Karnataka Bank	8.14%	T-bill plus spread	Bullet Repayment	12-Apr-19	-	2,500.00	-	-
3	Karnataka Bank	8.19%	T-bill plus spread	Bullet Repayment	12-Apr-19	-	2,500.00	-	-
4	United Bank of India	8.15%	Linked to MCLR	Bullet Repayment	12-Apr-19	-	10,000.00	-	-
5	Allahabad Bank	8.15%	Linked to MCLR	Bullet Repayment	30-Jun-18	-	-	-	5,000.00
6	Allahabad Bank	7.85%	Linked to MCLR	Bullet Repayment	02-May-18	-	-	12,984.00	-
7	Bank of India	8.15%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	-	20,000.00
8	HDFC Bank	7.85%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	-	15,000.00
9	ICICI Bank	7.85%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	-	25,000.00
10	J&K Bank	8.10%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	-	3,000.00
11	Punjab National Bank	8.25%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	-	1,000.00
12	Union Bank Of India	8.20%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	-	1,000.00
13	Corporation Bank	8.25%	Linked to MCLR	Bullet Repayment	30-Apr-18	-	-	-	800.00
14	Vijaya Bank	7.90%	Linked to MCLR	Bullet Repayment	13-Apr-18	-	-	708.00	-
15	Bank of Baroda	7.85%	Linked to MCLR	Bullet Repayment	11-Apr-18	-	-	20,000.00	-
16	J&K Bank	7.60%	Linked to MCLR	Bullet Repayment	01-Apr-18	-	-	6,000.00	-
17	CTBC Bank Ltd	7.80%	Linked to MCLR	Bullet Repayment	27-Mar-18	-	-	-	21.59
	Total					**-**	**24,198.97**	**39,692.00**	**70,821.59**

Unsecured foreign currency term loan									
Terms of repayment of the unsecured rupee term loan from banks and amount outstanding as on various dates is as set out below:									
S.No	**Description**	**Interest rate (p.a.)**	**Interest payment frequency**	**Terms of Repayment**	**Date of Maturity of Loan**	**30 September 2019**	**31 March 2019**	**31 March 2018**	**31 March 2017 (Proforma)**
1	Syndicated Foreign Currency Loan-JPY 26231.25 Mio	6M JPY LIBOR+0.80%	Semi Annual	Bullet Repayment	28-Mar-28	17,401.81	16,604.38	16,239.77	-
2	Syndicated Foreign Currency Loan-JPY 32856 Mio FCL USD 300 Mio	6M JPY LIBOR+0.90%	Semi Annual	Bullet Repayment	04-Jun-26	21,796.67	-	-	-
3	Loan From AFLAC-2	2.90%	Semi Annual	Bullet Repayment	30-Mar-26	2,631.48	2,578.89	2,425.93	2,429.63
4	Loan From AFLAC-1	2.85%	Semi Annual	Bullet Repayment	10-Mar-26	10,365.96	10,158.78	9,556.23	9,570.82
5	Syndicated Foreign Currency Loan-USD 400 Mio	6M USD LIBOR+0.60%	Semi Annual	Bullet Repayment	03-Dec-18	-	-	26,200.00	26,240.00
6	Syndicated Foreign Currency Loan-USD 200 Mio	6M USD LIBOR+1.25%	Semi Annual	Bullet Repayment	28-Sep-16	-	-	-	-
Total as per IGAAP						**52,195.92**	**29,342.05**	**54,421.93**	**38,240.45**
Less: Unamortised transaction cost						(956.90)	(617.75)	(688.84)	(93.14)
Less: Fair value hedge adjustment- recoverable from Ministry of Railways						(2,919.87)	(3,105.95)	(4,596.64)	(4,504.21)
Unsecured Foreign Currency Term Loan as per Ind AS						**48,319.15**	**25,618.35**	**49,136.45**	**33,643.10**

Loan against Term Deposits									
S.No	**Description**	**Interest rate (p.a.)**	**Interest payment frequency**	**Terms of Repayment**	**Date of Maturity of Loan**	**30 September 2019**	**31 March 2019**	**31 March 2018**	**31 March 2017 (Proforma)**
1	Corporation Bank	5.30%	Linked to MCLR	Bullet Repayment	14-Oct-19	2,385.00	-	-	-
2	Corporation Bank	5.30%	Linked to MCLR	Bullet Repayment	04-Oct-19	15,615.00	-	-	-
3	Punjab National Bank	4.65%	Linked to MCLR	Bullet Repayment	01-Oct-19	16,460.00	-	-	-
4	Canara Bank	5.50%	Linked to MCLR	Bullet Repayment	01-Oct-19	5,540.00	-	-	-
5	Canara Bank	5.50%	Linked to MCLR	Bullet Repayment	01-Oct-19	4,410.00	-	-	-
6	Canara Bank	5.50%	Linked to MCLR	Bullet Repayment	01-Oct-19	2,750.00	-	-	-
7	Punjab National Bank	4.65%	Linked to MCLR	Bullet Repayment	01-Oct-19	1,160.00	-	-	-
	Total					**48,320.00**	**-**	**-**	**-**

(All amounts in millions of INR, unless stated otherwise)

Note 17 : Other financial liabilities

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Interest accrued but not due	97,776.34	72,918.03	56,567.19	38,717.63
Liability for matured and unclaimed bonds and interest accrued thereon	76.90	80.91	58.16	65.74
Dividend payable	2,000.00	-	-	-
Dividend tax payable	411.11	-	-	-
Amount payable to Ministry of Railways - Leased Assets	1,68,656.47	-	-	-
Earnest money deposit	0.34	0.34	0.33	0.01
Total	**2,68,921.16**	**72,999.28**	**56,625.68**	**38,783.38**

Note 18 : Provisions

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Provision for employee benefits	21.38	19.36	16.61	13.09
Provision for corporate social responsibility	78.94	78.94	78.94	78.93
Provision on interest payable on income tax	40.57	19.66	12.82	1.55
Total	**140.89**	**117.96**	**108.37**	**93.57**
Provision on asset as per Reserve Bank of India norms presented as a reduction being impairment loss allowance from				
- Note 7 - Loans	226.88	236.77	-	-
- Note 9 - Other financial assets	27.33	38.67	-	-
Total	**254.21**	**275.44**	**-**	**-**

Note 19 : Deferred tax liabilities (net)

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Deferred tax liability (net) (Refer Note No. 2.7)	64,431.40	64,431.40	64,431.40	64,431.40
Total	**64,431.40**	**64,431.40**	**64,431.40**	**64,431.40**

Movement of deferred tax for the half year ended 30 September 2019	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax Liabilities				
- Property, plant and equipment	90,625.79	-	-	90,625.79
-Transaction cost	517.23	-	-	517.23
-Securitisation gain	4.93	-	-	4.93
-Investment in equity instrument	10.08	-	-	10.08
Deferred tax Assets				
-Unabsorbed depriciation	26,723.39	-	-	26,723.39
-Provision for post-retirement medical and pension plans	3.24	-	-	3.24
Net	**64,431.40**	**-**	**-**	**64,431.40**

Movement of deferred tax during the year ended 31 March 2019	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax Liabilities				
- Property, plant and equipment	90,625.79	-	-	90,625.79
-Transaction cost	517.23	-	-	517.23
-Securitisation gain	4.93	-	-	4.93
-Investment in equity instrument	10.08	-	-	10.08
Deferred tax Assets				
-Unabsorbed depriciation	26,723.39	-	-	26,723.39
-Provision for post-retirement medical and pension plans	3.24	-	-	3.24
Net	**64,431.40**	**-**	**-**	**64,431.40**

Movement of deferred tax during the year ended 31 March 2018	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax Liabilities				
- Property, plant and equipment	90,625.79	-	-	90,625.79
-Transaction cost	517.23	-	-	517.23
-Securitisation gain	4.93	-	-	4.93
-Investment in equity instrument	10.08	-	-	10.08
Deferred tax Assets				
-Unabsorbed depriciation	26,723.39	-	-	26,723.39
-Provision for post-retirement medical and pension plans	3.24	-	-	3.24
Net	**64,431.40**	**-**	**-**	**64,431.40**

Movement of deferred tax during the year ended 31 March 2017	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax Liabilities				
- Property, plant and equipment	86,634.83	3,990.96	-	90,625.79
-Transaction cost	582.54	(65.31)	-	517.23
-Securitisation gain	7.72	(2.79)	-	4.93
-Investment in equity instrument	9.47	-	0.61	10.08
Deferred tax Assets				
-Unabsorbed depriciation	30,171.98	(3,448.59)	-	26,723.39
-Provision for post-retirement medical and pension plans	2.89	0.35	-	3.24
Net	**57,059.69**	**7,371.10**	**0.61**	**64,431.40**

Note 20 : Other non-financial liabilities

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Statutory dues	0.40	1.05	6,477.59	0.16
Tax deducted at source payable	107.98	47.10	115.14	106.73
Total	**108.38**	**48.15**	**6,592.73**	**106.89**

Indian Railway Finance Corporation Limited
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Annexure VI: Notes to restated financial statement
(All amounts in millions of INR, unless stated otherwise)

Note 21: Share capital

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Authorised share capital				
No. of shares (in millions)	15,00,00,00,000	15,00,00,00,000	15,00,00,00,000	15,00,00,000
Par value per share (Rs.)	10.00	10.00	10.00*	1,000.00
Amount	**15,00,000.00**	**15,00,000.00**	**15,00,000.00**	**15,00,000.00**

* The face value of equity shares was subdivided from Rs 1000 to Rs 10 in the Annual General Meeting held on 12 September, 2017.

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Issued, subscribed and fully paid-up				
No of Shares	9,38,04,60,000	6,52,64,60,000	6,52,64,600	4,52,64,600
Issued during the year	-	2,85,40,00,000	-	2,00,00,000
Total no of shares	9,38,04,60,000	9,38,04,60,000	6,52,64,600	6,52,64,600
Par value per share (Rs.)	10.00	10.00	1,000.00	1,000.00
Amount (in millions)	**93,804.60**	**93,804.60**	**65,264.60**	**65,264.60**
On sub-division of face value from Rs 1000 to Rs 10 each in Annual General Meeting held on 12 September 2017-No of shares		-	6,52,64,60,000	-
Par value per share (Rs.)		-	10.00	-
Amount (in millions)		-	**65,264.60**	-
Total	**93,804.60**	**93,804.60**	**65,264.60**	**65,264.60**

(i) Reconciliation of the number of shares outstanding is set out below

Particulars	**As at 30 September 2019**		**As at 31 March 2019**		**As at 31 March 2018**		**As at 31 March 2017(Proforma)**	
	Number of shares*	**Amount (in millions)**	**Number of shares***	**mount (in million**	**Number of shares***	**Amount (in millions)**	**Number of shares***	**Amount (in millions)**
Shares outstanding at the beginning of the year	9,38,04,60,000	93,804.60	6,52,64,60,000	65,264.60	6,52,64,60,000	65,264.60	4,52,64,600	45,264.60
Shares issued during the year	-	-	2,85,40,00,000	28,540.00	-	-	2,00,00,000	20,000.00
Shares outstanding at the end of the year	**9,38,04,60,000**	**93,804.60**	**9,38,04,60,000**	**93,804.60**	**6,52,64,60,000**	**65,264.60**	**6,52,64,600**	**65,264.60**

* The face value of equity shares was subdivided from Rs 1000 to Rs 10 in the Annual General Meeting held on 12 September 2017.

(ii) 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.

(iii) Details of shares held by shareholders holding more than 5% of shares:

Particulars	**As at 30 September 2019**		**As at 31 March 2019**		**As at 31 March 2018**		**As at 31 March 2017(Proforma)**	
	Number of shares	**% Holding**	**Number of shares**	**% Holding**	**Number of shares**	**% Holding**	**Number of shares**	**% Holding**
The President of India and his nominees (through Ministry of Railways)	9,38,04,60,000	100%	9,38,04,60,000	100%	6,52,64,60,000	100%	6,52,64,600	100%

(All amounts in millions of INR, unless stated otherwise)

Note 22 : Other Equity

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Share issue expenses	(93.81)	-	-	-
Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	4,509.49	4,509.49	-	-
Security premium reserve	-	-	-	-
Bond redemption reserve	-	57,145.59	52,947.49	48,749.39
General reserve	30,327.36	30,327.36	17,397.90	6,039.87
Retained earnings	71,881.86	-	3,613.41	1,488.63
Equity instruments through other comprehensive income	61.53	68.08	64.29	56.96
Total	**1,06,686.43**	**92,050.52**	**74,023.09**	**56,334.86**

Note 22.1: Share issue expenses*

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Balance at the beginning of the period	-	-	-	-
Addition during the period	(93.81)	-	-	-
Balance at the end of the period	**(93.81)**	**-**	**-**	**-**

* Refer Note No. 46 (c)

Note 22.2: Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Balance at the beginning of year	4,509.49	-	-	-
Addition during the year*	-	4,509.49	-	-
Balance at the end of year	**4,509.49**	**4,509.49**	**-**	**-**

* (i) The Company will transfer the appropriate amount at the end of financial year ending on 31 March, 2020.
(ii) Also refer Note no. 42 (a) (ii)

Note 22.3: Securities premium reserve

The Company had as on 1 April 2017 (as per earlier GAAP), Rs. 42.11 millions being premium on issue of certain debt securities which has been considered in determination of effective interest cost of these bonds as per Ind AS 109 "Financial Instruments".

Note 22.4: Bond redemption reserve

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Balance at the beginning of year	57,145.59	52,947.49	48,749.39	43,906.92
Addition/(deletion) during the period	(57,145.59)	4,198.10	4,198.10	4,842.47
Balance at the end of year	**-**	**57,145.59**	**52,947.49**	**48,749.39**

The Ministry of Corporate Affairs has notified the Companies (Share Capital and Debentures) Amendments Rules, 2019 on 16th August 2019 which exempts NBFC listed companies registered with Reserve Bank of India u/s 45-IA of the RBI Act, 1934 from creation of Debenture Redemption reserve. Accordingly, the balance outstanding against Bond Redemption Reserve as on 31-03-2019 amounting to Rs. 57,145.59 millions has been transferred to retained earnings.

Note 22.5: General reserve

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Balance at the beginning of year	30,327.36	17,397.90	6,039.87	6,039.87
Addition during the year	-	12,929.46	11,358.03	-
Balance at the end of year	**30,327.36**	**30,327.36**	**17,397.90**	**6,039.87**

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of other equity to another and is not an item of other comprehensive income.

Note 22.6: Retained earnings

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Balance at the beginning of year	-	3,613.41	1,488.63	3,491.42
Profit for the year	17,147.38	22,544.48	20,491.55	9,212.38
Transfer from (to) bond redemption reserve.	57,145.59	(4,198.10)	(4,198.10)	(4,842.47)
Transfer from (to) general reserve.	-	(12,929.46)	(11,358.03)	-
Transfer to Reserve Fund u/s 45-IC of Reserve Bank of India Act, 1934	-	(4,509.49)	-	-
Dividend	(2,000.00)	(3,750.00)	(2,335.24)	(5,294.80)
Dividend tax	(411.11)	(770.84)	(475.40)	(1,077.90)
Balance at the end of year	**71,881.86**	**-**	**3,613.41**	**1,488.63**

Note 22.7: Equity instruments through other comprehensive income

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Balance at the beginning of year	68.08	64.29	56.96	53.21
Total comprehensive income for the year	(6.55)	3.79	7.33	3.75
Balance at the end of year	**61.53**	**68.08**	**64.29**	**56.96**

(All amounts in millions of INR, unless stated otherwise)

Note 23 : Interest income

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
On financial assets measured at amortised cost :				
- Interest on loans	2,709.92	5,251.05	2,343.28	2,471.74
- Interest income from deposits	237.88	202.55	139.20	426.53
- Interest income from investments	2.79	6.67	8.15	8.38
- Pre commencement lease - Interest Income	11,065.08	11,757.71	7,391.46	2,238.03
Total	**14,015.67**	**17,217.98**	**9,882.09**	**5,144.68**

Note 24 : Lease income

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Lease income	52,556.80	94,100.09	82,784.48	74,984.36
Total	**52,556.80**	**94,100.09**	**82,784.48**	**74,984.36**

Note 25 : Other income

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Profit on sale of fixed assets	0.00	0.01	-	0.01
Miscellaneous income	19.23	12.72	12.37	2.80
Interest on income tax refund	-	-	-	1.51
Impairment provison written back (Refer Note no. 27)	21.23	-	-	-
Total	**40.46**	**12.73**	**12.37**	**4.32**

Note 26: Finance cost

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
On financial liabilities measured at amortised cost :				
Interest on debt securities	49,322.11	85,514.61	76,157.12	63,444.50
Interest on borrowings	18,479.11	19,276.33	2,639.76	1,672.29
Discount on commercial paper	678.57	1,237.25	2,020.12	1,113.54
Interest on delayed payments to Ministry of Railways	1,465.64	2,993.49	786.99	765.84
Interest to Income Tax Authorities	20.91	19.66	12.82	1.70
Other borrowing cost	120.12	114.29	132.70	98.02
Sub-Total	**70,086.46**	**1,09,155.63**	**81,749.51**	**67,095.89**
Less: Borrowing costs capitalized on Railway Infrastructure Assets & National Projects	20,722.47	27,325.03	15,373.78	8,356.99
Total	**49,363.99**	**81,830.60**	**66,375.73**	**58,738.90**

Note 27: Impairment on financial instruments measured at amortised cost*

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Loans & Interest accrued thereon	-	275.44	-	
Total	**-**	**275.44**	**-**	**-**

* The Company being a government owned NBFC, hitherto exempt, is subject to provisioning norms vide Reserve Bank of India circular no. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31 May 2018. Income Recogonition and Asset Classification (IRAC) norms to be complied by 31 March 2019. However RBI had vide letter no DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21 December 2018 had exempted the Company from the aforesaid requirements to the extent of its direct exposure on the sovereign. Therefore the company had not applied impairement requirements to its exposure with MOR. The computation of impairment is as under:

Loan to IRCON International Limited	24,612.30	30,765.34	-	-
Loan to Rail Vikas Nigam Limited	32,109.80	28,426.30	-	-
Interest accrued on above	6,831.21	9,669.11	-	-
Total	**63,553.31**	**68,860.75**	**-**	**-**
Provision @ 0.4%	**254.21**	**275.44**	**-**	**-**
Change in impairment (Refer Note no. 25)	**(21.23)**	**275.44**		

The Company apart from the above is of the view that no furthur impairement is required as per expected credit loss model prescribed in IND AS 109, Financial Instruments as Ircon International Limited and Rail Vikas Nigam Limited, both, are under the Ministry of Railways, Government of India and the Company do not expect any concern in the repayment of aforesaid loans.

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Note 28 : Employee benefit expense

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Salaries and wages	16.74	54.78	44.24	27.15
Contribution to provident and others funds	5.19	7.32	10.67	3.61
Staff welfare expenses	0.59	0.41	0.35	0.05
Total	**22.52**	**62.51**	**55.26**	**30.81**

Note 29: Depreciation, amortisation and impairment

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Depreciation of property, plant and equipment	2.06	4.09	3.47	3.41
Amortisation of intangible assets	0.10	0.09	0.07	0.09
Total	**2.16**	**4.18**	**3.54**	**3.50**

Note 30 : Other expenses

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Bank charges	0.14	0.37	0.18	0.15
Fee & subscription	1.47	2.01	2.36	1.37
Filing fees	-	0.02	0.05	0.08
Travelling	2.61	4.86	4.92	3.40
Conveyance	0.51	0.74	0.71	0.73
Ground rent	0.06	0.14	0.13	0.12
Printing & stationery	0.66	1.77	1.65	1.05
Postage, telegram & telephone	0.17	0.29	0.29	0.14
Transport hire charges	0.90	2.70	3.72	3.01
Insurance	0.04	0.02	0.02	0.03
Manpower Services	6.54	9.49	7.46	-
Vehicle expenses	0.08	0.09	0.21	0.23
Legal & professional charge	5.38	8.31	34.97	14.57
Loss on sale of fixed assets	0.01	0.16	0.07	0.18
Payment to auditors (refer note (i) below)	0.43	4.80	2.05	3.05
Property tax	0.28	0.28	0.26	0.26
Office maintenance charges	0.59	3.72	4.21	9.53
Office equipment maintenance	1.44	2.54	2.50	1.46
Advertisement & publicity	1.99	5.47	3.75	2.04
Sponsorship/Donation	0.60	0.62	3.12	0.19
Newspaper, books and periodicals	0.11	0.23	0.15	0.12
Electricity charges	1.34	2.19	2.37	2.18
Exchange rate variation	1.75	0.23	1.66	9.93
Miscellaneous expenses	13.38	11.54	9.76	8.12
Corporate social responsibility expenses (refer note 49)	35.82	84.78	237.80	167.75
Total	**76.30**	**147.37**	**324.37**	**229.69**

(i) Payment to the Auditors Comprises net of service tax input credit, where applicable)				
(a) Annual Audit fees	-	1.00	0.75	0.89
(b) Nine months Audit fees	-	0.75	-	-
(c) Half yearly Audit fees	0.10	-	-	-
(d) Tax audit fees	-	0.33	0.25	0.30
(e) Quarterly Review fees	0.27	0.69	0.63	0.86
(f) Certification fees	0.06	1.88	0.42	1.00
(g) GST Audit Fees	-	0.15	-	-
Total	**0.43**	**4.80**	**2.05**	**3.05**

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Note 31: Income taxes

Particulars	**Half year ended 30 September 2019**	**Year ended 31 March 2019**	**Year ended 31 March 2018**	**Year ended 31 March 2017 (Proforma)**
Income taxes recognised in profit and loss				
Current tax				
In respect of the current year	-	6,469.23	5,434.05	4,552.20
Adjustments for prior periods	-	-	-	-
	-	**6,469.23**	**5,434.05**	**4,552.20**
Deferred tax				
In respect of the current year	-	-	-	7,371.09
	-	**6,469.23**	**5,434.05**	**11,923.29**
Total income tax expense recognised in the current year	**-**	**6,469.23**	**5,434.05**	**11,923.29**

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	**Half year ended 30 September 2019**	**Year ended 31 March 2019**	**Year ended 31 March 2018**	**Year ended 31 March 2017**
Profit before tax	17,147.96	29,015.84	25,924.91	21,135.00
Tax rate	25.168%	34.944%	34.608%	34.608%
Tax thereon	4,315.80	10,139.29	8,972.09	7,314.40
Tax impact on account of unabsorbed depreciation as per computation under normal provisions of the Income tax Act, 1961 under the head 'Profit and Gains of Business'	(4,315.80)	(10,139.29)	(8,972.09)	(7,314.40)
Minimum alternate tax on book profits as per section 115JB(1) of Income Tax Act, 1961 (see note 1 below)	-	6,314.77	5,434.23	4,552.38
Proportionate minimum alternate tax on accretion to other equity on date of transition to Ind AS as per Section 115JB (2C) of the Income Tax Act, 1961 (see note 2 below)	-	153.88	-	-
Tax on items recogonised in other comprehensive income	-	0.58	(0.18)	(0.18)
Tax on adjustment for earlier years on finalization of assesments by the assessing authorities	-	-	-	-
Total tax expense	**-**	**6,469.23**	**5,434.05**	**4,552.20**

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Note -1

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Profit for the period as per Ind AS	As the Company has opted for section 115BAA of the Income - tax Act, 1961, the MAT provisions of section 115JB of the Income - tax Act, 1961 are no longer applicable to the Company	**29,015.84**	**25,924.91**	**21,135.00**
Less: Ind AS adjustments		2.71	473.39	(197.68)
Total (A)		**29,013.13**	**25,451.52**	**21,332.68**
Add:-				
Expenses u/s 14A of Income Tax Act		0.20	0.20	0.20
Interest u/s 234 B & C		19.66	12.82	1.70
Provision for post retirement employee benefits		1.24	3.43	1.01
Standard asset provision		275.44	-	-
Total (B)		296.54	16.45	2.91
Total (A+B)		**29,309.67**	**25,467.97**	**21,335.59**
Less:-				
Dividend income		5.14	4.87	4.54
Total (C)		**5.14**	**4.87**	**4.54**
Book Profit((A+B)-C)		**29,304.53**	**25,463.10**	**21,331.05**
Tax rate		**21.5488%**	**21.3416%**	**21.3416%**
Tax thereon		**6,314.77**	**5,434.23**	**4,552.38**

Note -2

Other equity as per Ind AS on date of conversion i.e, 01 April 2018	74,022.26	-	-
Adjustment on account of fair value change in the value of investments measured at FVTOCI	64.29	-	-
Total	**73,957.97**	**-**	**-**
Other equity as per AS on date of conversion i.e, 01 April 2018	70,387.50	-	
Difference	**3,570.47**	**-**	**-**
Tax rate	**21.5488%**	**-**	
Tax thereon	769.39	-	-
Proportionate amount for the year ended 31 March 2019	**153.88**	**-**	**-**

Income tax recognised in other comprehensive income

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Remeasurements of defined benefit obligation	-	0.58	(0.18)	(0.18)
Total income tax recognised in other comprehensive income	**-**	**0.58**	**(0.18)**	**(0.18)**

Note 32: Earnings per share

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Net Profit	17,147.96	22,546.61	20,490.86	9,211.71
Weighted average number of equity shares outstanding				
Opening balance at the beginning of the year	9,38,04,60,000	6,52,64,60,000	6,52,64,60,000	4,52,64,60,000
Issued during the year	-	4,69,15,068	-	2,00,00,00,000
Brought back during the year	-	-	-	-
Add: Number of potential equity shares on account of receipt of share application money	-	-	-	-
Weighted average number of equity shares [including diluted equity share] outstanding at the end of the year	9,38,04,60,000	6,57,33,75,068	6,52,64,60,000	6,52,64,60,000
Earnings per share- Basic [Face value of Rs. 10/- per share] (in Rs.)	1.83	3.43	3.14	1.41
Earnings per share- Diluted [Face value of Rs. 10/- per share] (in Rs.)	1.83	3.43	3.14	1.41

The face value of Equity Shares was sub-divided from Rs. 1,000 to Rs. 10 each in the Annual General Meeting held on 12 September 2017. However, for the purpose of this Note 32, to ensure comparability, the number of equity shares and earnings per share have been determined by assuming that the sub-division of the face value of equity shares from Rs.1,000 to Rs. 10 occured on 31 March 2017.

(All amounts in millions of INR, unless stated otherwise)

Note 33: Leases

Receivables (Note No. 6) include lease receivables representing the present value of future Lease Rentals receivables on the finance lease transactions entered into by the Company.

The lease agreement in respect of these assets is executed at the year-end based on the lease rentals and Implicit rate of return (IRR) with reference to average cost of annual incremental borrowings plus margin decided at that time. Any variation in the lease rental rate or the implicit rate of return for the year is accordingly adjusted at the year end.

Reconciliation of the lease receivable amount on the gross value of leased assets worth Rs. 20,49,183.99 millions (31 March 2019: Rs. 19,02,666.74 millions; 31 March 2018: Rs. 16,62,115.90 millions; 31 March 2017: Rs. 14,75,417.30 millions) owned by the Company and leased to the Ministry of Railways(MoR) is as under:

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Gross value of assets acquired & leased upto the end of previous financial year	19,02,666.75	16,62,115.90	14,75,417.30	13,32,608.90
Less: Capital recovery provided upto last Year	(6,52,401.63)	(5,67,399.34)	(4,93,355.40)	(4,27,675.50)
Capital recovery outstanding on leased assets as at the end of last year	**12,50,265.12**	**10,94,716.56**	**9,82,061.90**	**9,04,933.40**
Add: Gross value of assets acquired and leased during the period	1,46,517.25	2,40,550.85	1,86,698.60	1,42,808.40
	13,96,782.37	**13,35,267.41**	**11,68,760.50**	**10,47,741.80**
Less: Capital recovery for the period	(47,557.02)	(85,002.29)	(74,043.94)	(65,679.90)
Net investment in Lease Receivables	**13,49,225.35**	**12,50,265.12**	**10,94,716.56**	**9,82,061.90**

The value of contractual maturity of leases as per Ind AS–116 is as under:-

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Gross investment in lease	19,86,911.78	18,42,569.01	16,09,327.00	14,54,833.20
Unearned finance income	6,37,686.43	5,92,303.89	5,14,610.44	4,72,771.30
Present value of minimum lease payment (MLP)	13,49,225.35	12,50,265.12	10,94,716.56	9,82,061.90

Gross investment in lease and present value of minimum lease payments (MLP) for each of the periods are as under

Gross investment in lease

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Not later than one year	1,98,684.94	1,90,228.01	1,65,821.30	1,47,742.80
Later than one year and not later than two years	2,00,365.56	1,86,567.68	1,62,738.26	1,45,000.60
Later than two years and not later than three years	1,95,673.57	1,81,938.43	1,59,077.93	1,41,917.64
Later than three years and not later than four years	1,89,703.54	1,77,183.69	1,54,448.68	1,38,257.30
Later than four years and not later than five years	1,81,044.94	1,69,998.39	1,49,693.93	1,33,628.06
Later than five years	10,21,439.23	9,36,652.81	8,17,546.90	7,48,286.80
Total	**19,86,911.78**	**18,42,569.01**	**16,09,327.00**	**14,54,833.20**

Present value of MLP

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Not later than one year	1,00,561.03	95,104.40	82,368.50	71,241.90
Later than one year and not later than two years	1,07,401.69	99,676.79	86,272.27	74,900.10
Later than two years and not later than three years	1,11,641.30	1,03,622.03	90,088.10	78,226.10
Later than three years and not later than four years	1,14,994.32	1,07,208.40	93,211.97	81,416.70
Later than four years and not later than five years	1,16,211.83	1,09,235.28	95,906.66	83,864.20
Later than five years	7,98,415.18	7,35,418.22	6,46,869.06	5,92,412.90
Total	**13,49,225.35**	**12,50,265.12**	**10,94,716.56**	**9,82,061.90**

Unearned Finance Income & Unguaranteed Residual Income

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Unearned finance income	6,37,686.43	5,92,303.89	5,14,610.44	4,72,771.30
Unguaranteed residual income	NIL	NIL	NIL	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.

Indian Railway Finance Corporation Limited
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Annexure VI: Notes to restated financial statement
(All amounts in millions of INR, unless stated otherwise)

Note 34: Contingent liabilities and Commitments
Contigent liabilities
a.

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Claims against the Company not acknowledged as debt – Claims by bondholders in the consumer / civil courts (Rs. In millions)	4.27	4.27	0.87	0.87

b. Claims against the Company not acknowledge as debt – relating to service matter pending in Hon'ble Supreme Court - amount not ascertainable.

c. The procurement/acquisition of assets leased out by the Company to the Indian Railways is done by Ministry of Railways (MOR), Government 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.

d. Directorate General of GST Intelligence (DGGI), Chennai, Zonal Unit has served a show cause notice dated 16 April 2019 on the Company alleging contravention of provisions of Section 67, 68 and 70 of the Finance Act, 1994 by the Company and as to why service tax of Rs. 26,537.65 millions along with interest and penalty be not demanded from the Company.
The Company has submitted reply against the Show Cause notice stating that there is no contravention of provisions of any of the above stated sections of the Finance Act, 1994 and the Company is not liable to pay the tax. However, if any liability arises that would be recoverable from the Ministry of Railways, India.

e.(i)
The Income Tax assessments of the Company have been completed up to the Assessment Year 2016-17. The disputed demand of tax including interest thereon amount to Rs. 9.48 millions. The Company has already filed appeals against the said tax demands and the same are pending at various appellate levels. Based on decisions of the Appellate authorities in other similar matters and interpretation of relevant provisions, the Company is confident that the demands will be either deleted or substantially reduced and accordingly no provision is considered necessary.

e.(ii)
During the year 2015-16, the Income Tax Department had raised demand of Rs. 3,994.90 millions u/s 201(1) of the Income Tax Act, 1961 towards non-deduction of tax at source and interest theron, for the Assessment Years 2011-12, 2012-13 and 2013-14. The Company filed appeals against the said assessment orders before the CIT (Appeals) on 28 April 2016. Further, rectification applications u/s 154 were also filed on 20 May 2016. As per the Appellate Order dated 25 January 2017 for the Assessment Year 2011-12, the Order passed by the Assessing Officer raising demand of Rs. 2,451.66 millions has been set aside. The remaining demand for Rs. 1543.24 millions has also been set aside vide order dated 28th December 2018 & 31st December 2018.

Note 35: Expenditure in Foreign Currency

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
a) Interest/Swap Cost on foreign currency borrowings	2,001.43	4,641.21	3,232.57	3,764.45
b) Processing agent/ fiscal Agent/ admin fees	3.48	8.55	2.90	1.77
c) Underwriting/ arranger fees	-	-	486.21	-
d) International credit rating agencies fees	25.14	11.38	28.90	11.05
e) Others	0.26	4.46	14.67	1.93
Total	**2,030.31**	**4,665.60**	**3,765.25**	**3,779.20**

Note 36: Segment reporting
The Company has identified "Leasing and Finance" as its sole reporting segment. Thus there is no inter-segment revenue and the entire revenue is presented in the statement of profit and loss is derived from external customers all of whom are domiciled in India, the Company's country of domicile.

All non-current assets other than financial instruments are also located in India.

The Company derives more than 10% of its revenue from a single customer (ie. Ministry of Railways , Government of India (MOR) and entities under the control of MOR). The break up of the revenue is an under:

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Revenue from MOR & entities under the control of MOR				
- Lease Income	52,556.80	94,100.09	82,784.48	74,984.36
- Interest Income	2,709.92	5,251.05	2,343.28	2,471.74
- Pre Commencement lease interest income	11,065.08	11,757.71	7,391.46	2,238.03
Total	**66,331.80**	**1,11,108.85**	**92,519.22**	**79,694.13**

(All amounts in millions of INR, unless stated otherwise)

Note 37: Employee benefits

37.1 Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Contribution to provident fund	1.29	2.41	2.50	1.65
Contribution to gratuity	0.46	0.66	2.13	0.50
Contribution to leave enchasement	2.07	3.01	2.61	1.46
Contribution to post retirement medical and pension	1.37	1.24	3.43	1.02

37.2 The Company operates a funded gratuity benefit plan.

A) Actuarial Assumptions

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Economic Assumptions				
Discount rate	6.85% p.a.	7.50% p.a	7.60% p.a	7.15% p.a
Salary escalation	6.00% p.a	6.00% p.a	6.00% p.a	6.00% p.a
Demographic Assumptions				
Retirement age	60	60	60	60
Attrition rate	0.00%	0.00%	0.00%	0.00%
Mortality table used	100% of IALM (2006-	100% of IALM	100% of IALM (2006-	100% of IALM

Notes:
1. The discount rate is based on the prevailing market yield of India Government securities as at the balance sheet date for the estimated term of obligations.
2. The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
3. The expected return is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of

B) Movements in present value of the defined benefit obligation

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Present value of obligation as at the beginning of the year	9.57	7.65	5.90	6.76
Acquisition adjustment out	-	-	-	-
Interest cost	0.36	0.58	0.42	0.45
Past service cost	-	-	1.73	-
Current service cost	0.41	0.65	0.46	0.45
Benefit paid	-	(2.00)	-	(1.00)
Components of actuarial gain/losses on obligations:	-	-	-	-
Due to change in financial assumptions	0.48	0.07	(0.28)	0.24
Due to change in demographic assumption	(0.01)	-	-	-
Due to experience adjustments	0.10	2.62	(0.58)	(1.00)
Liability at the end of the year	**10.91**	**9.57**	**7.65**	**5.90**

C) Movements in the fair value of plan assets

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Fair value of plan assets at the beginning of the year	7.77	7.21	6.41	5.92
Contribution from the employer*	0.35	-	0.32	-
Interest income	0.31	0.57	0.48	0.40
Return on plan assets excluding amounts included in interest income	(0.01)	(0.01)	0.01	0.09
Benefits paid	-	-	-	-
Reimbursement paid by the insurer	-	-	-	-
Actuarial gain/(loss) for the year on asset	-	-	-	-
Fair value of the plan assets for the period ending	**8.42**	**7.77**	**7.22**	**6.41**

Note: Since the value of the interest is not known for the period ending 30 September 2019, accrued interest of Rs. 0.29 millions has been computed for the valuation period ended 30 September 2019 and the closing fair value of the assets has been adjusted accordingly.

* The amount of Rs. 0.35 millions is been considered as plan assets is contributed by the Company to PFC in respect of the deputed employee.

(All amounts in millions of INR, unless stated otherwise)

D) Amount recognised in the Balance Sheet

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Present value of unfunded obligations	-	-	-	-
Present value of funded obligations	10.91	9.57	7.65	5.90
Fair value of plan assets	(8.42)	(7.77)	(7.22)	(6.41)
Net liability recognised in the Balance Sheet	**2.49**	**1.80**	**0.43**	**(0.51)**

E) Expenses recognised in the Statement of Profit and Loss during the year:

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Current service cost	0.41	0.65	0.46	0.45
Past service cost	-	-	1.73	-
Net interest cost (Income)	0.05	0.01	(0.05)	0.05
Expected return on plan assets	-	-	-	-
Expense recognised in the Statement of Profit and Loss	**0.46**	**0.66**	**2.14**	**0.50**

F) Expenses recognised in Other Comprehensive Income during the year:

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Components of actuarial gain/losses on obligations:				
Due to change in financial assumptions	0.48	0.07	(0.28)	0.25
Due to change in demographic assumption	(0.01)	-	-	-
Due to experience adjustments	0.10	2.63	(0.58)	(1.01)
Actuarial (gain) / loss for the year on Asset	0.01	0.01	(0.01)	(0.09)
Unrecognised actuarial gain / (loss) for the period ending	**0.58**	**2.71**	**(0.87)**	**(0.85)**

G) Composition of the plan assets:

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Policy of insurance	100%	100%	100%	100%

H) Change in Net benefit obligations

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Net defined benefit liability at the start of the period	1.80	0.43	(0.51)	0.84
Acquisition adjustment	-	-	-	-
Total service cost	0.46	0.66	2.18	0.45
Net interest cost (income)	-	-	(0.05)	0.05
Re-measurements	0.58	2.71	(0.87)	(0.85)
Reimbursement paid by the insurer	-	-	-	-
Contribution paid to the fund	(0.35)	-	(0.32)	-
Benefit paid directly by the enterprise	-	(2.00)	-	(1.00)
Net defined benefit liability for the period ending	**2.49**	**1.80**	**0.43**	**(0.51)**

I) Bifurcation of PBO at the end of year as current and non current:

Particluars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Current liability (Amount due within one year)	0.91	0.83	0.41	(0.46)
Non-Current liability (Amount due over one year)	1.58	0.97	0.02	(0.05)
Total PBO at the end of year	**2.49**	**1.80**	**0.43**	**(0.51)**

(All amounts in millions of INR, unless stated otherwise)

J) Bifurcation of defined benefit obligation

Particluars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Vested	9.88	8.83	7.47	5.86
Non- Vested	1.03	0.74	0.18	0.04
	10.91	**9.57**	**7.65**	**5.90**

K) Sensitivity analysis of the defined benefit obligation

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
a) Impact of the change in discount rate				
-Impact due to increase of 0.50 %	10.54	9.23	7.36	5.68
-Impact due to decrease of 0.50 %	11.31	9.94	7.95	6.13
b) Impact of the change in salary increase				
-Impact due to increase of 0.50 %	11.19	9.73	7.88	5.96
-Impact due to decrease of 0.50 %	10.67	9.27	7.42	5.86
c) Impact of the change in withdrawal rate				
-W.R. x 110%	10.91	9.57	7.65	5.90
-W.R. x 90%	10.91	9.57	7.65	5.90

Sensitivities due to mortality and withdrawals are not material and hence impact of change not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

L) The employer 's best estimate of contribution expected to be paid during the next year:

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Expected contribution of the next year	0.91	0.83	0.41	0.46

M) These plans typically expose the Company to Actuarial Risks such as Investment Risk, Liquidity Risk, Market Risk and Legislative Risk.

Actuarial Risk	It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons: Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected. **Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate. **Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption than the
Investment Risk	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
Liquidity Risk	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.
Market Risk	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in
Legislative Risk	Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

(All amounts in millions of INR, unless stated otherwise)

37.3 Actuarial Assumptions for unfunded Post Retirement Medical Benefits:

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Compensated absences				
Discount rate	6.85%	7.50% p.a	7.60% p.a	7.15% p.a
Future salary increase	N/A	N/A	N/A	N/A
Medical inflation Rate	8.90%p.a	8.90%p.a	8.90%p.a	8.90%p.a
Retirement age	60 years	60 years	60 years	60 years
Mortality table	100% of IALM (2006-	100% of IALM	100% of IALM (2006-	100% of IALM

These plans typically expose the Company to Actuarial risks such as Investment Risk, Liquidity Risk and Market Risk.

Actuarial Risk	It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons: **Adverse Salary Growth Experience**: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected. **Variability in morbidity rates:** If actual morbidity rates are higher than assumed morbidity rate assumption than the Post Retirement Medical Benefits will be paid earlier than expected. **Variability in withdrawal rates**: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Post Retirement Medical Benefits will not be paid earlier than expected. This will lead to an actuarial gain in the year of
Investment Risk	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
Liquidity Risk	Employees with high treatment costs and long durations of treatments, accumulate significant level of benefits. Such benefits can lead to strain on the cashflows.
Market Risk	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in

(All amounts in millions of INR, unless stated otherwise)

37.4 The Company operates a funded leave benefit plan.

A) Actuarial Assumptions

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Economic Assumptions				
Discount rate	6.85% p.a.	7.50% p.a.	7.60% p.a.	7.15% p.a.
Salary escalation	6.00% p.a.	6.00% p.a.	6.00% p.a.	6.00% p.a.
Demographic Assumptions				
Retirement age	60 Years	60 Years	60 Years	60 Years
Attrition rate	0.00% p.a.	0.00% p.a.	0.00% p.a.	0.00% p.a.
Mortality table used	100% of IALM (2006-08)	100% of IALM (2006-08)	100% of IALM (2006-08)	100% of IALM (2006-08)
Leave Availment and Encashment Rate				
Leave Availment Rate	10% p.a.	10.00% p.a.	10.00% p.a.	10.00% p.a.
Encashment in service	0.00% p.a.	0.00% p.a.	0.00% p.a.	0.00% p.a.

B) Movements in present value of the defined benefit obligation

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Present value of obligation as at the beginning of the year	9.86	9.17	7.16	8.25
Acquisition adjustment out	-	-	-	-
Interest cost	0.35	0.70	0.51	0.64
Past service cost	-	-	1.38	-
Current service cost	0.61	1.12	1.47	1.39
Benefit paid	(1.42)	(2.75)	(0.97)	(2.81)
Actuarial (gain)/loss on obligations-due to change in financial assumptions	0.31	0.04	(0.19)	0.13
Actuarial (gain)/loss on obligations-due to change in demographic assumptions	-	-	-	-
Actuarial (gain)/loss on obligations- due to experience	1.02	1.58	(0.19)	(0.44)
Liability at the end of the year	**10.73**	**9.86**	**9.17**	**7.16**

C) Movements in the fair value of plan assets

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Fair value of plan assets at the beginning of the year	6.19	5.76	3.41	3.15
Contribution from the employer*	0.63	-	1.98	-
Interest income	0.23	0.48	0.30	0.30
Return on plan assets excluding amounts included in interest	(0.00)	(0.05)	0.07	(0.04)
Benefits paid	-	-	-	-
Actuarial gain/(loss) for the year on asset	-	-	-	-
Fair value of the plan assets at the end of the year	**7.05**	**6.19**	**5.76**	**3.41**

Note: Since the insurer credits interest on an annual basis after March and the value of the same is not known as at the report date, I have computed accrued interest of Rs. 0.23 millions for the current valuation period and I have adjusted the closing Fair Value of the assets accordingly.
*The amount of Rs. 0.63 millions is been considered as plan assets as this amount is contributed by the company to PFC in respect of the deputed employee.

D) Amount recognised in the Balance Sheet

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
Present value of funded obligation at the end of the year	10.73	9.86	9.17	7.16
Fair value of plan assets at the end of the year	7.05	6.19	5.76	3.41
Net liability recognised in the Balance Sheet	**3.68**	**3.67**	**3.41**	**3.75**

(All amounts in millions of INR, unless stated otherwise)

E) Expenses recognised in the Statement of Profit and Loss during the year:

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Current service cost	0.61	1.12	1.47	1.39
Past service cost	-	-	1.38	-
Net interest cost (Income)	0.12	0.22	0.22	0.34
Net value of re measurements on the obligation and planned	1.34	1.67	(0.46)	(0.27)
Expense recognised in the Statement of Profit and Loss	**2.07**	**3.01**	**2.61**	**1.46**

F) Components of actuarial gain/loss on obligation

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Due to change in financial assumptions	0.31	0.04	(0.19)	0.13
Due to change in demographic assumption	0.00	-	-	-
Due to experience adjustments	1.02	1.58	(0.19)	(0.44)
Return on plan assets excluding amounts included in interest	0.01	0.05	(0.07)	0.04
	1.34	**1.67**	**(0.45)**	**(0.27)**

G) Composition of the plan assets:

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Policy of insurance	100%	100%	100%	100%

H) Change in Net benefit obligations

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Net defined benefit liability at the start of the year	3.67	3.41	3.75	5.11
Acquisition adjustment				
Total service cost	0.61	1.12	2.85	1.39
Net interest cost (Income)	0.11	0.22	0.22	0.34
Re-measurements	1.34	1.67	(0.45)	(0.27)
Contribution paid to the fund	(0.63)	-	(1.99)	-
Benefit paid directly by the enterprise	(1.42)	(2.75)	(0.97)	(2.82)
Net defined benefit liability at the end of the year	**3.68**	**3.67**	**3.41**	**3.75**

(All amounts in millions of INR, unless stated otherwise)

I) Bifurcation of PBO at the end of year as current and non current:

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Current liability (Amount due within one year)	1.26	1.22	1.12	1.47
Non-Current liability (Amount due over one year)	2.42	2.45	2.29	2.28
Total PBO at the end of year	**3.68**	**3.67**	**3.41**	**3.75**

K) Sensitivity analysis of the defined benefit obligation

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
a) Impact of the change in discount rate				
-Impact due to increase of 0.50 %	10.49	9.64	8.97	7.05
-Impact due to decrease of 0.50 %	10.98	10.09	9.38	7.38
b) Impact of the change in salary increase				
-Impact due to increase of 0.50 %	10.98	10.09	9.39	7.38
-Impact due to decrease of 0.50 %	10.48	9.64	8.96	7.04
c) Impact of the change in withdrawal rate				
-W.R. x 110%	10.73	9.57	9.17	7.21
-W.R. x 90%	10.73	9.57	9.17	7.21

Sensitivities due to mortality and withdrawals are not material and hence impact of change not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

L) These plans typically expose the Company to actuarial risks such as Investment Risk, Liquidity Risk and Market Risk.

Actuarial Risk	It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons: **Adverse Salary Growth Experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected. Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the leave benefit will be paid earlier than expected. The acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate. **Variability in withdrawal rates**: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the leave benefit will be paid earlier than expected. The impact of this will depend on the relative values of the assumed salary growth and discount rate. **Variability in availment rates**: If actual availment rates are higher than assumed availment rate assumption then leave balances will be utilised earlier than expected. This will result in reduction in leave balances and Obligation.
Investment Risk	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
Liquidity Risk	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.
Market Risk	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to

(All amounts in millions of INR, unless stated otherwise)

Note 38: Financial Instruments

38.1: Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to shareholders and also complying with the ratios stipulated in the loan agreements through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (Debt Securities & Borrowings as detailed in Note 15 & 16 offset by cash and bank balances as detailed in Note 3) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

38.1.1 Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Debt (See note 'i' below)	18,46,316.53	17,39,326.75	13,40,055.27	10,55,892.86
Cash and cash equivalents	13.03	37.07	11.28	9.43
Net debt	18,46,303.50	17,39,289.68	13,40,043.99	10,55,883.43
Total equity	2,00,491.03	1,85,855.12	1,39,287.69	1,21,599.46
Net debt to equity ratio (in times)	**9.21**	**9.36**	**9.62**	**8.68**

38.1.2 Net Worth

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Total Assets	23,83,664.55	20,66,036.09	16,14,684.08	12,87,503.84
Total Liabilities	21,83,173.52	18,80,180.97	14,75,396.39	11,65,904.38
Net Worth	**2,00,491.03**	**1,85,855.12**	**1,39,287.69**	**1,21,599.46**

38.1.3 Debt Equity Ratio

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Debt	18,46,316.53	17,39,326.75	13,40,055.27	10,55,892.86
Equity	2,00,491.03	1,85,855.12	1,39,287.69	1,21,599.46
	9.21	**9.36**	**9.62**	**8.68**

Note:
i) Debt computed as under:

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Debt Securities (Note 15)	13,51,895.53	12,35,978.99	11,08,442.46	9,49,446.22
Borrowing(other than debt securities) (Note 16)	4,94,421.00	5,03,347.76	2,31,612.81	1,06,446.64
Total Debt	**18,46,316.53**	**17,39,326.75**	**13,40,055.27**	**10,55,892.86**

(All amounts in millions of INR, unless stated otherwise)

38.2 Financial Instruments - Accounting classification and fair value measurement

38.2.1 Categories of financial instruments

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	13.03	37.07	11.28	9.43
Bank balance other than above	96,175.05	773.59	986.92	65.74
Investments (Pass through certificates)	27.63	33.29	45.42	58.69
Loans	56,495.22	58,954.87	52,379.55	21,640.30
Other financial assets	8,61,022.43	7,40,307.27	4,51,075.99	2,82,580.72
Receivables (Lease Receivables)	13,49,225.35	12,50,265.12	10,94,716.56	9,82,061.90
Measured at fair value through Profit and Loss				
Derivative financial instruments	-	466.90	968.47	685.78
Measured at fair value through Other Comprehensive Income				
Investments (IRCON)	91.60	98.15	94.36	87.03
Financial liabilities				
Measured at amortised cost				
Payables				
(I) Trade payables				
(i) total outstanding dues of micro enterprises and sma ll enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
(II) Other payables				
(i) total outstanding dues of micro enterprises and sma ll enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	152.66	121.79	87.15	35.07
Debt securities	13,51,895.53	12,35,978.99	11,08,442.46	9,49,446.22
Borrowings (Other than debt securities)	4,94,421.00	5,03,347.76	2,31,612.81	1,06,446.64
Other financial liabilities (Interest accured but not due, amount payable to MoR etc.)	2,68,921.16	72,999.28	56,625.68	38,783.38
Measured at fair value through Profit and Loss				
Derivative financial instruments	3,102.50	3,105.95	7,495.79	6,561.21

(All amounts in millions of INR, unless stated otherwise)

38.2.2: Fair value measurements

Fair value hierarchy

The fair value hierarchy reflects the significance of the inputs used in making the measurements and has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices in markets that are not active) or indirectly (i.e. quoted prices for similar assets or liabilities);

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 30 September 2019:

Particular	As at 30 September 2019	Fair Value measurement at end of the reporting period/ year using		
		Level 1	Level 2	Level 3
Investment in IRCON International Limited	91.60	91.60	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2019:

Particular	As at 31 March 2019	Fair Value measurement at end of the reporting period/ year using		
		Level 1	Level 2	Level 3
Investment in IRCON International Limited	98.15	98.15	-	-

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018:

Particular	As at 31 March 2018	Fair Value measurement at end of the reporting period/ year using		
		Level 1	Level 2	Level 3
Investment in IRCON International Limited	94.36	-	-	94.36

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2017:

Particular	As at 31 March 2017 (Proforma)	Fair Value measurement at end of the reporting period/ year using		
		Level 1	Level 2	Level 3
Investment in IRCON International Limited	87.03	-	-	87.03

Valuation technique used to determine fair value

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

The Company holds nominal Equity (less than 0.26%) in IRCON International Limited. The equity shares of IRCON International Limited were listed on National Stock Exchange (NSE) with effect from 28 September 2018. The Company had elected to classify its investment in IRCON International Limited as fair value through other comprehensive income(OCI). The fair value as on 30 September 2019 and 31 March 2019 has been measured as per the quoted on National Stock Exchange (Level 1 Input). The fair market value in earlier years has been determined on the basis of book value computed as per the preceding year's annual financial statement of IRCON International Limited as available with the Company (Level 3 Input).

Dividend received

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Dividend received (IRCON International Limited)	-	5.14	4.87	4.54

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

(All amounts in millions of INR, unless stated otherwise)

38.3 Financial risk management

The Company's activities expose it to a variety of financial risks which includes market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company's focus is to ensure liquidity which is sufficient to meet the Company's operational requirements. The Company monitors and manages key financial risks so as to minimise potential adverse effects on its financial performance. The Company has a risk management policy which covers the risks associated with the financial assets and liabilities. The details for managing each of these risks are summarised ahead.

38.4: Market risk

Market risk is the risk that the expected cash flows or fair value of a financial instrument could change owing to changes in market prices.The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Company use derivative instruments to manage market risk against the volatility in foreign exchange rates and interest rates in order to minimize their impact on its results and financial position. Company policy is not to utilize any derivative financial instruments for trading or speculative purposes.

38.5: Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Liabilities as at				Assets as at			
	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Secured foreign currency term loan	531.85	625.44	784.36	981.95	-	-	-	-
Unsecured bonds from overseas capital market	70,996.38	69,571.19	62,579.67	50,412.90	-	-	-	-
Unsecured foreign currency term loans	48,319.15	25,618.35	49,136.45	33,643.10	-	-	-	-
Total	**1,19,847.38**	**95,814.98**	**1,12,500.48**	**85,037.95**	**-**	**-**	**-**	**-**

Foreign currency sensitivity analysis

The following table details the company's sensitivity to a 10% increase and decrease in the INR against the relevant outstanding foreign currency denominated monetary items. 10% sensitivity indicates management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where Rupee appreciates 10% against the relevant currency. A negative number below indicates a decrease in profit or equity where the Rupee depreciates 10% against the relevant currency.

Particulars	As at 30 September 2019		As at 31 March 2019		As at 31 March 2018		As at 31 March 2017 (Proforma)	
	INR strengthens by 10%	INR weakening by 10%	INR strengthens by 10%	INR weakening by 10%	INR strengthens by 10%	INR weakening by 10%	INR strengthens by 10%	INR weakening by 10%
Profit or (loss)	11,984.74	(11,984.74)	9,581.50	(9,581.50)	11,250.05	(11,250.05)	8,503.80	(8,503.80)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

38.6: Interest rate risk management

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Company use financial instruments to manage its exposure to changing interest rates and to adjust its mix of fixed and floating interest rate debt on long-term debt.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/ lower and all other variables were held constant, the Company's:

i) Profit for the half year ended 30 September 2019 would decrease/increase by Rs. 6,469.69 millions (31 March 2019: decrease/increase Rs. 5,861.05 millions; 31 March 2018: decrease/increase Rs. 5,144.72 millions; 31 March 2017: decrease/increase Rs. 4,350.09 millions). This is mainly attributable to the Company's exposure to interest rates on its variable rate debt securities;

ii) Profit for the half year ended 30 September 2019 would decrease/increase by Rs. 2,494.42 millions (31 March 2019: decrease/increase Rs. 1,837.40 millions ; 31 March 2018: decrease/increase Rs. 845.15 millions; 31 March 2017: decrease/increase Rs. 465.84 millions). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

38.7: Other price risks

The Company has a small amount of investment in equity instruments, price risk of which is not considered material.

38.8: Credit risk management

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company consider the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting peroid. To assess whether there is significant increase in credit risk, it considers reasonable and supportive forward looking information such as:

(i) Actual or expected significant adverse change in business.
(ii) Actual or expected significant changes in the operating results of the counterparty.
(iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation.
(iv) Significant increase in credit risk and other financial instruments of the same counterparty.
(v) Significant changes in the value of collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Credit risk is managed through approvals, establishing credit limits, continuous monitoring of creditworthiness of customers to which the company grants credit terms in the normal course of business. The company also assesses the financial reliability of customers taking into account the financial condition, current economic trends and historical bad debts and ageing of accounts receivables.

The Company's major exposure is from lease receivables from Ministry of Railways, Government of India and loans to Rail Vikas Nigam Limited and IRCON International Limited which are under the control of Ministry of Railways. There is no credit risk on lease receivables being due from sovereign. With respect to loan given to Rail Vikas Nigam Limited and IRCON International Limited, the company consider the Reserve Bank of India directions in terms of its circular no. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated 31-May-2018 read with letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21-December-2018, to be adequate compliance with the impairment norms as per Ind AS 109, Financial Instruments, as IRCON International Limited and Rail Vikas Nigam Limited, both, are under Ministry of Railways, Government of India and the Company do not expect any concern in the repayment of aforesaid loans.

(All amounts in millions of INR, unless stated otherwise)

38.9: Liquidity risk management

Liquidity risk is defined as the potential risk that the Company cannot meet the cash obligations as they become due.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short, medium, and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Besides, there is a provision in the lease agreements with the Ministry of Railways (MOR) whereby MOR undertakes to provide lease rentals in advance (to be adjusted from future payments) in case the Company doesn't have adequate liquidity to meet its debt service obligations.

Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the company may be required to pay.

Particulars	0-1 year	1-3 years	3-5 years	5+ years	Total	Recognition of borrowings at amortised cost using effective interest rate method	Fair value hedge adjustment-recoverable from Ministry of Railways	Carrying Amount (Balance Sheet amount as per IND AS)
30 September 2019								
Trade Payables-Other Payables	152.66	-	-	-	152.66	-	-	152.66
Other Financial Liabilities		-	-	-	-	-		-
-Interest accrued but not due	56,321.19	-	-	41,455.15	97,776.34	-	-	97,776.34
-Liability for matured and unclaimed bonds and interest accrued thereon	76.90	-	-	-	76.90	-	-	76.90
-Dividend payable	2,000.00	-	-	-	2,000.00	-	-	2,000.00
-Dividend tax payable	411.11	-	-	-	411.11	-	-	411.11
-Amount Payable to MOR	1,68,656.47	-	-	-	1,68,656.47	-	-	1,68,656.47
-Earnest Money Deposit	0.34	-	-	-	0.34	-	-	0.34
Debt Securities								
-Bonds in Domestic Market	58,802.10	1,58,822.36	1,62,367.91	8,78,400.29	12,58,392.66	(1,083.01)	-	12,57,309.65
-Commercial Paper	23,589.50	-	-	-	23,589.50	-	-	23,589.50
-Bonds in Overseas Market	-	-	35,525.00	35,525.00	71,050.00	(53.62)	-	70,996.38
Borrowing (Other than Debt Securities)								
Borrowings in India	1,44,320.00	28,000.00	35,200.00	2,38,050.00	4,45,570.00	-	-	4,45,570.00
Borrowings outside India	213.15	319.73	-	52,195.92	52,728.80	(957.93)	(2,919.87)	48,851.00
31 March 2019								
Trade Payables-Other Payables	121.79	-	-	-	121.79	-	-	121.79
Other Financial Liabilities								
-Interest accrued but not due	39,266.17	26,497.39	7,154.47	-	72,918.03	-	-	72,918.03
-Liability for matured and unclaimed bonds and interest accrued thereon	80.91	-	-	-	80.91	-	-	80.91
-Earnest Money Deposit	0.34	-	-	-	0.34	-	-	0.34
Debt Securities								
-Bonds in Domestic Market	76,152.10	1,89,172.40	1,61,167.10	7,11,184.26	11,37,675.86	(1,127.83)	-	11,36,548.03
-Commercial Paper	29,859.77	-	-	-	29,859.77	-	-	29,859.77
-Bonds in Overseas Market	-	-	34,815.00	34,815.00	69,630.00	(58.81)	-	69,571.19
Borrowing (Other than Debt Securities)						-	-	
Borrowings in India	1,32,103.97	77,000.00	28,000.00	2,40,000.00	4,77,103.97	-	-	4,77,103.97
Borrowings outside India	208.89	417.78	-	29,342.05	29,968.72	(618.98)	(3,105.95)	26,243.79
31 March 2018								
Trade Payables-Other Payables	87.15	-	-	-	87.15	-	-	87.15
Other Financial Liabilities								
-Interest accrued but not due	38,422.84	-	-	18,144.35	56,567.19	-	-	56,567.19
-Liability for matured and unclaimed bonds and interest accrued thereon	58.16	-	-	-	58.16	-	-	58.16
-Earnest Money Deposit	0.33	-	-	-	0.33	-	-	0.33
Debt Securities								
-Bonds in Domestic Market	92,170.00	1,50,166.08	2,04,603.89	5,90,209.95	10,37,149.92	(1,263.01)	-	10,35,886.91
-Commercial Paper	9,975.88	-	-	-	9,975.88	-	-	9,975.88
-Bonds in Overseas Market	32,750.00	-	-	32,750.00	65,500.00	(21.18)	(2,899.15)	62,579.67
Borrowing (Other than Debt Securities)	-	-	-	-	-	-	-	-
Borrowings in India	39,692.00	42,000.00	-	1,00,000.00	1,81,692.00	-	-	1,81,692.00
Borrowings outside India	26,396.50	393.00	196.50	28,221.93	55,207.93	(690.48)	(4,596.64)	49,920.81
31 March 2017 (Proforma)								
Trade Payables-Other Payables	35.07	-	-	-	35.07	-	-	35.07
Other Financial Liabilities	-	-	-	-		-	-	
-Interest accrued but not due	30,429.93	-	-	8,287.70	38,717.63	-	-	38,717.63
-Liability for matured and unclaimed bonds and interest accrued thereon	65.74	-	-	-	65.74	-	-	65.74
-Earnest Money Deposit	0.01	-	-	-	0.01	-	-	0.01
Debt Securities								
-Bonds in Domestic Market	19,275.60	1,40,322.10	1,58,797.48	5,24,355.45	8,42,750.63	(1,389.25)	-	8,41,361.38
-Commercial Paper	57,671.94	-	-	-	57,671.94	-	-	57,671.94
-Bonds in Overseas Market	19,680.00	-	-	32,800.00	52,480.00	(10.09)	(2,057.01)	50,412.90
Borrowing (Other than Debt Securities)								
Borrowings in India	71,821.59	-	-	-	71,821.59	-	-	71,821.59
Borrowings outside India	196.80	26,633.60	393.60	12,000.45	39,224.45	(95.19)	(4,504.21)	34,625.05

(All amounts in millions of INR, unless stated otherwise)

38.10: Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The objective of hedges is to minimize the volatility of INR cash flows of highly probable forecast transaction.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

As at 30 September 2019

Types of hedge and risks	Nominal value (Foreign Currency) USD		Carrying amount of hedging instruments	Maturity date	Hedge ratio	Weighted average strike price/rate
	No. of Outstanding Contracts	Amount				USD
Forward Contract						
1. Sell	-	-	-	-	-	-
2. Buy	-	-	-	-	-	-
Swap Contracts						
1. Buy	2	291.79	2,447.96	10-03-2026	1:1	N/A
2. Buy	2	74.07	654.54	30-03-2026	1:1	N/A

As at 31 March 2019

Types of hedge and risks	Nominal value (Foreign Currency) USD		Carrying amount of hedging instruments	Maturity date	Hedge ratio	Weighted average strike price/rate
	No. of Outstanding Contracts	Amount				USD
Forward Contract						
1. Sell	-	-	-	-	-	-
2. Buy	-	-	-	-	-	-
Swap Contracts						
1. Buy	2	291.79	2,080.28	10-03-2026	1:1	N/A
2. Buy	2	74.07	558.77	30-03-2026	1:1	N/A

As at 31 March 2018

Types of hedge and risks	Nominal value (Foreign Currency) USD		Carrying amount of hedging instruments	Maturity date	Hedge ratio	Weighted average strike price/rate
	No. of Outstanding Contracts	Amount				USD
Forward Contract						
1. Sell						
2. Buy	6	300.00	2,899.15	26-02-2019	1:1	77.47
3. Buy	3	250.00	2,242.45	03-12-2018	1:1	76.18
		-				
Swap Contracts		-				
1. Buy	2	291.79	1,163.19	10-03-2026	1:1	N/A
2. Buy	2	74.07	320.71	30-03-2026	1:1	N/A
3. Buy	1	200.00	98.17	03-12-2018	1:1	N/A

As at 31 March 2017(Proforma)

Types of hedge and risks	Nominal value (Foreign Currency) USD		Carrying amount of hedging instruments	Maturity date	Hedge ratio	Weighted average strike price/rate
	No. of Outstanding Contracts	Amount				USD
Forward Contract						
1. Sell						
2. Buy	6	300.00	2,057.01	26-02-2019	1:1	77.47
3. Buy	3	250.00	1,593.12	03-12-2018	1:1	76.18
		-				
Swap Contracts		-				
1. Buy	2	291.79	1,808.04	10-03-2026	1:1	N/A
2. Buy	2	74.07	484.31	30-03-2026	1:1	N/A
3. Buy	1	200.00	67.05	03-12-2018	1:1	N/A

Disclosure of effects of hedge accounting on financial performance

Cash Flow hedge	Opening	Changes during the year	Closing	Receivables/ (Payables) from MOR	Impact on financial performance
30 September 2019	466.90	(649.52)	(182.62)	649.52	
31 March 2019	968.47	(501.57)	466.90	501.57	-
31 March 2018	685.78	282.69	968.47	(282.69)	-
31 March 2017 (Proforma)	-	685.78	685.78	(685.78)	-

Note 39: Capital Funds, Risk Weighted Assets and Capital Risk Adjusted Ratio (CRAR) of Company are given below:

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Capital Fund-Tier I	2,00,490.50	1,85,850.45	1,39,281.71	1,21,538.83
Capital Fund-Tier II	-	-	-	-
Risk weighted assets along-with adjusted value of off balance sheet items	65,998.54	71,629.95	61,958.56	31,835.84
CRAR				
CRAR-Tier I Capital	303.78%	259.46%	224.80%	380.57%
CRAR-Tier II Capital	303.78%	259.46%	224.80%	380.57%
Amount of subordinated debt raised as Tier-II capital	-	-	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-	-	-

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CIN U65910DL1986GOI026363
Annexure VI: Notes to restated financial statement
(All amounts in millions of INR, unless stated otherwise)

Note 40: The particulars of loans given as required to be disclosed by section 186 (4) of Companies Act, 2013 are as below:

S.No.	Name of Party	As at 30 September 2019				As at 31 March 2019				As at 31 March 2018				As at 31 March 2017(Proforma)			
		Amount of loan outstanding	Loan Given during the year	Terms	Purpose of Utilization by Recipient	Amount of loan outstanding	Loan Given during the year	Terms	Purpose of Utilization by Recipient	Amount of loan outstandin	Loan Given during the year	Terms	Purpose of Utilization by Recipient	Amount of loan outstanding	Loan Given during	Terms	Purpose of Utilization by Recipient
1	Rail Vikas Nigam Limited (RVNL) -I	22,449.80	6,310.00	3 + 12 year	Regular project Work	18,766.30	800.00	3 + 12 years	Regular project Work	20,379.55	925.00	3 + 12 years	Regular project Work	21,640.30	371.30	3 + 12 years	Regular project Work
2	IRCON International Limited	24,612.30	-	5 years	Station Development	30,765.34	-	5 years	Station Development	32,000	32,000.00	5 years	Station Development	-	-	-	-
3	Rail Vikas Nigam Limited (RVNL) -II	9,660.00	-	3 + 12 years	Regular project Work	9,660.00	9,660.00	3 + 12 years	Regular project Work	-	-	-	-	-	-	-	-
	Total	**56,722.10**	**6,310.00**			**59,191.64**	**10,460.00**			**52,379.55**	**32,925.00**			**21,640.30**	**371.30**		

Note 41: Other Disclosures

(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 half year ended 30 September 2019, such differential has resulted in an amount of Rs. 246.40 millions accruing to the Company (31 March 2019: Rs. 707.98 millions; 31 March 2018: Rs. 477.42 millions (accruing to MOR); 31 March 2017 :Rs.704.60 millions), 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 half year ended 30 September 2019 in respect of these foreign currency borrowings, the Company has recovered a sum of Rs.85.19 millions (31st March 2019: Rs. 699.39 millions; 31 March 2018: Rs. 1,423.21 millions; 31 March 2017: Rs. 1,743.30 millions) on this account from MOR against a sum of Rs. Nil (31 March 2019: Rs. 1,732.43 millions; 31 March 2018:Rs. 2,097.67 millions; 31 March 2017: Rs 1,971.30 millions) incurred towards hedging cost and the balance amount of Rs. 85.19 millions (31 March 2019: Rs. 1,033.05 millions; 31 March 2018: Rs. 674.46 millions (Recoverable); 01 April 2017: Rs 228.00 millions (Recoverable)) is recoverable from MOR.

(d) For computing the Lease Rental in respect of the rolling stock assets acquired and leased to the Ministry of Railways amounting to Rs. 1,46,517.25 millions during the half year ended 30th September 2019 (previous year Rs. 2,40,550.85 millions), the Lease Rental Rate and the Internal Rate of Return have been worked out with reference to the average cost of incremental borrowings made during the current half year plus the margin equivalent to the previous year. The lease agreement in respect of these assets will be executed at the year end based on the lease rentals and IRR with reference to average cost of annual incremental borrowings during the year plus margin decided at that time. Any variation in the lease rental rate or the internal rate of return for the year will be accordingly adjusted at the year end.

(e) The Leases executed for Rolling Stock in the year 1987-88 & 1988-99 for Rs. 7,703.29 millions & 8,607.27 millions have expired on 31 March 2018 & 31 March 2019 respectively. During the primary and secondary lease periods full value of assets (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 neccessary adjustments in the accounts if required, will be carried out on transfer of Rolling Stock to MOR.

Note 42:

(a) (i) The Reserve Bank of India has issued Master Direction – Non- Banking Financial Company- Systemically Important Non Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 vide notification DNBR.PD.008/03.10.119/2016-17 dated 1st September 2016 as amended from time to time have become mandatory with effect from 31 May 2018. The Reserve Bank of India has granted exemption to the Company in respect of classification of asset, provisioning norms and credit concentration norms to the extent of direct exposure to sovereign.

(ii) Till the financial year 2017-18, the Company, being a Gov. NBFC, was exempt from creation and maintenance of Reserve Fund as specified u/s 45-IC of Reserve Bank of India Act, 1934. However, the said exemption has been withdrawn by the Reserve Bank of India (RBI) vide Notification No. DNBR (PD) CC.NO.092/0310.001/2017-18 dated 31st May, 2018. Accordingly, the Company is now creating the Reserve Fund as required u/s 45IC of RBI Act, 1934, wherein at least 20% of net profit every year will be transferred before the declaration of dividend. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Bank from time to time and further, any such appropriation is also required to be reported to the Bank within 21 days from the date of such withdrawal. The Company created a reserve a of Rs. 4,509.49 millions as on 31st March 2019 u/s 45IC. The reserve for the year 2019-20 will be created as on 31st March 2020 when profit for the year is determined.

(b) In terms of the Ministry of Corporate Affairs circular dated 18th April 2002, the Company, being a Non-Banking Finance Company registered with RBI, is required to create Bond Redemption Reserve equivalent to 50% of the value of the bonds raised through Public issue by the redemption date of such Bonds. Subsequently, the requirement for creation of Bond Redemption Reserve in case of Public Issue of bonds by Non-Banking Finance Company registered with RBI was brought down to 25% by MCA vide their circular dated 11th February 2013. Further, the Companies (Share Capital and Debentures) Rules, 2014 dated 3rd April 2014 also mandates the Non- Banking Finance Companies registered with RBI to create Bond Redemption Reserve equivalent to 25% of the value of the Bonds raised through public issue by the redemption dates of such bonds. Accordingly, the Company was 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. 2,48,816.74 millions 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 7 years as on 31st March 2019. The Company had transferred an amount of Rs. 57,145.59 millions to the Bond Redemption Reserve till the end of F.Y. 2018-19.
However, the Ministry of Corporate Affairs has notified the Companies (Share Capital and Debentures) Amendments Rules, 2019 on 16 August 2019 which exempts NBFC listed companies registered with Reserve Bank of India u/s45-IA of the RBI Act, 1934 from creation of Debenture Redemption reserve. Accordingly, the balance outstanding against Bond Redemption Reserve as on 31 March 2019 amounting to Rs. 57,145.59 millions has been transferred to Retained earnings.

(c) The Comptroller & Auditor General of India (C&AG) during the course of their supplementary review of accounts for the Financial year 2018-19 had made an observation that the 'Advance against the Railway infrastructure Assets to be leased.' should have been classified under other non financial assets. Based on the reply furnished by the Company, the C&AG had decided to drop the observation. However, as agreed, during the course of discussion with the C&AG, the matter has been referred to the Expert Advisory Committee of the Institute of Chartered Accountants of India for an expert opinion. Pending reply from the Institute, Company has classified the aforesaid advances as 'other financial assets.'

Note 43:

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 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.

ii The GST Council in their meeting held on 19 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), Notification No. 12/2017 (Heading 9973) which has been made applicable with effect from 1 July 2017.

(All amounts in millions of INR, unless stated otherwise)

Note 44:

Increase/Decrease in liability due to exchange rate variation on foreign currency loans for purchase of leased assets amounting to Rs. 3,240.59 millions (31 March 2019: Increase Rs. 2,670.04 millions; 31 March 2018: Increase Rs. 492.30 millions, 31 March 2017: Decrease Rs. 799.70 millions) 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. 45.95 millions (31 March 2019: Rs.5,779.74 millions; 31 March 2018: Rs.4,017.60 millions; 31 March 2017: Rs. 6.967.40 millions) has been recovered from the Lessee, leaving a balance of Rs. 8,306.44 millions recoverable from MOR as on 30 September 2019 (31 March 2019: Rs. 5,111.80 millions; 31 March, 2018: Rs.8,221.51 millions; 31 March 2017:Rs. 11,746.74 millions).

Effective portion of (loss)/gain on account of decrease/increase in the fair value of the derivative assets (hedging instruments) amounting to Rs.649.52 millions (loss) (31 March 2019: Rs.501.57 millions (loss); 31 March 2018: Rs 282.69 millions (gain); 31 March 2017: Rs. 685.78 millions(gain)) classified as cash flow hedges has not been recognised in the other comprehensive income as the same is recoverable/refundable to the MOR (Lessee) since the derivatives have been contracted to hedge the financial risk of MOR (Lessee).

Note 45:

The Ministry of Railways (MOR) vide letter dated 23 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 May 2017 containing principal terms of the lease transactions. The total sum of Rs. 6,89,668.90 millions disbursed to MOR till the end of 30 September 2019 (31 March 2019: Rs. 5,97,152.90 millions; 31 March 2018:Rs. 3,73,598.90 millions; 31 March 2017: Rs.2,26,000.00 millions) has been shown as 'Advance against Railway Infrastructure Assets to be leased'. A sum of Rs. 71,264.86 millions (31 March 2019: 51,935.50 millions; 31 March 2018: Rs. 24651.65 millions, 31 March 2017: Rs. 9,277.87 millions) incurred by the Company on account of interest cost on the funds borrowed for the purpose of making aforesaid advances has been capitalised and added to the Advance paid against Infrastructure assets to be leased out to MoR. Under erstwhile Indian GAAP, the said amount was accounted for as Interest Income which under the Ind AS has now been reduced from interest expense. In respect of National Project, a total sum of Rs. 50,787.00 millions disbursed to MoR till the end of 30 September 2019 (31 March 2019: Rs. 50,787.00 millions; 31 March 2018: Nil, 31 March 2017: Nil) has been shown as 'Advance Funding Against National Project' on which a sum of Rs. 1,434.28 millions (31 March 2019: Rs.41.17 millions; 31 March 2018: Nil, 31 March 2017: Nil) has been incurred by the Company on account of interest cost on the funds borrowed for the purpose of making aforesaid advances has been capitalised and added to the Advance funding against National Project to be leased out to MoR. The same would be recovered through lease rentals in future over the life of the leases. Details are as under:

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Advance paid against infrastructure assets to be leased	6,89,668.90	5,97,152.90	3,73,598.90	2,26,000.00
-Add: Borrowing cost capitalised on borrowed funds	71,264.86	51,935.50	24,651.65	9,277.87
Total	**7,60,933.76**	**6,49,088.40**	**3,98,250.55**	**2,35,277.87**

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Advance funding against National Project	50,787.00	50,787.00	-	-
-Add: Borrowing cost capitalised on borrowed funds	1,434.28	41.17	-	-
Total	**52,221.28**	**50,828.17**	**-**	**-**

Capitalisation rate used to determine the borrowing cost

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Capitalisation rate	7.49%	8.01%	7.47%	6.98%

Note 46:

(a) Office building including parking area has been capitalised from the date of taking possession. However, the sale/transfer deed is still pending for execution in favour of the Company. Stamp duty payable on the registration of office building works out to about Rs. 9.15 millions (as certified by approved valuer) (31 March 2019: Rs. 9.15 millions; 31 March 2018: Rs. 9.15 millions; 31 March 2017: Rs. 12.20 millions), which will be accounted for on registration.

(b) During the period under review an amount of Rs. 72.45 millions on account of the benefit accruing due to reduction in the interest rate pertaining to the financial year 2017-18 has been passed on to MOR during the half year ended 30 September 2019 by way of reduction of equivalent amount from the Lease Income instead of recognising the same as a prior period item.The amount involved is not considered material in terms of the extant policy of the Company and accordingly the effect of the same has been considered in the half year ended 30 September 2019.

(c) The Company has made a provision of Rs. 93.81 millions in the financial statements for the half year ended 30 September 2019 towards the stamp duty on account of increase in the Equity Capital infused by MOR from time to time in the earlier years. The aforesaid stamp duty has been computed at the basic rate. The Company is in the process of getting the stamp duty adjudicated by the Collector of Stamps. The actual liability will be known upon receipt of adjudication order and differential amount, if any will be provided for and paid in the year of adjudication.

(All amounts in millions of INR, unless stated otherwise)

Note 47:

(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 30 September 2019. The Company does not foresee any additional liability on this account. The total balance held in such specified bank accounts as on 30 September 2019 is Rs. 76.90 millions (31 March 2019 is Rs. 80.91 millions; 31 March, 2018: Rs. 58.16 millions; 31 March 2017: Rs. 65.74 millions).

(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 half year ended 30 September 2019, a sum of Nil was deposited in IEPF (31 March 2019: Rs.0.07 millions; 31 March 2018: Rs.0.07 millions; 31 March 2017: Rs. 1.28 millions).

Note 48:

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 Reserve Bank of India (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. 169.77 millions in the Pass Through Certificates (PTCs) issued by the 'Special Purpose Vehicle' towards Minimum Retention Requirement. Out of the amount invested in Pass Through Certificates (PTCs), Rs. 142.13 millions have matured till 30 September 2019 (31 March 2019 is Rs. 136.48 millions; 31 March, 2018: Rs.124.35 millions; 31 March 2017: Rs. 111.08 millions), leaving a balance of Rs. 27.63 millions as on 30th September,2019 (31 March 2019 is Rs. 33.29 millions; 31 March, 2018: Rs.45.42 millions; 31 March 2017: Rs. 58.69 millions). Details of the amount invested in Pass Through Certificates (PTCs) and outstanding as on 30 September 2019 is as follows:

As at 30 September 2019

Series	Date of Maturity	Nos of PTC	Face value per PTC	Total amount
R	15-Oct-19	5	1.08	5.40
S	15-Apr-20	5	1.03	5.16
T	15-Oct-20	5	0.99	4.93
U	15-Apr-21	5	0.94	4.71
V	15-Oct-21	5	0.90	4.50
W	15-Apr-22	5	0.59	2.93
Total		**30**		**27.63**

As at 31 March 2019

Series	Date of Maturity	Nos of PTC	Face value per PTC	Total amount
Q	15-Apr-19	5	1.13	5.65
R	15-Oct-19	5	1.08	5.41
S	15-Apr-20	5	1.03	5.16
T	15-Oct-20	5	0.99	4.93
U	15-Apr-21	5	0.94	4.71
V	15-Oct-21	5	0.90	4.50
W	15-Apr-22	5	0.59	2.93
Total		**35**		**33.29**

As at 31 March 2018

Series	Date of Maturity	Nos of PTC	Face value per PTC	Total amount
O	15-Apr-18	5	1.24	6.20
P	15-Oct-18	5	1.18	5.92
Q	15-Apr-19	5	1.13	5.65
R	15-Oct-19	5	1.08	5.41
S	15-Apr-20	5	1.03	5.16
T	15-Oct-20	5	0.99	4.93
U	15-Apr-21	5	0.94	4.71
V	15-Oct-21	5	0.90	4.50
W	15-Apr-22	5	0.59	2.93
Total		**45**		**45.42**

As at 31 March 2017(Proforma)

Series	Date of Maturity	Nos of PTC	Face value per PTC	Total amount
M	15-Apr-17	5	1.36	6.79
N	15-Oct-17	5	1.30	6.49
O	15-Apr-18	5	1.24	6.20
P	15-Oct-18	5	1.18	5.92
Q	15-Apr-19	5	1.13	5.65
R	15-Oct-19	5	1.08	5.41
S	15-Apr-20	5	1.03	5.16
T	15-Oct-20	5	0.99	4.93
U	15-Apr-21	5	0.94	4.71
V	15-Oct-21	5	0.90	4.50
W	15-Apr-22	5	0.59	2.93
Total		**55**		**58.69**

(All amounts in millions of INR, unless stated otherwise)

Note 49: Corporate Social Responsibility

As per Section 135 of Companies Act 2013 a Corporate Social responsibiltiy Committee has been formed by the Company. During the year the Company has undertaken Corporate Social Responsibility 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 is Rs 947.00 millions(31 March 2019: Rs. 441.80 millions; 31 March 2018: Rs. 399.74 millions; 31 March 2017: Rs. 362.32 millions) including unspent amount carried forward from the earlier years against which the Company has spent a sum of Rs 35.82 millions(31 March 2019: Rs. 71.97 millions; 31 March 2018: Rs. 207.29 millions; 31 March 2017: Rs. 167.75 millions) during the half year ended 30 September 2019.

ii) Amount spent during the year on:

As at 30 September 2019

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
i)	**Construction/Acquisitionof any assets**	**-**	**-**	**-**
ii)	**On Purpose other than (i) above**	**35.82**	**-**	**35.82**
iia)	Sanitation and safe drinking water (Item No. (i) of Schedule - VII)	18.45	-	**18.45**
iib)	Social Welfare (Item No.(iii) of Schedule-VII)	7.50	-	**7.50**
iic)	Forest & Environment,animal welfare etc. (Item No. (iv) of	-	-	**-**
iid)	Contribution to'Clean Ganga Fund' (Item No.(iv) of	-	-	**-**
iie)	Ensuring environment sustainability item No. (iv) of Schedule - (VII)	9.87	-	**9.87**
iif)	Measures for armed forces veterans,(Item No. (vi) of ScheduleVII)	-	-	**-**
	Grand Total (i+ii)	**35.82**	**-**	**35.82**

As at 31 March 2019

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
i)	**Construction/Acquisitionof any assets**	**-**	**-**	**-**
ii)	**On Purpose other than (i) above**	**71.97**	**12.80**	**84.78**
iia)	Sanitation and safe drinking water (Item No. (i) of Schedule - VII)	29.54	-	**29.54**
iib)	Social Welfare (Item No.(iii) of Schedule-VII)	-	-	**-**
iic)	Forest & Environment,animal welfare etc. (Item No. (iv) of	-	-	**-**
iid)	Contribution to'Clean Ganga Fund' (Item No.(iv) of	-	-	**-**
iie)	Ensuring environment sustainability item No. (iv) of Schedule - (VII)	32.44	12.80	**45.24**
iif)	Measures for armed forces veterans,(Item No. (vi) of ScheduleVII)	10.00	-	**10.00**
	Grand Total (i+ii)	**71.97**	**12.80**	**84.78**

As at 31 March 2018

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
i)	**Construction/Acquisitionof any assets**	**-**	**-**	**-**
ii)	**On Purpose other than (i) above**	**207.29**	**30.51**	**237.80**
iia)	Contribution to 'Swachh bharat Kosh' (Item No. I of Schedule-VII)	-	-	**-**
iib)	Health Care (Item No.(i) of Schedule-VII)	-	-	**-**
iic)	Social Welfare (Item No.(iii) of Schedule-VII)	24.78	-	**24.78**
iid)	Forest & Environment,animal welfare etc. (Item No. (iv) of Schedule-VII)	73.65	30.51	**104.15**
iie)	Contribution to'Clean Ganga Fund' (Item No.(iv) of Schedule-VII)	108.87	-	**108.87**
iif)	Art & Culture, Public Libraries (Item No (v) of Schedule-VII)	-	-	**-**
	Grand Total (i+ii)	**207.29**	**30.51**	**237.80**

As at 31 March 2017(Proforma)

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
i)	**Construction/Acquisitionof any assets**	**-**	**-**	**-**
ii)	**On Purpose other than (i) above**	**167.75**	**-**	**167.75**
iia)	Contribution to 'Swachh bharat Kosh' (Item No. I of Schedule-VII)	37.07	-	**37.07**
iib)	Health Care (Item No.(i) of Schedule-VII)	0.65	-	**0.65**
iic)	Social Welfare (Item No.(iii) of Schedule-VII)	10.00	-	**10.00**
iid)	Forest & Environment,animal welfare etc. (Item No. (iv) of Schedule-VII)	82.65	-	**82.65**
iie)	Contribution to'Clean Ganga Fund' (Item No.(iv) of Schedule-VII)	37.07	-	**37.07**
iif)	Art & Culture, Public Libraries (Item No (v) of Schedule-VII)	0.30	-	**0.30**
	Grand Total (i+ii)	**167.75**	**-**	**167.75**

Note 50: Interest on deposit & Investment include Tax Deducted at Source amounting to Rs. 1.85 millions for the half year ended 30 September 2019 (31 March 2019: Rs. 3.46 millions; 31 March 2018: Rs. 3.11 millions, 31 March 2017: Rs. 7.19 millions.) Ministry of Railways has also deducted tax at source amounting to Rs. 4,001.30 millions (31 March 2019: Rs.3,705.12 millions; 31 March 2018: Rs. 3,291.92 millions, 31 March 2017: Rs. 3,039.16 millions)on lease rentals.

Note 51: The Company is in the process or compiling relevant information from its supplier about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). As the Company has not received the relevant information till finalisation of accounts, disclosure in this regard could not be made.

Note 52: In respect of physical verification of assets given on lease, 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.

(All amounts in millions of INR, unless stated otherwise)

53.1 Related party disclosures

Related parties and their relationships

i. Transactions with Key Management Personnel
Key Management Personnel
Relationship:

Managing Director	Sh. S K Pattanayak	(From 9 March 2017 to 26 July 2018)
	Sh. Vijay Kumar*	(From 26 July 2018)
Director - Finance	Sh. Niraj Kumar	(From 1 July 2015)
Company Secretary & Group General Manager (TL)	Sh. S K Ajmani	(Uptill 8 March 2018)
	Sh. Vijay Babulal Shirode	(From 9 March 2018)

Transactions:

Particulars	**Half year ended 30 September 2019**	**Year ended 31 March 2019**	**Year ended 31 March 2018**	**Year ended 31 March 2017 (Proforma)**
Salary/Allowances	3.27	6.46	12.71	6.50
Reimbursements	0.01	0.30	3.86	0.47
Incentives	3.45	1.44	1.58	2.66
Total	**6.73**	**8.20**	**18.15**	**9.63**

* Sh. Amitabh Banerjee has since taken over as the Managing Director of the Company with effect from 12 October, 2019

ii. Details of significant transactions and outstanding balances with Ministry of Railways are as under

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
- Lease Receivables	13,49,225.35	12,50,265.12	10,94,716.56	9,82,061.90
- Advance for Railways Infrastructure Assets	7,60,933.76	6,49,088.40	3,98,250.55	2,35,277.87
- Advance for National Project	52,221.28	50,828.17	-	-
-Interest accrued but not due on advance for railway project to be leased	32,438.85	21,340.11	9,649.87	2,258.41
- Other Payables/(Receivable)	(1,60,167.41)	9,374.53	35,946.30	37,616.37

Particulars	**Half year ended 30 September 2019**	**Year ended 31 March 2019**	**Year ended 31 March 2018**	**Year ended 31 March 2017 (Proforma)**
- Lease Income	52,556.80	94,100.09	82,784.48	74,984.36
- Pre-commencement Lease-interest income	11,065.08	11,757.71	7,391.46	2,238.03

53.2 Transactions with the Government related entities

i. The Company is a Government related entity as the entire equity shareholding of the Company is held by the President of India through Ministry of Railways, Government of India. The Company is also related to Rail Vikas Nigam Limited and IRCON International Limited which are also government related entities and with whom the Company has transactions. The Company has been exempted from disclosure in para 25 of Ind AS 24, 'Related Party Transactions' being a government related

ii. Details of significant transactions with Rail Vikas Nigam Limited and IRCON International Limited

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
- Closing Balances of Loan to Rail Vikas Nigam Ltd	32,109.80	28,426.30	20,379.55	21,640.30
- Closing Balances of Loan to IRCON International Ltd.	24,612.30	30,765.34	32,000.00	-
- Interest Income received thereon	2,709.92	5,251.05	2,343.28	2,471.74
- Interest Receivables	6,831.21	9,669.11	7,183.74	7,381.73

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Annexure VI: Notes to restated financial statement
(All amounts in millions of INR, unless stated otherwise)
Note 54: Additional disclosures in accordance with RBI directions on Corporate Governance

54.1: Investments

Particulars				As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
1	Value of investments						
	i	Gross value of investments					
		(a)	In India	119.23	131.44	139.78	145.72
		(b)	Outside India	-	-	-	-
	ii	Provisions for depriciation					
		(a)	In India	-	-	-	-
		(b)	Outside India	-	-	-	-
	iii	Net value of investments					
		(a)	In India	119.23	131.44	139.78	145.72
		(b)	Outside India	-	-	-	-
2	Movement of provisions held towards depriciation on						
	i	Opening balance		-	-	-	-
	ii	Add: Provisions made during the year		-	-	-	-
	iii	Less: Write-off/ write-back of excess provisions du		-	-	-	-
	iv	Closing balance		-	-	-	-

(All amounts in millions of INR, unless stated otherwise)

54.2: Derivatives

54.2.1: Forward rate agreement/ Interest rate swap

Particulars		As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
i	The notional principal of swap agreements	25,994.88	25,475.35	37,064.31	37,120.90
ii	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	466.90	968.47	685.78
iii	Collateral required by the NBFC upon entering into swaps	-	-	-	-
iv	Concentrationof credit risk arising from the swaps	-	-	-	-
v	The fair value of the swap book	(3,102.50)	(2,639.05)	(1,385.72)	(2,225.30)

54.2.2: Disclosure of risk exposure in derivatives

Qualitative disclosure

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.

Quantitative disclosures

As at 30 September 2019

Particulars			**Currency derivatives**	**Cross Currency & Interest Rate Derivatives**	**Interest rate derivatives**
i	Derivatives (notional principal amount)		-	12,997.44	12,997.44
	For hedging			-	-
ii	Marked to market positions			-	-
	a)	Asset	-	-	-
	b)	Liability	-	3,102.50	-
iii	Credit exposure		-	1,949.62	389.92
iv	Unhedged exposure		-	-	1,10,781.36

As at 31 March 2019

Particulars			**Currency derivatives**	**Cross Currency & Interest Rate Derivatives**	**Interest rate derivatives**
i	Derivatives (notional principal amount)		-	12,737.67	12,737.67
	For hedging			-	-
ii	Marked to market positions			-	-
	a)	Asset	-	-	466.90
	b)	Liability	-	3,105.95	-
iii	Credit exposure		-	382.13	849.03
iv	Unhedged exposure		-	-	17,231.05

As at 31 March 2018

Particulars			Currency derivatives	Cross Currency & Interest Rate Derivatives	Interest rate derivatives
i	Derivatives (notional principal amount)				
	For hedging		42,284.86	11,982.16	25,082.16
ii	Marked to market positions		-	-	-
	a)	Asset	-	-	968.47
	b)	Liability	5,150.91	2,354.19	-
iii	Credit exposure		845.70	359.46	1,393.44
iv	Unhedged exposure		84,682.92	-	30,125.77

As at 31 March 2017(Proforma)

Particulars			Currency derivatives	Cross Currency & Interest Rate Derivatives	Interest rate derivatives
i	Derivatives (notional principal amount)				
	For hedging		42,284.86	12,000.45	25,120.45
ii	Marked to market positions		-	-	-
	a)	Asset	-	-	685.78
	b)	Liability	3,273.66	2,911.08	-
iii	Credit exposure		422.85	360.01	1,177.00
iv	Unhedged exposure		55,624.86	-	14,104.00

(All amounts in millions of INR, unless stated otherwise)

54.2.3. 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 30 September 2019			As at 31 March 2019			As at 31 March 2018			As at 31 March 2017(Proforma)		
No. of Contracts	**Borrowing outstanding in foreign Currency (USD Million)**	**INR equivalent (millions)**	**No. of Contracts**	**Borrowing outstanding in foreign Currency (USD Million)**	**INR equivalent (millions)**	**No. of Contracts**	**Borrowing outstanding in foreign Currency (USD Million)**	**INR equivalent (millions)**	**No. of Contracts**	**Borrowing outstanding in foreign Currency (USD Million)**	**INR equivalent (millions)**
-	-	-	-	-	-	9	550	42,284.86	9	550	42,284.86

(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 30 September 2019			As at 31 March 2019			As at 31 March 2018			As at 31 March 2017(Proforma)			
No. of Contracts	**Borrowing outstanding in foreign Currency**	**Notional USD equivalent**	**No. of Contracts**	**Borrowing outstanding in foreign Currency**	**Notional USD equivalent**	**No. of Contracts**	**Borrowing outstanding in foreign Currency**	**Notional USD equivalent**	**No. of Contracts**	**Borrowing outstanding in foreign Currency**	**Notional USD equivalent**	**Remarks**
1	JPY 12000 Million	145.90 Million	1	JPY 12000 Million	145.90 Million	1	JPY 12000 Million	145.90 Million	1	JPY 12000 Million	145.90 Million	Back to back recovery of INR/USD exchanges rate variation from MOR.
1	JPY 3000 Million	37.04 Million	1	JPY 3000 Million	37.04 Million	1	JPY 3000 Million	37.04 Million	1	JPY 3000 Million	37.04 Million	Back to back recovery of INR/USD exchange rate variation from MOR.

The foreign currency borrowings which have not been hedged, are as follows:

As at 30 September 2019		As at 31 March 2019		As at 31 March 2018		As at 31 March 2017(Proforma)		Remarks
No. of Contracts	**Borrowing outstanding in foreign Currency**	**No. of Contracts**	**Borrowing outstanding in foreign Currency**	**No. of Contracts**	**Borrowing outstanding in foreign Currency**	**No. of Contracts**	**Borrowing outstanding in foreign Currency**	
1	USD 7.50 Million	1	USD 9.00 Million	1	USD 12.00 Million	1	USD 15 Million	Back to back recovery of exchange rate variation from MOR.
1	USD 500 Million	1	USD 500 Million	-	-	1	USD 300 Million	
1	USD 500 Million	1	USD 500 Million	2	USD 350 Million	2	USD 350 Million	
1	JPY 26,231.25 Million (Equivalent to USD 250 Million)	1	JPY 26,231.25 Million (Equivalent to USD 250 Million)	1	JPY 26,231.25 Million (Equivalent to USD 250 Million)	-	-	
1	JPY 32,856 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) As at 30 September 2019	Fair Value Asset / (liability) As at 31 March 2019	Fair Value Asset / (liability) As at 31 March 2018	Fair Value Asset / (liability) As at 31 March 2017(Proforma)
2	Cross Currency Interest Rate Swap (JPY Fixed Interest Rate Liability to USD Floating Rate Liability)	JPY 12 Bn. / USD Mio 145.90; JPY 3 Bn. / USD Mio 37.04	(2,919.88)	(3,105.95)	(2,354.19)	(2,911.08)
2	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	JPY 12 Bn. / USD Mio 145.90; JPY 3 Bn. / USD Mio 37.04	(182.62)	466.90	870.30	618.74
1	Foreign Currency Interest Rate Swap (Floating Rate USD Libor to Fixed Rate)	USD 200.00 Mio	-	-	98.17	67.05

(All amounts in millions of INR, unless stated otherwise)

54.3: Disclosures relating to securitisation

The Company has not entered into any securitization transaction during the year. However, the Company had entered into two securitization transactions in respect of its lease receivables from MoR on 25 January 2010 and 24 March 2011. As per IND AS 109, financial instruments, the gain on these transactions was recognised in the year of transactions, itself.

54.3.1

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 30 September 2019 is Rs.27.64 millions (31 March 2019: Rs. 33.30 millions; 31 March 2018: 45.42 millions; 31 March 2017: 58.69 millions). The details are as below:

Particulars				As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
1	No. of SPVs sponsored by the NBFC for securitisation transactions			2	2	2	2
2	Total amount of securitised asset as per books of the SPVs sponsored			1,245.84	1,511.66	2,078.89	2,697.15
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet			27.64	33.30	45.42	58.69
		a)	Off-balance sheet exposures	-	-	-	-
			First loss	-	-	-	-
			Others	27.64	33.30	45.42	58.69
		b)	On-balance sheet exposures				
			First loss				
			Others				
4	Amount of exposures to securitisation transactions other than MRR			NIL	NIL	NIL	NIL

54.3.2: Company has not sold any financial assets to Securitization / Reconstruction Company for asset construction during the half year ended on 30 September 2019 (31 March 2019: Nil; 31 March 2018: NIL; 31 March 2017: NIL).

54.3.3 : Company has not undertaken any assignment transaction during the half year ended on 30 September 2019 (31 March 2019: Nil; 31 March 2018: NIL; 31 March 2017: NIL).

54.3.4 : Company has neither purchased nor sold any non-performing financial assets during the half year ended on 30 September 2019 (31 March 2019: Nil; 31 March 2018: NIL; 31 March 2017: NIL).

54.4: Asset liability management maturity pattern of certain items of Assets and Liabilities

Refer financial instrument notes 38.9

54.5: Exposures

54.5.1: Exposure to real Estate sector

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

54.5.2: Exposure to capital market

	Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
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				
	- At Cost	19.99	19.99	19.99	19.99
	- At Fair Value	91.60	98.15	94.36	87.03
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	-	-	-	-
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	-	-	-	-
iv	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances (excluding loans where security creation is under process)	-	-	-	-
v	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-	-	-
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	-	-	-	-
vii	Bridge loans to companies against expected equity flows / issues	-	-	-	-
viii	All exposures to Venture Capital Funds (both registered and unregistered)	-	-	-	-
Total exposure to capital market		**91.60**	**98.15**	**94.36**	**87.03**

54.5.4: Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

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.

54.5.5: Unsecured advances

The outstanding amounts against unsecured loans, advances & lease receivables are as under:

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Ministry of Railways, Government of India				
- Lease receivables	13,49,225.35	12,50,265.12	10,94,716.56	9,82,061.90
- Other receivables/(payables)	-	-	-	-
Rail Vikas Nigam Limited, a wholly owned entity of Ministry of Railways, Govt. of India	32,109.80	28,426.30	20,379.55	21,640.30
IRCON International Limited	24,612.30	30,765.34	32,000.00	-
Interest accrued thereon(RVNL & IRCON)	6,831.21	9,669.11	7,183.74	7,381.73
Total	**14,12,778.66**	**13,19,125.87**	**11,54,279.85**	**10,11,083.93**

(All amounts in millions of INR, unless stated otherwise)

54.6: Miscellaneous

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
54.6.1: Registration obtained from other financial sector regulators	NIL	NIL	NIL	NIL

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
54.6.2: Disclosure of Penalties imposed by RBI and other regulators	NIL	NIL	NIL	NIL

54.6.3: Ratings assigned by credit rating agencies and migration of ratings during the year

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

S.No	Rating Agencies	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
	Long Term Rating				
1	CRISIL	CRISIL AAA	CRISIL AAA	CRISIL AAA	CRISIL AAA
2	ICRA	ICRA AAA	ICRA AAA	ICRA AAA	ICRA AAA
3	CARE	CARE AAA	CARE AAA	CARE AAA	CARE AAA
	Short Term Rating				
1	CRISIL	CRISIL A1+	CRISIL A1+	CRISIL A1+	CRISIL A1+
2	ICRA	ICRA A1+	ICRA A1+	ICRA A1+	ICRA A1+
3	CARE	CARE A1+	CARE A1+	CARE A1+	CARE A1+

b. Long term foreign currency issuer rating assigned to the Company as at 30 September 2019

S.No	Rating Agencies	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
	Long Term Rating				
1	Fitch Rating	BBB-/Stable	BBB-/Stable	BBB-/Stable	BBB-/Stable
2	Standard & Poor	BBB-/Stable	BBB-/Stable	BBB-/Stable	BBB-/Stable
3	Moody's	Baa2/Stable	Baa2/Stable	Baa2/Positive	Baa3/Positive
4	Japanese Credit Rating Agency	BBB+/Stable	BBB+/Stable	BBB+/Stable	BBB+/Stable

Particulars	Half year ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
54.6.4: Net Profit or Loss for the period, prior period items and changes in accounting policies	NIL	NIL	NIL	481.60

Note 54.7

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
54.7.1: Provisions and Contigencies	Refer Note 34	Refer Note 34	Refer Note 34	Refer Note 34
54.7.2: Drawn down from reserves	NIL	NIL	NIL	NIL

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
54.7.3: Concentration of Deposits, Advances, Exposures and NPAs				
54.7.3.1: Concentration of Deposits (for deposit taking NBFCs)				
	Company is a non deposit accepting NBFC	Company is a non deposit accepting NBFC	Company is a non deposit accepting NBFC	Company is a non deposit accepting NBFC

(All amounts in millions of INR, unless stated otherwise)

54.7.3.2: Concentration of advances

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Total advances to twenty largest borrowers	22,18,875.61	20,09,136.56	15,45,346.67	12,38,980.07
Percentage of advances to twenty largest borrowers to total advances of the NBFC	100%	100%	100%	100%

54.7.3.3: Concentration of exposures

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Total exposure to twenty largest borrowers/ customers	22,18,967.21	20,09,234.71	15,45,441.03	12,39,067.10
Percentage of exposure to twenty largest borrowers/ customers to total exposure of the NBFC on borrowers/customers	100%	100%	100%	100%

54.7.3.4: Concentration of NPAs	NIL	NIL	NIL	NIL
54.7.3.5: Sector-wise NPAs	NIL	NIL	NIL	NIL
54.7.4: Movement of NPAs	NIL	NIL	NIL	NIL
54.7.5: Overseas Assets	NIL	NIL	NIL	NIL
54.7.6: Off-balance sheet SPVs sponsored	NIL	NIL	NIL	NIL

54.8: Disclosure of complaints

54.8.1: Investor complaints

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
(a) No. of complaints pending at the beginning of the year	-	-	-	-
(b) No. of complaints received during the year	303	1,073	603	2,348
(c) No. of complaints redressed during the year	303	1,073	603	2,348
(d) No. of complaints pending at the end of the year	-	-	-	-

(All amounts in millions of INR, unless stated otherwise)

Note 55: Current and non current classification

As required by the paragraph 61 of Ind AS 1, Presentation of financial statements, the classification into current and non current of line item of assets and liabilities as in the balance sheet is as under :

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

a) Classification of balance sheet as at 30 September 2019

	As at 30 September 2019		
Line Item	**Amount**	**Current**	**Non-current**
Assets			
Financial Assets			
Cash and cash equivalents	13.03	13.03	-
Bank balance other than above	96,175.05	96,175.05	-
Derivative financial instruments	-	-	-
Receivables	-	-	
- Lease receivables	13,49,225.35	1,00,561.03	12,48,664.32
Loans	56,495.22	8,810.51	47,684.71
Investments	119.23	10.57	108.66
Other financial assets	8,61,022.43	2,741.94	8,58,280.49
Total financial assets	**23,63,050.31**	**2,08,312.13**	**21,54,738.18**
Non-financial assets			
Current tax assets (net)	5,807.16	5,807.16	-
Property, plant and equipment	111.18	-	111.18
Other Intangible assets	0.51	-	0.51
Other non-financial assets	14,695.39	14,670.09	25.30
Total non-financial assets	**20,614.24**	**20,477.25**	**136.99**
Total Assets	**23,83,664.55**	**2,28,789.38**	**21,54,875.17**
Liabilities			
Financial liabilities			
Derivative financial instruments	3,102.50	-	3,102.50
Trade payable	152.66	152.66	-
Debt securities	13,51,895.53	92,390.27	12,59,505.26
Borrowings (other than debt securities)	4,94,421.00	1,37,282.74	3,57,138.26
Other financial liabilities	2,68,921.16	2,27,444.03	41,477.13
Total financial liabilities	**21,18,492.85**	**4,57,269.70**	**16,61,223.15**
Non-financial liabilities			
Provisions	140.89	42.74	98.15
Deferred tax liabilities (net)	64,431.40	-	64,431.40
Other non-financial liabilities	108.38	108.38	-
Total non-financial liabilities	**64,680.67**	**151.12**	**64,529.55**
Total liabilities	**21,83,173.52**	**4,57,420.82**	**17,25,752.70**
Equity			
Equity share capital	93,804.60	-	93,804.60
Other equity	1,06,686.43	-	1,06,686.43
Total equity	**2,00,491.03**	**-**	**2,00,491.03**
Total Liabilities and Equity	**23,83,664.55**	**4,57,420.82**	**19,26,243.73**

(All amounts in millions of INR, unless stated otherwise)
b) Classification of balance sheet as at 31 March 2019

	As at 31 March 2019		
Line Item	**Amount**	**Current**	**Non-current**
Assets			
Financial Assets			
Cash and cash equivalents	37.07	37.07	-
Bank balance other than above	773.59	773.59	-
Derivative financial instruments	466.90	-	466.90
Receivables			
- Lease receivables	12,50,265.12	95,104.40	11,55,160.72
Loans	58,954.87	8,779.57	50,175.30
Investments	131.44	11.06	120.38
Other financial assets	7,40,307.27	10,267.89	7,30,039.38
Total financial assets	**20,50,936.26**	**1,14,973.58**	**19,35,962.68**
Non-financial assets			
Current tax assets (net)	-	-	-
Deferred tax assets (net)	-	-	-
Property, plant and equipment	112.25	-	112.25
Other Intangible assets	0.50	-	0.50
Other non-financial assets	14,987.08	14,961.78	25.30
Total non-financial assets	**15,099.83**	**14,961.78**	**138.05**
Total Assets	**20,66,036.09**	**1,29,935.36**	**19,36,100.73**
Liabilities			
Financial liabilities			
Derivative financial instruments	3,105.95	-	3,105.95
Trade payable	121.79	121.79	-
Debt securities	12,35,978.99	1,06,011.36	11,29,967.63
Borrowings (other than debt securities)	5,03,347.76	1,24,312.45	3,79,035.31
Other financial liabilities	72,999.28	38,510.91	34,488.37
Total financial liabilities	**18,15,553.77**	**2,68,956.51**	**15,46,597.26**
Non-financial liabilities			
Current tax liabilities (net)	29.69	29.69	-
Provisions	117.96	80.98	36.98
Deferred tax liabilities (net)	64,431.40	-	64,431.40
Other non-financial liabilities	48.15	48.15	-
Total non-financial liabilities	**64,627.20**	**158.82**	**64,468.38**
Total liabilities	**18,80,180.97**	**2,69,115.33**	**16,11,065.64**
Equity			
Equity share capital	93,804.60	-	93,804.60
Other equity	92,050.52	-	92,050.52
Total equity	**1,85,855.12**	**-**	**1,85,855.12**
Total Liabilities and Equity	**20,66,036.09**	**2,69,115.33**	**17,96,920.76**

(All amounts in millions of INR, unless stated otherwise)

c) Classification of balance sheet as at 31st March 2018

	As at 31 March 2018		
Line Item	**Amount**	**Current**	**Non-current**
Assets			
Financial Assets			
Cash and cash equivalents	11.28	11.28	-
Bank balance other than above	986.92	986.92	-
Derivative financial instruments	968.47	98.17	870.30
Receivables			
- Lease receivables	10,94,716.56	82,368.55	10,12,348.01
Loans	52,379.55	2,413.25	49,966.30
Investments	139.78	12.12	127.66
Other financial assets	4,51,075.99	39,481.02	4,11,594.97
Total financial assets	**16,00,278.55**	**1,25,371.31**	**14,74,907.24**
Non-financial assets			
Current tax assets (net)	259.27	259.27	-
Property, plant and equipment	112.69	-	112.69
Other Intangible assets	0.27	-	0.27
Other non-financial assets	14,033.30	14,008.00	25.30
Total non-financial assets	**14,405.53**	**14,267.27**	**138.26**
Total Assets	**16,14,684.08**	**1,39,638.58**	**14,75,045.50**
Liabilities			
Financial liabilities			
Derivative financial instruments	7,495.79	5,141.60	2,354.19
Trade payable	87.15	87.15	-
Debt securities	11,08,442.46	1,31,981.77	9,76,460.69
Borrowings (other than debt securities)	2,31,612.81	63,844.41	1,67,768.40
Other financial liabilities	56,625.68	37,020.28	19,605.40
Total financial liabilities	**14,04,263.89**	**2,38,075.21**	**11,66,188.68**
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	108.37	93.29	15.08
Deferred tax liabilities (net)	64,431.40	-	64,431.40
Other non-financial liabilities	6,592.73	6,592.73	-
Total non-financial liabilities	**71,132.50**	**6,686.02**	**64,446.48**
Total liabilities	**14,75,396.39**	**2,44,761.23**	**12,30,635.16**
Equity			
Equity share capital	65,264.60	-	65,264.60
Other equity	74,023.09	-	74,023.09
Total equity	**1,39,287.69**	**-**	**1,39,287.69**
Total Liabilities and Equity	**16,14,684.08**	**2,44,761.23**	**13,69,922.85**

(All amounts in millions of INR, unless stated otherwise)

d) Classification of balance sheet as at 31 March 2017.

	As at 31 March 2017(Proforma)		
Line Item	**Amount**	**Current**	**Non-current**
Assets			
Financial Assets			
Cash and cash equivalents	9.43	9.43	-
Bank balance other than above	65.74	65.74	-
Derivative financial instruments	685.78	67.05	618.73
Receivables		-	-
- Lease receivables	9,82,061.90	71,241.97	9,10,819.93
Loans	21,640.30	2,185.75	19,454.55
Investments	145.72	13.28	132.44
Other financial assets	2,82,580.72	35,180.30	2,47,400.42
Total financial assets	**12,87,189.59**	**1,08,763.52**	**11,78,426.07**
Non-financial assets			
Current tax assets (net)	163.18	163.18	-
Property, plant and equipment	115.04	-	115.04
Other Intangible assets	0.12	-	0.12
Other non-financial assets	35.91	10.61	25.30
Total non-financial assets	**314.25**	**173.79**	**140.46**
Total Assets	**12,87,503.84**	**1,08,937.31**	**11,78,566.53**
Liabilities			
Financial liabilities			
Derivative financial instruments	6,561.21	-	6,561.21
Trade payable	35.07	35.07	-
Debt securities	9,49,446.22	96,623.17	8,52,823.05
Borrowings (other than debt securities)	1,06,446.64	217.80	1,06,228.84
Other financial liabilities	38,783.38	30,495.68	8,287.70
Total financial liabilities	**11,01,272.52**	**1,27,371.72**	**9,73,900.80**
Non-financial liabilities			
Current tax liabilities (net)	-	-	-
Provisions	93.57	81.95	11.62
Deferred tax liabilities (net)	64,431.40	-	64,431.40
Other non-financial liabilities	106.89	106.89	-
Total non-financial liabilities	**64,631.86**	**188.84**	**64,443.02**
Total liabilities	**11,65,904.38**	**1,27,560.56**	**10,38,343.82**
Equity			
Equity share capital	65,264.60	-	65,264.60
Other equity	56,334.86	-	56,334.86
Total equity	**1,21,599.46**	**-**	**1,21,599.46**
Total Liabilities and Equity	**12,87,503.84**	**1,27,560.56**	**11,59,943.28**

For the purpose of this note:-
i) The Company classify an assets as current when,
-It expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
-It holds the asset primarily for the purpose of trading;
-It expects to realise the asset within twelve months after the reporting period or;
-The asset is cash or a cash equivalents (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non current.

ii) The Company classify a liability as current when,
-It expects to settle the liability in its normal operating cycle;
-It holds the liability primarily for the purpose of trading;
-The liability is due to be settled within twelve months after the reporting period or;
-It does not have an unconditional right to defer settlements of the liability for at least twelve months after the reporting period (see paragraph 73). Terms of a liability that could at the option of the counterparty, result in its settlement by the issue of equity instruments do not affects its classification.

All other liabilities are classified as non current .

(All amounts in millions of INR, unless stated otherwise)

Note 56:

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

Note 57: Approval of financial statements

a) The audited financial statements were approved by the Board of Directors as under:

Particulars	Date
For the half year ended 30 September 2019	11 November 2019
For the year ended 31 March 2019	05 September 2019
For the year ended 31 March 2018	10 September 2018
For the year ended 31 March 2017	31 July 2017

b) These restated financial statement have been approved by the Board of Directors on 16th January 2020

For SPMG & Co.
Chartered Accountants
(FRN 509249C)

For and on behalf of the Board of Directors
Indian Railway Finance Corporation Limited

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

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Place: New Delhi
Date: 16th January 2020

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Annexure VII: Statement on adjusted to audited financial statement
(All amounts in millions of INR, unless stated otherwise)

Summarized below are the restatement adjustments made to the audited financial statements and their impact on the profit of the Company:

A. Reconciliation from previous GAAP to Ind AS

Particulars	Year ended 31 March 2018	Year ended 31 March 2017 (Proforma)
Net profit after tax as per Previous GAAP	**20,073.07**	**9,338.11**
Ind AS adjustments		
Pre commencement lease - interest income recognized	(15,373.78)	(8,356.99)
Unabsorbed forward premium derecognized	2,138.87	1,973.61
Securitization gain - recognised during the year	(5.84)	(8.07)
Borrowing Cost on Northern Railway Infrastructure Assets capitalised	15,373.78	8,356.99
Adjustment of transaction cost/Effective Interest Rate on debt securities & borrowings	480.11	(188.73)
Adjustment of transaction cost/Effective Interest Rate on advances to employees	(0.02)	(0.03)
Lease Income	(2,138.87)	(1,973.61)
Employees benefit expenses - recognised in OCI	(0.87)	(0.85)
Adjustment of Current tax Liability - recognised in OCI	0.19	0.18
Adjustment of Deffered tax liability	-	68.11
Total effects of transition to Ind AS	**473.57**	**(129.39)**
Profit for the period as per Ind AS	**20,546.64**	**9,208.72**
Remesurement of defined benefit plans	0.87	0.85
Remesurement of Equity instruments - Ircon International Limited	7.34	4.36
Tax impact on remesurement of defined benefit plans	(0.19)	(0.18)
Tax impact on remesurement of Equity instruments	-	(0.61)
Net profit/(loss) after tax as per Ind AS (before material restatement adjustments)	**20,554.66**	**9,213.14**

Notes to above adjustments:-

i. Material regroupings

Appropriate adjustments have been made in the restated financial information, wherever required, by reclassification of the corresponding items of incomes, expenses, assets and liabilities, in order to bring them in line with the requirements of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended) and as per the audited financial statements of the Company for the half year ended 30 September 2019 prepared in accordance with the Schedule II of the Companies Act, 2013. As notified by the Ministry of Corporate Affairs vide Gazetted Notification dated 11 October 2018 as applicable to Non-Banking Financial Company whose financial statement are required to be drawn up in compliance of Companies (Indian Accounting Standards) Rules 2015.

ii. Reconciliation of total equity

Particulars	As at 31 March 2018	As at 31 March 2017 (proforma)	As at 1 April 2016 (proforma)
Total equity including share application money as per previous GAAP	**1,35,652.10**	**1,20,095.97**	**1,15,253.50**
Ind AS and material restatement adjustments			
Fair value of investment	74.38	67.04	62.68
Proposed equity dividend reversed (including dividend distribution tax)	2,109.78	403.49	2,280.54
Recognition of borrowings at amortised cost using effective interest rate	2,016.77	1,536.65	1,725.37
Recognition of advances to employees at amortised cost using effective interest rate	(0.20)	(0.17)	(0.14)
Gain on securitisation	8.38	14.22	22.29
Security premium	(42.11)	(42.11)	(42.11)
Deferred tax liability	(532.24)	(532.24)	(599.73)
Total	**3,634.76**	**1,446.88**	**3,448.90**
Total equity as restated (before material restatement adjustments)	**1,39,286.86**	**1,21,542.85**	**1,18,702.40**

iii. After 31 March 2017, the Company does not recognize deferred tax asset or deferred tax liability. As per the Gazette Notification no. S.O. 529(E) dated 5 February 2018 as amended by notification no. S.O. 1465 dated 2 April 2018 issued by Ministry of Corporate Affairs, Government of India, the provision of Indian Accounting Standards 12 relating to deferred tax assets (DTA) or deferred tax liability (DTL) does not apply to the company w.e.f. 1 April 2017.

iv. The impairment loss allowance is recognized as per Reserve Bank of India circular no. RBI/2017-18/181_DNBR (PD) CC No. 092/03.10.001/2017-18 dated 31 May 2018 read with letter no. DNRB (PD) CO No. 1271/03.10.001/2018-19 dated 21 December 2018.

B. Restatement after transition to Ind AS due to material readjustments

	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017
Total equity as per audited Ind AS accounts as per Note A above	2,00,491.03	1,85,855.12	1,39,286.86	1,21,542.85
Adjustment of income tax	-	-	0.83	56.61
Total equity as per restated accounts	**2,00,491.03**	**1,85,855.12**	**1,39,287.69**	**1,21,599.46**
Total comprehensive income as per audited Ind AS accounts as per Note A above	17,140.83	22,549.15	20,554.66	9,213.14
Less/add- income tax for earlier years debited to the Statement of Profit & Loss	-	(0.88)	(55.78)	3.06
Less/add- income tax for earlier years adjusted in the year to which it relates	-	-	-	(0.07)
Total comprehensive income as per restated accounts	**17,140.83**	**22,548.27**	**20,498.88**	**9,216.13**

For SPMG & Co.
Chartered Accountants
(FRN 509249C)

For and on behalf of the Board of Directors
Indian Railway Finance Corporation Limited

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

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Place: New Delhi
Date: 16th January 2020

Indian Railway Finance Corporation Limited
CIN U65910DL1986GOI026363
Annexure VIII: Statement on accounting ratios
(All amounts in millions of INR, unless stated otherwise)

Particulars	**As at 30 September 2019**	**As at 31 March 2019**	**As at 31 March 2018**	**As at 31 March 2017 (Proforma)**
A. Net worth	2,00,491.03	1,85,855.12	1,39,287.69	1,21,599.46
B. Average Net worth	1,93,173.08	1,62,571.41	1,30,443.58	1,20,177.74
C. Profit attributable to the owners of the Company	17,140.83	22,548.27	20,498.88	9,216.13
Weighted average number of equity shares outstanding during the period/year (in Rs.)				
D. For basic earnings per share	9,38,04,60,000	6,57,33,75,068	6,52,64,60,000	6,52,64,60,000
E. For diluted earnings per share	9,38,04,60,000	6,57,33,75,068	6,52,64,60,000	6,52,64,60,000
F. Number of shares outstanding at the end of the period/year	9,38,04,60,000	9,38,04,60,000	6,52,64,60,000	6,52,64,60,000
Restated basic earnings per share (INR) (C/D)	1.83	3.43	3.14	1.41
Restated diluted earnings per share (INR) (C/E)	1.83	3.43	3.14	1.41
Return on net worth (%) (C/B)	8.88%	13.87%	15.71%	7.67%
Net assets value per share of INR 10/- each (A/F)	21.37	19.81	21.34	18.63
Face value (INR)	10	10	10	10
Earnings before interest, tax, depreciation and amortisation (EBITDA)	66,514.11	1,10,850.62	92,304.18	79,877.40

Notes:

1. The ratios have been computed as below:
Basic earnings per share (INR) = net profit after tax attributable to owners of the Company, as restated / Weighted average number of equity shares outstanding during the year
Diluted earnings per share (INR) = net profit after tax attributable to owners of the Company, as restated / Weighted average number of potential equity shares outstanding during the year
Return on net worth (%) = Net profit after tax attributable to owners of the Company, as restated / average net worth as restated
Net asset value per share (INR) = net worth, as restated / number of equity shares outstanding as at year end
2. Earning per share (EPS) calculation is in accordance with the notified Indian Accounting Standard (Ind AS) 33 'Earnings per share' prescribed by the Companies (Indian Accounting Standards Rules, 2015, as ammended.
3. The amounts disclosed above are based on the restated financial information of the Company.
4. Net worth means the aggregate value of the paid up share capital of the Company and all reserves created out of profits and securities premium as per restated statement of assets and liabilities of the Company.
5. Earnings before interest, tax, depreciation and amortisation (EBITDA) is as per restated statement of profit and loss of the Company for respective reported period/years.
6. The face value of Equity shares was sub-divided from Rs. 1,000 to Rs. 10 in the Annual General Meeting held on 12 September 2017. However, for the purpose of this Annexure, to ensure comparability, all the numbers, amounts and ratios have been determined by assuming that the sub-division of the face value of equity shares from Rs 1,000 to Rs. 10 occured on 31 March 2017.

For SPMG & Co.
Chartered Accountants
(FRN 509249C)

For and on behalf of the Board of Directors
Indian Railway Finance Corporation Limited

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

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Place: New Delhi
Date: 16th January 2020

__Indian Railway Finance Corporation Limited__
__CIN U65910DL1986GOI026363__
Annexure IX: Restated statement of capitalisation
(All amounts in millions of INR, unless stated otherwise)

Particulars	Pre-Issue (As at 30 September 2019)	Post-Issue
Total borrowings:		
Debt-securities	13,51,895.53	-
Borrowings other than debt securities	4,94,421.00	-
Total borrowings (A)	**18,46,316.53**	**-**
Total equity		
Equity share capital	93,804.60	-
Other equity	1,06,686.43	-
Total equity (B)	**2,00,491.03**	**-**
Total borrowings/Total equity ratio (A/B)	**9.21**	**-**

Notes:
1. The amounts disclosed above are based on the restated statement of assets and liabilities as per **Annexure I**.
2. The above statement should be read with the statement of notes to the restated financial information in **Annexure VI**.
3. These amounts (as adjusted for issue) are not determinable at this stage pending the completion of the book building process and hence have not been furnished.

For SPMG & Co.
Chartered Accountants
(FRN 509249C)

For and on behalf of the Board of Directors
Indian Railway Finance Corporation Limited

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

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

(Niraj Kumar)
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Place: New Delhi
Date: 16th January 2020

Indian Railway Finance Corporation Limited
Annexure X: Restated Consolidated Statement of Dividend
(All amounts in millions of INR, unless stated otherwise)

Particulars	As at 30 September 2019	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 (Proforma)
Equity Shares				
No of shares	9,38,04,60,000	9,38,04,60,000	6,52,64,60,000	6,52,64,60,000
Face value*	10.00	10.00	10.00	10.00
Amount (in millions)	93,804.60	93,804.60	65,264.60	65,264.60
Final Dividend**				
Rate of dividend (%)	2.13%	2.68%	0.51%	4.19%
Dividend per share (in Rs.)	0.21	0.27	0.05	0.42
Amount of dividend	2,000.00	1,750.00	335.25	1,894.80
Corporate dividend tax	411.11	359.78	68.25	385.74
Interim Dividend				
Rate of dividend (%)	-	2.13%	3.06%	5.21%
Dividend per share (in Rs.)	-	0.21	0.31	0.52
Amount of dividend	-	2,000.00	2,000.00	3,400.00
Corporate dividend tax	-	411.11	407.15	692.16

* The face value of Equity shares was sub-divided from Rs. 1,000 To Rs. 10 in the Annual General Meeting held on 12 September 2017. However, for the purpose of this Annexure, to ensure comparability, all the numbers, amounts and other information have been determined by assuming that the sub-division of the face value of equity shares from Rs 1,000 to Rs. 10 occured on 31 March 2017.

** Proposed for the preceeding financial year but paid in the respective financial year as approved by the shareholders in the Annual General Meetings for approval of amount of the preceeding financial year.

For SPMG & Co.
Chartered Accountants
(FRN 509249C)

For and on behalf of the Board of Directors
Indian Railway Finance Corporation Limited

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

(Vijay Babulal Shirode)
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(Niraj Kumar)
Director Finance
DIN: 00795972

(Amitabh Banerjee)
Managing Director
DIN: 03315975

Place: New Delhi
Date: 16th January 2020

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at September 30, 2019, on the basis of our Restated Financial Statements, and as adjusted for the Issue. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Risk Factors*" on pages 250, 153 and 26, respectively.

(₹in million, except ratios)

Particulars*	Pre-Issue as at September 30, 2019	As adjusted for the Issue#
Borrowings		
Debt securities	1,351,895.53	[●]
Borrowings (other than debt securities)	494,421.00	[●]
Total Borrowings (B)	1,846,316.53	[●]
Equity		
Equity share capital	93,804.60	[●]
Other Equity	106,686.43	[●]
Total equity (A)	200,491.03	[●]
Ratio		
Total Borrowings/Equity (B/A)	**9.21**	[●]
Total capitalisation (A+B)	**20,46,807.56**	[●]

**These terms shall carry the meaning as per Schedule III of the Companies Act, as applicable.*

#To be updated upon finalisation of the Issue Price.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our restated financial statements as of and for the six months ended September 30, 2019 and the financial years ended March 31, 2019, 2018 and 2017, including the related annexures. These restated financial statements are prepared in accordance with Ind AS and restated as per Chapter III of the Companies Act and the SEBI ICDR Regulations.

Ind AS differs in certain material respects with IFRS and U.S. GAAP. See "Risk Factors - We are required to prepare and present our financial statements under Ind AS with effect from April 1, 2018. Our Ind AS financial statements for the six months ended September 30, 2019 and for Fiscal 2017, 2018 and 2019 are not comparable with our historical previous GAAP financial statements." and "Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our Company's financial condition. Our failure to successfully adopt IFRS may have an adverse effect on the price of our Equity Shares" on pages 29 and 43, respectively.

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 19 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "– Significant Factors Affecting our Results of Operations" on pages 26 and 252, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2017, 2018 and 2019, and the six months ended September 30, 2019 included herein is derived from our Restated Financial Statements, included in this Draft Red Herring Prospectus. For further information, see "Financial Statements" on page 153.

Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, in this section, references to "we", "us", "our", "the Company" or "our Company" refers to Indian Railway Finance Corporation Limited.

OVERVIEW

We are the dedicated market borrowing arm of the Indian Railways. Our primary business is financing the acquisition of rolling stock assets, which includes both powered and unpowered vehicles, for example locomotives, coaches, wagons, trucks, flats, electric multiple units, containers, cranes, trollies of all kinds and other items of rolling stock components as enumerated in the Standard Lease Agreement (collectively, "**Rolling Stock Assets**"), leasing of railway infrastructure assets and national projects of the Government of India (collectively, "**Project Assets**") and lending to other entities under the Ministry of Railways, Government of India ("**MoR**"). The MoR is responsible for the procurement of Rolling Stock Assets and for the improvement, expansion and maintenance of Project Assets. We are responsible for raising the finance necessary for such activities. Over the last three decades, we have played a significant role in supporting the capacity enhancement of the Indian Railways by financing a proportion of its annual plan outlay. The Union Budget proposed a capital expenditure of ₹1,602 billion for the Indian Railways for Fiscal 2020, which was higher than the capital expenditure (revised estimate) of ₹1,388.58 billion in Fiscal 2019 (*Source: Ministry of Railways*). The actual capital expenditure of the Indian Railways was ₹1,334 billion in Fiscal 2019 (*Source: Ministry of Railways*). In Fiscal 2019, we financed ₹525.35 billion accounting for 39.38% of the actual capital expenditure of the Indian Railways.

We are wholly-owned by the Government of India acting through the MoR. We are registered with the Reserve Bank of India as a NBFC (Systematically Important) and are classified under the category of an "Infrastructure Finance Company" under Section 45-IA of the Reserve Bank of India Act, 1934. We were notified as a "Public Financial Institution" under the Companies Act, 1956 through a notification dated October 8, 1993 issued by the Ministry of Corporate Affairs.

We follow a financial leasing model for financing the Rolling Stock Assets. The period of lease with respect to Rolling Stock Assets is typically 30 years comprising a primary period of 15 years followed by a secondary period of 15 years, unless otherwise revised by mutual consent. In terms of the leasing arrangements, the principal amount pertaining to the leased assets is effectively payable during the primary 15 years lease period, along with the weighted average cost of borrowing and a margin determined by the MOR in consultation with us at the end of each Fiscal. Typically, the weighted average cost of borrowing factors in any expenses incurred by us with respect to any foreign currency hedging costs and/ or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations. For the second 15 year period, we charge the Indian Railways a nominal rate which is subject to revision on mutually acceptable terms. We also follow a leasing model for Project Assets, which typically provide for lease periods of 30 years. As of September 30, 2019, our total AUM, consisted of 60.80% of lease receivables primarily in relation to Rolling Stock Assets, 2.56% of loans to central public sector enterprises entities under the administrative control of MoR ("**Other PSU Entities**"), and 36.64% of advances against leasing of Project Assets.

In Fiscals 2017, 2018 and 2019 (revised estimate), we were responsible for financing 72%, 93% and 82%, respectively, of the Indian Railway's total rolling stock (*Source: Ministry of Railways*). The total value of Rolling Stock Assets financed by us as of March 31, 2019 and as of September 30, 2019 was ₹1,940,440.00 million and ₹2,102,023.51 million, respectively, while the value of Rolling Stock Assets financed in Fiscal 2019 and in the six months ended September 30, 2019, was ₹240,550.84 million and ₹146,517.25 million, respectively. The following table sets forth certain information on the Rolling Stock Assets financed by us from commencement of our business till March 31, 2019 and September 30, 2019:

Rolling Stock Assets	Assets financed till March 31, 2019 since commencement of business	Assets financed in Fiscal 2019	Assets financed till September 30, 2019 since commencement of business	Assets financed in the six months ended September 30, 2019
	No. of Units	No. of Units	No. of Units	No. of Units
Locomotives	10,350	707	10,852	502
Coaches	57,370	5,598	60,641	3,271
Wagons	229,815	9,069	235,468	5,653
Cranes and track machines	85	-	85	-

In addition, we extend debt financing to Other PSU Entities consistent with our objective of being the principal source of finance for the Indian Railways.

At the beginning of each Fiscal, the MoR provides us with its target fund requirement based on its planned capital expenditure, which we meet by raising funds through various sources including the issue of taxable and tax-free bonds in India, term loans from banks/ financial institutions, external commercial borrowings including bonds and syndicated loans, internal accruals, asset securitization and lease financing. For Fiscal 2020, the MoR has provided targets for market borrowings from us for funding of Rolling Stock Assets and Project Assets, which includes financing of ₹284,000 million for Rolling Stock Assets and financing of ₹6,310 million for project assets being executed by RVNL and financing ₹264,400 million for Project Assets through institutional finance. The Union Budget proposed a capital expenditure of ₹1,602 billion for the Railways Ministry for Fiscal 2020 (*Source: Ministry of Railways*).

For all the Rolling Stock Assets acquired during a financial year by Indian Railways, we enter into a lease agreement with the MoR following the close of each respective Fiscal (the "**Standard Lease Agreement**"). Lease rentals include the value of the Rolling Stock Assets leased by us to the MoR in the relevant fiscal year, the weighted average cost of borrowing as well as a certain margin, all in accordance with the terms of the Standard Lease Agreement. In Fiscal 2019, we were entitled to a margin of 40 bps over the weighted average cost of borrowing for financing Rolling Stock Assets and a spread of 35 bps over the weighted average cost of borrowing for financing Project Assets over the weighted average cost of borrowing.

Our total revenue from operations increased by 15.65% from ₹80,133.58 million in Fiscal 2017 to ₹92,671.44 million in Fiscal 2018 and by 20.13% to ₹111,323.21 million in Fiscal 2019, and was ₹66,572.47 million in the six months ended September 30, 2019. In Fiscals 2017, 2018 and 2019, and the six months ended September 30, 2019, our profit for the period was ₹9,211.71 million, ₹20,490.86 million, ₹22,546.61 million and ₹17,147.96 million, respectively. Our AUM, which represents sum of total lease receivables, loans to Other PSU Entities, and advances against leasing of Project Assets, have grown by 24.73% from ₹1,238,980.07 million in Fiscal 2017 to ₹1,545,346.66 million in Fiscal 2018 and by 30.03% to ₹2,009,373.33 million in Fiscal 2019, and was ₹2,219,102.49 million in the six months ended September 30, 2019. Disbursements to the MoR increased by 33.59% from ₹274,879.71 million in Fiscal 2017 to ₹367,222.54 million in Fiscal 2018 and by 43.06% to ₹525,351.84 million in Fiscal 2019, and was ₹245,343.25 million in the six months ended September 30, 2019.

Our capital adequacy ratio as of March 31, 2019 and September 30, 2019 was 259.46% and 303.78%, respectively. As of September 30, 2019, we did not have any non-performing assets.

We maintain the highest possible credit ratings for an Indian issuer both for domestic and international borrowings. We have received the highest credit ratings from CRISIL – CRISIL AAA and CRISIL A1+, ICRA – ICRA AAA and ICRA A1+, and CARE – CARE AAA and CARE A1+. We have also been accorded with Baa2 (Negative) rating by Moody's, BBB- (Stable) rating by Standard and Poor's, BBB- (Stable) rating by Fitch and BBB+ (Stable) rating by Japanese Credit Rating Agency that are on par with India's sovereign ratings.

PRESENTATION OF FINANCIAL INFORMATION

Our restated statement of assets and liabilities as at September 30, 2019 and March 31, 2019, March 31, 2018 and March 31, 2017 (proforma) and the restated statement of profit and loss, cash flow and changes in equity for the six months period ended September 30, 2019 and for the years ended March 31, 2019, March 31, 2018 and March 31, 2017 (proforma) of our Company together with the statement of significant accounting policies, and other explanatory information thereon (collectively, the "**Restated Financial Statements**"), have been derived from our audited financial statements as at and for the six months period ended September 30, 2019 prepared in accordance with Ind AS – 34, and as at and for the year ended March 31, 2019 prepared in accordance with the Ind AS, read with the Companies (Indian Accounting Standards) Rules, 2015 (the comparative information for the year ended March 31, 2018 included in such financial statements have been prepared by making Ind AS adjustments to the audited financial statements of our Company as at and for the year ended March 31, 2018, prepared in accordance with previous GAAP and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016), and audited financial statements for as at and for the year ended March 31, 2017 prepared in accordance with previous GAAP and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016, and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI and the circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 issued by SEBI.

The Restated Financial Statements for the year ended March 31, 2017 have been prepared on proforma basis in accordance with requirements of SEBI Circular dated March 31, 2016 and the Guidance Note on "Reports in Company Prospectuses (Revised 2019) issued by ICAI. For further information, see "*Financial Statements – Basis of Preparation and Significant Accounting Policies*" on page 165.

Transition from previous GAAP to Ind AS Financial Statements

The financial statements, for the year ended March 31, 2019, are the first annual financial statements of our Company that have been prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2018, our Company prepared its financial statements in accordance the general accepted accounting principles in India including accounting standards notified under section 133 of the Companies Act 2013 and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. Accordingly, our Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, our Company's opening balance sheet was prepared as at April 1, 2017, our Company's date of transition to Ind AS. For further information on reconciliation from previous GAAP to Ind AS, see "*Financial Statements – Annexure VII: Statement on Adjusted to Audited Financial Statement*" on page 245. Also, see "*Financial Statements – Restated Statement of Significant Accounting Policies*" on page 165.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Growth of the Indian railways sector and our relationship with the Indian Railways

The Indian Railways is the largest rail network in Asia, running approximately 13,452 trains every day to transport approximately 22.70 million passengers per day in Fiscal 2018 (*Source: http://indianrailways.gov.in/railwayboard/view_section_new.jsp?lang=0&id=0,1,261 and Indian Railways - Year Book 2017-18, Ministry of Railways*). As of March 31, 2019, the total running track kilometres was 96,552 (provisional) kilometres (*Source: Ministry of Railways*). Further, the total freight traffic per day was 3.19 million tonnes in Fiscal 2018 (*Source: Indian Railways - Year Book 2017-18, Ministry of Railways*). The Indian

Railways employs 1.27 million people (*Source: Ministry of Railways*). The MoR has made substantial progress in initiating railway infrastructure. The amount of investment made between Fiscal 2015 and Fiscal 2017, was approximately 75% of the total investment made in the Indian Railways during the prior 10 Fiscals, *i.e.* Fiscal 2004 to Fiscal 2014. (*Source: Indian Railways – Three Year Performance Report*) The Indian Railways had laid down a capital expenditure plan from Fiscal 2016 to Fiscal 2020 of ₹8,560.2 billion. (*Source: "Reform, Perform, Transform and now we Inform" – Report by Indian Railways dated August 2017*). Further, the Indian Railways has planned to borrow ₹2.50 trillion from IRFC, including ₹1 trillion for rolling stock assets, to fund its proposed capital expenditure from Fiscal 2016 to Fiscal 2020 (*Source: Ministry of Railways*). In addition, the MoR has indicated its intention to borrow ₹554.71 billion from IRFC in Fiscal 2020. As of March 31, 2019, the cumulative funding by IRFC to the MoR amounted to ₹2,688.67 billion.

The Indian Railways faces significant competition from other means of transportation such as transport by road, sea and air. Any slowdown in the growth of the Indian railways sector and changes in the policies of, or in the level of direct or indirect support to us provided by the Government in these or other areas could have a material adverse effect on our business, financial condition and results of operations.

We are the dedicated market borrowing arm of the Indian Railways. We are wholly-owned by the Government of India acting through the MoR. Our primary business is to raise funds for financing of Rolling Stock Assets and Project Assets, and lending to other entities under the administrative control of the MoR. Our lease receivables from the MoR were ₹1,349,225.35 million, ₹1,250,265.12 million, ₹1,094,716.56 million and ₹982,061.90 million for the six months ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively. Our business is therefore dependent, directly and indirectly, on the policies and support of the MoR. Further, the growth of our business is dependent on the continued investments and growth of the Indian railway sector, which is significantly affected by the policies of the GoI. While we anticipate our relationship with the MoR to grow in the coming years, however, any adverse changes to the Indian railways sector and consequently to the Indian Railways may affect our growth and operations.

Availability of funding sources

The availability of funding sources significantly affects our results of operations. Our funding requirements are sourced through diverse sources including the issue of taxable and tax-free bonds in India, term loans from banks/financial institutions, external commercial borrowings including bonds and syndicated loans, internal accruals, asset securitization and lease financing. We have established long-term relationships with various banks and financial institutions to obtain access to funding from such institutions. We also access funds through working capital and cash credit, overdraft facilities from banks repayable on demand and issue of commercial paper. This enables us to optimize our cost of borrowings, funding and liquidity requirements, capital management and asset liability management. Our Cost of Borrowings was 6.97%, 6.82% and 7.09%, in Fiscals 2017, 2018 and 2019, respectively. Our cost of borrowings are dependent on various external factors, including the Indian and global credit markets and, in particular, interest rate movements and adequate liquidity in the debt markets. Changes in RBI repo rates could affect the interest charged on interest-earning assets and the interest rates paid on interest-bearing liabilities. Adverse conditions in the global and Indian economy resulting from economic dislocations or liquidity disruptions may adversely affect availability of credit, and decreased liquidity may lead to an increase in interest rates.

Our cost of borrowings also depend on our credit ratings. We maintain the highest possible credit ratings for an Indian issuer both for domestic and international borrowings. We have received the highest credit ratings from CRISIL – CRISIL AAA and CRISIL A1+, ICRA – ICRA AAA and ICRA A1+, and CARE – CARE AAA and CARE A1+. We have also been accorded with Baa2 (Negative) rating by Moody's, BBB- (Stable) rating by Standard and Poor's, BBB- (Stable) rating by Fitch and BBB+ (Stable) rating by Japanese Credit Rating Agency that are on par with India's sovereign ratings. While any expenses incurred by us with respect to any foreign currency hedging costs and/ or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations are built in the weighted average cost of borrowing which is included in the lease rentals payable by the MoR to us, we may not be able to do so in future. Further, our incremental borrowings are primarily incurred during the latter part of the Fiscal and accordingly, the full year impact of the interest cost is reflected in the next Fiscal. Our ability to maintain our finance costs at optimum levels will continue to have a direct effect on our results of operations and financial condition. We believe that owing to our diversified sources of funding and our high credit rating we are able to keep our cost of borrowing low.

Quality of our loan portfolio

As of September 30, 2019, our total AUM, consisted of 60.80% of lease receivables primarily in relation to Rolling Stock Assets, 2.56% of loans to Other PSU Entities, and 36.64% of advances against leasing of Project Assets. As of September 30, 2019, we did not have any non-performing assets. Further, our financing targets are determined annually by the MoR based on the annual planned capital outlay contained in the Union Budget of India for Indian Railways. For Fiscal 2020, the MoR has provided targets for market borrowings from us for funding of Rolling Stock Assets and Project Assets, which includes financing of ₹284,000 million for Rolling Stock Assets and financing of ₹6,310 million for project assets being executed by RVNL and financing ₹264,400 million for Project Assets through institutional finance. In the event we do not have sufficient funds to redeem bonds or repay term loans owing to inadequate cash flows during the Fiscal, the MoR is required, under the Standard Lease Agreement, to provide for such shortfall, through bullet payments in advance prior to maturity of the relevant bonds or term loans. Such payments are required to be adjusted in the subsequent lease rentals payable under the respective Standard Lease Agreement. However, since our incorporation, we have not taken any such support from the MoR for mitigating our liquidity risk. We believe that we are able to maintain the quality of our assets as a result of our arrangement with the MoR.

Interest rate movement over long periods of business cycles

Interest rates are typically volatile in business cycles. The interest rates we pay on our borrowings are sensitive to many factors, many of which are beyond our control, including the RBI's monetary policies, fiscal deficit, borrowings from the Government, base rates of our lenders, India's GDP growth rate, inflation, and domestic and international economic and political conditions. In addition, global economic growth, monetary policies of international central banks and geo-political developments also affect the interest rates. Interest rate volatility affects our results of operations to the extent we may be required to refinance our borrowings. Any risk due to interest rate adjustment at the time of such refinancing is a cost to us. While expenses incurred by us with respect to any hedging costs for interest rate fluctuations are built in the weighted average cost of borrowing which is included in the lease rentals payable by the MoR to us, , in order to minimize such risks, we selectively enter into hedging arrangements with respect to such interest rate risks.

Further, 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 Standard Lease Agreement. In Fiscals 2017 and 2019, and in the six months ended September 30, 2019, such differential has resulted in an amount of ₹704.60 million, ₹707.98 million and ₹246.40 million, respectively, accruing to our Company, while in Fiscal 2018, ₹477.42 million was accrued to the MoR, all of which has been accounted for in the lease income. For further information, see "*Financial Statements – Annexure VI – Note 41*" on page 225. In addition, in respect of foreign currency borrowings, which have not been hedged, a variation clause has been incorporated in the Standard Lease Agreement specifying the notional hedging cost adopted for working out the cost of incremental borrowings on the leases executed with the MoR. Hedging cost in respect of these foreign currency borrowings is compared with the amount recovered by our Company on such account on notional cost basis and accordingly, the same is adjusted against the lease income. In Fiscals 2017, 2018 and 2019, and in the six months ended September 30, 2019, in respect of such foreign currency borrowings, our Company has recovered an amount of ₹1,743.30 million, ₹1,423.21 million, ₹699.39 million and ₹85.19 million, respectively, from the MoR against an amount of ₹1,971.30 million, ₹2,097.67 million, ₹1732.43 million and nil, respectively, incurred towards hedging cost in the same periods and the balance amount of ₹228.00 million, ₹674.46 million, ₹1,033.05 million and ₹85.19 million, respectively, in the same periods, is recoverable from the MoR. For further information, see "*Financial Statements – Annexure VI – Note 41*" on page 225.

Tax liability of our Company

Current tax

We have decided to exercise of the option permitted under section 115 BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. In terms of the aforesaid notification, companies exercising the option under section 115 BAA of the Income Tax Act, 1961 will be subject to reduced corporate tax rate of 22% (effective tax rate 25.17% after surcharge and cess). However, certain exemptions/ deductions will have to be foregone. Until now, our Company was paying 'minimum alternate tax' under section 115 JB of the Income Tax Act, 1961. Since our Company's taxable income under normal assessment is nil, we would not be required to pay any tax on exercising the option to adopt section 115BAA of the Income Tax Act, 1961. Further, we would also be outside the scope of section

115JB of the Income Tax Act, 1961 and accordingly, our Company is not required to pay 'minimum alternate tax' with effect from Fiscal 2020. As a result, no provisions for 'minimum alternate tax' has been made by our Company in the six months ended September 30, 2019. For further information, see "*Financial Statements*" on page 153. Also, see "*Risk Factors - We have decided to exercise the option under section 115 BAA of the Income Tax Act, 1961 and have not made any provision for tax for the current Fiscal while foregoing allowances such as unutilised and unexpired MAT credits of the earlier years exposing us to higher tax provisions if the provisions of section 115BAA of the Income Tax Act, 1961 are amended.*" on page 38.

Deferred tax

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

Pursuant to circular S.O. 529 (E) dated February 5, 2018 and subsequent amendment through circular dated April 2, 2018 (collectively, the "**DTL Circulars**") issued by the MCA, a government company which is engaged in the business of infrastructure finance leasing with not less than 75% of its total revenue being generated from business with government companies or other entities owned or controlled by the GoI are exempt from the requirements of provisioning in respect of Ind AS 22 or Ind AS 12 relating to deferred tax asset or deferred tax liability, respectively. Until the issuance of the DTL Circulars, our Company was making provision for deferred tax liability in terms of the relevant accounting standard. However, pursuant to the DTL Circulars, our Company is not required to make any provision for deferred tax from Fiscal 2018. For further information, see "*Financial Statements*" on page 153. Also, see "*Risk Factors - We are currently exempt from provisioning requirements in respect of deferred tax asset or deferred tax liability, however, there can be no assurance that the MCA will not withdraw the exemption in future.*" on page 30.

*Goods and Service Tax ("**GST**")*

Pursuant to the GST Council meeting dated May 19, 2017, the services of leasing of assets (Rolling Stock Assets, including wagons, coaches and locos) by our Company to the Indian Railways has been exempted from the levy of GST through notification No. 12/2017 (Heading 9973), with effect from July 1, 2017. For further information, see our "*Financial Statements – Annexure VI – Note 43*" on page 225.

Government Policy and Regulation

Our results of operations and continued growth depend on stable government policies and regulation. We are wholly-owned by the Government of India acting through the MoR. We are registered with the Reserve Bank of India ("**RBI**") as a NBFC (Systematically Important and are classified under the category of an "Infrastructure Finance Company" under section 45-IA of the RBI Act, 1934. We were notified as a "Public Financial Institution" under the Companies Act through a notification dated October 8, 1993 issued by the Ministry of Corporate Affairs.

We are regulated principally by the RBI and are subject to the RBI's guidelines on the regulation of the NBFC-ND-SIs, which includes, among other things, matters related to capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFC-ND-SIs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to the NBFC-ND-SIs.

Earlier, NBFCs which were government companies in terms of the Companies Act, 2013, were exempt from the prudential norms as prescribed by the RBI for NBFCs. This exemption has since been withdrawn with effect from May 31, 2018. However, the RBI has granted exemption to our Company from asset classification, provisioning and exposure norms to the extent of its exposure to the MoR. Further, we have been granted exemption by the RBI from credit concentration norms to the extent of 100% of our owned funds for our exposure to Railway entities in which the ownership of the State/Central Government is minimum 51%. Accordingly, our Company has been adhering to the prudential norms prescribed by the RBI for NBFC-ND-SI except its exposure to sovereign, *i.e.* the MoR. Further, we have decided to follow the asset classification and provisioning norms as provided by the RBI for loans/ leases/ advances to entities other than Indian Railways. For further information, see "*Selected Statistical Information – Classification of Assets*" and "*Financial Statements – Annexure VI – Note 42*" on pages 151 and 225, respectively.

Further, until March 31, 2019, our Company, being a government-NBFC, was exempt from creation and maintenance of Reserve Fund as specified under section 45-IC of the RBI Act, 1934. However, the said exemption has been withdrawn by the RBI through notification no. DNBR (PD) CC.NO.092/0310.001/2017-18 dated May 31, 2018. Accordingly, our Company is now creating the Reserve Fund as required under section 45IC of RBI Act, 1934, wherein at least 20% of net profit every year will be transferred, as disclosed in the profit and loss account and before the declaration of dividend. For further information, see "*Our Business – Prudential Norms*" and "*Financial Statements – Annexure VI – Note 42*" on pages 117 and 225, respectively.

The RBI's regulation of NBFC-ND-SIs may change in the future which may require us to restructure our activities, incur additional costs or could otherwise affect our business and financial performance. Any change in the regulatory framework affecting NBFCs and in particular those requiring to maintain certain financial ratios, placement restrictions on securitization, accessing funds or lending to financial institutions among others, could affect our results of operations and growth. For further information, see "*Key Regulations and Policies*" on page 120.

Standard Lease Agreement

After the end of every Fiscal, we enter into a Standard Lease Agreement with the MoR based on the standard terms. The Standard Lease Agreement provides for the lease of Rolling Stock Assets delivered into service during the financial year and the repayment, over a 15 year period, of the lease rentals which include the value of the Rolling Stock Assets leased by us to the MoR in the relevant fiscal year, the weighted average cost of borrowing as well as a certain margin, all in accordance with the terms of the Standard Lease Agreement. . The Standard Lease Agreement is applicable with effect from the commencement of the financial year in which the relevant Rolling Stock Assets was delivered into service. The lease rentals are payable on a half-yearly basis in advance. The Standard Lease Agreement includes detailed information of the Rolling Stock Assets acquired as well as the lease rentals payable by the MoR to us. Lease rentals include the value of the Rolling Stock Assets leased by us to the MoR in the relevant fiscal year, the weighted average cost of borrowing as well as a certain margin, all in accordance with the terms of the Standard Lease Agreement. The weighted average cost of borrowing and margin are determined by the MoR in consultation with us. Further, 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 Agreement with the MoR from year to year. The MoR charges interest on the value of the assets identified prior to the payments made by our 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 our Company prior to identification of rolling stock by them. For further information, see "*Our Business – Standard Lease Agreement*" and "*Financial Statements*" on pages 256 and 153, respectively.

Typically, the weighted average cost of borrowing factors in any expenses incurred by us with respect to any foreign currency hedging costs and / or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations. This enables us to earn a margin, as determined by the MoR in consultation with us at the end of each Fiscal, over the life of the lease Risks arising from damage to rolling stock as a result of natural calamities and accidents is also passed on to the MoR. Liquidity risk for us is also minimized as the MoR is required to make good any shortfall in the funds required by us to redeem bonds issued on maturity or to repay the term loans. If the terms of the Standard Lease Agreement were to change in a manner where we are unable to pass on such risks to the MoR or alternatively, if the MoR does not enter into the Standard Lease Agreement with us in future, our results of operation and financial condition may be adversely affected.

Competition

We face increasing competition from public and private sector commercial banks and from other financial institutions that provide funding to other public sector entities under administrative control of the Indian Railways. Our competitors may have access to greater and cheaper sources of funding than we do. Competition in our industry depends on, among other factors, the ongoing evolution of GoI policies, the entry of new participants into the industry and the extent to which there is consolidation among banks, financial institutions and NBFCs in India. Our primary competitors are public sector infrastructure finance companies, public sector banks, private banks (including foreign banks), financial institutions and other NBFCs. In addition, since we are a non-deposit accepting NBFC, we may have restricted access to funds as compared to banks and deposit-taking NBFCs. Our ability to compete effectively is dependent on our ability to maintain a low effective cost of funds. With the growth of our business, we are dependent on funding from the equity and debt markets and commercial borrowings. The market for such funds is competitive and our ability to obtain funds on acceptable terms, or at all, will depend on various factors including our ability to maintain our credit ratings.

SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements requires our management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and our management's judgments are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is as under:

Formulation of accounting policies

The accounting policies are formulated in a manner that results in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. Those policies need not be applied when the effect of applying them is immaterial.

Post-employment benefit plans

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. Our Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37 'Provisions, contingent liabilities and contingent assets'. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

Revenue

Our Company's revenues arise from lease income, interest on lease advance, loans, deposits and investments. Revenue from other income comprise dividend from investment in equity shares and other miscellaneous income.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Finance lease income in respect of finance leases is allocated to the accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to our Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Pre-commencement lease-interest income is determined based on the memorandum of understanding entered with the MoR and when it is probable that the economic benefits will flow to our Company and the amount can be determined reliably.

Dividend income is recognized in profit or loss only when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to our Company, and the amount of the dividend can be measured reliably.

Foreign Currency Transaction

Functional and presentation currency

Items included in the financial statements of entity are measured using currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Indian rupee (INR), which is entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Where the difference is a pass through the lessee, the amount is received/ reimbursed to the lessee.

Employee Benefits

Defined contribution plan

A defined contribution plan is a plan under which our Company pays fixed contributions into an independent fund administered by the Government/ Company administrated trust. Our Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution.

Defined benefit plan

The defined benefit plans sponsored by our Company define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. Gratuity is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of the plan is the present value of the defined benefit obligation net of fair value of plan assets at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of Other Comprehensive Income in the period in which such gains or losses are determined.

Other long-term employee benefits

Liability in respect of compensated absences becoming due or expected to be availed more than one-year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to statement of profit and loss in the period in which such gains or losses are determined.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

Taxation

Tax expense comprises current tax and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Our Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax is also recognised in other comprehensive income or directly in equity respectively.

Post April 1, 2019, our Company has elected to exercise the option permitted under section 115BAA of the Income – tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 on September 20, 2019. On adoption of section 115BAA of the Income – tax Act, 1961, our Company is outside the scope and applicability of MAT provisions under section 115JB of the Income – tax Act, 1961.

Deferred Tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Till March 31, 2017

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in Other Comprehensive Income or equity, in which case it is recognized in Other Comprehensive Income or equity.

After March 31, 2017

Our Company does not recognize deferred tax asset or deferred tax liability because as per Gazette Notification no. S.O. 529(E) dated February 5, 2018 as amended by notification no. S.O. 1465 dated April 2, 2018 issued by Ministry of Corporate Affairs, Government of India, the provision of Indian Accounting Standards 12 relating to Deferred Tax Assets ('DTA') or Deferred Tax Liability ('DTL') does not apply to our Company with effect from April 1, 2017.

Borrowing costs

Borrowing costs consist of interest expense calculated using the effective interest method as described in Ind AS 109 'Financial Instruments' and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction/development or erection of qualifying assets are capitalized as part of cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which necessarily take substantial period of time to get ready for their intended use or sale.

When our Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalized. When our Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalization of the borrowing costs is computed based on the weighted average cost of general borrowing that are outstanding during the period and used for the acquisition, construction/exploration or erection of the qualifying asset.

Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalization.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete.

All other borrowing costs are recognized as an expense in the year in which they are incurred.

Impairment of non-financial assets

The carrying amounts of our Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit', or 'CGU').

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Leases

Until March 31, 2019, our Company adopted Ind AS 17, Leases. In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 notifying Ind AS 116, Leases and withdrawing Ind AS 17, Leases. Ind AS 116 was effective from accounting periods beginning from April 1, 2019.

Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the erstwhile standard – *i.e.* lessors continue to classify leases as finance or operating leases. Our Company has applied the transition provisions as mentioned in Appendix C to Ind AS 116. There is no financial impact on our Company on adoption of Ind AS 116.

At inception of a contract, our Company assesses whether the contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessor

Our Company classifies each of its leases as either an operating lease or a finance lease.

Leases in which our Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The depreciation policy for depreciable underlying assets subject to operating leases is consistent with our Company's normal depreciation policy for similar assets.

Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from our Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at our Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Company as a lessee

At the contract commencement date, our Company recognizes right – of – use asset and a lease liability. A right – of – use asset is an asset that represents a lessee's right to use an underlying asset for the lease term. Our Company has elected not to apply the aforesaid requirements to short term leases (leases which at the commencement date has a lease term of 12 months or less) and leases for which the underlying asset is of low value as described in paragraphs B3 – B9 of Ind AS 116.

A right of use asset is initially measured at cost and subsequently applies the cost mode i.e. less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of lease liability. Ind AS 16, Property, Plant and Equipment is applied in depreciating the right – of – use asset.

A lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, our Company's incremental borrowing rate is used. Subsequently, the carrying amount of the lease liability is increased to reflect interest on lease liability; reduced to reflect the lease payments; and remeasured to reflect any reassessment or lease modifications or to reflect revised in – substance fixed lease payments.

Securitisation of Finance Lease Receivable

Lease Receivables securitised out to a Special Purpose Vehicle in a securitisation transactions are de-recognised in the balance sheet when they are transferred and consideration has been received by our Company.

The resultant gain/loss arising on securitization is recognised in the Statement of Profit & Loss in the year in which transaction takes place.

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

Leasing of Railway Infrastructure Assets

In terms of Ind AS 116, 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.

The commencement of the lease term is the date on which lessor makes an underlying asset available for use by the lessee.

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 presented as 'Advances against Lease of Railway Infrastructure Assets' and 'Advance funding against National Project'.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

<u>Initial recognition and measurement</u>

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition or issue of the financial asset.

Subsequent measurement

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at Fair value through Other Comprehensive Income ('FVTOCI')

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
(b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, our Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss.

Debt instrument at Fair value through profit or loss ('FVTPL')

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, our Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Equity investments

All equity investments in entities other than subsidiaries and joint venture companies are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, our Company decides to classify the same either as at FVTOCI or FVTPL. Our Company makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable. Our Company has decided to classify its investments into equity shares of IRCON through FVTOCI.

If our Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, our Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (*i.e.* removed from our Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- Our Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) our Company has transferred substantially all the risks and rewards of the asset, or (b) our Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, our Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and bank balance.
(b) Financial assets that are debt instruments and are measured as at FVTOCI.
(c) Lease receivables under Ind AS 116.
(d) Loan commitments which are not measured as at FVTPL.
(e) Financial guarantee contracts which are not measured as at FVTPL.

For recognition of impairment loss on other financial assets and risk exposure, our Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. Our Company's financial liabilities include trade and other payables, borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

After initial measurement, such financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss. This category generally applies to borrowings, trade payables and other contractual liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by our Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/losses are not subsequently transferred to profit and loss. However, our Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss. Our Company has not designated any financial liability as at fair value through profit and loss.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Derivative financial instruments

Initial recognition and subsequent measurement

Our Company uses derivative financial instruments, such as forward currency contracts, cross currency swaps and interest rate swaps to hedge its foreign currency risks and interest rate risks of foreign currency loans. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken to statement of profit and loss. Where the derivative is designated as a hedging instrument, the accounting for subsequent changes in fair value depends on the nature of item being hedged and the type of hedge relationship designated. Where the difference is a pass through the lessee, the amount is received/ reimbursed to the lessee.

For further information, see "*Financial Statements – Basis of Preparation And Significant Accounting Policies*" on page 165.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in the accounting policies of our Company during Fiscal 2017, 2018 and 2019, except for the changes as necessitated by applicable laws.

PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

Income

Revenue from Operations

Revenue from operations includes interest income, dividend income and lease income. Interest income includes interest on loans, interest income from deposits, interest income from investments and pre-commencement lease – interest income.

Other Income

Other income includes profit on sale of fixed assets, interest on income tax refund, impairment provision written back and miscellaneous income, such as interest earned on application money collected from the issuances of bonds which are deposited with banks pending allotment, provision for various expenses written back and receipts other than from operations, which are not material.

Expenses

Total expenses includes (i) finance cost; (ii) impairment on financial instruments; (iii) employee benefit expense; (iv) depreciation, amortization and impairment expense; and (v) other expenses.

Finance Costs

Finance costs include expense on (i) interest on debt securities; (ii) interest on borrowings; (iii) discount on commercial paper; (iv) interest on delayed payments to the MoR; (v) interest to income tax authorities; and (vi) other borrowing costs, such as, bond issue expenses, expenses of raising of loans and bonds, loan and securitization servicing expenses.

Impairment on Financial Instruments Measured at Amortised Cost

Impairment on Financial Instruments Measured at Amortised Cost includes provisioning for standard assets (loans, advances and receivables other than to the sovereign, *i.e.* the MoR) in terms of the RBI's guidelines.

Employee Benefit Expense

Employee benefits expense includes (i) salaries and wages; (ii) contribution to provident and other funds, and (iii) staff welfare expenses.

Depreciation, Amortization and Impairment Expense

Depreciation represents depreciation of property, plant and equipment, including buildings, furniture and fixtures, vehicle, and office equipment. Amortization represents amortization of intangible assets, such as, software.

Other Expenses

Other expenses includes (i) corporate social responsibility expenses; (ii) legal and professional charges; (iii) travelling expenses; (iv) manpower services; (v) payment to auditors; (vi) advertisement and publicity; and (v) miscellaneous expenses, such as entertainment expenses, director sitting fees, gifts and presentations.

RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our results of operations for the periods indicated:

Particulars	**Six months ended September 30, 2019**		**Fiscal 2019**		**Fiscal 2018**		**Fiscal 2017 (proforma)**	
	(₹million)	**Percentage of total income (%)**	**(₹million)**	**Percentage of total income (%)**	**(₹million)**	**Percentage of total income (%)**	**(₹million)**	**Percentage of total income (%)**
Revenue from Operations								
Interest income	14,015.67	21.04%	17,217.98	15.46%	9,882.09	10.66%	5,144.68	6.42%
Dividend income	-	-	5.14	0.00%	4.87	0.01%	4.54	0.01%
Lease income	52,556.80	78.90%	94,100.09	84.52%	82,784.48	89.32%	74,984.36	93.57%
Total revenue from operations	**66,572.47**	**99.94%**	**111,323.21**	**99.99%**	**92,671.44**	**99.99%**	**80,133.58**	**99.99%**
Other income	40.46	0.06%	12.73	0.01%	12.37	0.01%	4.32	0.01%
Total income	**66,612.93**	**100.00%**	**111,335.94**	**100.00%**	**92,683.81**	**100.00%**	**80,137.90**	**100.00%**
Expenses								
Finance costs	49,363.99	74.11%	81,830.60	73.50%	66,375.73	71.62%	58,738.90	73.30%
Impairment on financial instruments	-	-	275.44	0.25%	-	-	-	-
Employee benefit expense	22.52	0.03%	62.51	0.06%	55.26	0.06%	30.81	0.04%
Depreciation, amortization and impairment	2.16	0.00%	4.18	0.00%	3.54	0.00%	3.50	0.00%
Other expenses	76.30	0.11%	147.37	0.13%	324.37	0.35%	229.69	0.29%
Total expenses	**49,464.97**	**74.26%**	**82,320.10**	**73.94%**	**66,758.90**	**72.03%**	**59,002.90**	**73.63%**
Profit before exceptional items and tax	**17,147.96**	**25.74%**	**29,015.84**	**26.06%**	**25,924.91**	**27.97%**	**21,135.00**	**26.37%**
Exceptional items		-	-	-	-	-	-	-
Profit before tax	**17,147.96**	**25.74%**	**29,015.84**	**26.06%**	**25,924.91**	**27.97%**	**21,135.00**	**26.37%**
Tax expense								
Current tax	-	-	6,469.23	5.81%	**5,434.05**	5.86%	4,552.20	5.68%
Deferred tax	-	-	-	-	-	-	7,371.09	9.20%
Total Tax			**6,469.23**	**5.81%**	**5,434.05**	**5.86%**	**11,923.29**	**14.88%**

Particulars	Six months ended September 30, 2019		Fiscal 2019		Fiscal 2018		Fiscal 2017 (proforma)	
	(₹million)	**Percentage of total income (%)**	**(₹million)**	**Percentage of total income (%)**	**(₹million)**	**Percentage of total income (%)**	**(₹million)**	**Percentage of total income (%)**
Expenses	**-**	**-**						
Profit for the period	**17,147.96**	**25.74%**	**22,546.61**	**20.25%**	**20,490.86**	**22.11%**	**9,211.71**	**11.49%**
Other comprehensive income	**(7.13)**	**(0.01)%**	**1.66**	**(0.00)%**	**8.02**	**0.01%**	**4.42**	**0.01%**
Total comprehensive income for the period (comprising profit (loss) and other comprehensive income for the period)	**17,140.83**	**25.73%**	**22,548.27**	**20.25%**	**20,498.88**	**22.12%**	**9,216.13**	**11.50%**

SIX MONTHS ENDED SEPTEMBER 30, 2019

Key Developments

- We have decided to exercise of the option permitted under section 115 BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Since our Company's taxable income under normal assessment is nil, we would not be required to pay any tax on exercising the option to adopt section 115BAA of the Income Tax Act, 1961. Further, we would also be outside the scope of section 115JB of the Income Tax Act, 1961 and accordingly, our Company is not required to pay 'minimum alternate tax' with effect from Fiscal 2020. As a result, no provisions for 'minimum alternate tax' has been made by our Company in the six months ended September 30, 2019. For further information, see "- *Significant Factors Affecting our Results of Operations – Tax Liability of our Company – Current Tax*" and "*Financial Statements*" on pages 254 and 153, respectively.

- The MCA has amended the Companies (Share Capital and Debentures) Rules, 2014 by its notification dated August 16, 2019. In terms of the notification, a NBFC registered with the RBI that has raised funds through the issuance of NCDs is required to invest or deposit on or before April 30 in each year, a sum not less than 15% of the amount of the NCDs raised maturing during the next fiscal in one or more specified investments and/ or deposits including in deposits with scheduled commercial banks and without any charge or lien or in unencumbered securities of the Central Government or State Government. The amount so invested/ deposited shall not be used for any purpose other than for redemption of bonds/ debentures maturing during the year. For further information, see "*Financial Statements – Annexure VI – Note 42*" on page 225.

Total Income

Total income was ₹66,612.93 million in the six months ended September 30, 2019.

Revenue from operations

Total revenue from operations was ₹66,572.47 million in the six months ended September 30, 2019 comprising lease income of ₹52,556.80 million and interest income of ₹14,015.67 million.

The following table sets forth certain information relating to interest income for the period indicated:

Particulars	Six Months Ended September 30, 2019	
	Revenue from operations (₹million)	**As % of total revenue from operations (%)**
On financial assets measured at amortised cost:		
- Interest on loans	2,709.92	4.07%
- Interest income from deposits	237.88	0.36%
- Interest income from investments	2.79	0.00%
- Pre commencement lease - Interest Income	11,065.08	**16.62%**

Particulars	Six Months Ended September 30, 2019	
	Revenue from operations	**As % of total revenue from operations**
Total	**14,015.67**	**21.05%**

Other Income

Other income amounted to ₹40.46 million in the six months ended September 30, 2019 comprising impairment provision written back of ₹21.23 million and miscellaneous income of ₹19.23 million. For further information on impairment provision written back, see "- *Results of Operations – Six months ended September 30, 2019 - Impairment on Financial Instruments Measured at Amortised Cost*" on page 265.

Expenses

Total expenses amounted to ₹49,464.97 million in the six months ended September 30, 2019 primarily consisting of finance costs.

Finance Costs

Finance costs amounted to ₹49,363.99 million in the six months ended September 30, 2019 primarily consisting of interest of debt securities and interest on borrowings.

The following table sets forth information relating to finance cost for the period indicated:

Particulars	Six Months Ended September 30, 2019	
	Expenses	**As % of total expenses**
	(₹million)	**(%)**
On financial assets measured at amortised cost:		
Interest on debt securities	49,322.11	99.71%
Interest on borrowings	18,479.11	37.36%
Discount on commercial paper	678.57	1.37%
Interest on delayed payments to the MoR	1,465.64	2.96%
Interest to income tax authorities	20.91	0.04%
Other borrowing costs	120.12	0.24%
Sub-Total	**70,086.46**	**141.69%**
Less: Borrowing costs capitalized on railway infrastructure assets and national projects	20,722.47	41.89%
Total	**49,363.99**	**99.80%**

For information on borrowing cost capitalized on railway infrastructure assets and national projects, see "*Financial Statements – Annexure VI – Note 45*" on page 226.

Impairment on Financial Instruments Measured at Amortised Cost

The following table provides the computation of impairment for the period indicated:

Particulars	Six Months Ended September 30, 2019
	(₹million)
Loan to IRCON	24,612.30
Loan to RVNL	32,109.80
Interest accrued on above	6,831.21
Total	**63,553.31**
Provision (at 0.4%)	**254.21**
Change in impairment	**(21.23)**

In addition, no further impairment is required as per expected credit loss model prescribed in Ind AS 109 - 'Financial Instruments' as IRCON and RVNL, are both under the MoR. For further information, see "*Financial Statements – Annexure VI – Note 27 – Impairment on Financial Instruments Measured at Amortised Cost*" on page 265 .

Employee Benefit Expenses

Employee benefit expense amounted to ₹22.52 million in the six months ended September 30, 2019 primarily consisting of salaries and wages of ₹16.74 million and contribution to provident and other funds of ₹5.19 million.

Depreciation, Amortization and Impairment Expense

Depreciation, amortisation and impairment expense amounted to ₹2.16 million in the six months ended September 30, 2019. Depreciation of property, plant and equipment was ₹2.06 million in the six months ended September 30, 2019.

Other Expenses

Other expenses amounted to ₹76.30 million in the six months ended September 30, 2019, primarily comprising corporate social responsibility expenses of ₹35.82 million, miscellaneous expenses of ₹13.38 million, manpower services of ₹6.54 million, legal and professional charge of ₹5.38 million, traveling expense of ₹2.61 million, advertisement and publicity of ₹1.99 million and office equipment maintenance of ₹1.44 million.

Profit before Tax

For the reasons discussed above, profit before tax was ₹17,147.96 million in the six months ended September 30, 2019.

Tax Expense

Current tax expenses was nil and deferred tax liability was nil in the six months ended September 30, 2019. Also, see "- *Significant Factors Affecting our Results of Operations – Tax Liability of our Company*" on page 254.

Profit for the Period

For the various reasons discussed above, we recorded a profit for the period of ₹17,147.96 million in the six months ended September 30, 2019.

Total Comprehensive Income for the period (comprising profit (loss) and other comprehensive income for the period)

Total Comprehensive Income for the period (comprising profit (loss) and other comprehensive income for the period) was ₹17,140.83 million in the six months ended September 30, 2019.

FISCAL 2019 COMPARED TO FISCAL 2018

Key Developments

- The RBI had withdrawn the exemption for government companies in terms of the Companies Act, 2013 from prudential norms as prescribed by the RBI for NBFCs with effect from May 31, 2018. However, the RBI has granted exemption to our Company from asset classification, provisioning and exposure norms to the extent of its exposure to the MoR. Further, we have been granted exemption by the RBI from credit concentration norms to the extent of 100% of our owned funds for our exposure to Railway entities in which the ownership of the State/Central Government is minimum 51%. Accordingly, our Company has been adhering to the prudential norms prescribed by the RBI for NBFC-ND-SI except its exposure to sovereign, *i.e.* MoR. Further, we have decided to follow the asset classification and provisioning norms as provided by the RBI for loans/ leases/ advances to entities other than Indian Railways. Our Company has made standard assets provisioning at the rate of 0.40% for loans by it to RVNL and IRCON as prescribed by RBI. For further information, see "*Significant Factors Affecting our Results of Operations – Government Policy and Regulation*" and "*Key Regulations and Policies*" on pages 255 and 120, respectively.

- The margin over the weighted average cost of borrowing for financing Rolling Stock Assets and Project Assets increased from 30 bps and 25 bps, respectively, in Fiscal 2018 to 40 bps and 35 bps, respectively, in Fiscal 2019.

- In Fiscal 2019, we received an equity investment from the MoR amounting to ₹28,540 million.

- The Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, GoI through a notification dated August 8, 2017 notified that any bond redeemable after three years and issued by us, on or after August 8, 2017, as “long-term specified asset” for the purposes of Section 54EC(ba) of the Income Tax Act, 1961.

Total Income

Total income increased by 20.12% from ₹92,683.81 million in Fiscal 2018 to ₹111,335.94 million in Fiscal 2019.

Revenue from operations

Total revenue from operations increased by 20.13% from ₹92,671.44 million in Fiscal 2018 to ₹111,323.21 million in Fiscal 2019 primarily due to an increase in lease income and interest income. Lease income increased by 13.67% from ₹82,784.48 million in Fiscal 2018 to ₹94,100.09 million in Fiscal 2019 primarily on account of increase in lease receivables of ₹155,548.55 million leased to the MoR and the internal rate of return on the assets leased from 8.05% in Fiscal 2018 to 8.49% in Fiscal 2019.

In addition, interest income also increased by 74.23% from ₹9,882.09 million in Fiscal 2018 to ₹17,217.98 million in Fiscal 2019 primarily due to increase in interest on loans from the additional disbursements of ₹10,460 million provided to RVNL and the interest received for the entire Fiscal 2019 from the loan provided to IRCON in March 2018. Pre-commencement lease - interest income significantly increased by 59.07% from ₹7,391.46 million in Fiscal 2018 to ₹11,757.71 million in Fiscal 2019 on account of additional disbursement made for funding of Project Assets. Further, the interest income from deposits increased by 45.51% from ₹139.20 million in Fiscal 2018 to ₹202.55 million in Fiscal 2019 primarily due to increase in the surplus funds placed with the banks received on account of increase in the amount of half yearly lease rentals. This increase was marginally offset by a decrease in interest income from investments by 18.16% from ₹8.15 million in Fiscal 2018 to ₹6.67 million in Fiscal 2019 due to the maturity of two tranches of ‘pass through certificates’ in Fiscal 2019.

The following table sets forth certain information relating to interest income for the period indicated:

Particulars	Fiscal 2018		Fiscal 2019	
	Revenue from operations	As % of total revenue from operations	Revenue from operations	As % of total revenue from operations
	(₹million)	(%)	(₹million)	(%)
On financial assets measured at amortised cost:				
- Interest on loans	2,343.28	2.53%	5,251.05	4.72%
- Interest income from deposits	139.20	0.15%	202.55	0.18%
- Interest income from investments	8.15	0.01%	6.67	0.01%
- Pre commencement lease - Interest Income	7,391.46	7.98%	11,757.71	10.56%
Total	**9,882.09**	**10.66%**	**17,217.98**	**15.47%**

Other Income

Other income marginally increased by 2.91% from ₹12.37 million in Fiscal 2018 to ₹12.73 million in Fiscal 2019 primarily on account of increase in miscellaneous income by 2.83% from ₹12.37 million in Fiscal 2018 to ₹12.72 million in Fiscal 2019.

Expenses

Total expenses increased by 23.31% from ₹66,758.90 million in Fiscal 2018 to ₹82,320.10 million in Fiscal 2019.

Finance Costs

Finance costs increased by 23.28% from ₹66,375.73 million in Fiscal 2018 to ₹81,830.60 million in Fiscal 2019 primarily on account of an increase in interest on borrowings from ₹2,639.76 million in Fiscal 2018 to ₹19,276.33 million in Fiscal 2019 due to availing of additional loans (net of principal repayments) resulting in increase in borrowings (other than debt securities) of ₹271,734.95 million, and interest on debt securities and discount on commercial paper by 10.97% from ₹78,177.24 million in Fiscal 2018 to ₹86,751.86 million due to additional issuance of bonds and commercial paper (net of redemption) resulting in an increase in debt securities of ₹127,536.53 million.

The following table sets forth certain information relating to finance cost for the period indicated:

Particulars	Fiscal 2018		Fiscal 2019	
	Expenses	As % of total expenses	Expenses	As % of total expenses
	(₹million)	(%)	(₹million)	(%)
On financial assets measured at amortised cost:				
Interest on debt securities	76,157.12	114.08%	85,514.61	103.88%
Interest on borrowings	2,639.76	3.95%	19,276.33	23.42%
Discount on commercial paper	2,020.12	3.03%	1,237.25	1.50%
Interest on delayed payments to the MoR	786.99	1.18%	2,993.49	3.64%
Interest to income tax authorities	12.82	0.02%	19.66	0.02%
Other borrowing costs	132.70	0.20%	114.29	0.14%
Sub-Total	**81,749.51**	**122.45%**	**109,155.63**	**132.60%**
Less: Borrowing costs capitalized on railway infrastructure assets and national projects	15,373.78	23.03%	27,325.03	33.19%
Total	**66,375.73**	**99.43%**	**81,830.60**	**99.41%**

For information on borrowing cost capitalized on railway infrastructure assets and national projects, see "*Financial Statements – Annexure VI – Note 45*" on page 226.

Impairment on Financial Instruments Measured at Amortised Cost

Our Company is a government owned NBFC, as a result, our Company is exempt from the provisioning norms provided by the RBI through circular no. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated May 31, 2018. Further, the income recognition and asset classification norms are required to be complied by March 31, 2019 by NBFCs. However, the RBI had through letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated December 21, 2018 had exempted our Company from the said requirements to the extent of its direct exposure on the sovereign. Therefore, our Company has not applied impairment requirements to its exposure with MoR.

In Fiscal 2019, provision for standard assets on loans and interest accrued thereon amounted to ₹275.44 million.

The following table provides the computation of impairment for Fiscal 2019:

Particulars	Fiscal 2019
	(₹million)
Loan to IRCON	30,765.34
Loan to RVNL	28,426.30
Interest accrued on above	9,669.11
Total	**68,860.75**
Provision (at 0.4%)	**275.44**
Change in impairment	**275.44**

In addition, no further impairment is required as per expected credit loss model prescribed in Ind AS 109 - 'Financial Instruments' as IRCON and RVNL, are both under the MoR. For further information, see "*Financial Statements – Annexure VI – Note 27 – Impairment on Financial Instruments Measured at Amortised Cost*" on page 205.   .

Employee Benefit Expenses

Employee benefit expenses increased by 13.12% from ₹55.26 million in Fiscal 2018 to ₹62.51 million in Fiscal 2019 primarily due to an increase in salaries and wages. Salaries and wages increased by 23.82% from ₹44.24 million in Fiscal 2018 to ₹54.78 million in Fiscal 2019 on account of increase in basic pay, fixed allowances and incentives. This increase was marginally offset by a decrease in contribution to provident and other funds by 31.40% from ₹10.67 million in Fiscal 2018 to ₹7.32 million in Fiscal 2019.

Depreciation, Amortization and Impairment Expense

Depreciation, amortisation and impairment increased by 18.08% from ₹3.54 million in Fiscal 2018 to ₹4.18 million in Fiscal 2019 primarily on account of an increase in depreciation of property, plant and equipment. Depreciation of property, plant and equipment increased by 17.87% from ₹3.47 million in Fiscal 2018 to ₹4.09 million in Fiscal 2019.

Other Expenses

Other expenses significantly decreased by 54.57% from ₹324.37 million in Fiscal 2018 to ₹147.37 million in Fiscal 2019 primarily due to a decrease in corporate social responsibility expenses and legal and professional charges. Corporate social responsibility expenses significantly decreased by 64.35% from ₹237.80 million in Fiscal 2018 to ₹84.78 million in Fiscal 2019 on account of reduced spending on CSR activities on account of relatively longer implementation period of the projects selected for CSR activities. Further, legal and professional charges also significantly decreased by 76.24% from ₹34.97 million in Fiscal 2018 to ₹8.31 million in Fiscal 2019 on account of reduction in the consultancy services availed in financial services, taxation and human resources by our Company.

Profit before Tax

For the reasons discussed above, profit before tax was ₹29,015.84 million in Fiscal 2019 compared to ₹25,924.91 million in Fiscal 2018.

Tax Expense

Current tax expenses increased by 19.05% from ₹5,434.05 million in Fiscal 2018 to ₹6,469.23 million in Fiscal 2019 on account of increase in the tax liability on account of 'minimum alternate tax' under section 115JB of the Income Tax Act as a result of increase in profit before tax and increase in the effective 'minimum alternate tax' rate from 21.34% in Fiscal 2018 to 21.55% in Fiscal 2019.

Profit for the Period

For the various reasons discussed above, we recorded a profit for the period of ₹22,546.61 million in Fiscal 2019 compared to ₹20,490.86 million in Fiscal 2018.

Total Comprehensive Income for the period (comprising profit (loss) and other comprehensive income for the period)

Total Comprehensive Income for the period (comprising profit (loss) and other comprehensive income for the period) was ₹22,548.27 million in Fiscal 2019 compared to ₹20,498.88 million in Fiscal 2018.

FISCAL 2018 COMPARED TO FISCAL 2017

Key Developments

- Pursuant to the DTL Circulars issued by the MCA, a government company which is engaged in the business of infrastructure finance leasing with not less than 75% of its total revenue being generated from business with government companies or other entities owned or controlled by the GoI are exempt from the requirements of provisioning in respect of Ind AS 22 or Ind AS 12 relating to deferred tax asset or deferred tax liability, respectively. As a result, pursuant to the DTL Circulars, our Company is not required to create any provision for deferred tax from Fiscal 2018. For further information, see "*Significant Factors Affecting our Results of Operations – Tax Liability of our Company – Deferred Tax*" on page 255.

- The margin over the weighted average cost of borrowing for financing Rolling Stock Assets decreased from 50 bps in Fiscal 2017 to 30 bps in Fiscal 2018.

Total Income

Total income increased by 15.66% from ₹80,137.90 million in Fiscal 2017 to ₹92,683.81 million in Fiscal 2018.

Revenue from operations

Total revenue from operations increased by 15.65% from ₹80,133.58 million in Fiscal 2017 to ₹92,671.44 million in Fiscal 2018 primarily due to an increase in lease income and interest income. Lease income increased by 10.40% from ₹74,984.36 million in Fiscal 2017 to ₹82,784.48 million in Fiscal 2018 on account of increase in lease receivables of ₹112,654.60 million leased to the MoR and increase in the internal rate of return on the assets leased from 7.65% in Fiscal 2017 to 8.05% in Fiscal 2018.

In addition, interest income significantly increased by 92.08% from ₹5,144.68 million in Fiscal 2017 to ₹9,882.09 million in Fiscal 2018 primarily on account of increase in pre-commencement lease - interest income from ₹2,238.03 million in Fiscal 2017 to ₹7,391.46 million in Fiscal 2018 on account of additional disbursement made for funding of Project Assets. This increase was marginally offset by a decrease in the interest on loans provided to RVNL and IRCON by 5.20% from ₹2,471.74 million in Fiscal 2017 to ₹2,343.28 million in Fiscal 2018, interest income on deposits from ₹426.53 million in Fiscal 2017 to ₹139.20 million in Fiscal 2018 and interest income from investments by 2.74% from ₹8.38 million in Fiscal 2017 to ₹8.15 million in Fiscal 2018.

The following table sets forth certain information relating to interest income for the period indicated:

Particulars	Fiscal 2017 (proforma)		Fiscal 2018	
	Revenue from operations	As % of total revenue from operations	Revenue from operations	As % of total revenue from operations
	(₹million)	(%)	(₹million)	(%)
On financial assets measured at amortised cost:				
- Interest on loans	2,471.74	3.08%	2,343.28	2.53%
- Interest income from deposits	426.53	0.53%	139.20	0.15%
- Interest income from investments	8.38	0.01%	8.15	0.01%
- Pre commencement lease - Interest Income	2,238.03	2.79%	7,391.46	7.98%
Total	**5,144.68**	**6.42%**	**9,882.09**	**10.66%**

Other Income

Other income significantly increased from ₹4.32 million in Fiscal 2017 to ₹12.37 million in Fiscal 2018 primarily on account of increase in miscellaneous income from ₹2.80 million in Fiscal 2017 to ₹12.37 million in Fiscal 2018.

Expenses

Total expenses increased by 13.15% from ₹59,002.90 million in Fiscal 2017 to ₹66,758.90 million in Fiscal 2018.

Finance Costs

Finance costs increased by 13.00% from ₹58,738.90 million in Fiscal 2017 to ₹66,375.73 million in Fiscal 2018 primarily on account of an increase in interest of debt securities and discount on commercial paper by 21.10% from ₹64,558.04 million in Fiscal 2017 to ₹78,177.24 million in Fiscal 2018 due to additional issuance of bonds and commercial paper (net of redemption) resulting in an increase in debt securities of ₹158,996.24 million. Interest on borrowings also increased by 57.85% from ₹1,672.29 million in Fiscal 2017 to ₹2,639.76 million in Fiscal 2018 primarily due to availing of additional loans (net of principal repayments) resulting in increase in borrowings (other than debt securities) of ₹125,166.17 million

The following table sets forth certain information relating to finance cost for the period indicated:

Particulars	Fiscal 2017 (proforma)		Fiscal 2018	
	Expenses	As % of total expenses	Expenses	As % of total expenses
	(₹million)	(%)	(₹million)	(%)
On financial assets measured at amortised cost:				
Interest on debt securities	63,444.50	107.53%	76,157.12	114.08%
Interest on borrowings	1,672.29	2.83%	2,639.76	3.95%
Discount on commercial paper	1,113.54	1.89%	2,020.12	3.03%
Interest on delayed payments to the MoR	765.84	1.30%	786.99	1.18%
Interest to income tax authorities	1.70	0.00%	12.82	0.02%
Other borrowing costs	98.02	0.17%	132.70	0.20%

Particulars	Fiscal 2017 (proforma)		Fiscal 2018	
	Expenses	**As % of total expenses**	**Expenses**	**As % of total expenses**
Sub-Total	**67,095.89**	**113.72%**	**81,749.51**	**122.45%**
Less: Borrowing costs capitalized on railway infrastructure assets and national projects	8,356.99	14.16%	15,373.78	23.03%
Total	**58,738.90**	**99.55%**	**66,375.73**	**99.43%**

For information on borrowing cost capitalized on railway infrastructure assets and national projects, see "*Financial Statements – Annexure VI – Note 45*" on page 226.

Employee Benefit Expenses

Employee benefit expenses increased by 79.36% from ₹30.81 million in Fiscal 2017 to ₹55.26 million in Fiscal 2018 primarily due to an increase in salaries and wages. Salaries and wages increased by 62.95% from ₹27.15 million in Fiscal 2017 to ₹44.24 million in Fiscal 2018 on account of implementation of the pay revision for employees of 'Central Public Sector Enterprises' based on the 'Third Pay Revision Committee's Report' with effect from January 1, 2017. Contribution to provident and other funds also increased from ₹3.61 million in Fiscal 2017 to ₹10.67 million in Fiscal 2018.

Depreciation, Amortization and Impairment Expense

Depreciation, amortisation and impairment marginally increased by 1.14% from ₹3.50 million in Fiscal 2017 to ₹3.54 million in Fiscal 2018. Depreciation of property, plant and equipment marginally increased by 1.76% from ₹3.41 million in Fiscal 2017 to ₹3.47 million in Fiscal 2018.

Other Expenses

Other expenses increased by 41.22% from ₹229.69 million in Fiscal 2017 to ₹324.37 million in Fiscal 2018 primarily due to an increase in corporate social responsibility expenses and legal and professional charges. Corporate social responsibility expenses significantly increased by 41.76% from ₹167.75 million in Fiscal 2017 to ₹237.80 million in Fiscal 2018 on account of reduced spending on activities relation to the corporate social responsibility. Further, legal and professional charges also increased from ₹14.57 million in Fiscal 2017 to ₹34.97 million in Fiscal 2018 on account of reduction in the consultancy services availed in financial services, taxation and human resources by our Company.

Profit before Tax

For the reasons discussed above, profit before tax was ₹25,924.91 million in Fiscal 2018 compared to ₹21,135.00 million in Fiscal 2017.

Tax Expense

Current tax expenses increased by 19.37% from ₹4,552.20 million in Fiscal 2017 to ₹5,434.05 million in Fiscal 2018. In Fiscal 2017, deferred tax amounted to ₹7,371.09 million on account of increase in current tax liability on account of 'minimum alternate tax' due to increase in profit before tax. Further, pursuant to the DTL Circulars, our Company was not required to create any provision for deferred tax from Fiscal 2018.

Profit for the Period

For the various reasons discussed above, we recorded a profit for the period of ₹20,490.86 million in Fiscal 2018 compared to ₹9,211.71 million in Fiscal 2017.

Total Comprehensive Income for the period (comprising profit (loss) and other comprehensive income for the period)

Total Comprehensive Income for the period (comprising profit (loss) and other comprehensive income for the period) was ₹20,498.88 million in Fiscal 2018 compared to ₹9,216.13 million in Fiscal 2017.

FINANCIAL POSITION

Assets

The following table sets forth the principal components of our assets as of the periods indicated:

Particulars	As of September 30, 2019	As of March 31, 2019	2018	2017 (proforma)
	(₹million)			
Financial assets				
Cash and cash equivalents	13.03	37.07	11.28	9.43
Bank balance other than above	96,175.05	773.59	986.92	65.74
Derivative financial instruments	-	466.90	968.47	685.78
Receivables				
- Lease receivables	1,349,225.35	1,250,265.12	1,094,716.56	982,061.90
Loans	56,495.22	58,954.87	52,379.55	21,640.30
Investments	119.23	131.44	139.78	145.72
Other financial assets	861,022.43	740,307.27	451,075.99	282,580.72
Total financial assets	**2,363,050.31**	**2,050,936.26**	**1,600,278.55**	**1,287,189.59**
Non-financial assets				
Current tax assets (net)	5,807.16	-	259.27	163.18
Property, plant and equipment	111.18	112.25	112.69	115.04
Other intangible assets	0.51	0.50	0.27	0.12
Other non-financial assets	14,695.39	14,987.08	14,033.30	35.91
Total non-financial assets	**20,614.24**	**15,099.83**	**14,405.53**	**314.25**
Total Assets	**2,383,664.55**	**2,066,036.09**	**1,614,684.08**	**1,287,503.84**

As of September 30, 2019, we had total assets of ₹2,383,664.55 million, compared to ₹2,066,036.09 million as of March 31, 2019, ₹1,614,684.08 million as of March 31, 2018 and ₹1,287,503.84 million as of March 31, 2017. The significant increase in total assets was primarily on account of substantial growth in leasing of rolling stock to the MoR.

Financial Assets

Cash and cash equivalents

As of September 30, 2019, we had cash and cash equivalents of ₹13.03 million, compared to ₹37.07 million as of March 31, 2019, ₹11.28 million as of March 31, 2018 and ₹9.43 million as of March 31, 2017.

Bank balance other than above

As of September 30, 2019, we had bank balance other than above of ₹96,175.05 million, compared to ₹773.59 million as of March 31, 2019, compared to ₹986.92 million as of March 31, 2018 and ₹65.74 million as of March 31, 2017. Our bank balance other than above significantly increased between March 31, 2019 and September 30, 2019 primarily on account of receipt of the second instalment of lease rental for Fiscal 2020 from the MoR as per the terms of the Standard Lease Agreement. In addition, after meeting our payment obligations, the surplus amount was retained in the form of fixed deposits with banks. Further, certain amounts collected towards application money from the issuance of bonds was retained in escrow accounts with banks pending allotment of such bonds. Between March 31, 2017 and March 31, 2018, our bank balance other than above increased primarily on account of certain amount collected towards application money from the issuance of bonds being retained in escrow accounts with banks pending allotment of such bonds.

Derivative financial instruments

As of September 30, 2019, we had derivative financial instruments of nil, compared to ₹466.90 million as of March 31, 2019, ₹968.47 million as of March 31, 2018 and ₹685.78 million as of March 31, 2017. Our derivative financial instruments were nil as of September 30, 2019 on account of the fact that the mark to market value of interest rate swaps contracted for hedging exchange rate variation risk of certain foreign currency loans was derivative asset (receivable) as of March 31, 2019 as against the same becoming a derivative liability (payable) as on September 30, 2019 due to considerable decline in the US $ interest swap rates as of September 30, 2019 as compared to that of March 31, 2019. Between March 31, 2018 to March 31, 2019, the decrease in derivative financial instrument (asset) is attributed primarily to the maturity of an interest rate swap contracted for hedging floating interest risk on account of six months US $ LIBOR variation risk concurrently with the syndicated foreign currency loan in December 2018 and decline in the mark to market value of interest rate swaps contracted for hedging the floating six months US $ LIBOR variation risk due to decline in the US $ interest swap rates on March 31, 2019 as compared to that of March 31, 2018.

Lease receivables

As of September 30, 2019, we had lease receivables of ₹1,349,225.35 million, compared to ₹1,250,265.12 million as of March 31, 2019, compared to ₹1,094,716.56 million as of March 31, 2018 and ₹982,061.90 million as of March 31, 2017. The significant increase in lease receivables was primarily due to incremental Rolling Stock Assets leased amounting to ₹146,517.25 million, ₹240,550.85 million, ₹186,698.60 million and ₹142,808.40 million in the six months ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2019, respectively, as against the capital recovery of ₹47,557.02 million, ₹85,002.29 million, ₹74,043.94 million and ₹65,679.90 million in the same periods.

Loans

As of September 30, 2019, we had loans of ₹56,495.22 million, compared to ₹58,954.87 million as of March 31, 2019, ₹52,379.55 million as of March 31, 2018 and ₹21,640.30 million as of March 31, 2017. The significant increase in loans between March 31, 2017 and March 31, 2018 was primarily due to an additional disbursement of ₹32,000 million to IRCON.

Investments

As of September 30, 2019, we had investments of ₹119.23 million, compared to ₹131.44 million as of March 31, 2019, ₹139.78 million as of March 31, 2018 and ₹145.72 million as of March 31, 2017. The decrease in investments was primarily due to the maturity of investments in 'pass through certificates'.

Other financial assets

As of September 30, 2019, we had other financial assets of ₹861,022.43 million, compared to ₹740,307.27 million as of March 31, 2019, compared to ₹451,075.99 million as of March 31, 2018 and ₹282,580.72 million as of March 31, 2017. The significant increase in other financial assets was primarily due to incremental funding for Project Assets amounting to ₹92,516 million, ₹274,341 million, ₹147,598.90 million and ₹131,700 million in the six months ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2019, respectively. For further information, see "*Restated Financial Statements – Annexure VI – Note 45*" on page 226.

Non-Financial Assets

Current tax assets (net)

As of September 30, 2019, we had current tax assets (net) of ₹5,807.16 million, compared to nil as of March 31, 2019, ₹259.27 million as of March 31, 2018 and ₹163.18 million as of March 31, 2017. The significant increase in current tax assets(net) between September 30, 2019 and March 31, 2019 was primarily due to the advance tax deposited during the first two quarters of Fiscal 2019 and the 'tax deducted at source' on lease rentals received from the MoR in Fiscal 2019 without any incremental provision for tax for the six months ended September 30, 2019 on account of our Company adopting section 115BAA of the Income Tax Act, 1961. Since the taxable income of our Company was nil and the 'minimum alternate tax' under section 115 JB of the Income Tax Act, 1961 was outside the scope of section 115 BAA of the Income Tax Act, 1961, no provision for tax was made in our financial statements for the six months ended September 30, 2019.

Property, plant and equipment

As of September 30, 2019, we had property, plant and equipment of ₹111.18 million, compared to ₹112.25 million as of March 31, 2019, ₹112.69 million as of March 31, 2018 and ₹115.04 million as of March 31, 2017.

Other intangible assets

As of September 30, 2019, we had other intangible assets of ₹0.51 million, compared to ₹0.50 million as of March 31, 2019, ₹0.27 million as of March 31, 2018 and ₹0.12 million as of March 31, 2017.

Other non-financial assets

As of September 30, 2019, we had other non-financial assets of ₹14,695.39 million, compared to ₹14,987.08 million as of March 31, 2019, ₹14,033.30 million as of March 31, 2018 and ₹35.91 million as of March 31, 2017. Our other non-financial assets significantly increased between March 31, 2017 and March 31, 2018 primarily on account of introduction of GST with effect from July 1, 2017 which resulted in GST recoverable of ₹13,997.79 million as of March 31, 2018.

Liabilities

The following table sets forth the principal components of our liabilities as of the dates specified:

Particulars	As of September 30, 2019	As of March 31,		
		2019	2018	2017 (proforma)
	(₹million)			
Financial Liabilities				
Derivative financial instruments	3,102.50	3,105.95	7,495.79	6,561.21
Payables				
- Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-
- Other payables				
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	152.66	121.79	87.15	35.07
Debt securities	1,351,895.53	1,235,978.99	1,108,442.46	949,446.22
Borrowings (other than debt securities)	494,421.00	503,347.76	231,612.81	106,446.64
Other financial liabilities	268,921.16	72,999.28	56,625.68	38,783.38
Total financial liabilities	**2,118,492.85**	**1,815,553.77**	**1,404,263.89**	**1,101,272.52**
Non-financial liabilities				
Current tax liabilities (net)	-	29.69	-	-
Provisions	140.89	117.96	108.37	93.57
Deferred tax liabilities (net)	64,431.40	64,431.40	64,431.40	64,431.40
Other non-financial liabilities	108.38	48.15	6,592.73	106.89
Total non-financial liabilities	**64,680.67**	**64,627.20**	**71,132.50**	**64,631.86**
Total liabilities	**2,183,173.52**	**1,880,180.97**	**1,475,396.39**	**1,165,904.38**
Equity				
Equity Share Capital	93,804.60	93,804.60	65,264.60	65,264.60
Other equity	106,686.43	92,050.52	74,023.09	56,334.86
Total Equity	**200,491.03**	**185,855.12**	**139,287.69**	**121,599.46**
Total Liabilities and Equity	**2,383,664.55**	**2,066,036.09**	**1,614,684.08**	**1,287,503.84**

Financial Liabilities

Derivative financial instruments

As of September 30, 2019, we had derivative financial instruments of ₹3,102.50 million, compared to ₹3,105.95 million as of March 31, 2019, compared to ₹7,495.79 million as of March 31, 2018 and ₹6,561.21 million as of March 31, 2017. The decrease in derivative financial instruments between March 31, 2018 and March 31, 2019 was primarily due to maturity of currency forward contracts with notional principal of USD 550 million availed for hedging a portion of the syndicated foreign currency loan of USD 400 million and 'Reg-S Bonds 3rd Series' of USD 500 million, which matured in Fiscal 2019.

Payables

As of September 30, 2019, our total outstanding dues of creditors other than micro enterprises and small enterprises was ₹152.66 million, compared to ₹121.79 million as of March 31, 2019, ₹87.15 million as of March 31, 2018 and ₹35.07 million as of March 31, 2017.

Debt securities

As of September 30, 2019, we had debt securities of ₹1,351,895.53 million, compared to ₹1,235,978.99 million as of March 31, 2019, ₹1,108,442.46 million as of March 31, 2018 and ₹949,446.22 million as of March 31, 2017. The increase in debt securities was primarily due to incremental issuance of bonds and commercial paper (net of redemption) in the domestic and international markets and commercial paper.

Borrowings (other than debt securities)

As of September 30, 2019, we had borrowings (other than debt securities) of ₹494,421.00 million, compared to ₹503,347.76 million as of March 31, 2019, ₹231,612.81 million as of March 31, 2018 and ₹106,446.64 million as of March 31, 2017. The increase in borrowings (other than debt securities) between March 31, 2017 and March 31, 2019 was primarily due to incremental raising of funds (net of repayments) of ₹405,282.38 million through rupee term loans from banks and 'National Small Savings Fund', which was partially offset by a decrease in the foreign currency term loans.

Other financial liabilities

As of September 30, 2019, we had other financial liabilities of ₹268,921.16 million, compared to ₹72,999.28 million as of March 31, 2019, compared to ₹56,625.68 million as of March 31, 2018 and ₹38,783.38 million as of March 31, 2017. The significant increase in other financial liabilities between March 31, 2019 and September 30, 2019 was primarily due to receipt of the second instalment of lease receivables for Fiscal 2020 from the MoR as per the terms of the Standard Lease Agreement and shortfall in the funds transferred to the MoR against the assets procured and leased to the MoR in the six months ended September 30, 2019.

Non-financial Liabilities

Provisions

As of September 30, 2019, we had provisions of ₹140.89 million, compared to₹117.96 million as of March 31, 2019, ₹108.37 million as of March 31, 2018 and ₹93.57 million as of March 31, 2017. The increase in provisions was primarily due to interest liability under sections 234 (b) and 234 (c) of the Income Tax Act, 1961.

Other non-financial liabilities

As of September 30, 2019, we had other non-financial liabilities of ₹108.38 million, compared to ₹48.15 million as of March 31, 2019, ₹6,592.73 million as of March 31, 2018 and ₹106.89 million as of March 31, 2017. The significant increase in other non-financial liabilities between March 31, 2017 and March 31, 2018 was primarily due to the liability on account of GST payable under reverse charge mechanism.

LIQUIDITY

The purpose of the liquidity management function is to ensure that we have adequate liquidity to meet the funding requirements of the Indian Railways, to repay principal, interest on our borrowings and to fund our working capital requirements and other expenses and taxes. We endeavour to diversify our sources of capital. We have funded the growth in our operations through, bond issuances in domestic and overseas capital markets, term loans and assignment or securitization and issuance of commercial paper and sub-ordinated non-convertible debentures. Based upon our current level of expenditures, we believe our net cash flows from operating activities and contemplated borrowings will be adequate to meet our anticipated cash requirements for meeting the Indian Railway's funding requirement.

We actively manage our liquidity and capital position by raising funds on a continuous basis on terms that, we believe, are favourable to us. We maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements. Liquidity is provided principally by short term and long term borrowings from banks and other financial institutions, debentures, retained earnings and proceeds from assignments and securitizations of loans. Certain of our loan agreements and debentures contain a number of covenants including financial covenants.

CASH FLOWS

The following table sets forth certain information relating to our cash flows in the periods indicated:

Particulars	September 30, 2019	Fiscal		
		2019	2018	2017 (proforma)
	(₹million)			
Net cash flow/(used) in operating activities	(106,442.64)	(417,481.87)	(280,761.25)	(193,447.48)
Net cash flow/(used) in investing activities	4.54	13.14	16.75	17.85
Net cash generated by/(used in) financing activities	106,414.06	417,494.52	280,746.35	181,430.55
Net increase in cash and cash equivalents	(24.04)	25.79	1.85	(11,999.08)
Cash and cash equivalents at the end of year end	13.03	37.07	11.28	9.43

Operating Activities

<u>*Six Months Ended September 30, 2019*</u>

In the six months ended September 30, 2019, net cash used in operating activities was ₹(106,442.64) million. Profit before taxes was ₹17,147.96 million in the six months ended September 30, 2019 and adjustments for primarily consisted of discount of commercial paper of ₹678.57 million and adjustments towards effective interest rate of ₹(288.92) million. Operating profit before working capital changes was ₹17,560.11 million in the six months ended September 30, 2019. The main working capital adjustment in the six months ended September 30, 2019, included increase in other financial liabilities of ₹193,510.77 million primarily due to receipt of the second instalment of lease receivables for Fiscal 2019 from the MoR as per the terms of the Standard Lease Agreement and shortfall in the funds transferred to the MoR against the assets procured and leased to the MoR in the six months ended September 30, 2019. In addition, working capital adjustments also included increase in other financial assets of ₹(120,065.64) million, increase in receivables of ₹(98,960.23) million and increase in bank balance other than cash and cash equivalents of ₹(95,401.47) million. In the six months ended September 30, 2019, cash generated from operations was ₹(100,605.79) million and direct taxes paid (net of refunds) amounted to ₹5,836.85 million.

<u>*Fiscal 2019*</u>

In Fiscal 2019, net cash used in operating activities was ₹(417,481.87) million. Profit before taxes was ₹29,015.84 million in Fiscal 2019 and adjustments for primarily consisted of discount of commercial paper of ₹1,237.25 million and adjustments towards effective interest rate of ₹169.04 million. Operating profit before working capital changes was ₹30,438.27 million in Fiscal 2019. The main working capital adjustments in Fiscal 2019, included increase in other financial assets of ₹(288,729.70) million primarily due to additional funding provided to the MoR for Project Assets, increase in receivables of ₹(155,548.55) million primarily due to incremental Rolling Stock Assets (net of capital recovery) leased to the MoR, and increase in loans and advances of ₹(6,575.32) million. In Fiscal 2019, cash generated from operations was ₹(411,289.34) million and direct taxes paid (net of refunds) amounted to ₹6,192.53 million.

<u>*Fiscal 2018*</u>

In Fiscal 2018, net cash used in operating activities was ₹(280,761.25) million. Profit before taxes was ₹25,924.91 million in Fiscal 2018 and adjustments for primarily consisted of discount of commercial paper of ₹2,020.12 million and adjustments towards effective interest rate of ₹(480.12) million. Operating profit before working capital changes was ₹27,477.33 million in Fiscal 2018. The main working capital adjustments in Fiscal 2018, included increase in other financial assets of ₹(168,777.97) million primarily due to additional funding provided to the MoR for infrastructure assets, increase in receivables of ₹(112,654.67) million primarily due to incremental Rolling Stock Assets (net of capital recovery) leased to the MoR and increase in loans and advances of ₹(30,739.25) million. In Fiscal 2018, cash generated from operations was ₹(275,229.39) million and direct taxes paid (net of refunds) amounted to ₹5,531.86 million.

<u>*Fiscal 2017*</u>

In Fiscal 2017, net cash used in operating activities was ₹(193,447.48) million. Profit before taxes was ₹21,135.00 million in Fiscal 2017 and adjustments for primarily consisted of discount of commercial paper of ₹1,113.54 million and adjustments towards effective interest rate of ₹188.72 million. Operating profit before working capital changes was ₹22,438.79 million in Fiscal 2017. The main working capital adjustments in Fiscal 2017, included increase in other financial assets of ₹(144,250.77) million primarily due to additional funding provided to the MoR for infrastructure assets, increase in receivables of ₹(77,128.45) million primarily due to incremental Rolling Stock Assets (net of capital recovery) leased to the MoR, and increase in other financial liabilities of ₹9,214.86 million. In Fiscal 2017, cash generated from operations was ₹(188,980.59) million and direct taxes paid (net of refunds) amounted to ₹4,466.89 million.

Investment Activities

Six Months Ended September 30, 2019

Net cash flows from investing activities was ₹4.54 million in the six months ended September 30, 2019, primarily on account of proceeds from realization of pass through certificates/ sale of investments of ₹5.66 million. This was marginally offset by purchase of property, plant and equipment and intangible assets of ₹(1.12) million in the six months ended September 30, 2019.

Fiscal 2019

Net cash flows from investing activities was ₹13.14 million in Fiscal 2019, primarily on account of proceeds from realization of pass through certificates/ sale of investments of ₹12.12 million and dividend income received of ₹5.14 million. This was offset by purchase of property, plant and equipment and intangible assets of ₹(4.22) million in Fiscal 2019.

Fiscal 2018

Net cash flows from investing activities was ₹16.75 million in Fiscal 2018, primarily on account of proceeds from realization of pass through certificates/ sale of investments of ₹13.28 million and dividend income received of ₹4.87 million. This was marginally offset by purchase of property, plant and equipment and intangible assets of ₹(1.48) million in Fiscal 2018.

Fiscal 2017

Net cash flows from investing activities was ₹17.85 million in Fiscal 2017, primarily on account of proceeds from realization of pass through certificates/ sale of investments of ₹14.55 million and dividend income received of ₹4.54 million. This was marginally offset by purchase of property, plant and equipment and intangible assets of ₹(1.37) million in Fiscal 2017.

Financing Activities

Six Months Ended September 30, 2019

Net cash generated by financing activities was ₹106,414.06 million in the six months ended September 30, 2019, primarily on account of issue of debt securities (net of redemptions) of ₹122,136.80 million. This was marginally offset by raising of rupee term loans/ foreign currency borrowings (net of repayments) of ₹(8,773.90) million and issue of commercial paper (net of repayments) of ₹(6,948.84) million in the six months ended September 30, 2019.

Fiscal 2019

Net cash generated by financing activities was ₹417,494.52 million in Fiscal 2019, primarily on account of rupee term loans/ foreign currency borrowings (net of repayments) of ₹270,172.83 million and issue of debt securities (net of redemptions) of ₹104,655.95 million. This was marginally offset by raising of dividend paid of ₹(3,750.00) million in Fiscal 2019.

Fiscal 2018

Net cash generated by financing activities was ₹280,746.35 million in Fiscal 2018, primarily on account of issue of debt securities (net of redemptions) of ₹207,419.28 million and rupee term loans/ foreign currency borrowings (net of repayments) of ₹125,853.88 million. This was marginally offset by raising of dividend paid of ₹(2,335.24) million in Fiscal 2018.

Fiscal 2017

Net cash generated by financing activities was ₹181,430.55 million in Fiscal 2017, primarily on account of issue of debt securities (net of redemptions) of ₹132,661.55 million, rupee term loans/ foreign currency borrowings (net of repayments) of ₹28,242.00 million and issue of commercial paper of ₹26,899.70 million. This was marginally offset by raising of dividend paid of ₹(5,294.80) million in Fiscal 2017.

INDEBTEDNESS

As of September 30, 2019, our total outstanding borrowing amounted to ₹1,846,316.54 million which consisted of secured and unsecured long term borrowings of ₹1,774,407.04 million, including bonds from domestic capital markets, bonds from overseas capital markets, rupee term loans from banks, rupee term loans from 'National Small Savings Fund' and foreign currency term loans, and short term borrowings of ₹71,909.50 million, including commercial paper of ₹23,589.50 million and short-term rupee loans against fixed deposits of ₹48,320 million. For further information of indebtedness as of September 30, 2019 and certain terms and conditions associated with such borrowings, see "*Financial Indebtedness*" on page 291.

The following table sets forth certain information relating to our outstanding indebtedness as of September 30, 2019, and our repayment obligations in the periods indicated:

Particulars	As of September 30, 2019								
	Up to 30 days	Over 1 month and up to 2 Months	Over 2 months and up to 3 Months	Over 3 months and up to 6 Months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
	(₹million)								
Deposits	-	-	-	-	-	-	-	-	-
Advances*	50,788.13	-	-	-	58,583.41	236,451.51	243,365.80	1,629,913.66	2,219,102.50
Investments	5.40	-	-	-	5.16	17.07	0.00	91.60	119.24
Borrowings**	74,909.50	20,000.00	5,000.00	46,022.10	81,530.00	190,822.36	194,367.91	1,114,900.29	1,727,552.16
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities ***	106.58	-	-	-	106.58	319.73	35,525.00	87,720.92	123,778.80

**Advances include lease receivables from MOR, advance funding to MOR for Project Assets and loan to RVNL and IRCON.*
*** Borrowings from domestic market.*
**** Borrowings from overseas market.*

Some of the financing arrangements entered into by us include conditions and covenants that require us to obtain lender's consents prior to carrying out certain activities and entering into certain transactions. We are required to obtain our lender's consent in case the equity shareholding of the GoI in us falls below 51.00% in us. We cannot assure you that we will be able to obtain these consents and any failure to obtain these consents could have significant adverse consequences for our business. For further information in relation to covenants contained in our financing agreements, see "*Financial Indebtedness*" on page 291 and "*Risk Factors – Our indebtedness and the conditions and restrictions imposed by our financing arrangements could restrict our ability to obtain additional financing, raise capital, conduct our business and operations in the manner we desire.*" on page 36 .

CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

Our Restated Financial Statements disclosed the following contingent liabilities as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets:

- As of September 30, 2019, claims against our Company not acknowledged as debts (Claims by bondholders in the consumer/ civil courts) amounted to ₹4.27 million.

- Claims against our Company not acknowledged as debt – relating to service matter pending in the Supreme Court - amount not ascertainable.

- The procurement/ acquisition of assets leased out by our Company to the Indian Railways is done by MoR. As per the lease agreements entered into between our Company and the MOR, the sales tax/ value added tax liability, if any, on procurement/ acquisition and leasing is recoverable from the MOR. Since, there is no sales tax/ value added tax demand and the amount is unascertainable, no provision is considered necessary.

- The Directorate General of GST Intelligence, Chennai, Zonal Unit has served a show cause notice dated April 16, 2019 on our Company alleging contravention of provisions of sections 67, 68 and 70 of the Finance Act, 1994 by our Company and as to why service tax of ₹26,537.65 million along with interest and penalty be not demanded from our Company. Our Company has submitted reply against the said show cause notice stating that there is no contravention of provisions of any of the above stated sections of the Finance Act, 1994 and our Company is not liable to pay the tax. However, if any liability arises that would be recoverable from the MoR.

- The income tax assessments of our Company have been completed up to the Assessment Year 2016-17. The disputed demand of tax including interest thereon amounted to ₹9.48 million. Our Company has already filed appeals against the said tax demands and the same are pending at various appellate levels. Based on decisions of the appellate authorities in other similar matters and interpretation of relevant provisions, our Company is confident that the demands will be either deleted or substantially reduced and accordingly no provision is considered necessary.

- During the Fiscal 2016, the income tax department had raised demand of ₹3,994.90 million under section 201(1) of the Income Tax Act, 1961 towards non-deduction of tax at source and interest thereon, for the Assessment Years 2011-12, 2012-13 and 2013-14. Our Company filed appeals against the said assessment orders before the CIT (Appeals) on April 28, 2016. Further, rectification applications under section 154 of the Income Tax Act, 1961 were also filed on May 20, 2016. As per the Appellate Order dated January 25, 2017 for the Assessment Year 2011-12, the order passed by the Assessing Officer raising demand of ₹2,451.66 million has been set aside. The remaining demand for ₹1,543.24 million has also been set aside vide order dated December 28, 2018 and December 31, 2018.

For further information, see our "*Financial Statements – Annexure VI – Note 34 – Contingent Liabilities and Commitments*" on page 210.

Commitments

Our Registered and Corporate Office, including parking area, has been capitalised from the date of taking possession. However, the sale/ transfer deed is still pending for execution in favour of our Company. As of September 30, 2019, the stamp duty payable on the registration of our Registered and Corporate Office amounted to ₹9.15 million, which will be accounted for on registration. For further information, see our "*Financial Statements – Annexure VI – Note 46*" on page 226.

CONTRACTUAL OBLIGATIONS

As of September 30, 2019, we did not have any future payments due under known contractual commitments. For further information on our capital and other commitments, see "*Financial Statements*" on page 153.

SECURITIZATION AND ASSIGNMENT ARRANGEMENTS

We have not entered into any securitization transaction or assignment transaction during the six months ended September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017. However, we entered into two securitization transactions in respect of our lease receivables from MoR on January 25, 2010 and March 24, 2011. As per IND AS 109 – 'Financial Instruments', the gain on these transactions was recognised in the year of transactions, itself.

In terms of the Minimum Retention Requirement as contained in the draft guidelines issued by the RBI in April 2010, we had invested 5% of the total securitized amount towards MMR in respect of our second securitization transaction executed in 2011. The present exposure on account of securitization transaction as of September 30, 2019 was ₹27.63 million, while as of March 31, 2019, 2018 and 2017, it was ₹33.29 million, ₹45.42 million and ₹58.69 million. The following table sets forth information regarding the exposure on account of securitization transactions for the periods indicated:

Particulars	Six months ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017 (proforma)
Number of SPVs sponsored for securitisation transactions	2	2	2	2

Particulars	Six months ended September 30, 2019	Fiscal 2019	Fiscal 2018	Fiscal 2017 (proforma)
Total amount of securitised assets as per books of the SPV's sponsored (₹million)	1,245.84	1,511.66	2,078.89	2,697.15
Total amount of exposures retained to comply with MRR (₹million)	27.64	33.30	45.42	58.69
a) Off Balance Sheet Exposures	-	-	-	-
First Loss	-	-	-	-
Others (₹million)	27.64	33.30	45.42	58.69
b) On Balance Sheet Exposures	-	-	-	-
First Loss	-	-	-	-
Others	-	-	-	-
Amount of exposures to securitization transactions other than MRR	-	-	-	-

For further information, see "*Financial Statements – Annexure VI – Note 54.3 – Disclosures relating to Securitization*" and "*Financial Statements – Annexure VI – Note 48 – Other Disclosures"* on pages 236 and 227, respectively. Also, for securitization and assignment norms prescribed by the RBI, see "*Key Regulations and Policies*" on page 120.

Except as disclosed above or in our Restated Financial Statements or elsewhere in this Draft Red Herring Prospectus, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

CAPITAL EXPENDITURE

In Fiscal 2017, 2018 and 2019 and in the six months ended September 30, 2019, our capital expenditure towards additions to fixed assets (property, plant and equipment's and intangible assets, excluding goodwill) was ₹1.37 million, ₹1.48 million, ₹4.22 million and ₹1.12 million, respectively. The following table sets forth our fixed assets as of the dates indicated:

Particulars	As of March 31,			As of September 30, 2019
	2017 (proforma)	2018	2019	
	(₹million)			
Property, plant and equipment	174.38	115.86	119.34	120.32
Intangible Assets	0.43	0.34	0.66	0.77
Depreciation of property, plant and equipment	3.41	3.47	4.09	2.06
Depreciation on right to use	-	-	-	-
Amortization of intangible assets	0.09	0.07	0.09	0.10
Depreciation on investment property	-	-	-	-

We expect to meet our capital expenditure in the next three Fiscals through internal accruals.

INTEREST COVERAGE RATIO

Interest coverage ratio is calculated on the basis on profit after tax add finance cost, depreciation and amortisation, and tax expenses divided by finance cost.

Particulars	Fiscal			Six months ended September 30, 2019
	2017 (proforma)	2018	2019	
Interest Coverage Ratio	1.32	1.32	1.27	1.24

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. These transactions principally include remuneration to executive directors and KMPs. For further information relating to our related party transactions, see "*Financial Statements - Annexure VI – Note 53.1 –Related Party Disclosures*" on page 230.

CREDIT RATING

The following table sets forth our credit ratings as of the date of this Draft Red Herring Prospectus:

Rating Agency	Instruments	Credit Ratings
Long-term rating		
CRISIL	Long Term Borrowing Programme	CRISIL AAA
ICRA	Long Term Borrowing Programme	ICRA AAA
CARE	Long Term Market Borrowing Programme	CARE AAA
Short Term Rating		
CRISIL	Short Term Debt Programme	CRISIL A1+
ICRA	Short Term Borrowing Programme	ICRA A1+
CARE	Short Term Market Borrowing Programme	CARE A1+
International Rating		
Standard & Poor's	Long Term Foreign Currency Issuer Rating	BBB- (Stable)*
Moddy's	Long Term Foreign Currency Issuer Rating	Baa2(Negative)*
FITCH	Long Term Foreign Currency Issuer Rating	BBB- (Stable)*
Japanese Credit Rating Agency	Long Term Foreign Currency Issuer Rating	BBB+ (Stable)*

***** *Equivalent to sovereign Rating assigned to Republic of India.*

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our activities expose us to a variety of financial risks which include market risk (such as, currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Our focus is to ensure liquidity which is sufficient to meet our operational requirements. Our Company monitors and manages key financial risks so as to minimise potential adverse effects on its financial performance. We have a risk management policy which covers the risks associated with the financial assets and liabilities.

Market Risk

Market risk is the risk that the expected cash flows or fair value of a financial instrument could change owing to changes in market prices. Our activities expose us primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Typically, the weighted average cost of borrowing factors in any expenses incurred by us with respect to any foreign currency hedging costs and / or losses (and gains, if any) as well as any hedging costs for interest rate fluctuations. Such weighted average cost of borrowing are included in the lease rentals payable by the MoR to us. However, we use derivative instruments to manage market risk against the volatility in foreign exchange rates and interest rates in order to minimize their impact on the weighted average cost of borrowing and in turn, the cost to MOR. Our policy is not to utilize any derivative financial instruments for trading or speculative purposes.

Foreign Currency Risk

The fluctuation in foreign currency exchange rates may have a potential impact on our statement of profit or loss, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than the functional currency of our Company. Our Company undertakes transactions denominated in foreign currencies and as a result, we are exposed to exchange rate fluctuations. Typically, any expenses incurred by us with respect to any foreign currency hedging costs and/ or losses (and gains, if any) are built in the weighted average cost of borrowing which is included in the lease rentals payable by the MoR to us. In Fiscal 2017, 2018 and 2019 and in the six months ended September 30, 2019, our expenditure in foreign currency was ₹3,779.20 million, ₹3,765.25 million, ₹4,665.60 million and ₹2,030.31 million, respectively. Our Company has a treasury team, which evaluates the impact of foreign currency risk on our cost of borrowings. The exchange rate between the Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. Adverse movements in foreign exchange rates may adversely affect our weighted average cost of borrowing which would result in adversely affecting the cost to MoR.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate on account of changes in market interest rates. Interest rates for borrowings have been volatile in India in recent periods. We are exposed to interest rate risk as we borrow funds at both fixed and floating interest rates. We believe we manage the risk by maintaining an appropriate mix between fixed and floating rate borrowings. We use financial instruments to manage our exposure to changing interest rates and to adjust our mix of fixed and floating interest rate debt on long-term debt.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Credit risk is also managed through approvals, establishing credit limits, continuous monitoring of creditworthiness of customers to which we grant credit terms in the normal course of business.

We consider the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is significant increase in credit risk, we consider reasonable and supportive forward looking information such as (i) actual or expected significant adverse change in business; (ii) actual or expected significant changes in the operating results of the counterparty; (iii) financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation; (iv) significant increase in credit risk and other financial instruments of the same counterparty; and (v) significant changes in the value of collateral supporting the obligation or in the quality of third party guarantees or credit enhancements.

Our major exposure is from lease receivables from the MoR and loans to Other PSU Entities which are under the control of MoR. There is no credit risk on lease receivables being due from sovereign. With respect to loan given to RVNL and IRCON, we consider the RBI directions in terms of its circular no. RBI/2017-18/181_DNBR (PD) CC. No. 092/03.10.001/2017-18 dated May 31, 2018 read with letter no. DNRB (PD). CO.No.1271/03.10.001/2018-19 dated 21-December-2018, to be adequate compliance with the impairment norms as per Ind AS 109, Financial Instruments, as IRCON and RVNL, are both under the MoR and we do not expect any concern in the repayment of aforesaid loans.

Liquidity Risk

Liquidity risk is defined as the potential risk that our Company cannot meet the cash obligations as they become due. We have established a liquidity risk management framework for the management of our short, medium, and long-term funding and liquidity management requirements. We manage liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Besides, there is a provision in the lease agreements with the MoR whereby MOR undertakes to provide lease rentals in advance (to be adjusted from future payments) in case we do not have adequate liquidity to meet our debt service obligations. However, since our incorporation, we have not taken any such support from the MoR for mitigating our liquidity risk.

Inflation

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

CAPITAL TO RISK ASSET RATIOS

Our Company is subject to the capital adequacy ratio ("**CAR**") requirements prescribed by the RBI. Our Company is currently required to maintain a minimum CAR of 15.00%, based on our total capital to risk-weighted assets. As a part of our governance policy, our Company ordinarily maintain capital adequacy higher than the statutorily prescribed CAR. As of September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017, our CAR was 303.78%, 259.46%, 224.80%, and 381.77% respectively. For further information, see "*Key Regulations and Policies*" on page 120.

AUDITOR OBSERVATIONS / REMARKS

Except as stated below and in the Draft Red Herring Prospectus, our Statutory Auditors have not made any emphasis of matter/ observation/ other matter in their examination report on the Restated Financial Information and their audit reports to our audited financial statements in Fiscals 2017, 2018 and 2019 and the six months ended September 30, 2019:

Emphasis of Matter

Six Months Ended September 30, 2019

(i) The Statutory Auditors have drawn attention to the Comptroller & Audit General ("**C&AG**") of India Auditor's observations regarding the presentation/ classification of the "Advance given against railway infrastructure assets to the leased" out to the railways and advances funding against national projects into "non-financial assets – capital advances" instead of "other financial assets" as treated by our Company. The total amount under observation is ₹699,916.58 million. As agreed with the C&AG, our Company has referred the matter to the Expert Advisory Committee of the ICAI for an expert opinion. The reply from ICAI is awaited. As our Company is still awaiting for the expert opinion from the ICAI, the same accounting treatment has been followed while preparing the financial information for the six months ended September 30, 2019. The Statutory Auditors' opinion is not modified in respect of this matter.

Management Response: Our Company has classified the "Advance given against railway infrastructure assets to be leased out to the Railways" and "Advances funding against National projects" pending commencement of the lease in respect of these assets as "Other Financial Assets" in audited financial statements for the year ended March 31, 2019 instead of "Non-Financial Assets" as there exists a contractual arrangement between our Company and the MoR previously for the commencement of leases after a pre-decided period irrespective of the completion of construction/ development of such assets. Since these leases qualify as 'Financial Leases' in terms of IND AS-17/ IND AS-116, and the fact that financial leases fall within the scope of 'Financial Assets' and accordingly, our Company has classified this item as 'Other Financial Assets'. Pursuant to our reply, C&AG has suggested that our Company refer this matter to the Expert Advisory Committee of the ICAI and accordingly, the matter has been referred.

<u>*Observations*</u>

Our Statutory Auditors have made certain observations under 'Report on Other Legal and Regulatory Requirements', as required by the Companies (Auditor's Report) Order, 2016, in their examination report on the Restated Financial Information and in their audit reports to our audited financial statements for Fiscals 2017, 2018 and 2019 and the six months ended September 30, 2019:

Six Months Ended September 30, 2019

(i) The fixed assets records does not include the particulars of fixed assets leased to the MoR. The same are shown as lease receivables in the books of accounts.

Management Response: As per the relevant provisions of the Companies Act, our Company is required to maintain records of its fixed assets. These have been duly maintained by our Company. However, assets underlying the financial leases are shown as 'lease receivables' in the audited financial statements in terms of Accounting Standard – 19, as such we are not required to maintain the details of such leased assets in the prescribed format.

(ii) Our Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased fixed assets. Leased assets have been certified by the MoR as to their physical existence and good working condition.

Management Response: As the assets leased by our Company to the MoR are shown as 'lease receivables' in the audited financial statements and all risks incidental to the ownership of the assets is passed on to the MoR, we do not conduct any physical verification of such assets. In addition, we rely on a certificate from MoR in relation to the physical existence and good working condition of such assets.

(iii) Office Building, including parking area, has been capitalized from the date of taking possession. However, the sale/transfer deed of office building is yet to be executed in favour of our Company.
*Management Response: Our office building is located in NBCC Place, which was developed by NBCC on the land allotted by the Land and Development Office ("**L&DO**"), Ministry of Housing & Urban Development. However, as per the information available with us, the land continues to remain on leasehold for NBCC and the ownership is yet to be transferred in their favour. Transfer of ownership can take place in favour of allottees of this complex including our Company, only after the permission from L&DO is given to NBCC to convert the leasehold status to free hold status. Accordingly, the sale / transfer deed of the office complex acquired by our Company is yet to be executed in its favour. However, the fact that the sale/ transfer deed of office building is yet to be executed and the liability on account of stamp duty payable on registration of building duly certified by approved valuer yet to be accounted for, has been appropriately disclosed in the audited financial statements.*

(iv) Our Company has given an amount to the MoR under leased arrangement for financing the railway infrastructure projects and national project. However, agreement for the same is yet to be executed and list of the projects financed is yet to be received from the MoR.

Management Response: Lease in respect of the project assets will commence only after completion of the moratorium period. Lease Agreement will be executed prior to the commencement of lease in respect of these assets. Pending the execution of the documents, a MoU, which contains the salient features of the agreements to be executed for leasing of railway projects, have been executed between our Company and MOR. The list of projects funded by our Company have since been provided by MOR for Fiscal 2016, Fiscal 2017 and Fiscal 2018.

(v) The detail of disputed statutory dues is as disclosed in financial statement for the period ended September 30, 2019.

Management Response: Such demands/ claims are primarily by various Tax Departments, which have been contested by our Company and our Company has filed appeals with various appellate authorities. Since, we believe that we will not have to incur the liability of such statutory dues based on orders passed on similar matters pertaining to our Company in the past, our Company has disclosed such items under contingent liabilities.

Fiscal 2019

(i) The fixed assets records does not include the particulars of fixed assets leased to the MoR. The same are shown as lease receivables in the books of accounts.

Management Response: As per the relevant provisions of the Companies Act, our Company is required to maintain records of its fixed assets. These have been duly maintained by our Company. However, assets underlying the financial leases are shown as 'lease receivables' in the audited financial statements in terms of Accounting Standard – 19, as such we are not required to maintain the details of such leased assets in the prescribed format.

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(iv) Our Company has given an amount to the MoR under leased arrangement for financing the railway infrastructure projects and national project. However, agreement for the same is yet to be executed and list of the projects financed is yet to be received from the MoR.

Management Response: Lease in respect of the project assets will commence only after completion of the moratorium period. Lease Agreement will be executed prior to the commencement of lease in respect of these assets. Pending the execution of the documents, a MoU, which contains the salient features of the *agreements to be executed for leasing of railway projects, have been executed between our Company and MOR. The list of projects funded by our Company have since been provided by MOR for Fiscal 2016, Fiscal 2017 and Fiscal 2018.*

(v) The detail of disputed statutory dues is as disclosed in financial statement for the period ended March 31, 2019.

Management Response: Such demands/ claims are primarily by various Tax Departments, which have been contested by our Company and our Company has filed appeals with various appellate authorities. Since, we believe that we will not have to incur the liability of such statutory dues based on orders passed on similar matters pertaining to our Company in the past, our Company has disclosed such items under contingent liabilities.

Fiscal 2018

(i) The fixed assets records does not include the particulars of fixed assets leased to the MoR. The same are shown as lease receivables in the books of accounts.

Management Response: As per the relevant provisions of the Companies Act, our Company is required to maintain records of its fixed assets. These have been duly maintained by our Company. However, assets underlying the financial leases are shown as 'lease receivables' in the audited financial statements in terms of Accounting Standard – 19, as such we are not required to maintain the details of such leased assets in the prescribed format.

(ii) Our Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased fixed assets. Leased assets have been certified by the MoR as to their physical existence and good working condition.

Management Response: As the assets leased by our Company to the MoR are shown as 'lease receivables' in the audited financial statements and all risks incidental to the ownership of the assets is passed on to the MoR, we do not conduct any physical verification of such assets. In addition, we rely on a certificate from MoR in relation to the physical existence and good working condition of such assets.

(iii) Office Building, including parking area, has been capitalized from the date of taking possession. However, the sale/transfer deed of office building is yet to be executed in favour of our Company.

Management Response: Our office building is located in NBCC Place, which was developed by NBCC on the land allotted by the L&DO, Ministry of Housing & Urban Development. However, as per the information available with us, the land continues to remain on leasehold for NBCC and the ownership is yet to be transferred in their favour. Transfer of ownership can take place in favour of allottees of this complex including our Company, only after the permission from L&DO is given to NBCC to convert the leasehold status to free hold status. Accordingly, the sale / transfer deed of the office complex acquired by our Company is yet to be executed in its favour. However, the fact that the sale/ transfer deed of office building is yet to be executed and the liability on account of stamp duty payable on registration of building duly certified by approved valuer yet to be accounted for, has been appropriately disclosed in the audited financial statements.

(iv) Our Company has given an amount to the MoR under leased arrangement for financing the railway infrastructure projects and national project. However, agreement for the same is yet to be executed and list of the projects financed is yet to be received from the MoR.
Management Response: Lease in respect of the project assets will commence only after completion of the moratorium period. Lease Agreement will be executed prior to the commencement of lease in respect of these assets. Pending the execution of the documents, a MoU, which contains the salient features of the agreements to be executed for leasing of railway projects, have been executed between our Company and MOR. The list of projects funded by our Company have since been provided by MOR for Fiscal 2016, Fiscal 2017 and Fiscal 2018.

(v) The detail of disputed statutory dues is as disclosed in financial statement for the period ended March 31, 2018.

Management Response: Such demands/ claims are primarily by various Tax Departments, which have been contested by our Company and our Company has filed appeals with various appellate authorities. Since, we believe that we will not have to incur the liability of such statutory dues based on orders passed on similar matters pertaining to our Company in the past, our Company has disclosed such items under contingent liabilities.

Fiscal 2017

(i) The fixed assets records does not include the particulars of fixed assets leased to the MoR. The same are shown as lease receivables in the books of accounts.

Management Response: As per the relevant provisions of the Companies Act, our Company is required to maintain records of its fixed assets. These have been duly maintained by our Company. However, assets underlying the financial leases are shown as 'lease receivables' in the audited financial statements in terms of Accounting Standard – 19, as such we are not required to maintain the details of such leased assets in the prescribed format.

(ii) Our Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified except leased fixed assets. Leased assets have been certified by the MoR as to their physical existence and good working condition.

Management Response: As the assets leased by our Company to the MoR are shown as 'lease receivables' in the audited financial statements and all risks incidental to the ownership of the assets is passed on to the MoR, we do not conduct any physical verification of such assets. In addition, we rely on a certificate from MoR in relation to the physical existence and good working condition of such assets.

(iii) Office Building, including parking area, has been capitalized from the date of taking possession. However, the sale/transfer deed of office building is yet to be executed in favour of our Company.

Management Response: Our office building is located in NBCC Place, which was developed by NBCC on the land allotted by the L&DO, Ministry of Housing & Urban Development. However, as per the information available with us, the land continues to remain on leasehold for NBCC and the ownership is yet to be transferred in their favour. Transfer of ownership can take place in favour of allottees of this complex including our Company, only after the permission from L&DO is given to NBCC to convert the leasehold status to free hold status. Accordingly, the sale / transfer deed of the office complex acquired by our Company is yet to be executed in its favour. However, the fact that the sale/ transfer deed of office building is yet to be executed and the liability on account of stamp duty payable on registration of building duly certified by approved valuer yet to be accounted for, has been appropriately disclosed in the audited financial statements.

(iv) Our Company has given an amount to the MoR under leased arrangement for financing the railway infrastructure projects and national project. However, agreement for the same is yet to be executed and list of the projects financed is yet to be received from the MoR.

Management Response: Lease in respect of the project assets will commence only after completion of the moratorium period. Lease Agreement will be executed prior to the commencement of lease in respect of these assets. Pending the execution of the documents, a MoU, which contains the salient features of the agreements to be executed for leasing of railway projects, have been executed between our Company and MOR. The list of projects funded by our Company have since been provided by MOR for Fiscal 2016, Fiscal 2017 and Fiscal 2018.

(v) The detail of disputed statutory dues is as disclosed in financial statement for the period ended March 31, 2017.

Management Response: Such demands/ claims are primarily by various Tax Departments, which have been contested by our Company and our Company has filed appeals with various appellate authorities. Since, we believe that we will not have to incur the liability of such statutory dues based on orders passed on similar matters pertaining to our Company in the past, our Company has disclosed such items under contingent liabilities.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

KNOWN TRENDS OR UNCERTAINTIES

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in " – *Significant Factors Affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 252 and 26, respectively. To our knowledge, except as discussed in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

FUTURE RELATIONSHIP BETWEEN COST AND INCOME

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 26, 102 and 250, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

NEW PRODUCTS OR BUSINESS SEGMENTS

Other than as disclosed in this section and "*Our Business*" on page 102, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

TOTAL TURNOVER OF EACH MAJOR INDUSTRY SEGMENT IN WHICH THE COMPANY OPERATED

We are engaged in the business of leasing and financing. As such, we do not have any separate reportable business segments within the meaning of Accounting Standard – 17 on 'Segment Reporting'. For further information, see "*Financial Statements*" on page 153.

SIGNIFICANT DEPENDENCE ON A SINGLE OR FEW CUSTOMERS OR SUPPLIERS

Given the nature of our business operations, we are dependent on the continued growth of the Indian Railways, which makes us susceptible to any adverse changes to the Indian railways sector and consequently the Indian Railways. For further information, see "*Risk Factors – Our business is dependent on the continued growth of the Indian railway sector, which makes us susceptible to GoI initiatives to modernize the railways and other policies and a slowdown in the growth of Indian Railways*" on page 27.

SIGNIFICANT ECONOMIC CHANGES THAT MATERIALLY AFFECTED OR ARE LIKELY TO AFFECT INCOME FROM CONTINUING OPERATIONS

Except as described in this Draft Red Herring Prospectus, there have been no significant economic changes that have taken place in the last three fiscal years that have materially affected or are likely to affect income from operations.

KNOWN TRENDS OR UNCERTAINTIES THAT HAVE HAD OR ARE EXPECTED TO HAVE A MATERIAL ADVERSE IMPACT ON SALES, REVENUE OR INCOME FROM CONTINUING OPERATIONS

Our business has been affected and we expect that it will continue to be affected by the trends identified above in " – *Significant Factors Affecting Our Results of Operations and Financial Condition*" and the uncertainties described in the section titled "*Risk Factors*" on pages 252 and 27, respectively. To our knowledge, except as disclosed in this Draft Red Herring Prospectus, there are no known factors which we expect to have a material adverse impact on sales, revenue or income from continuing operations.

SEASONALITY OF BUSINESS

Our business is not seasonal in nature.

COMPETITIVE CONDITIONS

We face competition from public and private sector commercial banks and from other financial institutions that provide funding to other public sector entities under administrative control of the Indian Railways. Our primary competitors are public sector infrastructure finance companies, public sector banks, private banks (including foreign banks), financial institutions and other NBFCs. For further information, see "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 102, 88 and 26, respectively on our industry and competition.

SIGNIFICANT DEVELOPMENTS AFTER SEPTEMBER 30, 2019 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as disclosed in this section including under " – *Significant Factors Affecting Our Results of Operations and Financial Condition*", "*Our Business*" and "*History and Certain Corporate Matters*" on pages 252, 102 and 124, respectively, to our knowledge no circumstances have arisen since September 30, 2019 which materially and adversely affect or are likely to affect, our operations, trading or profitability, or the value of our assets or our ability to pay our liabilities within the next 12 months.

FINANCIAL INDEBTEDNESS

Pursuant to our Articles of Association and a special resolution of our Shareholders passed at their meeting held on September 26, 2019, and in accordance with the provisions of Section 180(1)(c) of the Companies Act and the rules made thereunder, our Board has been authorised to borrow sums of money upon such terms and conditions and for such purposes as it may deem fit, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by our Company (apart from the temporary loans obtained by us in our ordinary course of business) will exceed aggregate of the paid up share capital of our Company and our free reserves, provided that the aggregate indebtedness of our Company shall not at any point in time exceed ₹4,000,000 million.

At the beginning of each Fiscal, our Company is given a mandate by the MoR to meet its funding requirements. We meet the funding requirements through various sources including from internal accruals, taxable and tax-free bond issuances, term loans from banks/financial institutions, external commercial borrowings, asset securitization and lease financing.

Facilities availed by us

As on November 30, 2019, brief details of the aggregate borrowings availed by our Company and currently outstanding, are outlined in the table below:

(in ₹million)

I	Secured Borrowings	Amount Sanctioned	Principal Amount Outstanding	Total Outstanding
A	**Term loans**			418,250.00
(i)	Secured long term rupee loans from domestic banks	264,750.00	243,250.00	
(ii)	Secured long term rupee loans from National Small Savings Fund ("NSSF")	175,000.00	175,000.00	
B	**External commercial borrowings** ("ECBs")			430.35
(i)	Secured foreign currency term loans	USD 60 Million	430.35	
(ii)	Secured rupee denominated loan facility from Asian Development Bank ("ADB")	INR equivalent of USD 750 Million	-	-
C	**Non-convertible debentures**			1,089,322.59
(i)	Bonds issued on privately placement/ public issue basis		1,081,658.99	
(ii)	54EC bonds		7,663.60	
	Total			**1,508,002.94**
II	**Unsecured Borrowings**	**Amount Sanctioned**	**Amount Outstanding**	**Total Outstanding**
D	**Unsecured short-term rupee loans**			42,890.00
(i)	Unsecured short-term rupee loans from domestic banks	42,890.00	42,890.00	
E	**Cash credit**			-
	Cash credit from State Bank of India	8,000.00	-	-
F	**ECB**			123,554.57
(i)	Unsecured syndicated foreign currency loans	59.09 JPY billion[@]	38,708.06	
(ii)	Unsecured foreign currency loans from American Family Life Insurance Company of Columbus	JPY 15 billion equivalent to USD 182.94 million	13,121.01	
(iii)	Foreign currency bonds issued in the offshore market (Reg. S)	1,000 USD million[#]	71,725.50	
G	**Bonds**			180,000.00
(i)	Privately placed taxable bonds		180,000.00	
H	**Commercial Paper**			39,566.07
	Commercial Paper--XVII Series		39,566.07	

	Total			**386,010.64**
	Total (I+II)			**1,894,013.58**

@ *JPY, has been converted into INR as per the exchange rate prevailing on November 30, 2019 i.e. ₹65.51 for 100 JPY. (Source: www.fbil.org.in)*

USD, has been converted into INR as per the exchange rate prevailing on November 30, 2019 i.e. ₹71.7255 for 1 USD. (Source: www.fbil.org.in)

For further details, see "*Financial Statements*" on page 153.

Non-Convertible Debentures ("NCDs")

Our Company has issued secured and unsecured NCDs through (a) private placements; and (b) public issues. Set forth below is a brief summary of our NCDs outstanding as on November 30, 2019.

(in ₹million)

Particulars of borrowing	Outstanding amount (as on November 30, 2019)	Tenor** (Range)	Range of Rate of Interest (per annum) @
Secured Non-Convertible Debentures	**1,089,322.60**		
Out of the above:			
Issued on a private placement basis	832,842.26	3-25 years	6.70% to 10.70%
Issued on a public issue basis	248,816.74	10-20 years	6.88% to 8.88%
54EC bonds	7,663.60	3-5 years	5.25% to 5.75%
Unsecured Non-Convertible Debentures	**180,000.00**		
Out of the above:			
Issued on a private placement basis	180,000.00	30 years	6.77% to 8.02%
Issued on a public issue basis	Nil	NIL	NIL
Total	**1,269,322.60**		

@ *The interest on certain NCDs is payable semi-annually, while the interest on certain NCDs is payable annually.*
# *As on November 30, 2019, there is no interest accrued that is due for payment.*
*** Original maturity of the securities*

Principal terms of the NCDs issued by our Company:

1. ***Security*** **–** Our secured NCDs are typically required to be secured by creation of a first *pari passu* charge on the movable assets of our Company comprising rolling stock assets such as wagons, coaches, locomotives *etc.* The details above are indicative and there may be additional requirements for creation of security under the borrowing arrangements entered into by our Company.

2. ***Pre-payment*** **–** The NCD agreements typically do not contain any clause in relation to prepayment.

3. ***Penalty*** **–** In the event of default in repayment obligations in relation to NCDs availed by our Company, penal interest at the rate of 2% per annum on the defaulted amounts (over the coupon rate) may typically be imposed on our Company.

In case in delay in listing of the debt securities beyond 20 days from the deemed date of allotment, our Company shall pay penal interest of at least at the rate of 1% per annum over and above the coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of such debt securities to the investor.

4. ***Events of Default*** **–** In accordance with the borrowing arrangements in relation to the secured NCDs entered into by our Company, occurrence of, among others, the following events may constitute an event of default:

(a) default by our Company in payment of an instalment of interest or repayment of principal amount of the NCDs on the respective due date;

(b) non-compliance, by our Company, with one or more of its material obligations in relation to the NCDs;

(c) default in payment of interest on the NCDs on the due date;

(d) default in observance or performance of any of the covenants (financial, or otherwise), condition or provision contained in the debenture trust cum hypothecation deed, and the default continues for a period of typically 30 days after written notice has been sent requiring that it be remedied;

(e) if, without prior written consent of the debenture trustee, the movable assets are any part thereof, are sold, disposed of, charged, encumbered (excluding grant of lease of movable assets by our Company in the ordinary course of business), or alienated, and consequent to which, the Company has not created additional security to maintain the required security cover;

(f) our Company is unable, or has admitted in writing, the inability to pay debts as they mature;

(g) our Company voluntarily or involuntarily becomes the subject of proceedings under any bankruptcy or insolvency law or our Company is voluntarily or involuntarily dissolved;

(h) our Company has taken any action for liquidation or dissolution; and

(i) breach of terms of prospectus inviting the subscription of NCDs or any covenant of the debenture trust cum hypothecation deed.

If listing permission is refused before the expiry of 20 days from the deemed date of allotment, our Company shall forthwith repay all monies received from the applicants in pursuance of the private placement offer letter.

The details above are indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by our Company.

5. *Restrictive Covenants* – Our secured NCDs contain various restrictive conditions and covenants, which restricts initiation of certain corporate actions by our Company. In this regard, our Company is required to typically take the prior approval of the concerned debenture trustee before carrying out such activities, including for the following:

(a) alter/ carry out any major structure changes in the hypothecated assets except in the ordinary course of repair and maintenance or improvement or replacement or otherwise in the course of and for the purpose of carrying on the business of our Company;

(b) declare or pay any dividend to its shareholders during the financial year, unless it has paid the interest then due and payable on the NCDs, or has made provision, satisfactory to the debenture trustee, for making such payment;

(c) create any subsidiary or permit any company to become its subsidiary;

(d) undertake or permit and merger, consolidation, reorganisation, amalgamation, reconstruction, consolidation, scheme or arrangement or compromise with our creditors or shareholders;

(e) voluntarily suffer any act which has a substantial effect on its business profits, production or sales; and

(f) permit or cause to be done any act or thing whereby payment of principal or interest on the bonds may be hindered or delayed.

The aforesaid details are indicative and there may be additional restrictive covenants under the borrowing arrangements entered into by our Company.

Certain additional terms of the unsecured NCDs issued by our Company are set forth below:

In the event of delay in execution of debenture trust deed and / or other security document(s) executed with respect to our unsecured NCDs, our Company shall refund the subscription at the Coupon rate or shall pay penal interest of 2% p.a. over the coupon rate till such conditions are complied with, at the option of the NCD holders.

Our Company shall allot the NCDs within sixty days from the date of receipt of the application money for such NCDs and if our Company is not able to allot the NCDs within such period, it shall repay the application money to the subscribers within fifteen days from the date of completion of sixty days and if our Company fails to repay the application money within the aforesaid period, it shall be liable to repay such money with interest at the rate of 12% p.a. from the expiry of the sixtieth day.

The unsecured NCDs carry an interest payment moratorium and principal moratorium of five years and ten years respectively. The cumulative interest for five years, compounded semi-annually, will be discharged in the sixth year, by further issue of non-convertible debentures of 25 years with a principal moratorium of five years. The repayment of the (original) bonds and bonds issued for the discharge of interest payment will commence from the eleventh year and sixth year, respectively, of their issuance in semi-annual instalments, till maturity.

External Commercial Borrowings

As on November 30, 2019 our Company has total outstanding external commercial borrowings of ₹1,23,984.92[#] million. Set forth below is a brief summary of our external commercial borrowings outstanding as on November 30, 2019.

[#] *JPY, has been converted into INR as per the exchange rate prevailing on November 30, 2019 i.e. ₹65.51 for 100 JPY. (Source: www.fbil.org.in)*
[#] *USD, has been converted into INR as per the exchange rate prevailing on November 30, 2019 i.e. ₹71.7255 for 1 USD. (Source: www.fbil.org.in)*

Particulars of borrowing	Sanctioned amount	Principal outstanding amount (in ₹million) (as on November 30, 2019)	Tenor	Rate of Interest* (per annum)	Redemption Date
External commercial borrowings					
Unsecured foreign currency bonds issued in offshore market					
Reg-S bonds under EMTN programme	USD 500 million	35,862.75	Five years from deemed date of allotment	3.73% payable semi annually	March 29, 2024
Green Reg-S unsecured fixed rate U.S.D 500,000,000 Notes	USD 500 million	35,862.75	Ten years from deemed date of allotment	3.835% payable semi annually	December 13, 2027
Secured Foreign Currency Term Loans					
Bank of India	USD 60 million	430.35	24 years (including the four years moratorium)	Six-month LIBOR + 1.25%	Repayable in 40 equal half-yearly instalments starting April 2002, after a moratorium of four years from the date of availment
Rupee denominated loan facility from Asian Development Bank (ADB)	INR equivalent of USD 750 Million	-	20 Years	ADB's Funding Rate + 1.25%*	Repayable in 32 structured semi-annual instalments and the first repayment date shall be the first interest payment date falling four years after

Particulars of borrowing	Sanctioned amount	Principal outstanding amount (in ₹million) (as on November 30, 2019)	Tenor	Rate of Interest* (per annum)	Redemption Date
					Financial Close
Unsecured Foreign Currency Loans					
American Family Life Insurance Company of Columbus (AFLAC-1)	JPY 12 billion equivalent to USD 145.90 million	10,464.51	15 years	2.85%	Bullet repayment on final maturity date March 10, 2026
American Family Life Insurance Company of Columbus (AFLAC-2)	JPY 3 billion equivalent to USD 37.04 million	2,656.50	15 years	2.90%	Bullet repayment on final maturity date March 30, 2026
Syndicated Foreign Currency Term Loans					
The Bank of Tokyo-Mitsubishi UFJ Ltd., Mizuho Bank Ltd. and Sumitomo Mitsui Banking Corporation (Singapore branch)	JPY 26.23 billion	17,184.09	10 years	6-month JPY LIBOR + 0.8%	Bullet repayment on final maturity date, March 28, 2028
MUFG Bank Limited, Mizuho Bank Limited and Sumitomo Mitsui Banking Corporation (Singapore branch)	JPY 32.856 billion	21,523.97	7 years	6-month JPY LIBOR + 0.90%	Bullet repayment on final maturity date, June 4, 2026

*Interest Rate will be reset with reference to ADB's Funding Rate at every two year's interval

Principal terms of the external commercial borrowings availed by our Company:

Some of the principal terms of the external commercial borrowings availed by our Company are set forth below.

1. *Security* – Our secured borrowings are typically required to be secured by establishment of a perfected *pari passu* charge on all the present and future fixed and current assets including security interest in assets (rolling stock) of the Company.

The details above are indicative and there may be additional requirements for creation of security under the borrowing arrangement entered into by our Company.

2. *Pre-payment* – Loan agreements entered by our Company typically allows our Company to pre-pay the outstanding loans, subject to receiving advance notice from the concerned lender and prior approval from the RBI. In addition, the concerned lenders in some borrowings may impose such pre-payment penalties as may be decided by them, or as set forth in the facility document. Further, certain of our external commercial borrowings warrant mandatory pre-payment in the event that (i) it becomes unlawful for the relevant lender to extend its facilities to the Company; and (ii) the GoI ceases to exercise control over the company.

3. *Penalty* – In the event of default in repayment obligations in relation to borrowings availed by our Company, penal interests generally ranging from 1% to 3.85% per annum may be imposed on our Company.

4. *Events of Default* – In accordance with the borrowing arrangements entered into by our Company, occurrence of, among others, the following events may constitute an event of default:

(a) non-payment or default of any amounts due on the facility or loan obligation;

(b) breach of any representation, warranty or undertaking by our Company;

(c) proceeding(s) relating to winding up, dissolution, administration or reorganisation being initiated against our Company;

(d) our Company ceases, or threatens to cease to carry on its business, or dispose of substantial part of its assets;

(e) passing of any order prohibiting acceptance of deposits by our Company;

(f) non-payment of indebtedness dues by our Company or the MoR to any of its lenders;

(g) unenforceability of any security interest of the Company or the MoR;

(h) non-satisfaction of any financial covenant or not maintaining the required financial ratios;

(i) GoI ceasing to be beneficial owner of at least 51% of the issued share capital of our Company;

(j) security created by our Company over material part of the property, assets or revenues becoming enforceable and action being taken to enforce it; and

(k) our Company is or is deemed by a court to be insolvent or bankrupt.

The details above are indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by our Company.

5. *Restrictive Covenants* – Our several financing arrangements contain various restrictive conditions and covenants, which restricts initiation of certain corporate actions by our Company. In this regard, our Company is required to take the prior approval of the concerned lender before carrying out such activities, including for:

(a) disposing of any of its assets on terms whereby it is or may be leased to or re-acquired or acquired by it or any of its affiliates; and

(b) disposing of any of its receivables on recourse terms, except for the discounting of bills or notes in the ordinary course of trading; and

(c) in circumstances where the transaction is entered into primarily as a method of raising finance or of financing the acquisition of an asset.

The details above are indicative and there may be additional restrictive covenants under the borrowing arrangements entered into by our Company.

Our Company is typically required to give prior notice (of a minimum number of days specified in the documentation of financing arrangements) of the respective lender before carrying out such actions, including for:

(a) undertaking an initial public offering of its shares or private placement of its shares.

(b) that requires a change in its constitutional documents other than

    (i) increase to its authorised share capital;

    (ii) amendments to notice periods for board or shareholder meeting or change to the location of shareholder meetings or frequency and quorum requirements of board meetings;

    (iii) amendments required by applicable law and

    (iv) amendments necessary to correct manifest errors in the constitutional documents.

(c) effectuating any change in the memorandum of association or articles of association of our Company;

(d) change in ownership/management of the Company;

(e) formulating any scheme of amalgamation or reconstruction; and

(f) undertaking guarantee obligations on behalf of any other company.

Secured long term rupee loans from domestic banks

As on November 30, 2019 our Company has total outstanding borrowings through term loans of ₹243,250.00 million. Set forth below is a brief summary of our medium and long-term rupee loans outstanding as on November 30, 2019.

(in ₹million)

Bank	Sanctioned amount	Principal outstanding amount (as on November 30, 2019)	Validity period of the sanction amount	Rate of Interest (per annum)
State Bank of India (term loan II)	30,000.00	25,500.00	10 years	Linked to six month MCLR
State Bank of India (term loan III)	90,000.00	75,500.00	10 years	Linked to three month MCLR+ 4bps
State Bank of India (term loan IV)	30,000.00	30,000.00	13 months	Linked to three month MCLR
Punjab National Bank	10,000.00	10,000.00	13 months	Linked to one month MCLR
Bank of India	30,000.00	8,500.00	10 years	Linked to one month MCLR
Bank of India		19,000.00	10 years	Linked to one month MCLR
Corporation Bank	6,250.00	6,250.00	13 months	Linked to one month MCLR
Corporation Bank	11,500.00	11,500.00	13 months	Linked to one month MCLR
Allahabad Bank	13,000.00	13,000.00	13 months	Linked to one month MCLR
HDFC Bank (term loan I)	10,000.00	10,000.00	10 years	Linked to 3M TBILL+2.33%
HDFC Bank (term loan II)	20,000.00	20,000.00	10 years	Linked to 3M TBILL+2.33%
Bank of Baroda	14,000.00	14,000.00	10 years	Linked to one month MCLR

Secured Long Term Rupee Loans from National Small Savings Fund ("NSSF")

As on November 30, 2019 our Company has total outstanding borrowings through term loans of ₹175,000.00 million. Set forth below is a brief summary of our medium and long-term rupee loans availed from NSSF and outstanding as on November 30, 2019.

(in ₹million)

Bank	Sanctioned amount	Principal outstanding amount (as on November 30, 2019)	Validity period of the sanction amount	Rate of Interest (per annum)
NSSF-I	1,00,000.00	1,00,000.00	10 years	8.01%
NSSF-II	75,000.00	75,000.00	10 years	8.11%

Unsecured short-term rupee loans from domestic banks

As on November 30, 2019 our Company has total outstanding borrowings through short term loans of ₹42,890.00 million. Set forth below is a brief summary of our medium and long-term rupee loans sanctioned and outstanding as on November 30, 2019.

(in ₹million)

Bank	Sanctioned amount	Principal outstanding amount (as on November 30, 2019)	Validity period of the sanction amount	Rate of Interest (per annum)
ICICI Bank (loan I)	29,860.00	29,860.00	One month[@]	6.92%
ICICI Bank (loan II)	11,535.00	11,535.00	One month [@]	6.92%
ICICI Bank (loan III)	1495.00	1495.00	One month [&]	6.92%

[@] The loan has been repaid by our Company on December 28, 2019.
[&] The loan has been repaid by our Company on December 30, 2019.

Principal terms of the term loans availed by our Company:

Some of the principal terms of the term loans availed by our Company are set forth below.

1. *Pre-payment* – The term loans entered into by our Company allows our Company to pre-pay the outstanding borrowing (typically, post a lock-in period and with prior notice), typically without a pre-payment penalty.

2. *Penalty* – Typically, 2% per annum over and above the interest rate. The default interest rate will typically be applicable from the date of occurrence of an event of default till such event has been corrected.

3. *Events of Default* – The following shall be deemed as an event of default:

(a) Non-compliance with any of the terms of the loan documents;

(b) Violation of any of the terms of the loan document;

(c) Non-payment of the principal amount on the due date(s);

(d) Non-payment of interest on the due dates;

(e) Any incorrect representation, warranty or statement made by our Company in any of the loan documents;

(f) Initiation of any bankruptcy or insolvency proceedings against our Company;

(g) Change in the management or constitution of our Company;

(h) Our Company suspends or ceases to or threatens to the suspend or cease to carry on business; and

(i) If the credit facility or part thereof is used for any other purpose than for what it is sanctioned.

The details above are indicative and there may be additional terms that may amount to an event of default under the borrowing arrangement entered into by our Company.

5. *Restrictive Covenants* – The financing documentation executed by our Company in relation to our term loans, entail certain restrictive covenants and conditions restricting certain corporate actions, and for which we are required to take the prior approval of the respective lender before carrying out such actions, including for:

(a) effectuating any change in the capital structure of the Company including the fresh issue of equity shares of our Company;

(b) effectuating any change in the memorandum of association or articles of association of our Company;

(c) change in ownership/management of the Company;

(d) formulating any scheme of amalgamation or reconstruction; and

(e) undertaking guarantee obligations on behalf of any other company.

The details above are indicative and there may be additional restrictive covenants under the various borrowing arrangements entered into by our Company.

Unsecured commercial paper:

Set forth below is a brief summary of the unsecured commercial paper issued by our Company and outstanding as on November 30, 2019. The commercial paper are listed on BSE and NSE.

(in ₹million)

Series	Discount Rate	Date of Issue	Maturity Date	Face Value	Unexpired Discount	Outstanding Balance as on November 30, 2019
CP-XVII Series	5.14%	November 20, 2019	February 17, 2020	40,000.00	433.93	39,566.07

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding: (i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) claims related to indirect or direct taxes; and (iv) other material litigation, involving our Company or our Directors. Our Board, in its meeting held on August 29, 2017, and our IPO Committee, in its meeting held on January 15, 2020, adopted a policy on identification of, material creditors and material litigation in relation to the disclosure in the Draft Red Herring Prospectus ("**Materiality Policy**").*

As per the Materiality Policy, for the purposes of (iv) above, all the outstanding litigation involving our Company: (a) where the aggregate amounts involved in such individual litigation exceeds 5% of the profit after tax of our Company (as per the Restated Financial Statements for the most recent fiscal) are to be considered as material pending litigation; (b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation does not exceed 5% of the profit after tax and amount involved in all such cases taken together exceeds 5% of the profit after tax of our Company (as per the Restated Financial Statements for the most recent fiscal); and (c) other outstanding litigation which does not meet the parameters set out in (a) and (b) above and whose adverse outcome would materially and adversely affect the business, operations, performance, prospects, financial position or reputation of our Company, have been considered material and have been disclosed in this section.

Additionally, as per the Materiality Policy, for the purposes of (iv) above, all outstanding litigation involving our Directors, an adverse outcome of which would materially and adversely affect the financial position, business, operations, prospects, or reputation of our Company, irrespective of the amount involved in such litigation, have been considered as material litigation and disclosed in this section.

Accordingly, the materiality threshold for (iv) above, for our Company is ₹1,127.33 million, i.e. 5% of the profit after tax of our Company, as per the Restated Financial Statements for Fiscal 2019.

As per the Materiality Policy, outstanding dues to creditors in excess of 5% of the total trade payables as per the Restated Financial Statements at the end of the most recent period are to be considered as material outstanding dues. However, in terms of the Materiality Policy, as on September 30, 2019, our Company did not have any creditors to whom any dues were payable. Complete details of outstanding overdues to material creditors along with the name and amount involved for each such material creditor, as and when applicable, shall be disclosed on our website at http://irfc.nic.in/investors/.

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined in a particular litigation are for that particular litigation only.

Litigation involving our Company

I. Litigation against our Company

(a) *Criminal Proceedings*
Nil

(b) *Actions by Statutory or Regulatory Authorities*
Nil

(c) *Tax proceedings*

Indirect tax proceedings

S. No.	Type of Indirect Tax	Number of cases	Approximate amount in dispute (₹million)
1.	Service Tax	1	26,537.65
Total		**1**	**26,537.65**

For further details, see *"Financial Statements –Note 34 d."* on page 210.

Direct Tax proceedings (consolidated)

S. No.	Type of Direct Tax	Number of cases	Approximate amount in dispute (₹million)
1.	Income Tax	1	9.48
Total		**1**	**9.48**

(d) *Other material pending litigation*

S.K. Pattanayak (the "**Petitioner**"), previously the managing director of the Company, filed a writ petition dated August 7, 2018 ("**Writ Petition**") before the High Court of Delhi (the "**High Court**") against the MoR, our Company, and others (together, the "**Respondents**"), in relation to *inter alia* certain alleged irregularities in the termination of his services by our Company, acting on the recommendation of the MoR. The Petitioner sought an order or direction by the High Court, for *inter alia* (i) quashing the recommendation issued to our Company by the MoR dated July 26, 2018, for the termination of the Petitioner; (ii) quashing an office order issued by our Company terminating the services of the Petitioner dated July 26, 2018 (the "**Office Order**"); (iii) requesting a stay order forbidding the Respondents from filling up the post of managing director on a regular basis till a final judgment is passed; and (iv) passing any further order as deemed fit by the High Court. By an order dated July 1, 2019, the High Court dismissed the Writ Petition ("**High Court Order**"). Aggrieved by the High Court Order, the Petitioner thereafter filed a letter patents appeal before the High Court, reiterating the arguments raised in the Writ Petition, thereby *inter alia* seeking an order or direction by the High Court for (i) setting aside the High Court Order; (ii) quashing the Office Order and directing the Respondents to re-instate the Petitioner; (iii) requesting a stay order forbidding the Respondents from filling up the post of managing director on a regular basis till a final judgement is passed; (iv) awarding exemplary damages for the victimization of the Petitioner and consequential reliefs in relation thereto and (v) passing any further order as deemed fit by the High Court. The matter is currently pending.

II. Litigation by our Company

(a) *Criminal Proceedings*

C.S.Verma, (the then) group general manager and company secretary of our Company ("**Complainant**") filed a first information report bearing number 184 of 1999 dated March 6, 1999 under Sections 420, 468, 471 and 120 B of Indian Penal Code, 1860 against Kesho Paswan, Dilip Paswan, Manoj Kumar Singh, Subh Nath, and Sanoj Kumar Singh ("**Accused**") at R.K.Puram police station. The Accused had been involved in fraudulent encashment of interest warrants of face value ₹589,500 pertaining to 8th series taxable/ tax-free bonds. A charge sheet was filed with the Metropolitan Magistrate, District Courts, New Delhi. The matter is currently pending.

(b) *Other material pending litigation*

Nil

III. Outstanding dues to creditors

As of September 30, 2019, our Company did not have any creditors.

IV. Material Developments

There have been no material developments from October 1, 2019, except as disclosed in *"Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Developments after September 30, 2019 that may affect our future Results of Operations"* on page 290.

Litigation involving our Directors

I. Litigation against our Directors

(a) *Criminal Proceedings*

Nil

(b) Actions by Statutory or Regulatory Authorities
Nil

(c) Tax proceedings

Indirect tax proceedings

S. No.	Type of Indirect Tax	Number of cases	Approximate amount in dispute (₹million)
1.	NA	Nil	N.A
Total		Nil	N.A

Direct Tax proceedings (consolidated)

S. No.	Type of Direct Tax	Number of cases	Approximate amount in dispute (₹million)
1.	NA	Nil	N.A
Total		Nil	N.A

(d) Other material pending litigation
Nil

II. Litigation by our Directors

(a) Criminal Proceedings
Nil

(b) Other material pending litigation
Nil

GOVERNMENT AND OTHER APPROVALS

Our business requires various approvals issued by relevant central and state authorities under various rules and regulations. The disclosure below is indicative and no further material approvals are required for carrying on the present business operations of our Company and no further material approvals from any governmental or regulatory authority are required to undertake the Issue or continue the business activities of our Company. Unless otherwise stated, these approvals are valid as on the date of this Draft Red Herring Prospectus.

Certain approvals may have lapsed in their normal course and our Company has either made applications to the appropriate authorities for renewal of such licenses and/or approvals or is in the process of making such applications. For details in connection with the regulatory and legal framework within which we operate, see "Key Regulations and Policies" on page 120.

1. Incorporation details

- Certificate of incorporation dated December 12, 1986 issued to our Company by the RoC.
- Certificate for commencement of business dated December 23, 1986 issued to our Company by the RoC.

2. Material approvals in relation to the Issue

- Our Board has, by way of resolution dated September 5, 2019 approved the Issue.
- Our Shareholders have, pursuant to a resolution passed at the AGM held on September 26, 2019 approved the Issue.
- The Selling Shareholder has approved the Offer for Sale of up to 469,023,000 Equity Shares vide its letter dated November 1, 2017.
- The Selling Shareholder has consented to include its shareholding of upto 2,063,701,200 Equity Shares representing 20% of the post Issue paid-up Equity Share capital as minimum promoter's contribution to the Issue, which shall be considered for lock-in for a period of three years from the date of allotment of Equity Shares in the Issue vide a letter dated January 10, 2020.
- The Selling Shareholder has approved the allocation and allotment of Equity Shares amounting to ₹4.4 million in the Issue to Eligible Employees of our Company under the Employee Reservation Portion, vide an office memorandum dated January 2, 2020.

3. In-principle approvals from the Stock Exchanges

Our Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

4. Regulatory approvals

- Our Company was registered with the RBI under Section 45-IA of the RBI Act to carry on the business of a non-banking financial institution without accepting public deposits vide certificate of registration No.14.00013 dated February 16, 1998.
- Further, the RBI, through a fresh certificate of registration bearing No.14.00013 dated March 17, 2008, classified our Company as a non-deposit taking "asset finance non-banking financial company".
- Our Company was subsequently classified as an NBFC-ND-IFC by the RBI through a fresh certificate bearing no. B-14.00013 dated November 22, 2010.
- The MCA, through its notification dated October 8, 1993, published in the official gazette of India classified our Company as a Public Financial Institution under Section 4(A) of the Companies Act, 1956 (now as defined in sub-Section 72 of Section 2 of the Companies Act, 2013.
- Pursuant to a notification issued by the RBI dated May 31, 2018, Government companies which were previously exempt from, *inter alia*, the NBFC-ND-SI Directions and certain income recognition, asset

classification, provision requirements, capital adequacy requirements, leverage ratios and concentration of credit and investments, corporate governance and deposit regulations, were required to comply in the same way as non-Government companies within the prescribed timelines ("**Withdrawal Notification**"). Additionally, the Withdrawal Notification permits government companies set up to serve specific sectors to approach the RBI for exemptions. Pursuant to the letter issued by the RBI dated December 21, 2018, our Company has been granted exemption from the Withdrawal Notification to the extent of the standard asset provisioning, exposure and income recognition and asset classification norms, insofar as they relate to our direct exposure on the sovereign. Further, pursuant to a letter issued by the RBI dated March 22, 2019, our Company has also been granted exemption from credit concentration norms to the extent of 100% of our owned funds for our exposure to Indian Railways' entities in which ownership of the Central Government of India or the State Governments, is minimum of 51 per cent.

- Legal entity identifier number 335800F2JHSOGXQEBY56, registered with the RBI.

Tax Registrations, material tax exemptions and approvals

5. Approvals and registrations under tax laws of our Company

- Permanent Account Number AAACI0681C, issued by the Income Tax Department under the Income Tax Act, 1961;

- GST registration numbers under the central and state goods and services tax legislations, as applicable The GST registration number of our Registered and Corporate Office is 07AAACI0681C1Z1; and

- Tax Deduction Account Number DELI04124B, issued by the Income Tax Department.

Material exemptions under tax laws of our Company

- The Department of Revenue, GoI has through its letter (bearing no. F.No. 249/1/2003-CX-4) dated April 30, 2003, exempted the lease agreements entered into between the MoR and our Company from the levy of service tax ("**AD-Hoc Exemption Order 1/1/2003-ST**"). Further, the MoF through its letter dated December 15, 2006 confirmed that the taxable services provided by IRFC to MoR under the lease agreements prior to April 30, 2003 would also be exempt in terms of AD-Hoc Exemption Order 1/1/2003-ST.

- The Department of Revenue, GoI has through its Notification No. 12/2017- Central Tax (Rate) and Notification No. 9/2017-Integrated Tax (Rate), both dated June 28, 2017, has exempted the levy of goods and services tax on services of leasing of Rolling Stock Assets, including wagons, coaches and locomotives, by our Company to the Indian Railways.

- The MCA, through notification no. S.O. 529(E), dated 5th February 2018 as amended by notification number S.O. 1465 dated 2nd April 2018 has exempted our Company from the applicability of Accounting Standard 22 under Indian GAAP or Indian Accounting Standard 12 under Ind AS, as applicable, relating to deferred tax asset or deferred tax liability, for a period of seven years with effect from April 1, 2017.

- Further, vide a letter dated March 22, 2019, issued by the RBI, our Company has been exempted from the credit concentration norms, to the extent of 100% of its owned funds, for exposure to railway entities, in which the ownership of the Central/respective State government is a minimum of 51%.

6. Labour related approvals

- Employees' provident fund code DL/8961, registered with the Employees' Provident Fund Organization.

7. Intellectual property of our Company

As on the date of this Draft Red Herring Prospectus, our Company has registered the following trademark, under class 36 of the Trademarks Act:

S. No.	Trademark	Registered Class	Valid upto
1.	Bhavishya Path Par (Device) भविष्य पथ पर	36	October 9, 2027

Our Company has applied for the following trademarks, which are currently pending for registration:

S. No.	Trademark	Application Number	Class	Date of Application
2.	Indian Railway Finance Corporation Limited (Device)	3593268	36	July 17, 2017
3.	Future on Track (Word) **Future on Track**	3653381	36	October 9, 2017

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors has approved the Issue pursuant to a resolution passed at their meeting held on September 5, 2019 and our Shareholders have approved the Issue pursuant to a resolution passed at the AGM held on September 26, 2019.

Our Board of Directors has approved this Draft Red Herring Prospectus pursuant to their resolution dated January 16, 2020.

The Selling Shareholder has approved the Offer for Sale of up to 469,023,000 Equity Shares of our Company vide its letter dated November 1, 2017. Further, vide a letter dated January 10, 2020, the Selling Shareholder has conveyed its consent for inclusion of the Offered Shares in the Issue.

Our Company received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

The Selling Shareholder has confirmed that it has held the Equity Shares proposed to be offered and sold in the Issue for at least one year prior to the date of filing of this Draft Red Herring Prospectus, in accordance with Regulation 8 of the SEBI ICDR Regulations and that the Equity Shares proposed to be offered and sold by it shall not be sold or transferred, charged, pledged or otherwise encumbered.

Prohibition by the SEBI, the RBI or Governmental Authorities

None of our Company, our Promoter, our Directors or persons in control of our Company are or have ever been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other governmental authorities or any securities market regulator in any other jurisdiction or any other authority/court.

Neither our Promoter, nor any of our Directors or persons in control of our Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other governmental authorities. Further, there have been no violations of securities laws committed by any of them in the past or are currently pending against any of them.

The Selling Shareholder confirms that it has not been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other governmental authority or any securities market regulator in any other jurisdiction or any other authority/court.

Further, the Selling Shareholder confirms that it has not been classified as a wilful defaulter, as defined under the SEBI ICDR Regulations.

None of our Directors are in any manner associated with the securities market, including securities market related businesses and there is no outstanding action initiated by SEBI against any of the Directors of our Company in the five years preceding the date of this Draft Red Herring Prospectus. Further, no action has been taken by SEBI against our Directors or any entity in which our Directors are involved as promoters and/or directors.

None of our Directors is a fugitive economic offender.

Neither our Company, nor our Promoter, nor our Directors, are or have been declared as wilful defaulters, as defined by the SEBI ICDR Regulations.

Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018

Section 89 of the Companies Act, 2013 which deals with declaration in respect of beneficial interest in any share is not applicable to government companies. Further, in terms of Rule 8 of the Companies (Significant Beneficial Owners) Rules, 2018, as amended ("**SBO Rules**"), the SBO Rules are inapplicable to the Company.

Eligibility for the Issue

We are an unlisted company, satisfying the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations in the following manner:

- Our Company has net tangible assets of at least ₹30 million in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;

- our Company has an average operating profit of at least ₹150 million, during the preceding three full years (of 12 months each), with operating profit earned in each of these preceding three years;

- our Company has a pre-Issue net worth of at least ₹10 million in each of the three preceding full years (of 12 months each); and

- our Company has not changed its name in the last one year.

Set forth below are our Company's operating profit, net tangible assets, monetary assets, monetary assets as a percentage of our net tangible assets and net worth, derived from our Restated Financial Statements, included in this Draft Red Herring Prospectus:

(*₹in million*)

Particulars	Fiscal 2019	Fiscal 2018	Fiscal 2017
Net tangible assets*, as restated	2,066,035.59	1,614,683.81	1,287,503.72
Monetary assets**, as restated	810.66	998.20	75.17
Monetary assets, as restated as a % of net tangible assets, as restated***	0.04%	0.06%	0.01%
Operating profit****, as restated	29,007.29	25,916.08	21,134.18
Net worth*****, as restated	185,855.12	139,287.69	121,599.46

Notes:

** 'Net tangible assets' are defined as the sum of all assets excluding intangible assets (defined in Indian Accounting Standard (Ind AS-38)issued by the ICAI).*

***'Monetary' assets include cash and cash equivalents and bank balances including any amount held in fixed and term deposits.*

****'Monetary assets', as restated as a percentage of the net tangible assets, as restated means restated monetary assets divided by restated net tangible assets, expressed as a percentage.*

*****'Operating profit', has been calculated by deducting total expenses (excluding tax and depreciation expenses) from revenue from operations.*

******'Net worth' has been defined as the aggregate of paid up share capital and other equity.*

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable. Further, our Company is in compliance with conditions specified in Regulation 5 of the SEBI ICDR Regulations to the extent applicable.

Further, the Selling Shareholder confirms that it is in compliance with Regulation 8 of the SEBI ICDR Regulations.

Other than the listing fees (which shall be borne by our Company), all costs, charges, fees and expenses associated with and incurred in connection with this Issue will, in accordance with applicable law, be borne by our Company and the Selling Shareholder in proportion to the Equity Shares being offered by each of our Company and the Selling Shareholder in this Issue.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS

OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMS, IDFC SECURITIES LIMITED, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED, ICICI SECURITIES LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, AND THE SELLING SHAREHOLDER WILL BE RESPONSIBLE FOR THE STATEMENTS CONFIRMED OR UNDERTAKEN BY IT IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO THE PORTION OF THE EQUITY SHARES OFFERED BY WAY OF THE OFFER OF SALE, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY AND THE SELLING SHAREHOLDER DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 16, 2020, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

Price Information of past issues handled by the BRLMs

IDFC Securities Limited:

Nil

HSBC Securities and Capital Markets (India) Private Limited

1. *Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by HSBC Securities and Capital Markets (India) Private Limited*

Sr. No.	Issue name	Issue size (₹millions)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	General Insurance Corporation of India	111,758.43	912.00	October 25, 2017	850.00	-12.92%, [+0.52%]	-13.95%, [+6.52%]	-22.02%, [+2.81%]

Source: www.nseindia.com

Notes:

(a) *Price on NSE is considered in all of the above calculations*
(b) *NIFTY was considered as the Benchmark Index in all of the above cases*
(c) *In case 30th/90th/180th calendar day from listing is not a trading day, closing price on NSE of the next trading day has been considered*

2. *Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by HSBC Securities and Capital Markets (India) Private Limited*

Financial Year	Total no. of IPOs	Total funds raised (₹in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than25%
2019-20	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2018-19	-		-	-	-	-	-	-	-	-	-	-	-	-
2017-18	1	111,758.43	-	-	1	-	-	-	-	-	1	-	-	-

Source: www.nseindia.com

Notes:

(a) *Price on NSE is considered in all of the above calculations*
(b) *In case 30th/90th/180th calendar day from listing is not a trading day, closing price on NSE of the next trading day has been considered*

ICICI Securities Limited

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by ICICI Securities Limited.*

S. No.	Issue Name	Issue Size (₹in million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing (3) (4) (5)	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing (3) (4) (5)	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing (3) (4) (5)
1.	Galaxy Surfactants Limited	9,370.90	1,480.00	8-Feb-18	1,525.00	+1.14%, [-3.31%]	-0.85%[+1.33%]	-14.68%,[+7.66%]
2.	Aster DM Healthcare Limited	9,801.40	190.00	26-Feb-18	183.00	-13.66%,[-3.77%]	-5.39%,[+1.00%]	-8.16%,[+9.21%]
3.	Sandhar Technologies Limited	5,124.80	332.00	02-Apr-18	346.10	+19.59%[+4.96%]	+15.41%,[+4.36%]	-4.20%,[+7.04%]
4.	HDFC Asset Management Company Limited	28,003.31	1,100.00	06-Aug-18	1,726.25	+58.04%,[+1.17%]	+29.60%,[-7.58%]	+23.78%,[-4.33%]
5.	Creditaccess Grameen Limited	11,311.88	422.00	23-Aug-18	390.00	-21.16%,[-3.80%]	-14.90%,[-8.00%]	-5.71%,[-8.13%]
6.	Aavas Financiers Ltd	16,403.17	821.00	08-Oct-18	750.00	-19.32%,[+1.76%]	+2.39%,[+4.09%]	+38.82%,[+12.74%]
7.	IndiaMart InterMesh Ltd	4,755.89	973.00(1)	04-Jul-19	1,180.00	+26.39%,[-7.95%]	+83.82%,[-4.91%]	+65.67%,[+2.59%]
8.	Affle (India) Limited	4,590.00	745.00	08-Aug-19	926.00	+12.56%,[-0.78]	+86.32%,[+8.02%]	NA *
9.	Spandana Sphoorty Financial Limited	12,009.36	856.00	19-Aug-19	824.00	-0.73%,[-2.14%]	+51.38%,[+7.51%]	NA *
10.	Sterling and Wilson Solar Limited	28,496.38	780.00	20-Aug-19	706.00	-7.01%,[-1.60%]	-58.90%,[+7.87%]	NA *

Notes:

1. All data sourced from www.nseindia.com
2. Benchmark index considered is NIFTY

3. 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the next trading day

2. *Summary statement of price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by ICICI Securities Limited*

Financial Year	Total no. of IPOs	Total amount of funds raised (₹in million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-20*	4	49,850.66	-	-	1	-	1	2	-	-	-	1	-	-
2018-19	4	60,843.16	-	-	2	1	-	1	-	-	2	-	1	1
2017-18	9	208,306.61	-	-	5	1	-	3	-	-	5	1	2	1

SBI Capital Markets Limited

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by SBI Capital Markets Limited.*

Sr. No.	Issue Name	Issue Size (₹Mn.)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Indian Railway Catering and Tourism Corporation Ltd [1]	6,379.60	320.00	October 14, 2019	626.00	191.53% [5.05%]	186.64% [8.07%]	-
2	Sterling and Wilson Solar Limited	28,496.38	780.00	August 20, 2019	706.00	-21.88% [-1.60%]	-48.63% [7.97%]	-
3	Ircon International Limited [2]	4,667.03	475.00	September 28, 2018	412.00	-27.04% [8.24%]	-6.60% [-1.84%]	-15.71% [5.06%]
4	RITES Limited [3]	4,604.40	185.00	July 02, 2018	190.00	34.97% [+6.56%]	33.03% [+2.56%]	49.70% [+1.90%]
5	ICICI Securities Ltd	35,148.49	520.00	April 04, 2018	435.00	-27.93% [+5.44%]	-37.26% [+5.22%]	-44.39% [+7.92%]
6	Mishra Dhatu Nigam Limited [4]	4,328.96	90.00	April 04, 2018	87.00	67.89% [+5.44]	40.44% [+5.22%]	29.50% [+7.92%]
7	Hindustan Aeronautics Ltd [5]	41,131.33	1,215.00	March 28, 2018	1,152.00	-6.96% [+4.98%]	-25.84% [+6.41%]	-25.45%[+10.18%]
8	Bharat Dynamics Limited [6]	9,527.88	428.00	March 23, 2018	370.00	-2.90% [+5.66%]	-9.78% [+7.74%]	-19.60%[+12.81%]
9	H. G. Infra Engineering Limited	4,620.00	270.00	March 9, 2018	270.00	19.19% [+1.02%]	8.35% [+4.48%]	-12.81%[+12.65%]
10	Amber Enterprises India Limited [7]	5,995.99	859.00	January 30, 2018	1,175.00	27.15% [-5.04%]	24.98% [-3.23%]	6.73% [+2.07%]

Source: www.nseindia.com

Notes:

** The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*
** The Nifty 50 index is considered as the Benchmark Index*

** The number of Issues in Table-1 is restricted to 10*

1. *Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 310.00 per equity share*
2. *Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 465.00 per equity share*
3. *Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 179.00 per equity share*
4. *Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 87.00 per equity share*
5. *Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 1,190.00 per equity share*
6. *Price for retail individual bidders bidding in the retail portion and to eligible employees was Rs. 418.00 per equity share*
7. *Price for eligible employees was Rs.774.00 per equity share*

2. *Summary statement of disclosure Price information of past issues during current financial year and two financial years preceding the current financial year handled by SBI Capital Markets Limited:*

Financial Year	Total no. of IPOs	Total amount of funds raised (₹Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2019-20*	2	34,875.98	-	1	-	1	-	-	-	-	-	-	-	-
2018-19	4	48,748.88	-	1	1	1	1	-	-	1	-	-	2	1
2017-18	10	1,64,517.67	-	-	4	1	2	3	-	2	3	1	2	2

** The information is as on the date of this Draft Red Herring Prospectus.*

 # Date of Listing for the issue is used to determine which financial year that particular issue falls into

Track record of past issues handled by the BRLM's

For details regarding the track record of the BRLMs, as specified under circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, see the websites of the BRLM mentioned below.

BRLM	Website
IDFC Securities Limited	www.idfc.com/capital/index.htm
HSBC Securities and Capital Markets (India) Private Limited	www.business.hsbc.co.in/en-gb/in/generic/ipo-open-offer-and-buyback
ICICI Securities Limited	www.icicisecurities.com
SBI Capital Markets Limited	www.sbicaps.com/index.php/track-record-of-public-issue/

Caution – Disclaimer from our Company, our Directors, the Selling Shareholder and the BRLMs

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website http://irfc.nic.in/ would be doing so at his or her own risk. The Selling Shareholder accepts no responsibility for any statements made other than those made in relation to itself and/or to the Equity Shares offered through the Offer for Sale.

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholder and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

None among our Company, the Selling Shareholder or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/ hardware system or otherwise.

Investors who Bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

The BRLMs and their respective associates and affiliates may engage in transactions with and perform services for our Company, the Selling Shareholder or their respective affiliates, associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholder or their respective directors (as applicable), affiliates, associates or third parties, for which they have received and may in the future receive compensation.

Disclaimer in respect of Jurisdiction

The Issue is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts registered under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, state industrial development corporations, insurance companies registered with IRDA, permitted insurance companies, permitted provident fund and pension funds, insurance funds set up and managed by the army and navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, GoI) and to FPIs, Eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction other than in India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) in New Delhi only.

Invitations to subscribe to or purchase the Equity Shares in the Issue will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Issue, which comprises the Red Herring Prospectus and the preliminary international wrap for the Issue, if the recipient is outside India.

No person outside India is eligible to Bid for Equity Shares in the Issue unless that person has received the preliminary offering memorandum for the Issue, which contains the selling restrictions for the Issue outside India.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Eligibility and Transfer Restrictions

The Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A and referred to in this Draft Red Herring Prospectus as "U.S. QIBs". For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S and pursuant to the applicable laws of the jurisdictions where those offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of this Issue, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Issue) may violate the registration requirements of the Securities Act unless made pursuant to Rule 144A or another available exemption from the registration requirements of the Securities Act and in accordance with applicable state securities laws.

Equity Shares offered and Sold within the United States

Each purchaser that is acquiring the Equity Shares offered pursuant to this Issue within the United States, by its acceptance of the Draft Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Company and the BRLMs that it has received a copy of the Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Issue in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Equity Shares offered pursuant to this Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(3) the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a qualified institutional buyer with respect to which it exercises sole investment discretion;

(4) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

(5) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder, if available, or (iv) pursuant to another available exemption from the registration requirements of the Securities Act and (B) in each case in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them;

(6) the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;

(7) the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

(8) the purchaser agrees that neither the purchaser, nor any of its affiliates (as defined in Rule 405 of the Securities Act), nor any person acting on behalf of the purchaser or any of its affiliates (as defined in Rule 405 of the Securities Act), will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the United States with respect to the Equity Shares or any "general solicitation" or "general advertising" (as defined in Regulation D under the Securities Act) in the United States in connection with any offer or sale of the Equity Shares;

(9) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE EQUITY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE EQUITY SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE EQUITY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK.

(10) our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

(11) the purchaser acknowledges that our Company, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares offered and Sold in this Issue

Each purchaser that is acquiring the Equity Shares offered pursuant to this Issue outside the United States, by its acceptance of the Draft Red Herring Prospectus and of the Equity Shares offered pursuant to this Issue, will be deemed to have acknowledged, represented to and agreed with our Company and the BRLMs that it has received a copy of the Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Issue in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Equity Shares offered pursuant to this Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(3) the purchaser is purchasing the Equity Shares offered pursuant to this Issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

(4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Issue, was located outside the United States at the time (i) the offer was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United Sates or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

(5) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

(6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them;

(7) the purchaser agrees that neither the purchaser, nor any of its affiliates (as defined in Rule 405 of the Securities Act), nor any person acting on behalf of the purchaser or any of its affiliates (as defined in Rule 405 of the Securities Act), will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the United States with respect to the Equity Shares;

(8) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

"THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE EQUITY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE EQUITY SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE EQUITY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK."

(9) our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

(10) the purchaser acknowledges that our Company, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Bidders were advised to ensure that any Bid from them did not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must have agreed in the Allotment Advice that such Bidder would not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Our Company, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. Our Company received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●] , respectively.

[●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the Bidders/Applicants in pursuance of the Red Herring Prospectus/ the Prospectus, in accordance with applicable law. If such money is not repaid within the prescribed time after our Company is liable to repay it, then our Company and every Director of our Company and every officer of our Company who is in default may, on and from expiry of such period, shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges mentioned above are taken within six Working Days of the Bid/ Issue Closing Date. Further, the Selling Shareholder confirms that it shall provide assistance to our Company and the BRLMs, as may be reasonably required and necessary, for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/ Issue Closing Date.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

"*Any person who:*

(a) ***makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or***

(b) ***makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***

(c) ***otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,***

***shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹1 million or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5 million or with both.

Consents

Consents in writing of each of the Selling Shareholder, our Directors, our Statutory Auditor, our Company Secretary and Compliance Officer, legal counsels, the Book Running Lead Managers, the bankers to our Company and the Registrar to the Issue to act in their respective capacities, have been obtained and consents in writing of the Syndicate Members and Bankers to the Issue, to act in their respective capacities, will be obtained, and will be filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus with the RoC for filing.

Experts to the Issue

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from our Statutory Auditors, M/s SPMG & Co., to include their name in this Draft Red Herring Prospectus as required under Section 26(1) of the Companies Act read with SEBI ICDR Regulations and as "expert" as defined under Section 2(38) of the Companies Act to the extent and in their capacity as the Statutory Auditors to our Company and in respect of the examination report dated January 16, 2020 on the Restated Financial Statements and the statement of special tax benefits dated January 16, 2020 and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" shall not be construed to mean an expert as defined under the Securities Act.

Issue Expenses

All expenses in relation to the Issue will be shared among our Company and the Selling Shareholder as mutually agreed and in accordance with applicable law. For further details of the Issue Expenses see "*Objects of the Issue*" on page 77.

Fees, Brokerage and Selling Commission

The total fees payable to the Syndicate Member (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, will be as stated in the Syndicate Agreement to be executed among our Company, the Selling Shareholder and the Members of the Syndicate, a copy of which shall be available for inspection at our Registered Office, from 10.00 am to 4.00 p.m. on Working Days from the date of filing the Red Herring Prospectus until the Bid/Issue Closing Date.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, including fees for processing of Bid cum Application Forms, data entry, printing of Allotment Advice, CAN, refund order, preparation of refund data on magnetic tape and printing of bulk mailing register, will be as per the Registrar Agreement, a copy of which shall be made available for inspection at our Registered and Corporate Office on Working Days from 10 a.m. to 4 p.m. from the date of filing the Red Herring Prospectus until the Bid/Issue Closing Date.

Particulars regarding Public or Rights Issues during the Last Five Years

Except as disclosed in "*Capital Structure*" on page 68, there have been no public issues or rights issues undertaken by our Company during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares, since the incorporation of our Company.

Capital Issues in the Preceding Three Years

Except as disclosed in "*Capital Structure*" on page 68, our Company has not made any capital issues during the three years immediately preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis Objects

Except as disclosed in "*Capital Structure*" on page 68, our Company has not undertaken any public issue or rights issue in the five years immediately preceding the date of the Draft Red Herring Prospectus.

Performance vis- à-vis Objects: Public/ rights issue of the listed Subsidiaries/Promoters of our Company

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiary or group company.

Outstanding Debentures, Bonds or Redeemable Preference Shares

Other than as disclosed in "*Financial Indebtedness*" on page 291, our Company does not have any outstanding debentures, bonds or redeemable preference shares.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Issue for a minimum period of eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

Investors may contact the BRLMs for any complaint pertaining to the Issue. All grievances may be addressed to the Registrar to the Issue, with a copy to the relevant Designated Intermediary, where the Bid cum Application Form was submitted, quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, address of the Bidder, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number (for Bidders other than RIBs bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of RIBs applying through the UPI Mechanism. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

Our Company, the Selling Shareholder, the BRLMs and the Registrar accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

Our Company has not received any investor complaint during the three years preceding the date of the Draft Red Herring Prospectus and there are no outstanding investor complaints against our Company as on the date of this Draft Red Herring Prospectus.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the Designated Intermediaries, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee. For details, see "*Our Management – Committees of the Board – Stakeholder Relationship Committee*" on page 139.

Our Company has also appointed Vijay Babulal Shirode, Company Secretary of our Company as the Compliance Officer for the Issue and she may be contacted in case of any pre- Issue or post- Issue related problems at the following address:

Indian Railway Finance Corporation Limited

UG-Floor, East Tower,
NBCC Place,
Bisham Pitamah Marg,
Pragati Vihar,
Lodhi Road,
New Delhi – 110 003
Tel: +91 (11) 2436 8068
Fax: +91 (11) 2436 9770

SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Initial public offering of up to 1,407,069,000 Equity Shares for cash at price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating up to ₹[●] million comprising of a Fresh Issue of up to 938,046,000 Equity Shares aggregating up to ₹[●] million by our Company and an Offer for Sale of up to 469,023,000 Equity Shares aggregating up to ₹[●] million by the Selling Shareholder. The Issue includes an Employee Reservation Portion of up to [●] Equity Shares aggregating up to ₹[●] million and a Net Issue of up to [●] Equity Shares aggregating up to ₹[●] million. The Issue and the Net Issue will constitute up to 13.64% and [●] %, respectively, of the post-Issue paid-up Equity Share capital of our Company, assuming that the Issue will be fully subscribed.

The Selling Shareholder has approved the allocation and allotment of Equity Shares amounting to ₹4.4 million in the Issue to Eligible Employees of our Company under the Employee Reservation Portion, vide an office memorandum dated January 2, 2020.

The Issue is being made through the Book Building Process.

Particulars	Eligible Employees bidding in the Employee Reservation Portion	QIBs	Non-Institutional Investors	Retail Individual Investors
Number of Equity Shares available for allocation**	Up to [●] Equity Shares.	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Net Issue less allocation to QIBs and RIBs	Not less than [●] Equity Shares available for allocation or Net Issue less allocation to QIBs and Non-Institutional Investors
Percentage of Issue size available for allocation	The Employee Reservation Portion shall constitute up to [●]% of the Issue.	Not more than 50% of the Net Issue shall be available for allocation to QIBs. However, up to 5% of the QIB Portion will be available for allocation proportionately to Mutual Funds only, subject to valid Bids being received at or above the Issue Price. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the balance QIB Portion. The unsubscribed portion in the Mutual Fund portion, if any, will be available for allocation to QIBs.	Not less than 15% of the Net Issue or the Net Issue less allocation to QIBs and Retail Individual Investor shall be available for allocation	Not less than 35% of the Net Issue or the Net Issue less allocation to QIBs and Non-Institutional Investors shall be available for allocation
Basis of Allotment if respective category is oversubscribed*	Proportionate, unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹200,000. In the event of undersubscription in the Employee Reservation	Proportionate as follows: (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only, subject to valid Bids being received at or above the Issue Price;	Proportionate	Allotment to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining

Particulars	Eligible Employees bidding in the Employee Reservation Portion	QIBs	Non-Institutional Investors	Retail Individual Investors
	Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for value exceeding ₹200,000, subject to total Allotment to an Eligible Employee not exceeding ₹500,000 (net of Employee Discount).	and (b) [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above		available Equity Shares if any, shall be allotted on a proportionate basis.
Mode of Bidding	Through ASBA process only			
Minimum Bid	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹200,000	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares, so that the maximum Bid Amount by each Eligible Employee in Eligible Employee Portion does not exceed ₹500,000 (net of Employee Discount).	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed the Net Issue, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed the Net Issue (excluding the QIB Portion), subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000, net of Retail Discount
Mode of Allotment	Compulsorily in dematerialized form.			
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.			
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter.			
Trading Lot	One Equity Share.			
Who can Apply***	Eligible Employees	Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, multilateral and bilateral development financial institutions, Mutual Funds, Eligible FPIs (other than Category II FPIs), VCFs, AIFs, FVCIs, state industrial development corporation, insurance company registered with IRDAI, provident funds with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million, National Investment Fund set up by the GoI, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the karta), companies, corporate bodies, scientific institutions, societies, trusts, family offices and FPIs who are individuals, corporate bodies and family offices which are re-categorized as Category II FPIs and registered with SEBI.	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs
Terms of	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder, or by the			

Particulars	Eligible Employees bidding in the Employee Reservation Portion	QIBs	Non-Institutional Investors	Retail Individual Investors
Payment	Sponsor Bank through the UPI Mechanism (in case of RIBs), that is specified in the ASBA Form at the time of submission of the ASBA Form			

**Assuming full subscription in the Issue.*

***This Issue is being made in accordance with Rule 19(2) (b) of the SCRR and Regulation 6(1) of the SEBI ICDR Regulations, through the Book Building Process wherein not more than 50% of the Net Issue will be Allotted to QIBs on a proportionate basis. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Investors subject to valid Bids being received at or above the Issue Price. Further, not less than 35% of the Net Issue will be available for allocation to Retail Individual Investors in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or categories, as applicable, on a proportionate basis, at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws.*

****If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. As per the existing policy of the Government, OCBs cannot participate in this Issue.*

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Eligible Employees Bidding in the Employee Reservation portion can Bid up to a Bid Amount of ₹500,000, net of Employee Discount. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000, net of Employee Discount. In the event of under-subscription in the Employee Reservation Portion (post the initial Allocation of up to ₹200,000 per Eligible Employee), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹500,000 (which shall be less the Employee Discount, if applicable). The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation to Eligible Employees with Bid Amounts over ₹200,000 upto a maximum of ₹500,000, net of Employee Discount), shall be added to the Net Issue.

TERMS OF THE ISSUE

The Equity Shares offered and Allotted in the Issue will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the MoA, the Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus and the Prospectus, the Bid cum Application Form, the Revision Form, the CAN, the abridged prospectus and other terms and conditions as may be incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Issue. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to issue and offer for sale and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities to the extent applicable or such other conditions as maybe prescribed by such governmental and/or regulatory authority while granting approval for the Issue.

Ranking of Equity Shares

The Equity Shares being issued and transferred pursuant to the Issue will be subject to the provisions of the Companies Act, the SEBI Listing Regulations, the MoA and the AoA and will rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company, after the date of Allotment. For more information, see *"Description of Equity Shares and Terms of the Articles of Association"* on page 344.

Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our Shareholders, as per the provisions of the Companies Act, the SEBI Listing Regulations, our MoA and the AoA, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared, after the date of Allotment (including pursuant to the transfer of Equity Shares from the Offer for Sale) in this Issue, will be payable to the Allottees, in accordance with applicable law. For more information, see "*Dividend Policy*" and *"Description of Equity Shares and Terms of the Articles of Association"* on pages 147 and 344, respectively.

Face Value and Price Band

The face value of each Equity Share is ₹10 and the Floor Price is ₹[●] per Equity Share and the Cap Price is ₹[●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and advertised in [●] editions of English national daily newspaper [●], [●] editions of Hindi national daily newspaper [●], Hindi being the regional language of New Delhi, where our registered office is located, each with wide circulation, at least two Working Days prior to the Bid/ Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges. The Issue Price shall be determined by the Selling Shareholder and our Company, in consultation with the BRLMs, after the Bid/ Issue Closing Date, on the basis of assessment of market demand for the Equity Shares by way of Book Building Process.

Retail Discount and Employee Discount

Retail Discount and Employee Discount of ₹[●] per Equity Share and ₹[●] per Equity Share to the Issue Price may be offered to the Retail Individual Bidders and the Eligible Employees bidding in the Employee Reservation Portion, respectively.

At any given point of time there shall be only one denomination of Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable law and our Articles of Association, the Shareholders will have the following rights:

1. Right to receive dividend, if declared.

2. Right to attend general meetings and exercise voting powers, unless prohibited by law.

3. Right to vote on a poll either in person or by proxy or "e-voting", in accordance with the provisions of the Companies Act;

4. Right to receive offers for rights shares and be allotted bonus shares, if announced.

5. Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied.

6. Right of free transferability of their Equity Shares, subject to applicable foreign exchange regulations and other applicable law.

7. Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the terms of the SEBI Listing Regulations and our MoA and Articles of Association and other applicable laws.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, transfer, transmission, consolidation and splitting, see *"Description of Equity Shares and Terms of the Articles of Association"* on page 344.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, the Equity Shares will be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of our Equity Shares will only be in dematerialized form.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Issue will be only in dematerialized form in multiples of one Equity Share. For details of the Basis of Allotment, see "*Issue Procedure*" on page 328.

Joint Holders

Subject to provisions contained in our Articles of Association, where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in New Delhi.

Period of operation of subscription list

See "– *Bid/Issue Period*" on page 325.

Nomination facility to Bidders

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole or First Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority. A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered and Corporate Office, or with the CRTA of our Company.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, as amended, will, on the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders want to change their nomination, they are advised to inform their respective Depository Participant.

Withdrawal of the Issue

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the Issue after the Bid/Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company or the Selling Shareholder, in consultation with the Book Running Lead Managers withdraw the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with public offering of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

Bid/Issue Period

An indicative time-table in respect of the Issue is set out below:

BID/ISSUE OPENS ON	[●]
BID/ISSUE CLOSES ON**	[●]
FINALIZATION OF BASIS OF ALLOTMENT	[●]
CREDIT OF EQUITY SHARES TO DEPOSITORY ACCOUNTS OF ALLOTTEES	[●]
COMMENCEMENT OF TRADING	[●]

*** Our Company and Selling Shareholder, may in consultation with the BRLMs, decide to close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date.*

The above time-table is indicative in nature and does not constitute any obligation or liability on our Company, the Selling Shareholder or the Members of the Syndicate. While our Company will use best efforts to ensure that listing and trading of our Equity Shares on the Stock Exchanges commences within six Working Days of the Bid/Issue Closing Date or such other period as may be prescribed by SEBI, the timetable may be subject to change for various reasons, including extension of Bid/Issue Period by our Company and Selling Shareholder, due to revision of the Price Band, any delays in receipt of final listing and trading approvals from the Stock Exchanges, delay in receipt of final certificates from SCSBs, etc. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges in accordance with applicable law. The Selling Shareholder confirms that it shall extend reasonable cooperation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within three Working Days from the Bid/Issue Closing Date or such other period as may be prescribed by SEBI.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in change of the above - mentioned timelines.

Bids and any revision in Bids will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Bid/Issue Period at the Bidding Centers, except that on the Bid/Issue Closing Date (which for QIBs may be a day prior to the Bid/Issue Closing Date for non-QIBs), Bids will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until (i) 4.00 p.m. (Indian Standard Time) for Bids by QIBs and Non-Institutional Investors; and (ii) 5.00 p.m. or such extended time as permitted by the Stock Exchanges (Indian Standard Time) in case of Bids by Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion. On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading Bids received from Retail Individual Investors and Eligible Employees bidding in the Employee Reservation Portion, after taking into account the total number of Bids received up to closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the BRLMs to the Stock Exchanges.

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs and the Sponsor Bank will be rejected.

Due to limitation of time available for uploading Bids on the Bid/Issue Closing Date, Bidders are advised to submit Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that if a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public issues, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation in the Issue. It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by the SCSBs would be rejected. Our Company, the Selling Shareholder and the members of Syndicate will not be responsible for any failure in uploading Bids due to faults in any hardware/software system or otherwise. Bids will be accepted only on Working Days. Investors may please note that as per letters dated July 3, 2006 and July 6, 2006, issued by the BSE and NSE respectively, Bids and any revisions in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges.

Our Company and Selling Shareholder, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Issue Period, in accordance with the SEBI ICDR Regulations, provided that the Cap Price will be less than or equal to 120% of the Floor Price and the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price and the Cap Price be revised accordingly.

In case of any revision to the Price Band, the Bid/Issue Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Issue Period not exceeding 10 Working Days. In cases of force majeure, our Company may, for reasons to be recorded in writing, extend the Bid / Issue Period for a minimum of three Working Days, subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the other Members of the Syndicate and by intimation to Designated Intermediaries. However, in case of revision in the Price Band, the Bid Lot shall remain the same.

In case of discrepancy in data entered in the electronic book vis-à-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) a subscription in the Issue equivalent to up to at least 10% post-Issue paid up Equity Share capital of our Company (the minimum number of securities as specified under Rule 19(2)(b) of the SCRR and Regulation 31 of the SEBI ICDR Regulations, including through devolvement to the Underwriters, if any, on the date of closure of the Issue; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond fifteen days after our Company becomes liable to pay such amount, our Company and every Director of our Company, who are officers in default, shall pay interest at the rate of fifteen per cent per annum. Subject to applicable law, a Selling Shareholder shall not be responsible to pay interest for any delay, unless such delay has been caused solely by such Selling Shareholder.

The requirement for minimum subscription is not applicable to the Offer for Sale.

In the event of an undersubscription in the Issue, Equity Shares offered pursuant to the Fresh Issue shall be allocated in the Issue, prior to the Equity Shares offered pursuant to the Offer for Sale. The Selling Shareholder agree and acknowledge that in the event that any Equity Shares are not sold in the Offer for Sale on account of under-subscription, such unsold Equity Shares shall be subject to lock-in in accordance with this Draft Red Herring Prospectus and the SEBI ICDR Regulations.

Further, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

It is clarified that, subject to applicable law, the Selling Shareholder shall not be liable to pay any amounts as interest for any delay, unless such default or delay has been caused solely and directly by an act or omission attributable to the Selling Shareholder.

Arrangement for Disposal of Odd Lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restriction on Transfer of Shares

Except for lock-in of pre-Issue equity shareholding, Promoters' Contribution in the Issue, as detailed in *"Capital Structure"* on page 68 and as provided in our Articles as detailed in *"Description of Equity Shares and Terms of the Articles of Association"* on page 344, there are no restrictions on transfers and transmission of Equity Shares and/or on their consolidation/splitting.

Option to receive Equity Shares in Dematerialized Form

Pursuant to Section 29 of the Companies Act, Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

ISSUE PROCEDURE

All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to among others the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 as amended and modified by the circular (CIR/CFD/DIL/1/2016) dated January 1, 2016 and the circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, notified by SEBI ("General Information Document"), which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) Category of investor eligible to participate in the Issue; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iii) Payment Instructions for ASBA Bidders/Applicants; (iv)Issuance of CAN and Allotment in the Issue; (v) General instructions (limited to instructions for completing the Bid Form); (vi) Submission of Bid Form; (vii) Other Instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (viii) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (vi) mode of making refunds; and (vii) interest in case of delay in Allotment or refund.

*SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 and circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Further, as per the SEBI circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, the UPI Phase II has been extended until March 31, 2020. Thereafter, the final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs ("**UPI Phase III**"), as may be prescribed by SEBI.*

Our Company, the Selling Shareholder and the Members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus and the Prospectus.

Further, the Company and the BRLMs are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Issue.

Book Building Procedure

The Issue is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Issue shall be Allotted to QIBs on a proportionate basis. 5% of the QIB Category shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.

The unsubscribed portion, if any, in the Employee Reservation Portion, shall be added back to the Net Issue. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company, in consultation with the BRLMs, and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. Further, in the event of an under-subscription in the Employee Reservation Portion, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000. The unsubscribed portion, if any, in the Employee Reservation Portion shall be added to the Net Issue.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN and UPI ID (for RIB Bidders bidding using the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of *inter alia* equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to upto three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment Mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and the continuation of this phase has been extended until March 31, 2020. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing is proposed to be reduced to three Working Days.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form and the abridged prospectus will be available with the Designated Intermediaries at relevant Bidding Centers and at our Registered and Corporate Office. The Bid cum Application Forms will also be available for download on the websites of the NSE (www.nseindia.com) and the BSE (www.bseindia.com) at least one day prior to the Bid/Issue Opening Date.

All Bidders (other than RIBs bidding using the UPI Mechanism) must provide bank account details and authorisation by the ASBA bank account holder to block funds in their respective ASBA Accounts in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such detail are liable to be rejected. The Sponsor Bank shall provide details of the UPI linked bank account of the Bidders to the Registrar to the Issue for purpose of reconciliation.

RIBs Bidding through the Designated Intermediaries can only Bid using the UPI Mechanism.

RIBs bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

RIBs submitting a Bid-cum Application Form to any Designated Intermediary (other than SCSBs) should ensure that only the UPI ID is mentioned in the relevant space provided in the Bid cum Application Form. ASBA Forms submitted by RIBs to Designated Intermediary (other than SCSBs) with ASBA Account details in the relevant space provided in the Bid cum Application Form, are liable to be rejected.

Further, such Bidders shall ensure that the Bids are submitted at the Bidding Centres only on Bid cum Application Forms bearing the stamp of the relevant Designated Intermediary (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms (except electronic Bid-cum-Application Forms) not bearing such specified stamp may be liable for rejection. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid. Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from a RIB who is not Bidding using the UPI Mechanism.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis^	White
FPIs applying on a repatriation basis	Blue
Eligible Employees	Pink

** Excluding electronic Bid cum Application Forms*

***Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the website of the NSE (www.nseindia.com) and the BSE (www.bseindia.com).*

Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Form (except the Bid cum Application Form from a RIB bidding using the UPI Mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank. Further, SCSBs shall upload the relevant Bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For RIBs using UPI Mechanism, the Stock Exchanges shall share the bid details (including UPI ID) with Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (using the UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the Bankers to the Issue) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the Bankers to the Issue. The BRLMs shall also be required to obtain the audit trail from the Sponsor Banks and the Bankers to the Issue for analysing the same and fixing liability.

Participation by associates and affiliates of the BRLMs and the Syndicate Members and the Promoter

The BRLMs and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Issue, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such Bid subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by HUFs

Bids by HUFs Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or First Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the BRLMs, Syndicate Members and sub-syndicate members at select locations as specified in the Bid cum Application Form. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorise their SCSB or should confirm/accept the UPI Mandate Request (in case of RIBs using the UPI Mechanism) to block their Non-Resident External ("**NRE**") accounts or FCNR accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorise their SCSB or should confirm/accept the UPI Mandate Request (in case of RIBs Bidding using the UPI Mechanism) to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents(blue in colour).

NRIs will be permitted to apply in the Issue through Channel I or Channel II (as specified in the UPI Circular).

Further, subject to applicable law, NRIs may use Channel IV (as specified in the UPI Circular) to apply in the Issue, provided the UPI facility is enabled for their NRE/ NRO accounts

Participation of Eligible NRIs in the Issue shall be subject to the FEMA Rules.

Bids by FPIs

In terms of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 ("**SEBI FPI Regulations**"), investment in the Equity Shares by a single FPI or an investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control) shall be below 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Rules the total holding by each FPI or an investor group, cannot exceed 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the aggregate holdings of all the FPIs, including any other direct and indirect foreign investments in our Company, shall not exceed 24 % of the total paid-up Equity Share capital on a fully diluted basis.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for Non-Residents. In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the capital of an Indian company is subject to certain limits, i.e. the individual holding of an FPI (including its investor group) is restricted to below 10% of the capital of the company. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up equity capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates. The aggregate limit may be decreased below the sectoral cap to a threshold limit of 24% or 49% or 74% as deemed fit by way of a resolution passed by our Board followed by a special resolution passed by the Shareholders of our Company. In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Issue to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions: (a) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (b) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (c) such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and (d) such other conditions as may be specified by SEBI from time to time. An FPI is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (a) to (d)) and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI. Participation of FPIs in the Issue shall be subject to the FEMA Rules.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI VCF Regulations and the SEBI AIF Regulations, *inter-alia*, prescribe the respective investment restrictions on the VCFs and AIFs registered with SEBI. Accordingly, the holding by any individual VCF registered with SEBI, in any company should not exceed 25% of the corpus of the VCF. Further, VCFs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

Category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A VCF registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations.

Neither our Company, nor the Selling Shareholder nor the BRLMs will be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended ("**Banking Regulation Act**"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 (the "**Financial Services Directions**"), is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to *inter alia* make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed under 5(b)(i) of the Financial Services Directions), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a) (v) (c) (i) of the Financial Services Directions. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

Bids by systemically important non-banking financial companies

In case of Bids made by systemically important non-banking financial companies, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof. Systemically Important Non-Banking Financial Companies participating in the Issue shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

Bids by SCSBs

SCSBs participating in the Issue are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by the SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers prescribed in Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 ("**IRDAI Investment Regulations**") are set forth below:

(a) equity shares of a company: the lower of 10%* of the investee company's outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer/investment assets in case of a general insurer or a reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or a reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company operates not more than 15% of the respective fund of a life insurer or general insurance or 15% of the investment assets, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (i), (ii) or (iii) above, as the case may be.

**The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Insurer companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time including the IRDAI Investment Regulations.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹250 million (subject to applicable laws), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in consultation with the BRLMs, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company in consultation with the BRLMs, may deem fit.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserves the right to reject any Bid, without assigning any reason thereof.

The Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A and referred to in this Prospectus as "U.S. QIBs". For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Prospectus as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S and pursuant to the applicable laws of the jurisdictions where those offers and sales are made.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the Members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulation or as specified in this Draft Red Herring Prospectus.

In accordance with RBI regulations, OCBs cannot participate in the Issue.

Pre- Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) [●] editions of [●], a English national daily newspaper; and (ii) [●] editions of [●], a Hindi national daily newspaper [●] (Hindi also being the regional language of New Delhi, where our registered office is located) each with wide circulation.

In the pre-Issue advertisement, we shall state the Bid/Issue Opening Date and the Bid/Issue Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

The above information is given for the benefit of the Bidders/applicants. Our Company, the Selling Shareholder and the Members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of Underwriting Agreement and filing of Prospectus with the RoC

Our Company and the Selling Shareholder intend to enter into an Underwriting Agreement with the Underwriters on or immediately after the finalisation of the Issue Price. After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC, in accordance with applicable laws. The Prospectus will contain details of the Issue Price, Issue size and underwriting arrangements and will be complete in all material respects.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/ Issue Period and withdraw their Bid(s) until Bid/ Issue Closing Date.

***Do's*:**

1. Check if you are eligible to apply as per the terms of this Draft Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;

5. Ensure that your Bid cum Application Form bearing the stamp of the relevant Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time;

6. Bidders shall submit the Bid cum Application Form in the manner set out in the General Information Document;

7. In case of joint Bids, ensure that First Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the First Bidder is included in the Bid cum Application Form;

8. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than RIBs using the UPI Mechanism) in the Bid cum Application Form;

9. RIBs using the UPI Mechanism should ensure that the correct UPI ID is mentioned in the Bid cum Application Form;

10. RIBs bidding using the UPI Mechanism should ensure that they use only their own bank account linked UPI ID to make an application in the issue;

11. RIBs submitting a Bid cum Application Form using the UPI Mechanism, should ensure that the: (a) bank where the bank account linked to their UPI ID is maintained; and (b) the Mobile App and UPI handle being used for making the Bid, are listed on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40;

12. RIBs not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;

13. RIBs submitting a Bid-cum Application Form to any Designated Intermediary (other than SCSBs) should ensure that only UPI ID is included in the relevant space provided in the Bid cum Application Form: Payment Details in the Bid cum Application Form;

14. RIBs using the UPI Mechanism shall ensure that the bank, with which it has its bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI;

15. All Bidders should submit their Bids through the ASBA process only;

16. RIB's using the UPI Mechanism shall ensure that the name of the bank with which it maintains its ASBA Account , appears in the list of SCSBs displayed on the SEBI website which are live on UPI. In case such bank with which such ASBA Account is maintained is not live on UPI, such RIB's may submit the ASBA Form with the SCSB physically, or using the facility of linked online trading, demat and bank account. Further, RIB's using the UPI Mechanism shall also ensure that the name of the mobile application and the UPI handle being used for making such application is also appearing on the SEBI website;

17. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

18. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

19. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

20. Bidders, other than RIBs using the UPI Mechanism, shall ensure that they have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to the relevant Designated Intermediaries;

21. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

22. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;

23. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

24. Ensure that the Demographic Details are updated, true and correct in all respects;

25. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

26. Ensure that the correct investor category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

27. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;

28. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;

Note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected;

29. Ensure that where the Bid cum Application Form is submitted in joint names, the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;

30. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form is submitted to a Designated Intermediary in a Bidding Centre and in case of Bidding through a Designated Intermediary (other than for RIBs bidding through the UPI Mechanism) the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in) or such other websites as may be updated from time to time;

31. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;

32. For RIBs bidding using the UPI Mechanism, ensure that you approve the Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment, in a timely manner;

33. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;

34. RIBs bidding using the UPI Mechanism should mention valid UPI ID of only the Applicant (in case of single account) and of the first Applicant (in case of joint account) in the Bid cum Application Form;

35. RIBs bidding using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of allotment in a timely manner.

36. Bids by Eligible NRIs and Category III FPIs for a Bid Amount of less than ₹200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹200,000 would be considered under the Non-Institutional Category for allocation in the Issue.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don’ts:

1. Do not Bid for lower than the minimum Bid Lot;

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not Bid on another Bid cum Application Form, as the case maybe, after you have submitted a Bid to a Designated Intermediary;

4. RIB should not submit a Bid using the UPI Mechanism, unless the name of the bank where the bank account linked to your UPI ID is maintained, is listed on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40;

5. RIB should not submit a Bid using the UPI Mechanism, using a Mobile App or UPI handle, not listed on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40;

6. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;

7. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

8. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company or at a location other than the Bidding Centres. Provided that RIBs not using the UPI Mechanism should not submit Bid cum Application Forms with Designated Intermediaries (other than SCSBs);

9. Do not Bid on a physical ASBA Form that does not have the stamp of the relevant Designated Intermediary;

10. Do not Bid at Cut-off Price in case of Bids by QIBs and Non-Institutional Bidders;

11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Draft Red Herring Prospectus;

12. If you are a Non-Institutional Bidder or a Retail Individual Bidder, do not submit your Bid after 3.00 pm on the Bid/Issue Closing Date;

13. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/ Issue Closing Date;

14. Do not Bid for a Bid Amount exceeding ₹200,000 for Bids by Retail Individual Bidders;

15. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

16. Do not submit the General Index Register (GIR) number instead of the PAN;

17. Do not submit incorrect UPI ID details if you are a RIB Bidding through the UPI Mechanism;

18. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;

19. Do not submit incorrect UPI ID details if you are a RIB bidding through the UPI Mechanism;

20. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account;

21. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs using the UPI Mechanism;

22. Do not submit Bids to a Designated Intermediary at a location other than Specified Locations;

23. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder;

24. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

25. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

26. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIB Bidders using the UPI Mechanism;

27. Do not Bid on another Bid cum Application Form after you have submitted a Bid to any of the Designated Intermediaries;

28. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

29. Do not submit a Bid cum Application Form using a third party bank account or using third party linked bank account UPI ID (in case of in case of Bids submitted by RIBs using the UPI Mechanism).and

30. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Grounds for Technical Rejections

In addition to the grounds for rejection of Bids on technical grounds as provided in the General Information Document, Bidders are requested to note that Bids may be rejected on the following additional technical grounds:

1. Bid submitted without instruction to the SCSB to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

3. Bids submitted on a plain paper;

4. Bids under the UPI Mechanism submitted by RIBs using third party bank accounts or using a third party linked bank account UPI ID;

5. Bids by HUFs not mentioned correctly;

6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

7. Bids submitted without the signature of the First Bidder or sole Bidder;

8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

9. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;

10. General Index Register (GIR) number furnished instead of PAN;

11. Bids by Retail Individual Bidders or Eligible Employees bidding in the Employee Reservation Portion (if any) with Bid Amount for a value of more than ₹200,000 (net of Retail Discount) or ₹500,000 (net of Employee Discount), respectively;

12. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

13. Bids accompanied by cheque(s), demand draft(s), stock invest, money order, postal order or cash; and

14. Bids by OCB.

For further details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar to the Issue, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares offered through the Issue through the offer documents except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Net Issue to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the RIBs shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each RIB shall not be less than the minimum bid lot, subject to the availability of shares in RIB category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Depository Arrangements

The Allotment of the Equity Shares in the Issue shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated October 31, 2017 among NSDL, our Company and the Registrar to the Issue.
- Agreement dated September 27, 2017 among CDSL, our Company and Registrar to the Issue.

Undertakings by our Company

Our Company undertakes the following:

(i) That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;

(ii) If Allotment is not made within six working days from the Bid/Issue Closing Date or such other prescribed timelines under applicable laws, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable laws. If there is a delay beyond such prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and other applicable laws for the delayed period;

(iii) That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/Issue Closing Date;

(iv) That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;

(v) Where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within time prescribed under applicable laws, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(vi) No further issue of Equity Shares shall be made until the Equity Shares offered through this Draft Red Herring Prospectus are listed or until the Bid monies are refunded/ unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.;

(vii) That if our Company or the Selling Shareholder do not proceed with the Issue after the Bid/Issue Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

(viii) That if our Company and the Selling Shareholder, in consultation with the BRLMs, withdraw the Issue after the Bid/Issue Closing Date, our Company shall be required to file a fresh draft offer document with the SEBI, in the event our Company or the Selling Shareholder subsequently decides to proceed with the Issue thereafter;

(ix) That our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time;

(x) That adequate arrangements shall be made to collect all Bid cum Application Forms; and

(xi) That our Company shall not have recourse to the proceeds of the Fresh Issue until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Undertakings by the Selling Shareholder

Only statements and undertakings which are specifically "confirmed" or "undertaken" by the Selling Shareholder in this Draft Red Herring Prospectus shall be deemed to be "statements and undertakings made by the Selling Shareholder." All other statements and/ or undertakings in this Draft Red Herring Prospectus shall be statements and undertakings made by our Company even if the same relates to the Selling Shareholder. The Selling Shareholder, specifically confirms and undertakes the following in respect of itself and the Equity Shares being offered by it pursuant to the Offer for Sale:

(i) Its respective portion of the Offered Shares shall be transferred in the Issue free and clear of any pre-emptive rights, liens, mortgages, charges, pledges, trusts or any other encumbrance or transfer restrictions, both present and future, in a manner prescribed under Applicable Law in relation to the Issue, and without any objection by it and in accordance with the instructions of the Registrar to the Issue.

(ii) Its respective portion of the Offered Shares have been held by such Selling Shareholder for a minimum period of one year prior to the date of this Draft Red Herring Prospectus, such period determined in accordance with Regulation 8 of the SEBI ICDR Regulations.

(iii) It is the legal and beneficial owner and has full title of its respective portion of the Offered Shares.

(iv) That it shall provide all reasonable cooperation as requested by our Company and the BRLMs in relation to the completion of the Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders (as applicable) to the requisite extent of its respective portion of the Offered Shares.

(v) It will not have recourse to the proceeds of the Offer for Sale, until approval for final listing and trading of the Equity Shares is received from the Stock Exchanges.

(vi) It will deposit its respective portion of the Offered Shares in an escrow account opened with the Share Escrow Agent prior to filing of the Red Herring Prospectus with the RoC.

(vii) It shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise, to any person for making a Bid in the Issue, and shall not make any payment, whether direct or indirect, whether in the nature of discounts, commission, allowance or otherwise, to any person who makes a Bid in the Issue.

(viii) That it will provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Issue.

The Selling Shareholder has authorised the Company Secretary and Compliance Officer of our Company and the Registrar to the Issue to redress any complaints received from Bidders in respect of the Offer for Sale.

The decisions with respect to the Price Band, the minimum Bid Lot, reservations in this Issue, the rupee amount of the Retail Discount and the Employee Discount, as applicable, revision of the Price Band, the Issue Price, shall be taken by our Company and the Selling Shareholder, in consultation with the BRLMs.

Utilization of Net Proceeds

Our Board of Directors certifies that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
- details of all monies utilised out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the FDI Policy and FEMA. The government bodies responsible for granting foreign investment approvals are the concerned ministries / departments of the Government of India and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT, issued the FDI Policy by way of circular no. D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017 which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, FDI Policy will be valid until the DPIIT issues an updated FDI Policy.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A and referred to in this Prospectus as “U.S. QIBs”. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Prospectus as “QIBs”) in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S and pursuant to the applicable laws of the jurisdictions where those offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:

Share capital and variation of share capital

Article 6 provides that "the Authorised Share Capital of the Company shall be as specified in Clause V of the Memorandum of Association of the Company."

Article 7 provides that "subject to the provisions of Section 62 of the Act and other applicable provisions of the Applicable Law and these Articles, the Shares and Securities of the Company for the time being shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Board thinks fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of Shares shall not be given to any person or persons except with the sanction of the Company in General Meeting."

Article 8 provides that "subject to the approval of the President, the Company may in General Meeting from time to time increase its authorized capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. Such increase shall be of such aggregate amount and to be divided into such Shares of such respective amounts, as the resolution for the same shall prescribe. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Board shall comply with the provisions of Section 64 of the Act."

Article 10 provides that "Subject to the provisions of Section 55 of the Act and Applicable Law, the Company may issue preference shares from time to time, on the terms that they are redeemable within 20 years from the date of issue and such other terms as may be decided at the time of issue. Further, (a) such preference shares shall always rank in priority with respect to payment of dividend or repayment of capital vis-à-vis equity shares; (b) the Board may decide on the participation of preference shareholders in the surplus dividend, type of preference shares issued whether cumulative or otherwise, and conversion terms into equity, if any; (c) the Board may decide on any premium on the issue or redemption of preference shares; (d) no such Share shall be redeemed except out of the profits of the Company, which would otherwise be available for Dividend, or out of the proceeds of a fresh issue of Share made for the purpose of the redemption. No such Share shall be redeemed unless they are fully paid. The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed; (e) such preference Shares shall be redeemed only on the terms on which they were issued or as varied after due approval of preference shareholders under Section 48 of the Act; (f) where any such Shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account" a sum equal to the nominal amount of the Shares redeemed and the provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided in Section 66 of the Act, apply as if the Capital Redemption Reserve Account were paid-up Share Capital of the Company; (g) Register of Member maintained under Section 88 shall also contain the particulars in respect of such preference shareholders."

Article 11 provides that "the Board shall be entitled to issue, from time to time, subject to Applicable Law and such directions as may be issued by the President in this behalf, any other Securities, including Securities convertible into Shares, exchangeable into Shares, or carrying a warrant, with or without any attached Securities, carrying such terms as to coupon, returns, repayment, servicing, as may be decided by the terms of such issue. Such Securities may be issued at premium or discount, and redeemed at premium or discount, as may be determined by the terms of the issuance; provided that the Company shall not issue any Shares or Securities convertible into Shares at a discount."

Article 12 provides that "the Company may (subject to the provisions of Sections 52, 55 and 66 of the Act or any other applicable provisions of law for the time being in force and such directions as may be issued by the President in this behalf) from time to time by way of Special Resolution reduce its share capital, any capital redemption reserve account or share premium account in any manner for the time being authorised by Applicable Law."

Article 13 provides that "subject to the approval of the President and provisions of Section 61 of the Act and such directions as may be issued by the President in this behalf, the Company in General Meeting may from time to time (a) sub-divide and consolidate its Shares into shares of a larger amount than the existing Shares, or any class of them, and (b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum and the resolution whereby any share is sub-divided, or classified, may determine that, as between the holders of the Shares resulting from such sub-division or classification, one or more of such Shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise over or as compared with the other or subject nevertheless, to the provisions of the Act. Subject as aforesaid, the Company in General Meeting may also cancel Shares which have not been taken or agreed to be taken by any person and diminish the amount of its share Capital by the amount of the Shares so cancelled."

Further issue of shares

Article 16 provides that "subject to the provisions of Section 62 of the Act and Applicable Law, where at any time it is proposed to increase the subscribed Capital of the Company by allotment of further shares, then such further shares shall be offered to the persons who on the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the capital paid-up on those shares at the date by sending a letter of offer subject to the following conditions, namely:

(a) the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 (fifteen) days and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

(b) the offer aforesaid shall be deemed-to include a right exercisable by the Person concerned to renounce the shares offered to him or any of them in favour of any other Person; and the notice referred to in clause a. above shall contain a statement of this right;

(c) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner which is not disadvantageous to the Shareholders and the Company."

Article 17 provides that "notwithstanding anything contained in the Article 16 and subject to the provisions of Section 62 of the Act and other Applicable Law, the further shares aforesaid may be offered in any manner whatsoever, to:

(a) employees under a scheme of employees' stock option scheme subject to Special Resolution passed by the Company and subject to the Rules and such other conditions, as may be prescribed under the Law

(b) to any persons, whether or not those Persons include the Persons referred to in clause (i) or clause (ii) above, either for cash or for a consideration other than cash, if so decided by a special resolution, as per Applicable Law if the price of such shares is determined by the valuation report of a registered valuer subject to the Rules."

Article 19 provides that "pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Act, and subject to such approvals, permissions and sanctions as may be necessary from the GoI, Reserve Bank of India and/or any other authorities or institutions as may be relevant (hereinafter collectively referred to as the "Appropriate Authorities") and subject to such terms and conditions or such modifications thereto as may be prescribed by them in granting such approvals, permissions and sanctions, the Company will be entitled to issue and allot in the international capital markets, Equity Shares and/or any instruments or securities (including Global Depository Receipts) representing Equity Shares, any such instruments or securities being either with or without detachable Warrants attached thereto entitling the Warrant holder to Equity Shares/instruments or securities (including Global Depository Receipts) representing Equity Shares, (hereinafter collectively referred to as the “Securities” for the purpose of this Article) to be subscribed to in foreign currency / currencies by foreign investors(whether individuals and/or bodies corporate and/or institutions and whether shareholders of the Company or not) for an amount, inclusive of such premium as may be determined by the Board. Such issue and allotment to be made on such occasion or occasions, at such value or values, or at a premium and in such form and in manner and on such terms and conditions or such modifications thereto as the Board may determine in consultation with Lead Manager and/or Underwriters and/or Legal or other Advisors, or as may be prescribed by the appropriate authorities while granting their approvals, permissions and sanctions as aforesaid which the Board be and is hereby authorized to accept at its sole discretion.”

Article 72 provides that “subject to and in compliance with Section 54 of the Act and other Applicable Law, the Company may issue equity Shares to its employees or Directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called.”

Article 73 provides that “subject to the provisions of Section 62 the Act, read with the conditions as laid down in the Applicable Law, and if authorized by a Special Resolution passed in a General Meeting, the Company may issue shares, in any manner whatsoever, by way of a preferential offer or private placement to any person or persons or body corporate etc. for cash or for a consideration other than cash. Such issue on preferential basis or private placement should also comply with the conditions as laid down in Section 42 of the Act and/or Applicable law.”

Share certificates

Article 32 provides that “every Member other than a Beneficial Owner shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates each for one or more of such Shares and the Company shall complete and have ready for delivery of such certificates within such time permissible under Applicable Law from the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares, as the case may be.”

Buyback of securities

Article 39 provides that “the Company shall have power, subject to and in accordance with the provisions of Sections 68 to 70 of the Act and the Rules made thereunder and the Applicable Law as prescribed by Securities and Exchange Board of India (SEBI) or any other applicable provision of the Act and other Applicable Law for the time being in force, to purchase any of its own Shares or other specified Securities.The powers conferred herein may be exercised by the Board, at any time and from time to time, where and to the extent permitted by Applicable Law, and shall be subject to such rules or approvals as required.”

Calls on shares

Article 42 provides that “the Board of Directors may, from time to time and subject to the terms on which any Shares have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board or otherwise as permitted by Applicable Law, make such call as it thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively, and each Member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments.”

Article 47 provides that “any sum, which may by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable, on the date on which by the terms of issue the same becomes payable and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.”

Lien

Article 53 provides that "the Company shall have a first and paramount lien upon all the Shares (other than fully paid-up Shares)/ Securities registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares and no equitable interest in any Share shall be created except upon the footing and condition that that this Article will have full effect and any such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares. Unless otherwise agreed, the registration of a transfer of Shares shall operate as a waiver of the Company's lien, if any, on such Shares."

Article 55 provides that "for the purpose of enforcing such lien, the Board may sell the Shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their Member to execute a transfer thereof on behalf of and in the name of such Member. The purchaser of such transferred Shares shall be registered as the holder of the Shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale."

Forfeiture of shares

Article 59 provides that "if any Member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter during such time as the call or installment remains unpaid, serve notice on such Member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment."

Article 61 provides that "if the requirements of any such notice as aforesaid are not complied with, every or any Share in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited Shares and not actually paid before the forfeiture."

Article 63 provides that "any Share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same on such terms and in such manner as it may think fit."

Article 66 provides that "the forfeiture of a Share involve extinction, at the time of the forfeiture, of all interest and all claims and demands against the Company in respect of the Share and all other rights, incidental to the Share except only such of those rights as by these Articles are expressly saved."

Capitalisation of profits

Article 74 provides that "the Company in General Meeting may, upon the recommendation of the Board, resolve:

(a) that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of any reserve or reserves, or any Capital Redemption Reserve Account, or in the hands of Company and available for Dividend or representing premiums received on the issue of Shares and standing to the credit of the Securities Premium Account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of Dividend and in the same proportions on the footing that they become entitled thereto as Capital; and

(b) that the sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Article 79, either in or towards—

   (i) paying up any amounts for the time being unpaid on any Shares held by such Members respectively;

   (ii) paying up in full, unissued Shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such Members in the proportions aforesaid;

(iii) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b) above;

(iv) such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum

Provided that any sum standing to the credit of a Securities Premium Account and a Capital Redemption Reserve Account and the free reserves may, for the purposes of this Article, be applied in the paying up of unissued Share to be issued to Members of the Company as fully paid up bonus Share."

Transfer or transmission of shares

Article 79 provides that "the instrument of transfer shall be in common form and in writing and all provision of Section 56 of the Act and any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof."

Article 84 provides that "subject to the provisions of Section 56 of the Act, these Articles and other applicable provisions of the Act or any other Applicable Law for the time being in force, the Board may, in the interest of the Company or in pursuance of any power of the Company under Applicable Law, refuse to register the transfer of, or the transmission by operation of law of the right to, any Securities or interest of a Member in the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares."

Article 85 provides that "the Board may, subject to the right of appeal conferred by Section 58 of the Act and other Applicable Law, decline to register:

(a) the transfer of a Share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of Shares on which the Company has a lien."

Article 86 provides that "the Board may decline to recognise any instrument of transfer unless:

(i) the instrument of transfer is in the form as prescribed in rules made under sub-Section (1) of Section 56 of the Act;

(ii) the instrument of transfer is accompanied by the certificate of the Shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(iii) the instrument of transfer is in respect of only one class of Shares."

Article 91 provides that "except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the Securities in the records of the Depository as the absolute owner thereof and accordingly the Company shall not be bound to recognise any benami, trust or equitable, contingent, future or partial interest in any Security or (except otherwise expressly provided by the Articles) any right in respect of a Security other than an absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall have express or implied notice thereof."

Article 92 provides that "every holder of Shares in, or debentures of the Company may at any time nominate, in the manner prescribed under the Act, a person to whom his Shares in or Debentures of the Company shall vest in the event of death of such holder."

Article 96 provides that "any person becoming entitled to Shares or Debentures in consequence of the death, lunacy, bankruptcy or insolvency of any Member, or the marriage of a female Member, or by any lawful means other than by a transfer in accordance with These Presents, may with the consent of the Board and subject as hereinafter provided, elect, either:

(a) to be registered himself as holder of the Shares or Debentures, as the case may be; or

(b) to make such transfer of the Shares or Debentures, as the case may be, as the deceased shareholder or debenture holder, could have made.

Provided nevertheless that it shall be lawful for the Directors in their absolute discretion to dispense with the production of any evidence including any legal representation upon such terms as to indemnity or otherwise as the Directors may deem fit."

Article 102 provides that "a nominee on becoming entitled to Shares or Debentures by reason of the death of the holder or joint holders shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture, except that he shall not before being registered as holder of such Shares or Debentures, be entitled in respect of them to exercise any right conferred on a Member or Debenture holder in relation to meetings of the Company."

Dematerialisation of securities

Article 115 provides that "every holder of or subscriber to Securities of the Company shall have the option to receive certificates for such Securities and may exercise an option to issue, deal in or to hold the Securities with a Depository, in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification thereto or re-enactment thereof. Such a person who is the Beneficial Owner of the Securities can at any time opt out of a depository, if permitted by law, in respect of any Security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed by law, issue to the Beneficial Owner the required certificates for the Securities."

Article 118 provides that "notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of Securities of the Company on behalf of the Beneficial Owner."

Article 120 provides that "every person holding Securities of the Company and whose name is entered as the Beneficial Owner of Securities in the record of the Depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the Securities which are held by a Depository and shall be deemed to be a Member / Debenture holder, as the case may be, of the Company."

Borrowing powers

Article 127 provides that "the Board may from time to time, subject to the provisions of these Articles, Section 73 to 76, 179, 180 of the Act or Applicable Law, borrow moneys for the purpose of the Company; provided that moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in the ordinary course of business of the Company) shall not, without the requisite sanction of the Company in general meeting, exceed the aggregate of the paid up capital and its free reserves, that is to say, reserves not set apart for any specific purpose."

Article 128 provides that "the Board may from time to time at its discretion, by a resolution passed at a meeting of the Board issue/ re-issue after consolidation Debentures or debenture stock or other securities and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the Company in accordance with provisions of Applicable Law."

Article 130 provides that "the payment or repayment of moneys borrowed as aforesaid may be secured subject to the approval of President in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular, by a resolution passed at a meeting of the Board, the issue of debentures or debenture stock of the company, may be charged upon all or any part of the property of the Company, (both present and future) including its uncalled Capital for the time being; and debenture, debenture stock and other securities may be assignable free from any equities between the company and the person to whom the same maybe issued."

General meetings

Article 137 provides that "the Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year."

Article 138 provides that "all General Meetings other than Annual General Meeting shall be called Extraordinary General Meeting."

Article 141 provides that "the Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid-up capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made."

Article 143 provides that "where permitted or required by Applicable Law, the Board may, instead of calling a meeting of Members / class of Members / Debenture holders, seek their assent by Postal Ballot, including e-voting. Such Postal Ballot will comply with the provisions of Applicable Law in this behalf."

Article 149 provides that "no business shall be transacted at any General Meeting unless a quorum of Members is present at the time when the Meeting proceeds to business."

Article 150 provides that "save as otherwise provided herein, the quorum for the General Meetings shall be as provided in Section 103 of the Act. However, one of the requisite member will always be a representative of the President, in the quorum."

Article 162 provides that "subject to any rights or restrictions for the time being attached to any class or classes of Shares:

(i) on a show of hands, every Member present in person shall have one vote; and

(ii) on a poll, the voting rights of Members shall be in proportion to his Share in the paid-up equity share Capital of the Company.

(iii) through Electronic Mode in accordance with Section 108 of the Act and the voting rights of Members shall be in proportion to his share in the paid up equity capital of the Company."

Article 171 provides that "subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote by a representative duly authorised in accordance with Section 113 of the Act, and such representative shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the body corporate which he represents as the body could exercise if it were an individual member."

Board of directors

Article 195 provides that "subject to the provisions of Section 149 of the Act and Applicable Law, the President shall from time to time, determine in writing the number of Directors of the Company which, however, shall not be less than three or more than fifteen consisting of either Whole-time functional Directors or Part-time Directors. Subject to the provisions of Section 149 of the Act and Applicable Law, the Company may appoint more than 15 Directors after approval of the President."

Article 197 provides that "until otherwise determined by the Board, a Director shall not be required to hold any Shares in the capital of the Company as his qualification."

Article 198 provides that "the part time Chairman, Managing Director(s), or a full time Chairman-cum Managing Director, other full time Directors of the Board of Directors and the Government representatives on the Board of Directors shall be appointed by the President. Other members of the Board of Directors shall also be appointed by the President. The Directors appointed shall be entitled to hold office for such period as the President may determine."

Article 201 provides that "in the event of Company borrowing any money from any financial corporation or institution or government or any Government body or a collaborator, bank, person or persons or from any other source, while any money remains due to them or any of them, the lender concerned may have and may exercise the right and power to appoint, from time to time, any person or persons to be a Director or Directors of the Company, subject to the approval of President."

Article 203 provides that "subject to the provisions of Section 161(2) of the Act, the President may appoint an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office when the Original Director returns to India. If the terms of office of the Original Director are determined before he so returns to India, any provisions in the Act or in these Articles for the automatic reappointment of any retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director."

Article 205 provides that "subject to the provisions of the Act, the vacancy, in the office of a Director appointed by the President caused by retirement, removal, resignation, death or otherwise, may be filled by the President by fresh appointment."

Article 207 provides that "subject to the provisions of Section 149(6) of the Act and other Applicable Law, the President shall have the power to appoint requisite number of Independent Directors, to comply with the Applicable Law."

Article 210 provides that "at every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office."

Article 212 provides that "subject to the provisions of Section 152(6) of the Act, the Chairman & Managing Director, Independent Directors and / or any Director or Directors who by virtue of the provisions of any agreement with the Company shall not be liable to retire by rotation."

Article 215 provides that "subject to the provisions of the Act, the President shall have the power to remove any Director including the Chairman, and the Chairman-cum-Managing Director, if any, from office at any time in his absolute discretion."

Article 221 provides that "the Directors shall be paid such remuneration as the President may, from time to time determine."

Proceedings of the Board

Article 229 provides that "the Board shall so meet at least once in every three month and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit."

Article 241 provides that "the Chairman & Managing Director of the Company shall preside at all meetings of the Board as well as General Meetings. If an individual is appointed or re-appointed by the President as the Chairman of the Company as well as the Managing Director of the Company at the same time, in that case, such person shall preside at all meetings of the Board as well as General Meetings of the Company. In other cases, the Board may elect a Chairman of its meetings and determine the period for which he is to hold office as such."

Article 243 provides that "the quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of the Section 174 of the Act. If a quorum is not present within fifteen minutes from the time appointed for holding a meeting of the Board it shall be adjourned until such date and time as the Chairman of the Board shall decide."

Article 247 provides that "the Board may, subject to the provisions of the Act, from time to time and at any time delegate any of its powers to Committees consisting of such Director or Directors as it thinks fit, and may from time to time revoke such delegation. Unless a power of the Board is not capable of being delegated, such power may be delegated by the Board to any officer or Committee of officers as the Board may determine."
Article 255 provides that "the Company shall cause minutes of proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting, entries

thereof in the books kept for that purpose with their pages consecutively numbered in accordance to Section 118 of the Act. Such minute book may also be kept in Electronic Mode."

Powers of the Board

Article 266 provides that "Subject to the provisions of the Act and to such directives and/or instructions as the President may issue from to time and Applicable Law, the business of the Company shall be managed by the Board of Directors who may exercise all such powers and do all such acts and things as the Company is authorized to exercise and do and who may from time to time delegate such powers to the Chairman and / or Managing Director as may be necessary for the proper conduct of the business of the Company: Provided that the Board of Directors shall not exercise any power or do any act or thing which is directed or required, whether by the Act or Applicable Law or by the Memorandum or Articles of the Company or otherwise to be exercised or done by the Company in General Meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or Applicable Law or in the Memorandum of Association of the Company or in these Articles or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in General Meeting; but no regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made."

The powers of the Board are covered in detail in Articles 270 – 294.

Powers reserved for decision of the President

Article 268 provides that "subject to the provisions of the Applicable Law, the Chairman shall reserve for the decision of the President any proposals or decisions of the Directors in any matter which in the opinion of the Chairman is of such importance as to be reserved for the approval of the President. No action shall be taken by the Company in respect of any proposal or decision of the Board of Directors reserved for the approval of the President as aforesaid until his approval to the same has been obtained."

Article 269 provides that "without prejudice to the generality of the above provisions, the Board of Directors shall reserve for the decision of the President any matter relating to:

(a) Appointment, which term will include initial appointment, extension in service and re-employment of personnel who have attained the age of 60 years on a pay (including pension and pensionary equivalent of retirement benefits) as per Government Guidelines.

(b) Appointment of any foreign national to any post in the Company.

(c) Any programme of capital expenditure for an amount which exceeds ₹4 crores in each case. However, in regard to the sanction of expenditure on township, residential quarters etc. this limit shall be ₹50 lakhs only.

(d) Issue of debentures.

(e) Winding up of the Company.

(f) Sale, lease or disposal of any property having an original book value of ₹10 lakhs and above.

(g) The formation of a subsidiary company.

(h) Company's Five Year and Annual Plans for Development and Capital Budgets.

(i) Revenue Budget of the Company in case there is an clement of deficit which is proposed to be met by obtaining funds from Central Government.

(j) Agreement involving foreign collaboration proposed to be entered into by the Company.

(k) Purchases and contracts of a major nature involving substantial capital outlay which are in excess of the powers vested in the Company.

(l) Withdrawal of an existing service.

(m) Fixation, modification, increase or reduction in tariff for telecommunications services provided by the Company to the user

No action shall be taken by the Company in respect of any proposal or decision of the Board reserved for the approval of the President until his approval to the same has been obtained. The president shall have the power to modify such proposals or decision of the Board."

Vigil mechanism

Article 299 provides that the "Company shall establish a vigil mechanism for their Directors and employees to report their genuine concerns or grievances. Audit Committee shall oversee the vigil mechanism. The vigil mechanism shall provide for adequate safeguards against victimisation of employees and Directors who avail of the vigil mechanism and also provide for direct access to the Chairman of the Audit Committee or the Director nominated to play the role of Audit Committee, as the case may be, in exceptional cases. In case of repeated frivolous complaints being filed by a Director or an employee, the Audit Committee may take suitable action against the concerned Director or employee including reprimand."

The seal

Article 300 provides that "the Board may provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given."

Dividends and reserve

Article 308 provides that "the profits of the Company, subject to any special rights as to Dividend created or authorized to be created by these Articles and subject to the provisions of those presents as to reserve fund shall, with the approval of the President, be divisible among the Members in proportion to the amount of capital paid-up on the Shares held by them respectively. Provided always that (subject as aforesaid) any capital paid upon a share during the period in respect of which a dividend is declared, shall unless the Directors otherwise determine, only entitle the holder of such share to an apportioned amount of such dividends as from the date of payment."

Dividends paid by the Company are covered in detail in Articles 308 – 326.

Article 314 provides that "subject to the provisions of Section 123 of the Act, the Board may from time to time pay to the Members such interim dividends as appear to it to be justified by the profits of the Company."

Accounts

Article 327 provides that "the Company shall keep at the Registered Office or at such other place in India as the Board thinks fit, proper books of account and other relevant books and papers and financial statement for every financial year in accordance with Section 128 of the Act."

Article 331 provides that "the Books of Account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transactions effected both at the Registered Office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting. The Books of Account and other books and papers shall be open to inspection by any Directors during business hours."

Article 332 provides that "the Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of Members not being Directors."

Article 333 provides that "no person (not being a Director) other than the President or his nominees shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting."

Audit

Article 340 provides that "once at least in every year the accounts of the Company shall be examined by one or more Auditor or Auditors."

Article 341 provides that "Statutory Auditors shall be appointed or re-appointed by the Comptroller and Auditor General of India and Cost Auditors, if any, shall be appointed by the Board. The rights and duties of Auditors shall be regulated in accordance with Sections 139 to 148 of the Act and Applicable Law."

Article 342 provides that "The Comptroller and Auditor General of India shall have power:

(a) to direct the manner in which the Company's accounts shall be audited by the auditor/auditors appointed in pursuance of Article 341 hereof and to give such auditor/auditors instruction in regard to any matter relating to the performance of his/their functions as such.

(b) to conduct a supplementary or test audit of the Company's accounts by such person or persons as he may authorise in this behalf, and for the purposes of such audit, to have access, at all reasonable times, to all accounts, account books, vouchers, documents and other papers of the Company and to require information or additional information to be furnished to any person or persons so authorised on such matters, by such person or persons and in such form as the Comptroller and Auditor General may, by general or special order, direct."

Article 343 provides that "Secretarial Auditors shall be appointed by the Board and their rights and duties shall be regulated in accordance with Sections 204 of the Act and Applicable Law."

Documents and notices

Article 345 provides that "a document or notice may be served or given by the Company on any Member either personally or sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him or by way of any electronic transmission, as prescribed in Section 20 of the Act and Applicable Law thereunder."

Article 351 provides that "every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Shares, previously to his name and address being entered in the Register of Members, shall have been duly served on or given to the person from whom he drives his title to such Shares."

Winding up

Article 356 provides that "subject to the provisions of Chapter XX of the Act and Applicable Law thereunder:

(a) If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, but subject to the rights attached to any preference Share Capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit.

(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.

(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no Member shall be compelled to accept any Shares or other Securities whereon there is any liability.

(d) This clause is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions."

Indemnity

Article 358 provides that “where Board determines that any Director, officer or employee of the Company should be an Indemnified Person herein, the Company shall, to the fullest extent and without prejudice to any other indemnity to which the Indemnified Person may otherwise be entitled, protect, indemnify and hold the Indemnified Person harmless in respect of all Claims and Losses, arising out of, or in connection with, the actual or purported exercise of, or failure to exercise, any of the Indemnified Person’s powers, duties or responsibilities as a Director or officer of the Company or of any of its subsidiaries, together with all reasonable costs and expenses (including legal and professional fees).”

Article 359 provides that “the Company shall further indemnify the Indemnified Person and hold him harmless on an ‘as incurred’ basis against all legal and other costs, charges and expenses reasonably incurred in defending Claims including, without limitation, Claims brought by, or at the request of, the Company and any investigation into the affairs of the Company by any judicial, governmental, regulatory or other body.”

***Bona fide* exercise of membership rights**

Article 362 provides that “every Member and other Security holder will use rights of such Member/ security holder as conferred by Applicable Law or these Articles bonafide, in best interest of the Company or for protection of any of the proprietary interest of such Member/security holder, and not for extraneous, vexatious or frivolous purposes. The Board shall have the right to take appropriate measures, and in case of persistent abuse of powers, expulsion of such Member or other Security holder, in case any Member/Security holder abusively makes use of any powers for extraneous, vexatious or frivolous purposes and in case of persistent abuse of powers, expulsion of such Member or other Security holder.”

Directives from the President

Article 365 provides that “notwithstanding anything contained in any of these Articles, the President may from time to time issue such directions or instructions as he may consider necessary in regard to the affairs or the conduct of the business of the Company or Directors thereof and in like manner may vary and annul and such direction or instruction. The Directors shall duly comply with and give immediate effect to directions or instructions so issued. In particular, the President shall have power:

(a) To give directives to the Company as to the exercise and performance of its functions in matters involving national security or substantial public interest.

(b) To call for such returns, accounts and other information with respect to the-property and activities of the company as may be required from time to time.

(c) To provide wholly or partly owned company(ies) or subsidiary(ies) including participation in their share capital irrespective of the sources from which the operations of such companies arc to be financed.

(d) To determine in consultation with the Board annual, short and long-term financial and economic objectives of the Company.

Provided that all directives issued by the President shall be in writing addressed to Chairman. The Board shall, except where the President considers that the interest of national security requires, otherwise, incorporate the contents of directives issued by the President in the annual report of the Company and also indicate its impact on the financial position of the company.

(e) To take decisions regarding entering into partnership and/or regarding arrangements for sharing profits.”

SECTION IX – OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into since incorporation of our Company) which are, or may be deemed material, have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus delivered to the RoC for filing, and also the documents for inspection referred to hereunder may be inspected at our Registered and Corporate Office, from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date (except for such agreements executed after the Bid/Issue Closing Date).

Material Contracts to the Issue

1. Issue Agreement dated January 16, 2020, entered into among our Company, the Selling Shareholder and the BRLMs.
2. Registrar Agreement dated January 16, 2020, entered into among our Company, the Selling Shareholder and the Registrar to the Issue.
3. Escrow Agreement dated [●] entered into among our Company, the Selling Shareholder, the BRLMs, Public Issue Account Bank, Escrow Bank(s), the Sponsor Bank, the Refund Bank and the Registrar to the Issue.
4. Syndicate Agreement dated [●] entered into among the Syndicate Member, the BRLMs, our Company and the Selling Shareholder.
5. Underwriting Agreement dated [●] entered into among our Company, the Selling Shareholder, the BRLMs, Registrar to the Issue and the Syndicate Member.
6. Share Escrow Agreement dated [●] entered into among our Company, the Selling Shareholder and the Share Escrow Agent.

Material Documents

1. Certified copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Certificate of incorporation dated December 12, 1986.
3. Certificate of commencement of business dated December 23, 1986.
4. Resolutions of the Board of Directors dated September 5, 2019, in relation to this Issue and other related matters.
5. Shareholders' resolution dated September 26, 2019, in relation to this Issue and other related matters.
6. Resolution of the Board of Directors dated January 16, 2020, approving this Draft Red Herring Prospectus.
7. Letter issued by the MoR dated November 1, 2017, directing our Company to take necessary steps in relation to the Issue.
8. Letter issued by the Selling Shareholder dated January 10, 2020, conveying the consent for inclusion of up to 469,023,000 Equity Shares held by the President of India, acting through the MoR as part of the Issue.
9. Consent of the President of India, acting through the MoR to include its shareholding of up to 2,063,701,200 Equity Shares representing 20% of the post Issue paid-up Equity Share capital as minimum promoter's contribution to the Issue, which shall be considered for lock-in for a period of three years from the date of allotment of Equity Shares in the Issue vide its letter dated January 10, 2020.
10. Letter issued by the Securities and Exchange Board of India dated [●] for, *inter alia*, relaxation from the strict enforcement of compliance with corporate governance norms and exemption from making a security deposit with respect to the Offer for Sale, at the time of filing this Draft Red Herring Prospectus.
11. The Restated Financial Statements included in this Draft Red Herring Prospectus.
12. The examination reports of the Statutory Auditor dated January 16, 2020 on our Company's Restated Financial Statements, included in this Draft Red Herring Prospectus.
13. Copies of the annual reports of our Company for the Fiscals 2019, 2018 and 2017.
14. Consent of Directors, Statutory Auditors, BRLMs, Syndicate Members, Indian Legal Counsel to our Company and the Selling Shareholder, Indian Legal Counsel to the BRLMs, International Legal Counsel to our Company and the Selling Shareholder, International Legal Counsel to HSBC, Registrar to the Issue, Bankers to the Issue, Bankers to our Company, Company Secretary and Compliance

Officer and Chief Financial Officer as referred to in their specific capacities.

15. Consent of our Statutory Auditors dated January 16, 2020, to include their name as experts in relation to their reports on the Restated Financial Statements dated January 16, 2020 and the statement of special tax benefits dated January 16, 2020 , included in this Draft Red Herring Prospectus
16. MoR Order No. 2009/PL/47/2 dated November 20, 2019, for the appointment of Manjula Rangarajan as part-time Chairperson.
17. MoR Order No. 2018/E(O)II/40/19 dated October 12, 2019, for the appointment of Amitabh Banerjee as Managing Director.
18. MoR Order No.2014/E(O)II/40/12 dated April 01, 2015 for the appointment of Neeraj Kumar Chhabra as Director (Finance), MoR Order No. 2014/E(O)II/40/12 dated May 2, 2016, office memorandum bearing reference number W-02/0028/2017-DPE (WC)-GL-XIII/17, August 3, 2017, issued by DIPAM and a letter bearing reference number 2017/PL/52/4, dated November 24, 2017 issued by MoR, prescribing the terms and conditions of his employment.
19. MoR Order No.2009/PL/48/1 (pt.3) dated July 11, 2019 for the appointment of Kishor Jinabhai Devani as Part-time Non-official Director (Independent Director).
20. MoR Order No. 2003/PL/60/1 (pt.) dated September 19, 2017 for the appointment of Aditi Sengupta Ray as part-time non-official Director (Independent Director).
21. MoR Order No.2003/PL/60/1(Pt.) dated March 8, 2018 for the appointment of Chetan Venugopal as part-time non-official Director (Independent Director).
22. MoR Order No.2009/PL/47/2 dated April 23, 2018 for the appointment of Kumar Vinay Pratap as Part-time Government Director.
23. MoR Order No. 2008/PL/48/1 (Pt.) dated July 20, 2018 for the appointment of Ashok Kumar Singhal as Non-official Independent Director.
24. Memorandum of Understanding signed with MoR for Fiscal 2020.
25. Memorandum of Understanding dated May 23, 2017 between the MoR and our Company containing terms and conditions of financing of Indian Railways infrastructure projects by our Company.
26. Tripartite Agreement dated October 31, 2017 amongst our Company, NSDL and Registrar to the Issue.
27. Tripartite Agreement dated September 27, 2017 amongst our Company, CDSL and Registrar to the Issue.
28. Due Diligence Certificate dated January 16, 2020, addressed to SEBI by the BRLMs.
29. In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively.
30. SEBI observation letter dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

Manjula Rangarajan
Part-time Chairperson __________________________

Amitabh Banerjee
Managing Director __________________________

Niraj Kumar Chhabra
Director (Finance) and Chief Financial Officer __________________________

Kishor Jinabhai Devani
Non-official Director __________________________
(Independent Director)

Aditi Sengupta Ray
Part-time Non-official Director __________________________
(Independent Director)

Chetan Venugopal
Part-time Non-official Director __________________________
(Independent Director)

Kumar Vinay Pratap
Part-time Government Director __________________________

Ashok Kumar Singhal
Non-official Director __________________________
(Independent Director)

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Niraj Kumar Chhabra
Director (Finance) and Chief Financial Officer __________________________

Place: New Delhi

Date: January 16, 2020

DECLARATION

We, the undersigned, on behalf of the Selling Shareholder, hereby certify that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to ourselves and the Equity Shares being offered by us in the Issue are true and correct. We assume no responsibility as a Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed on behalf of the Selling Shareholder

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Authorised Signatory
On behalf of the President of India, acting through the Ministry of Railways, Government of India

Name: Anand Prakash

Designation: Executive Director Finance (RM), Ministry of Railways, Railway Board

Place: New Delhi

Date: January 16, 2020