

इंडियन रेलवे फाइनेन्स कॉर्पोरेशन लिमिटेड

(भारत सरकार का उपक्रम) (सी आई एन : U65910DL1986GOI026363)

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INDIAN RAILWAY FINANCE CORPORATION LTD.

(A Government of India Enterprise) (CIN : U65910DL1986GOI026363)

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Date: 30th October 2018

Climate Bonds Standard Board
c/o Climate Bonds Initiative
72 Muswell Hill Place
London, N10 3RR
United Kingdom

Dear CBI,

Re: Annual Report for the Certified Climate Bond ["Pragati"]

This statement and the attached report are provided in accordance with clause 7 of the *Application and Agreement for Climate Bonds Certification* between CBI and Indian Railway Finance Corporation Limited [20 November 2017].

I confirm that as of March 31, 2018, Indian Railway Finance Corporation Limited was, to the best of my knowledge, in conformance with the Certification requirements of the Climate Bonds Standard.

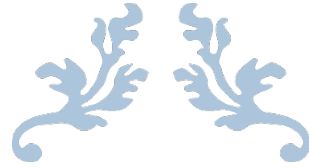
Attached is a report which provides an annual update on the projects which, as of March 31, 2018, were associated with the ["Pragati"] and are eligible under the Climate Bonds Standard.

I confirm that I am an authorized officer of Indian Railway Finance Corporation Limited and I am authorized to sign this statement.

Signed on behalf of Indian Railway Finance Corporation Limited by: Mr. Ashutosh Samantaray

(Signature)

Name: Ashutosh Samantaray
Title: Additional General Manager (Finance)
Date: 30th October 2018



GREEN BOND INFORMATION REPORT

Indian Railway Finance Corporation Limited



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1.1 Background

Worldwide, transport accounts for around a quarter of the carbon di oxide emissions and its share has been continuously increasing. As a single organisation, Indian Railways is the largest consumer of energy. This warrants Indian Railways to take leadership role in shouldering India's responsibility towards promoting clean energy while making it a global leader in sustainable mass transport.

Indian Railway Finance Corporation Ltd. (IRFC) is the dedicated financing arm of the Indian Railway under the Ministry of Railways (MoR), Government of India and mobilizes funds on behalf on Indian Railways from domestic as well as overseas capital markets. During the Financial Year 2017-18, Indian Railway Finance Corporation Limited (IRFC) has raised USD 500 Million (INR 3217.63 Crore) through issue of green bonds which are listed on the London Stock Exchange's new International Securities Market (ISM). The proceeds from the bond have been exclusively used for procurement of eligible Green Assets as defined in the green bond framework.

Projects nominated to be associated with the green bond offering ("Eligible Green Projects") as per the IRFC green bond framework are:

Dedicated freight railway lines

- All infrastructure, infrastructure upgrades and freight rolling stock (locomotives, carriages, wagons, trucks, flats, EMUs, container, cranes, trollies of all kinds and other items of rolling stock components) for electrified freight lines
- All infrastructure, infrastructure upgrades and freight rolling stock for non-electrified projects meeting the universal freight (per t-km) threshold¹

Note: Infrastructure and rolling stock for dedicated freight railway lines that are built with the overriding objective of transporting fossil fuels will be excluded under the standard

Public Passenger Transport

- All infrastructure, infrastructure upgrades and rolling stock for electrified rail
- All infrastructure, infrastructure upgrades and rolling stock for non-electrified projects meeting the universal passenger (per p-km) threshold²

Supporting infrastructure

- All supporting infrastructure such as:
 - Dedicated charging and alternative fuel infrastructure (when separable from fossil fuel filling stations and garages)

¹ As per the Climate Bonds Standard, the universal freight (per t-km) threshold is defined as 27-25 gCO₂ for the years 2015-2020. As per publically available information, the CO₂ emissions per net-tonne-km for diesel locomotive in India is 9.51 grams (Source: Carbon emissions from Indian Railways, an estimation of transportation of goods during 2010-11) which is lower than the universal freight threshold defined by the Climate Bonds Standard and would therefore qualify

² As per the Climate Bonds Standard, the universal passenger (per p-km) is defined as 87-75 gCO₂ for years 2015-2020. As per publically available information, the CO₂ emissions per p-km for rail in India is 11.5 grams (Source: <http://wri-india.org/blog/indian-railways-joins-national-carbon-cutting-programme>) which is lower than this universal passenger per p-km threshold defined by the Climate Bonds Standard and would therefore qualify

- Retrofits for public transport infrastructure

1.2 Use of proceeds

The amount raised has been fully allocated for procurement of eligible green projects as defined in the Green Bond framework i.e. rolling stock assets (electric locomotives).

1.3 Selection of projects and monitoring of proceeds

Proceeds raised by IRFC have been exclusively used for procurement of Eligible Green Projects in the form of electric locomotives. For the management of proceeds from its green bond issuance, IRFC has put in place an internal control system which ensures an efficient management of accounts.

IRFC has helped MoR in raising portion of the resources necessary for meeting the capital infrastructure investment in the Indian Railways. A Standard Lease Agreement is signed with MoR at the end of each year wherein IRFC as a lessor retains legal title to the assets leased under the terms of this agreement. Lease rentals in respect of assets acquired during the year is fixed as part of this agreement and the lease period is typically 30 years, comprising an initial primary period of 15 years followed by a secondary lease period of 15 years.

1.4 Impact of green bonds

The proceeds of the bond have been utilized for augmenting investments in low carbon transport. During the Financial Year 2017-18, MoR has acquired 385 electric locomotives amounting to INR 4837.9375 crores through the use of green bond proceeds.