Happy New Year – Face Challenge: Overcome 2016 will be Tougher Year for IR/IRAS.

2015-16 will end up with Revenue loss of £17,844 cr. (Never Before)

<table>
<thead>
<tr>
<th>Funds</th>
<th>Nature</th>
<th>BE</th>
<th>RE</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRF</td>
<td>App. To</td>
<td>8100</td>
<td>5700</td>
</tr>
<tr>
<td></td>
<td>Withdrawal</td>
<td>7500</td>
<td>7045</td>
</tr>
<tr>
<td></td>
<td>Balance</td>
<td>2381</td>
<td>176.</td>
</tr>
<tr>
<td>DF</td>
<td>App. To</td>
<td>5750</td>
<td>1323</td>
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<tr>
<td></td>
<td>Withdrawal</td>
<td>4000</td>
<td>3040</td>
</tr>
<tr>
<td></td>
<td>Bal.</td>
<td>3592</td>
<td>390.</td>
</tr>
<tr>
<td>Pension</td>
<td>App. To</td>
<td>35260</td>
<td>34860</td>
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<tr>
<td></td>
<td>Withdrawal</td>
<td>32220</td>
<td>33220</td>
</tr>
<tr>
<td></td>
<td>Bal.</td>
<td>2824</td>
<td>3088</td>
</tr>
<tr>
<td>Cap. Fund</td>
<td>Bal.</td>
<td>2473</td>
<td>1444</td>
</tr>
<tr>
<td>Debt Service Fund</td>
<td>Bal.</td>
<td>1167</td>
<td>2311</td>
</tr>
</tbody>
</table>

Balance under Pension Fund/Debt Service Fund Can’t help us for Pay Commission/Debt

→ Savings Gross: OWE £8020 cr.
Dividend £24000 4%

⇒ Result: Surplus Reduced from £7972 cr (BE) £3348 cr (RE)

⇒ (-) £6624 cr

All Savings will be written out in 2016-17
Reduction in G3S from £40,000 Cr to £32,000 Cr

Result: Reallocation of Project Exp. (+16% ROR)
        from CAP to EBR/IF [DL/RE]

→ Start Project Rules have to be followed
→ But all due Cr has to be spent
→ Tax commitment of MR to implement
→ Extra drawl of £6000 Cr; Ensure Exp.
→ Stop Care in DL/RE

Action Plan
1. Spend upfront EBR/IF
2. Spend upfront from DRF/DF and CAP
3. Identify >14% ROR cases carefully under Ph 16, 42, 33, 36
4. Shifting to CAP/EBR/IF so as to relieve DF
5. Maximize non-rely/Partnership
6. Exp/Capture as part of 3.1 Audit
   screen: Shortfall - Correct Fig (NEEDED)
5. In CAP, over & above budget;
   keep Bill's checkered & medically
   → If we get more in March,
   we will signal you SAT.

Real Time Exp. Management 2 miles
Revenue/OWE 2015-16

IR: Operating Ratio to be kept < 90%
→ Step up Sunday earning/Start Sales
→ Energy & Fuel Management/Clearance
→ Traffic Sec./Manage Tax implications
→ Stop all Induction - Instruction will go from ORB

→ Earmark O&M/outsourcing Contracts - Use
→ Departmental staff more - For Induction
→ Train Services

→ Review Electric - Open Access
→ Review RE de-mo - put a stop to.
→ all uneconomic Exp. + Staff variables.
→ Clean up dep. wise - any at-source clearance needed. Let your mentor in Box review.

⇒ STORES: Your good work in savings has
been neglected in inventory might.
⇒ 8,000 CR INVOLVES: Staff Cost (-) 2057 CR
⇒ HSD (-) 8591 CR
⇒ Elec. (-) 812 CR
⇒ Stores (-) 478 CR

WAR ON STORES PROCUREMENT(SUSP)
WAR ON CONTRACT (PSU-92)
WAR ON "OTHER EXPENSES"
WAR ON "CONSUMMABLES"
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary &amp; Allowances</td>
<td>22,205</td>
<td>55%</td>
</tr>
<tr>
<td>Total Pension/Salutation</td>
<td>18,642</td>
<td>56%</td>
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<tr>
<td>Grand Total</td>
<td>40,847</td>
<td>45%</td>
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<tr>
<td>Less Normal Growth (CRPY)</td>
<td>10,816</td>
<td></td>
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<tr>
<td>Net Additional Impact</td>
<td>30,031</td>
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</table>

MCF have not yet given an assurance to help us to withstand the adverse impact.

Double Whammy:
- Drawdown in DF/DRF will not allow expenditure elsewhere unless we can appropriate at least 10,000 Cr to the Fund's Principal Component of IRFC dues + Debt Service Fund needs updation.

A Study on the Debt Burden of IRHouses that till 2048-49, Total Liability has allegedly clocked at 31,91,315 Crores (not taking High Speed Rly. into account).

Our Outflow will be more than Inflow from 2019-20.
Action Plan for 2016-17

At Board's level - External Help Sought

(A) We have approached MoF to
   (1) Subsidise > £30,000 Cr for traffic below cost
   or
   (2) Has held full amount of 7% PC impact
   and
   (3) Give tax relief in CAPEX/Revenue/IRFC
   (4) Provide tax exemption in expenditure from GBS since we pay dividend.
   (5) Dividend rate has been reduced by 1%

(B) If not granted or partially granted, our options are
   (1) To ask for dividend waiver/deferral
   (2) To take an interest-bearing loan
      to supplement own (new) balance.

=> But none of these will fully compensate our GP
Earning Scenario
Pre-Budget meetings do not indicate any significant growth in Economy.
We do not expect that Revenues will grow significantly over FY 2015-16.

So... F&CTO’s have to lead in cutting costs

⇒ BE 2016-17 will need to be stretched to generate 15% savings.
⇒ HR & MR has advised all Board members to give clear instructions down the line.
⇒ All Vacancies to be frozen till financial situation eases — Implement cost will reduce.
  1. No fresh induction other than Compassionate appointments / Absolutely essential Staff
     personally scrutinised by GM’s to be adjusted.
     Instructions will flow from Bd. to RRB’s.
     Also, in sourcing initiatives to reduce PU32 allocation.
  1. At least £ 5000 Or will be curtailed in
     overall terms for Energy / Fuel. Share access
     with Deccil & save energy cost.
  1. Stock, Inventories, Controllable PUs
     (Staff / non-staff) will be drastically cut.
  1. Selling Earning Targets will be significantly
     hiked.

Please Sensitive All.
Let us win this war.
Good Luck.