



INDIAN RAILWAY FINANCE CORPORATION LTD.

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

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No: IRFC/SE/2021-22/66

12th January, 2022

National Stock Exchange of India Limited Listing department, Exchange Plaza, Bandra- Kurla Complex, Bandra (E) Mumbai- 400 051 Scrip Symbol: IRFC	BSE Limited Listing Dept / Dept of Corporate Services, PJ Towers, Dalal Street, Mumbai -400 001 Scrip Code: 543257
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Sub: Intimation of Investor Presentation

Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the copy of 'Investor Presentation' of GMTN Programme.

This is submitted for your information and record.

Thanking You,
For **Indian Railway Finance Corporation Limited**

(Vijay Babulal Shirode)
Company Secretary & Compliance Officer

Encl: As Above



**INDIAN
RAILWAY
FINANCE
CORPORATION**
(A Government of India Enterprise)



INDIAN RAILWAY FINANCE CORPORATION

Investor Presentation

January 2022



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Offering Summary

Issuer	Indian Railway Finance Corporation Limited (the “Issuer” or “IRFC”)
Issue Type	Senior Unsecured Fixed Rates Green Notes
Documentation	US\$ 7 billion Global Medium-Term Notes Programme
Issuer Ratings	Moody’s: Baa3 (Stable) / S&P: BBB- (Stable) / Fitch: BBB- (Negative)
Expected Issue Ratings	Moody’s: Baa3 / S&P: BBB- / Fitch: BBB-
Issue Size	US\$ Benchmark
Tenor	10-year and potentially 30-year
Distribution	144A / Regulation S
Listing of Bonds	INX and NSE-IFSC
Use of Proceeds	The Issuer will utilize the proceeds for financing eligible green assets through finance leasing model / refinancing the existing debt utilized for eligible green assets under the Issuer’s ‘Green Financing Framework for Green Debt’ in accordance with applicable law including external commercial borrowings guidelines of India
Change of Control Put	At par if the Government of India (i) ceases to be the direct or indirect owner of, or have the voting power over, 51 per cent. or more of the Issuer’s issued share capital giving the right to vote at a general meeting or (ii) ceases to have the right to appoint and/or remove all or the majority of the members of the board of directors or other governing body of the Issuer, whether directly or indirectly, by ownership of share capital, possession of voting rights, contract or otherwise.
Governing Law	English
Denominations	USD 200,000 and integral multiples of USD 1,000 in excess thereof
Joint Lead Managers and Joint Bookrunners	BNP Paribas, DBS Bank Ltd., HSBC, MUFG, State Bank of India, London Branch and Standard Chartered Bank

Indian Railways at a Glance



Departmental commercial undertaking of Govt. of India ("GoI") which owns and operates India's Rail Transport

Administration and policy formation by Ministry of Railways ("MoR")

Policy Support Driving Investments

Government focus on infrastructure building

- GoI has suggested the investment of USD 182.99Bn (INR 13,588.20Bn) for railway infrastructure between FY 2020-25^[1]

Growth of freight traffic due to industrialization

- Development of dedicated freight corridors

Rising demand for urban mass transportation

- Improvement in rural-urban connectivity with an increasing population residing in urban areas

Improved safety and modernization

- Modernizing rolling stock, track upgradation, increasing operational efficiency and exploring new revenue models

**Largest
Rail Network**

in Asia

67,956 kms

Pan India Rail Route Network^[2]

7,325

Railway Stations^[2]

~USD 20.90Bn

Capex during FY 2020-21

Operates more than

21,000

Trains

Carrying over

22.15Mn

Passengers

Freight of

3.32Mn

Tonnes

Per Day^[3]

293,077

Wagons

76,608

Coaches

12,729

Locomotives

Rolling Stock^[2]

With the increase in Infrastructure Development in railways, IRFC may see proportionate growth in the business



Indian Railways – Sources of Financing & Total Capital Outlay

Sources of Financing

1

Internal Resources

Freight and Passenger Revenue

2

Budgetary support from the central government

Union Budget by Ministry of Railways

3

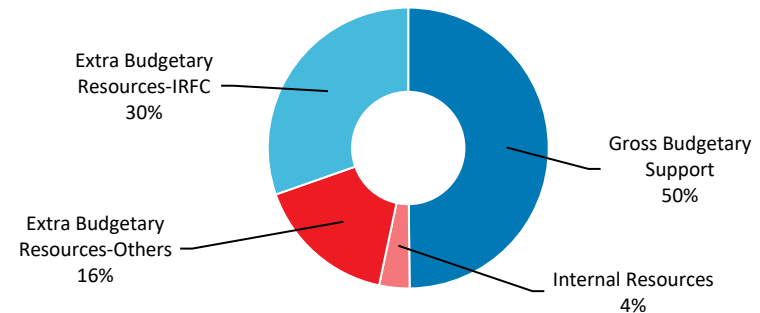
Extra budgetary resources

Borrowing through Finance leasing from IRFC, JV and PPP mode



Capital Outlay (in USD Mn)

	FY19	FY20	FY21	FY22^
Extra Budgetary Resources-IRFC	7,075	9,614	14,055	8,788
Other Sources*	10,890	10,330	6,845	20,174
Total	17,965	19,944	20,900	28,962

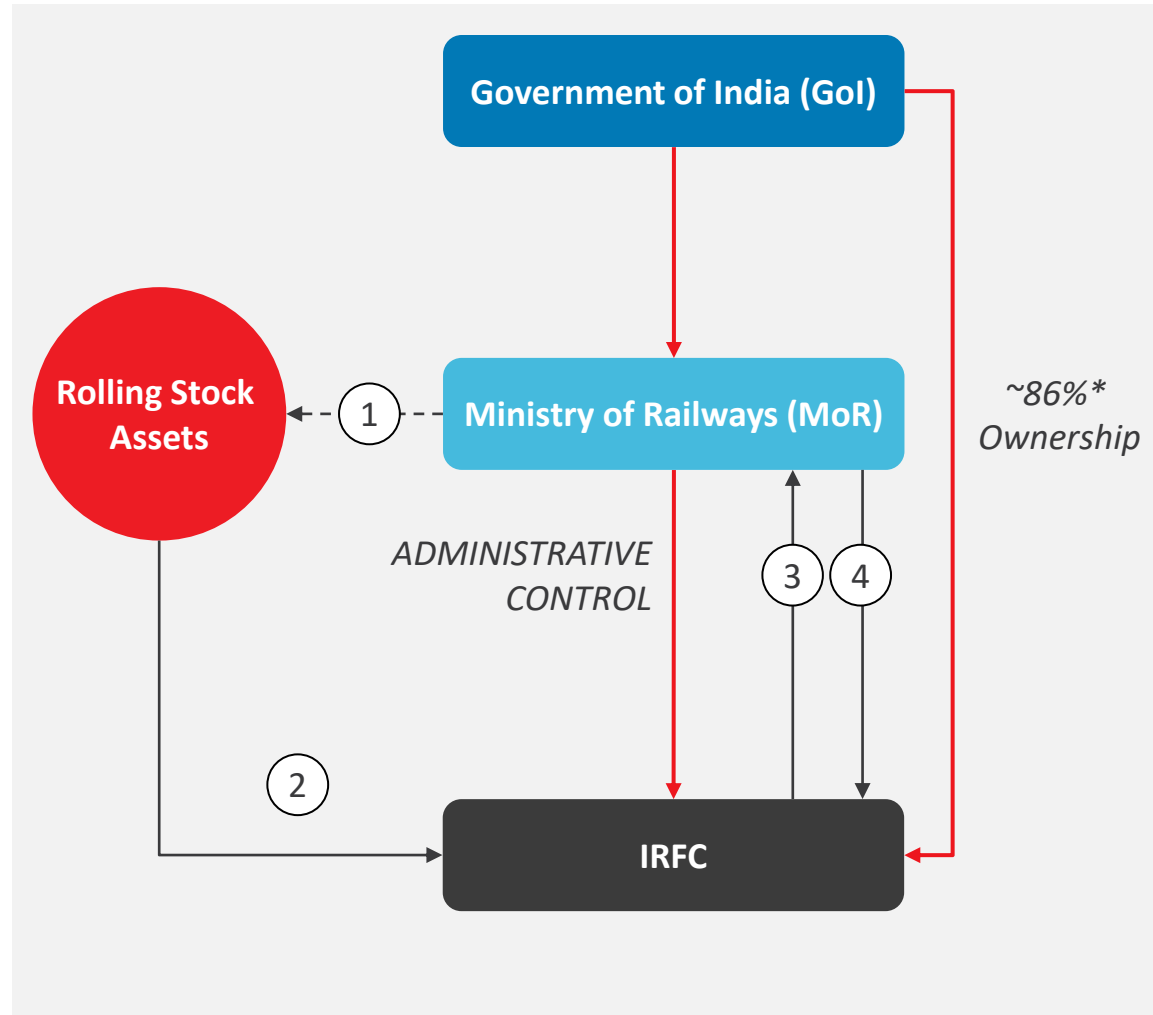


Indian Railways borrows substantial portion of the EBR through Indian Railway Finance Corporation Limited (IRFC). IRFC's share of total capex of IR in FY 2020-21 was ~67%

Note: # INR numbers converted to USD @ 74.2551; *Includes Gross Budgetary Support, Internal Resources, Public Private Partnership (PPP), JV, Railway Safety Fund and Rashtriya Rail Sanraksha Kosh (RRSK)

^According to Budgetary Estimates; Source: <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1694109>

Indian Railway Finance Corporation Limited (“IRFC”) – Structure



- 1 Acquisition of rolling stock assets on behalf of IRFC
- 2 Ownership of Assets
- 3 Assets leased to MoR for 30 years
Primary Lease period: 15 Years
Secondary Lease period: 15 Years
- 4 **Lease Rentals**
 - Received 6 months in advance
 - Entire liability of the MoR is extinguished within the primary lease period
 - Nominal amount recovered during the secondary lease period

Indian Railway Finance Corporation (“IRFC”) - Overview



Strong Linkage with the Government of India



Set up in 1986, Indian Railway Finance Corporation Limited has been the sole financial institution to the MoR since inception



Critical role in the Indian Government's economic development plans and policies given its exclusive role as financier to the MoR



Integral linkage with the government as the GoI, which appoints the board of directors and is substantially involved in IRFC's strategic direction, borrowing, operational and financial performance targets. IRFC's annual borrowing targets are determined by the MoR according to the annual budget approved by the Indian Parliament



Unique financing arrangement with GoI – IRFC's loans to the MoR are extended in the form of finance leases. MoR outlay for the same is passed through the annual budget which is approved by the Parliament and therefore carries GoI's commitment



Additionally, In the event the Issuer does 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. IRFC has not utilized this provision to meet its repayments till now



IRFC is notified as a Public Financial Institution under the Companies Act and registered as NBFC-ND-SI (Non-Deposit taking Systemically Important NBFC) and is sub-classified as NBFC-IFC (Infrastructure Finance Company) with RBI which provides it with better access to funding in the domestic as well as offshore markets.



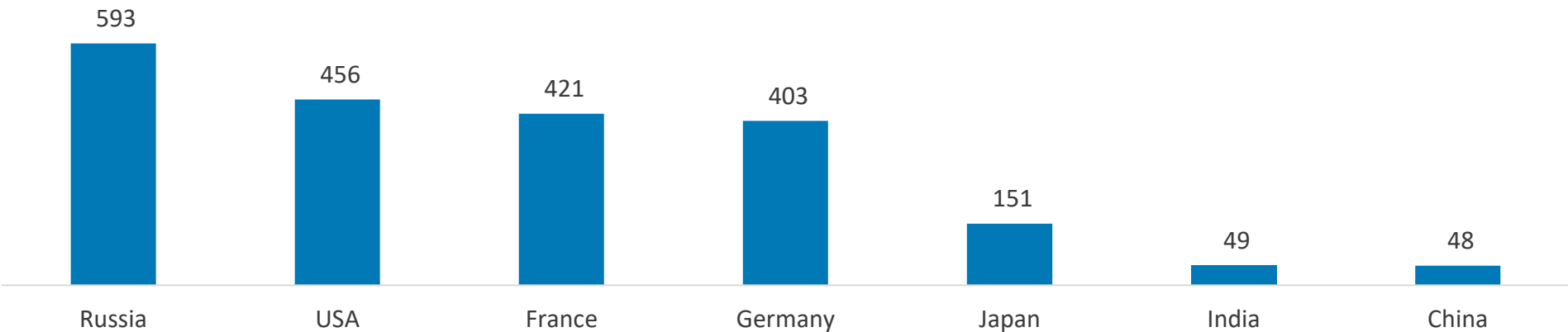
All **financial risk** such as interest rate risk and exchange rate variation risk is passed onto the MoR

Strategic role in financing growth of Indian Railways



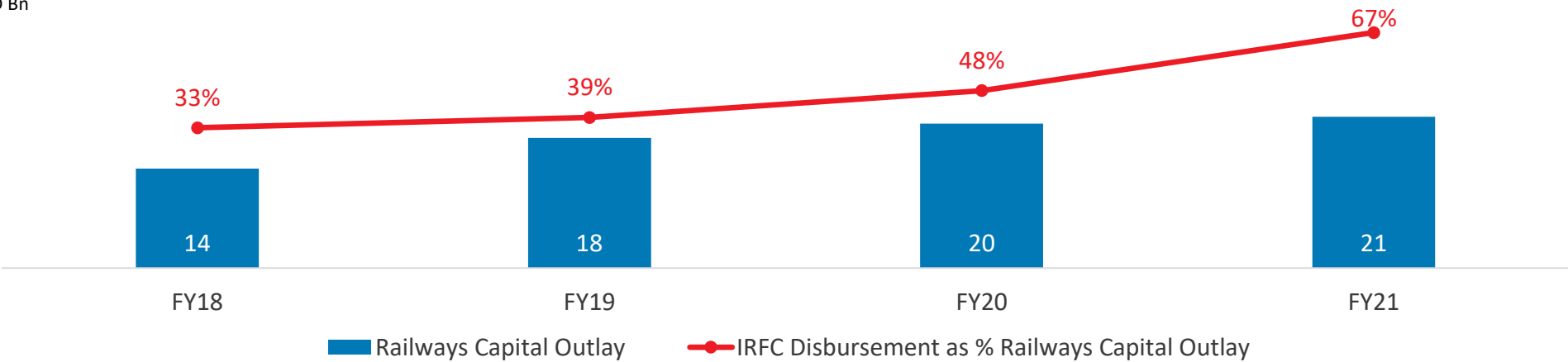
Indian Railways is fairly underpenetrated compared to the Global peers^[1]

Route Km per million population (2019)



MoR's increasing dependence on IRFC for financing

USD Bn



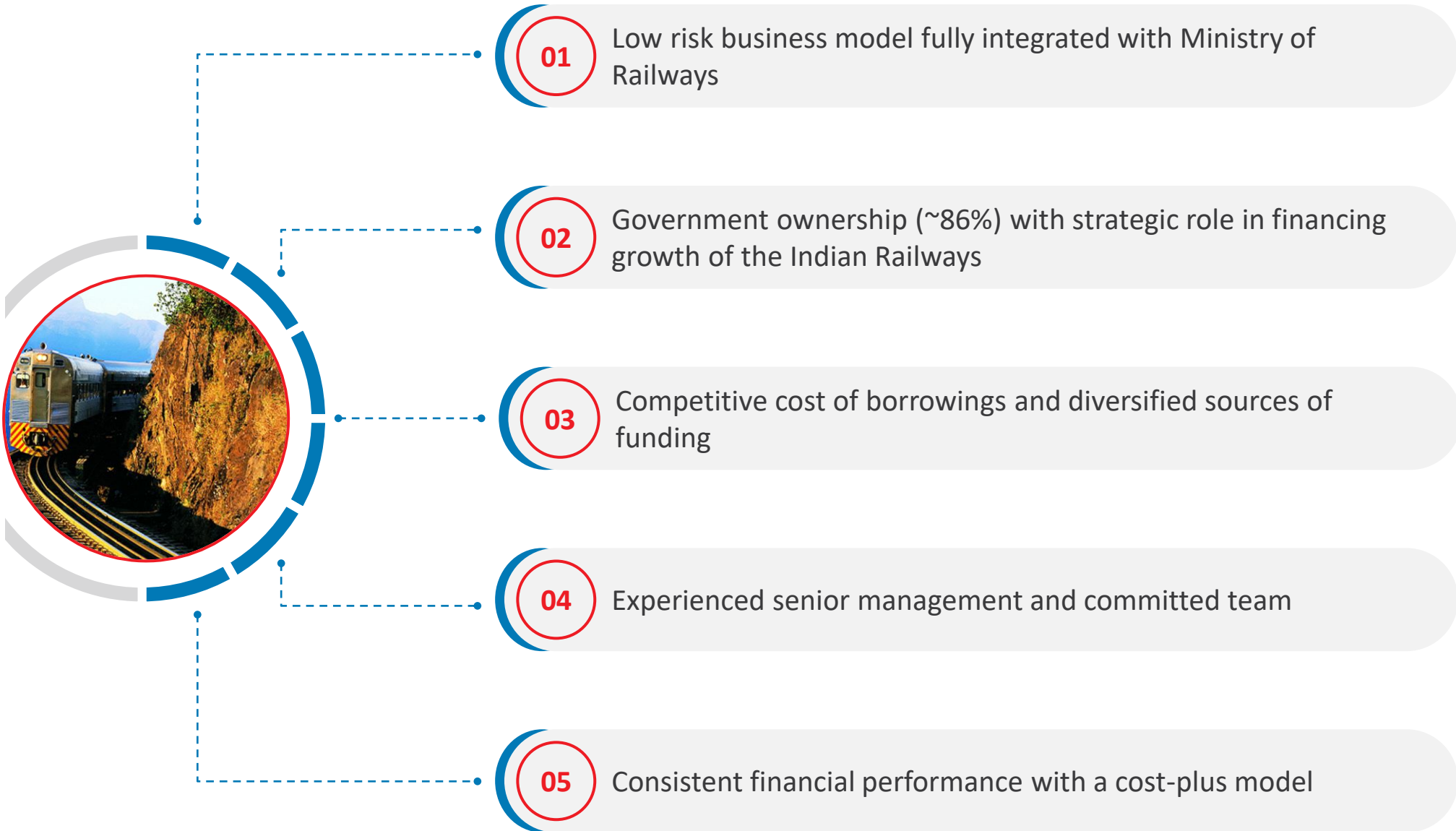
[1] Source: National Infrastructure Pipeline, Report of the Task force, Department of Economic affairs, Ministry of Finance, Gol – Volume I
INR numbers converted to USD @ 74.2551



Key Strengths

1	Strategic role in growth of Indian Railways	AUM CAGR (FY19-21) 32.6%	• Dedicated market borrowing arm for the Indian Railways (IR) • Financed 67% of the capital outlay of the IR in FY 20-21 • Highest ever annual disbursement to MoR, at USD 14.05 Bn during the FY 20-21 • AUM has grown at 35.7% H1onH1 and stands at USD 51.50 Bn
2	Low risk, Cost –Plus business model	GNPA (Q2FY22) NIL	• Strategic relationship with the MoR enables us to maintain a low risk profile • Cost-Plus Standard Lease Agreements with MoR • Consistent spreads on Rolling Stock and Project Assets over last three years
3	Strong Asset-Liability Management	Cumulative Gap over 5 yrs NIL	• IRFC borrows on a long-term basis to align with the long-term tenure of the assets financed • MoR is required to provide for any shortfall in funding under the Standard Lease Agreement.
4	Consistent financial performance	Net Worth (H1FY22) USD 5.24 Bn	• Profit growth of 59% on Half Yearly basis for FY 2021-22 • Revenue from operations grew by 26% on Half yearly basis for FY 2021-22 • Low overheads, administrative costs and high operational efficiency • Healthy return ratios – RoA at 1.47% and RoE at 15.4% for Q2FY22
5	Enjoys Regulatory Exemptions	Tax Liability NIL	• Exempted from the RBI's asset classification norms, provisioning norms, exposure norms to the extent of direct exposure on MoR and is not required to pay 'minimum alternate tax' with effect from Fiscal 2020

Key Investment Highlights





Unique Business Model

MoR and its entities being the sole client till date



Financial Leasing Model

30 year lease arrangement with MoR, comprising a primary period of 15 years and a secondary period of 15 years for financing rolling stock



Borrowing Targets set by MoR

Reflected in the Union Budget



Resource Mobilization

Diverse sources from onshore and offshore markets



Cost-plus Model

Consistent cashflows through (marginal costing for pricing of leases for each year plus a margin)



Repayment of Lease Rentals by MoR

Interest component charged to IR Revenue and Principal repayment appropriated out of capital fund of Indian Railways ("IR")



01 Over a Third of IR's Plan Outlay was financed by IRFC

02 As of 31st March 2020, IRFC funded more than 75% of the aggregate Rolling Stock Asset held by IR

03 Recent foray into funding of Railway Projects through Institutional Financing (EBR-IF)

04 Cumulative funding to Rail Sector crossed USD 60.60 Bn (INR 4.50 trillion) mark as of September 2021

05 Outstanding Borrowings stands at ~USD 46.15Bn as of 30th September 2021

06 AUM stands at ~USD 51,467Mn as of 30th September 2021

07 Funding assistance to other Railway Entities viz. RVNL, RailTel, KRCL, PRCL, RLDA and IRCON International

MoR considers IRFC as a Central Public Sector Undertaking of strategic importance given its role in capital formation of Indian Railways



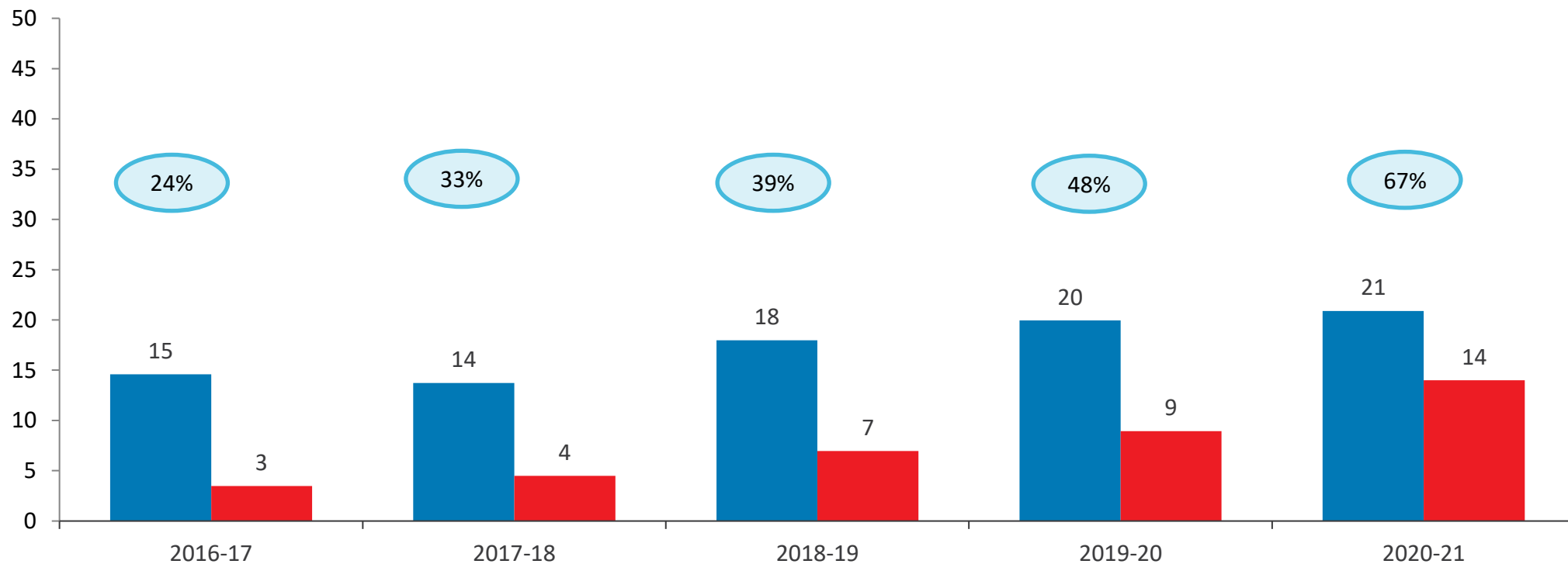
Total Plan outlay of Railways & IRFC's Share

(USD bn)

■ Total Capital outlay

■ Funding by IRFC

○ IRFC's share of Capital outlay



Total Plan Outlay of IR during the year
2016-17 to 2020-21

USD 88 bn

Funding by IRFC during the period
2016-17 to 2020-21

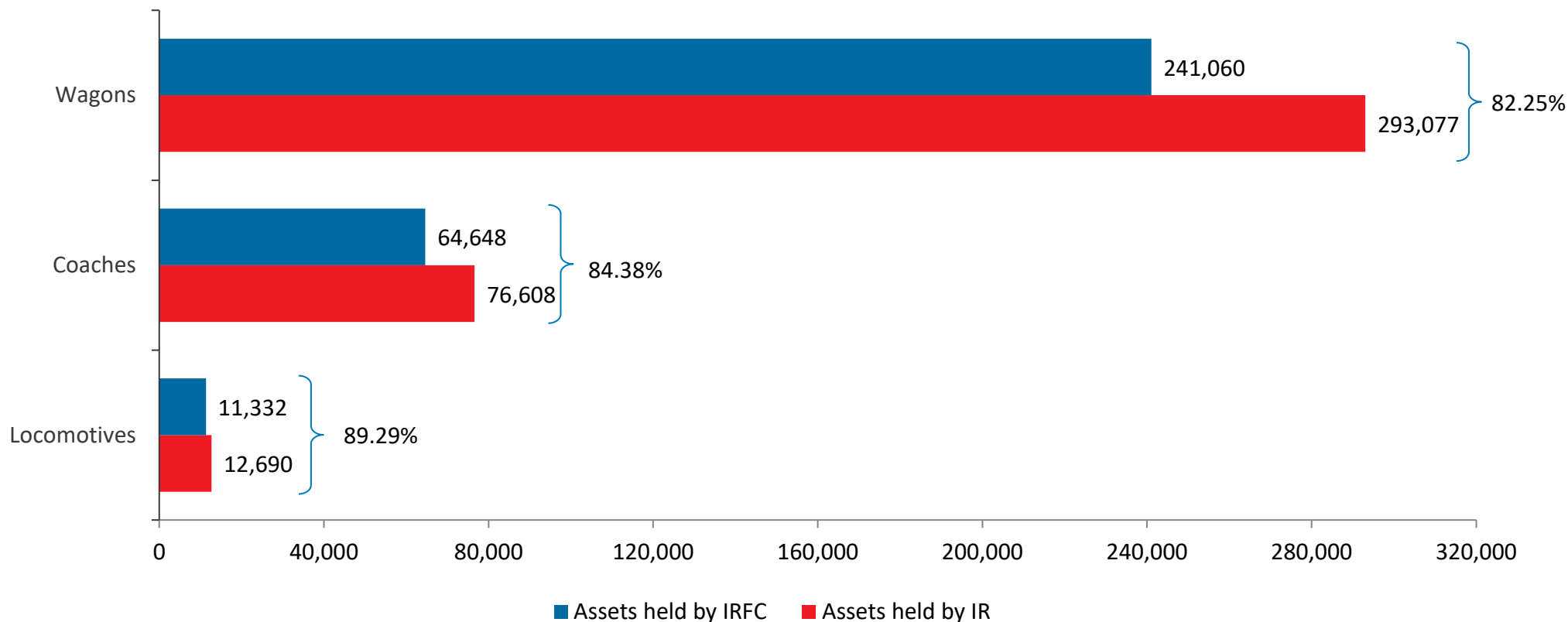
USD 37 bn

Share of IRFC in
Total Plan Outlay during
2016-17 to 2020-21

42%



IRFC Share in Indian Railways Rolling Stock (Cumulative)

Asset position as on 31st March, 2020**More than 75% of Indian Railways' rolling stock fleet stands financed by IRFC as of 31st March 2020**



Strategically Placed

Strong Credit Rating

- Highest domestic long-term borrowing credit rating of AAA/A1+ from CRISIL, ICRA and CARE
- On par with India sovereign ratings on long-term foreign borrowing ratings from Moody's (Baa3), S&P (BBB-) and Fitch (BBB-)



Government Relationship

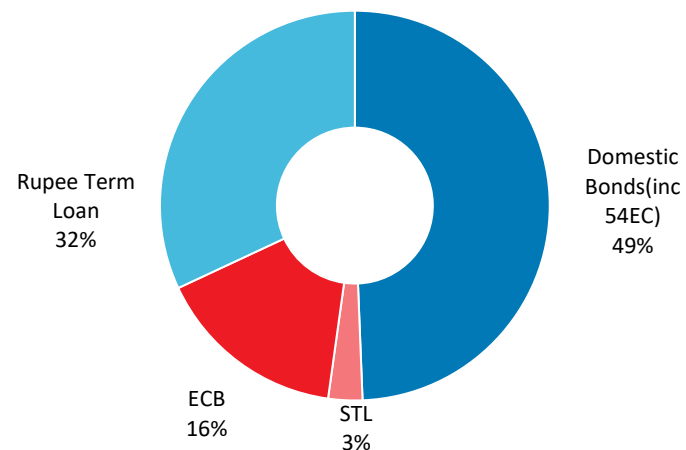
- Strong parentage with majority Government Ownership(~86%)
- Strategic importance to GoI given its exclusive role as financier to the MoR



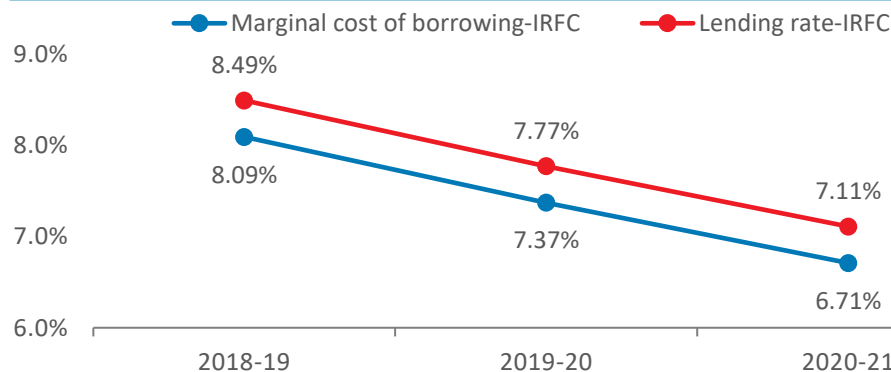
Access to low cost funds

- Amongst one of the four entities eligible to issue low cost 54EC Capital Gains Tax Exemption Bonds
- Issuer's average cost of funds for rolling stock in fiscal year 2019, 2020 and 2021 was 8.09 per cent, 7.37 per cent and 6.71 per cent respectively

Diversified Sources of Funding⁽¹⁾



Cost Competitiveness



IRFC has a diversified borrowing profile with access to a multifarious investor base, allowing IRFC to raise funds at one of the lowest possible cost amongst the Term Lending Institutions in India.



Shri Amitabh Banerjee
*Chairman & Managing
Director, IRFC*

- Has been associated with Konkan Railway Corporation Limited, Hindustan Paper Corporation Limited and Delhi Metro Rail Corporation Limited
- Prior experience in the fields of finance, accounts, and general administration
- 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 fellow member of the Institute of Cost Accountants of India



Bhaskar Choradia
Part-time Government Director

- Bhaskar Choradia is a Part-time Government Director of our Company. He is an officer of the Indian Railway Accounts Service.
- He holds a bachelor's degree in mechanical engineering from the University of Roorkee.
- He was appointed as an executive director, Finance (Budget) on the railway board with effect from October 28, 2020.
- He has prior experience in the railways accounts services in multiple capacities, including the Railway Board (New Delhi), Ministry of Commerce and West Central Railway



Smt. Shelly Verma
Director Finance

- Has more than 30 years of experience in power sector financing
- Prior to her appointment to the Board, she has served in various capacities, including, most recently, as an executive director with Power Finance Corporation Limited
- Holds a bachelor's degree in commerce from the University of Delhi and is also a fellow member of the ICAI



Mr. Baldeo Purushartha
Part-time Government Director

- He is an IAS officer
- He is on the board of several institutions, including the India
- Infrastructure Finance Company Limited, ONGC Videsh Limited, Indian Railway Stations Development Corporation Limited and Asian Infrastructure Investment Bank
- Holds a bachelor's degree and a master's degree in history, from the University of Delhi



Shri Vallabhai Maneklal Patel
Independent Director

- Represents on various forums like FICCI, Cotton Ginning and Pressing Association etc.
- He has also been the Vice Chairman of Kadi Nagrik Sahakari Bank Limited from year 2002 to 2005.
- Further, he is also a Member of Advisory Board of The Kalapur Commercial Cooperative Bank Limited, Gandhinagar.
- Holds a Bachelor' degree from Gujrat University



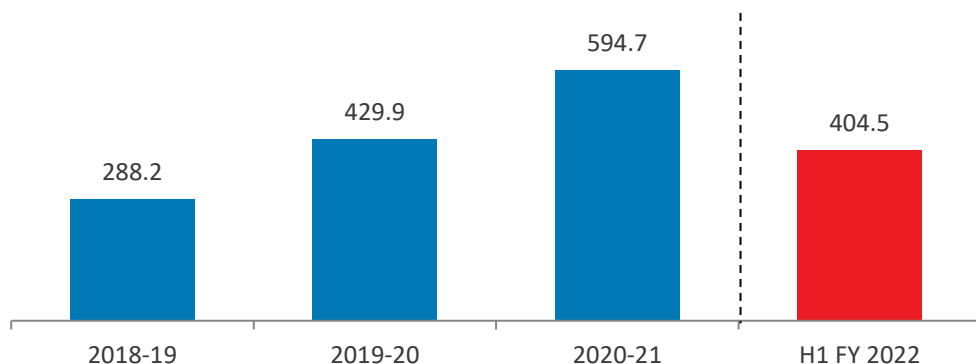
SMT. Sheela Pandit
Independent Director

- Holds Master's in Business Administration in Human Resource (MBA), also holds Bachelor's degree of Arts (History) and Bachelor's Degree of Education (B.ED).
- She possesses specialization in the field of Management.



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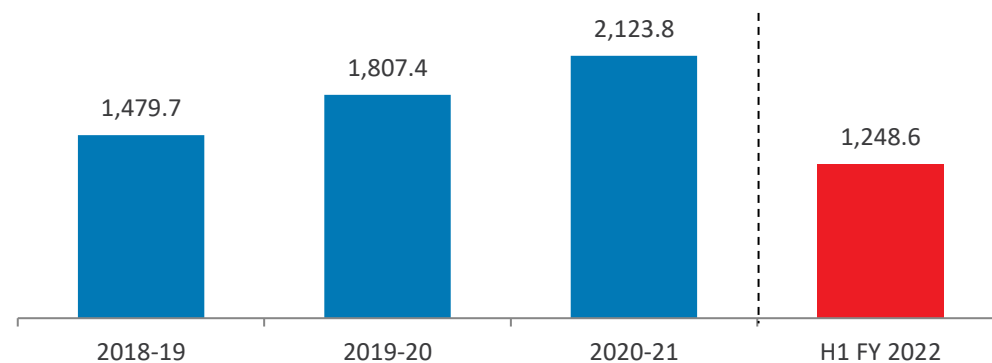
(USD Mn)



CAGR of 43.64%

Total Income

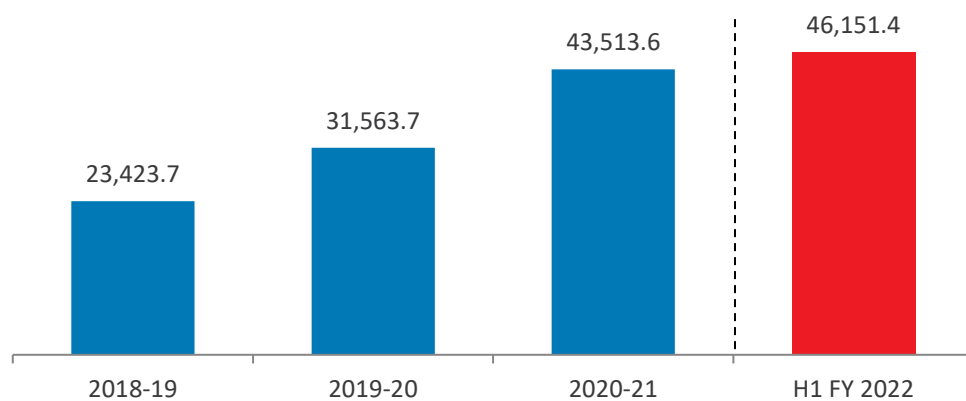
(USD Mn)



CAGR of 19.80%

Loans Outstanding

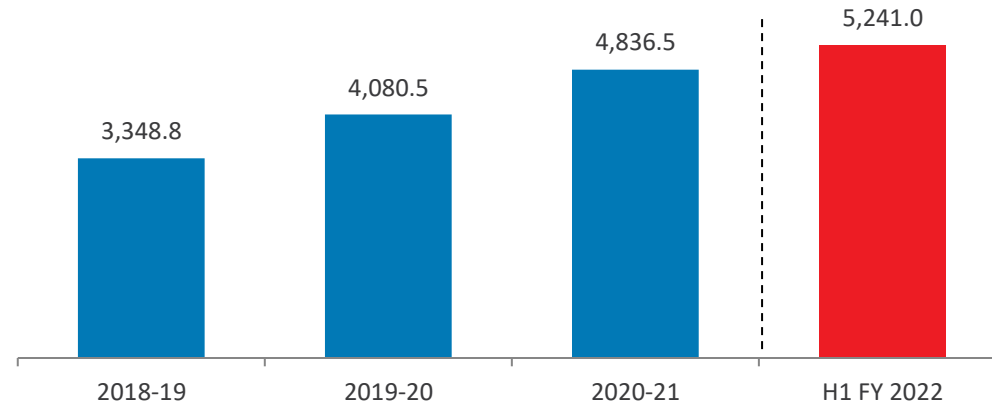
(USD Mn)



CAGR of 36.29%

Net Worth

(USD Mn)

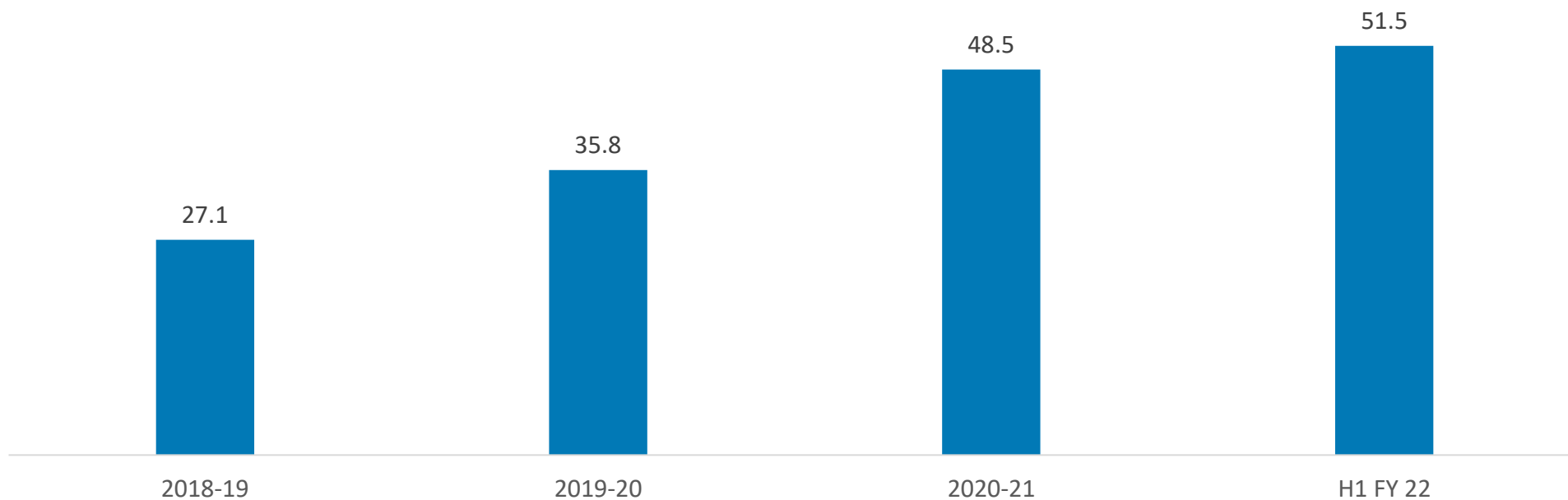


CAGR of 20.17%



Assets under Management (AUM) as on 30th September, 2021

(USD Bn)



IRFC's AUM has witnessed a CAGR of 21.20% during FY 19-21



(All figures are in USD Mn)

Particulars	Half-Year ended			Year-Ended
	30 th Sept 2021	30 th Sept 2020	Growth in %	31 st March 2021
Revenue from Operations	1,249	994	26%	2,124
Finance Cost	839	733	15%	1,513
Net Interest Income	410	262	57%	610
Profit Before Tax	404	254	59%	595
Profit After Tax	404	254	59%	595
Total Comprehensive Income	404	254	59%	595



(All figures are in USD Mn)

For the Year	Sep-21	2020-21	2019-20	2018-19
Total Income	1,248.62	2,123.87	1,807.43	1,479.67
Total Expenditure	844.15	1,529.15	1,377.55	1,108.62
Profit Before Tax	404.47	594.72	429.88	371.06
Profit After Tax	404.47	594.72	429.88	288.18
Equity	1,759.94	1,759.94	1,599.95	1,263.27
Other equity	3,481.05	3,076.54	2,480.54	2,085.49
Net Worth	5,241.00	4,836.48	4,080.49	3,348.76
Disbursement	2,458.56	14,055.46	9,614.42	7,074.53
Assets under management	51,467.44	48,492.15	35,840.90	27,060.36
Outstanding Borrowings	46,151.39	43,513.60	31,563.72	23,423.67
D/E Ratio (Times)	8.81	9.00	7.74	6.99
Return on Average Total assets	1.47% (Annualized)	1.35%	1.32%	1.16%
NIM (%)	1.64% (Annualized)	1.45%	1.38%	1.57%

Key Ratios- Q2 of FY 2021-22



Particulars	Quarter-ended 30 th September 2021
Net Interest Margin	1.64% (Annualized)
Return on Equity	15.4% (Annualized)
Net Gearing Ratio	8.81 x
CRAR	465 %



Green Financing Framework

- The Government of India, as part of its Nationally Determined Contributions (NDCs) has set a target of 33% emissions intensity reduction - Transport sector being one of the key sectors with substantial mitigation potential
- Indian Railways (IR) aims to enhance the share of the Railways in the overall land-based freight transport from the present 36% to 45% by the year 2030.
- In line with Indian Railway's commitment to assist the Government of India in meeting its NDC Targets set for 2030, IRFC is committed to promoting green strategies and initiatives of Indian Railways
 - For FY 2020-21, IR electrified sections totalling 6,015 Route Kilometres
 - IRFC financed Electric locomotives representing 89% in numbers and 84% in value of the total portfolio of locomotives financed by IRFC in FY 2020-21

Use of Proceeds

The Issuer will utilize the proceeds for financing eligible green assets through finance leasing model / refinancing the existing debt utilized for eligible green assets under the Issuer's 'Green Financing Framework for Green Debt' in accordance with applicable law including external commercial borrowings guidelines of India

- ✓ Eligible Assets as per the Green Financing Framework have been defined as per the Version 2 of the Low Carbon Transport Criteria

Project Evaluation and Selection Process

Green Debt Working Group

- ✓ An internal group of officers of IRFC in conjunction with MoR shall assist in identifying the Eligible Assets as per IRFC's Green Financing Framework

Management of Proceeds

Ring-fenced Approach

- ✓ All proceeds will be allocated within a period of 6 months from receipt. Any unallocated proceeds will be held in cash or cash-equivalent instruments and will be earmarked for future application towards an Eligible Asset
- ✓ Debt proceeds will be received in the IRFC's current account
 - Money Trail for transfer to MoR shall be available
 - Document trail iterating transfer to nominated assets shall also be available

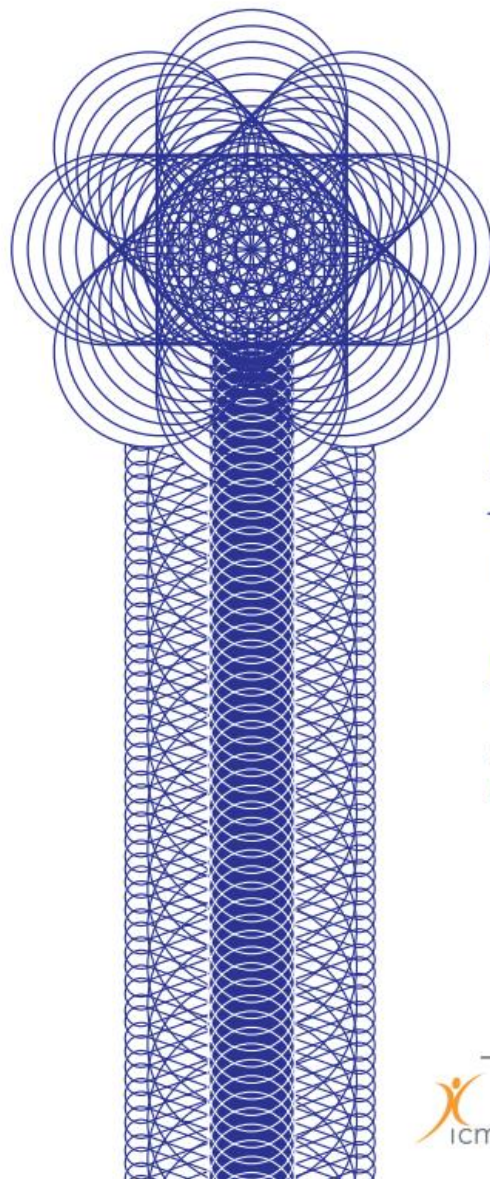
Reporting

As long as any IRFC's Green Financing instruments remain outstanding, IRFC will report as per the requirements of Climate Bonds Standard Version 3.0. The update report shall include the following:

- Amount of Funds raised under Green Financing Framework
- Certificate confirming the end uses as per the Green Financing Framework
- Amount of funds deployed showing the List of assets after the end of the Financial Year for which the funds have been deployed

Assurance

- ✓ The proposed Green Bond Issue by IRFC is assured by Emergent Ventures India Private Limited and certified by Climate Bonds Initiative
- ✓ In line with requirement of Climate Bond Initiative, IRFC will also get post issuance certification from the Climate Bonds Initiative. Post issuance Certification will be completed within the timelines prescribed by Climate Bonds Initiative (currently 24 months) from the date of issue of the bonds



Certification



This is to certify that the

IRFC-Green Financing 2022

Issued by

Indian Railway Finance Corporation Limited

Has met the criteria for certification by the Climate Bonds Standard Board on behalf of the Climate Bonds Initiative

SEAN KIDNEY

Chair of the Climate Bonds Standard Board

20 October 2021



CALSTRS

IIGCC



Climate Bonds



Lending Targets of USD 8,788Mn to MoR and RVNL

MoR : Rolling Stocks :
USD 4,080Mn

MoR : Railway Projects :
USD 4,614Mn

RVNL :
USD 94Mn



Borrowing Targets of USD 8,788Mn from market & institutions

Market Borrowing through
Bonds, RTL :

USD 6,788 Mn

Alternative plan/ECBs :
USD 2,000 Mn



CSR

Planned outlay of
USD 9.4 Mn

Thank You

