

# इंडियन रेलवे फाईनेन्स कॉरपोरेशन लिमिटेड

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

पंजीकृत कार्यालय : यू.जी. फ्लोर, ईस्ट टॉवर, एन.बी.सी.सी. प्लेस, भीष्म पितामह मार्ग, प्रगति विहार, लोधी रोड, नई दिल्ली-110003

दूरभाष : 24369766-69, फैक्स : 24369770

## INDIAN RAILWAY FINANCE CORPORATION LTD.

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

Regd. Office : UG-Floor, East Tower, NBCC Place, Bhisham Pitamah Marg, Pragati Vihar, Lodhi Road, New Delhi-110 003

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No: IRFC/SE/2020-21/15

15<sup>th</sup> February, 2021

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

### Sub: Reschedule of Conference Call and Investor Presentation

Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended from time to time, it is hereby informed that a conference call with analysts/investors has been rescheduled due to some business exigencies on Monday, 15<sup>th</sup> February, 2021 at 17:00 hrs (IST), to discuss Q3FY21 Unaudited Financial Results. The details of dial in for conference call remains unchanged, the same was intimated vide our letter dated 13.02.2021.

Please find enclosed a copy of Investors Presentation on the unaudited Financial Results of the Company for the quarter ended 31<sup>st</sup> December, 2020 for your information and record please.

This is submitted for your information and record.

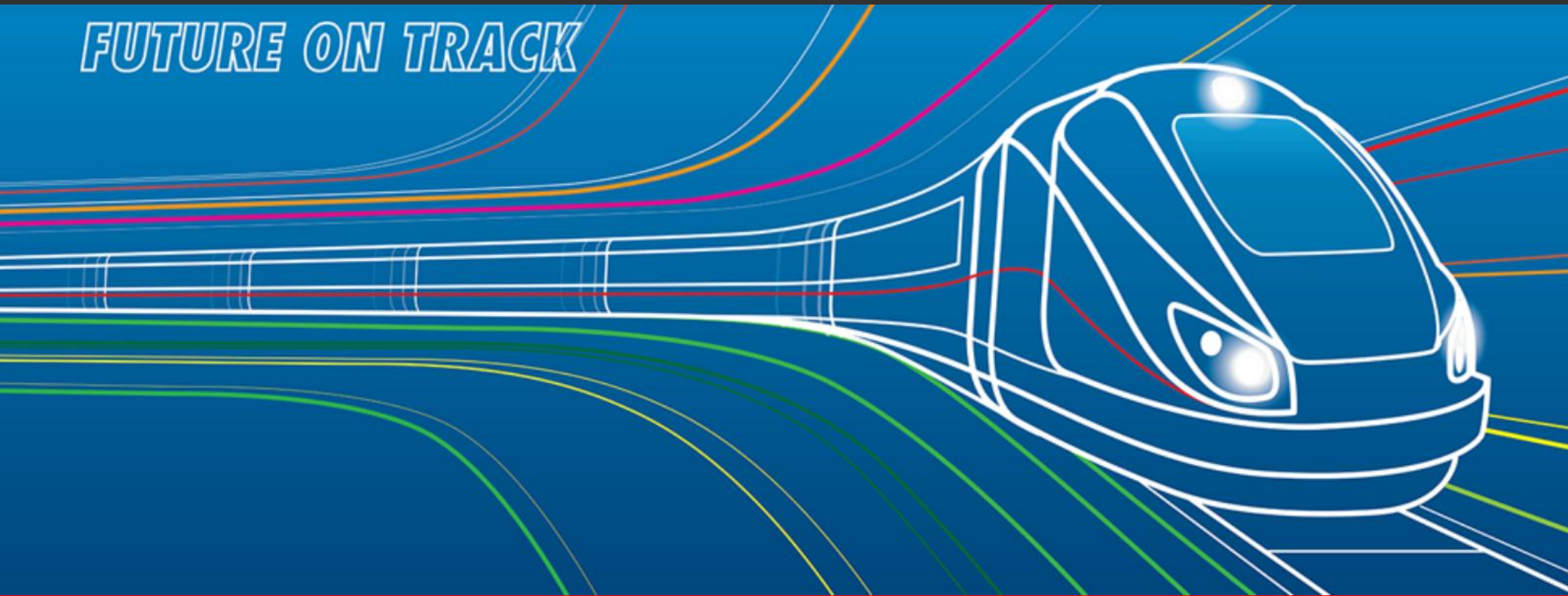
Thanking You,  
For Indian Railway Finance Corporation Limited

(Vijay Babulal Shirode)  
Company Secretary & Compliance Officer



Encl: As Above

**FUTURE ON TRACK**



**Indian Railway Finance Corporation Limited**

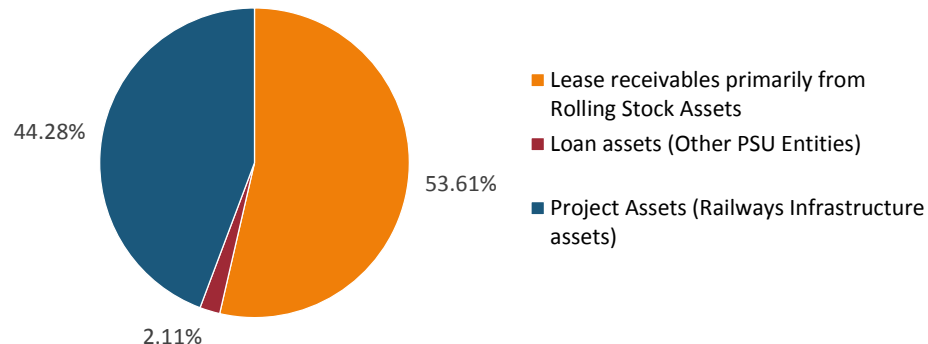
**Q3FY2021 – Investors Meet**

# Snapshot of the Company

## Company Overview

- IRFC is registered with RBI as a systemically important NBFC-ND-IFC, wholly-owned by the GOI acting through Ministry of Railways (“ MoR”)
- It is the dedicated market borrowing arm for the Indian Railways
- It’s primary business is:
  - financing the acquisition of rolling stock assets,
  - leasing of railway infrastructure assets and national projects of the Government of India and
  - lending to other entities under the MoR

## AUM Break-Up (Dec 20)



### AUM & CAGR (FY18-Dec20)

INR 2,969,042.23 Mn  
26.8%



### Net worth

INR 327,343.15 Mn



### RoE / RoA

9.31% / 1.01%  
(12.41% / 1.35%)



### GNPA

NIL



### Tax Liability

NIL



### Total Debt

INR 2,574,657.08 Mn



### NIM

1.06%  
(1.41%)



### Ratings

CRISIL AAA | CRISIL A1+  
ICRA AAA | ICRA A1+  
CARE AAA | CARE A1+

### Net Gearing Ratio

7.86x



### CRAR %

433.35%



( ) denotes annualized



# Key Strengths of the business

- 1 Strategic role in financing growth of Indian Railways**
  - Dedicated market borrowing arm for the Indian Railways
  - Played a strategic role in financing the operations of IR; financed 45% of the capital expenditure of the IR in FY20
  - For FY21, MoR has indicated its intention to borrow ₹ 1136 billion from IRFC, which amounts to 47% of its Capital outlay of Rs.2408 billion.
- 2 Competitive cost of borrowings**
  - Highest credit rating for an Indian issuer from ICRA CRISIL & CARE
  - Diversified funding sources including taxable and tax-free bonds issuances, term loans from banks/financial institutions, ECB's, internal accruals, asset securitization and lease financing in addition to equity infusion from time-to-time
- 3 Low risk, cost –plus business model**
  - The relationship with the MoR enables us to maintain a low risk profile (**NIL GNPA**)
  - Expenses incurred w.r.t 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 on which IRFC earns a margin as determined by the MoR
- 4 Strong asset-liability management**
  - IRFC borrows on a long-term basis to align with the long-term tenure of the assets funded by us.
  - MoR is required to provide for any shortfall in funding under the Standard Lease Agreement.
- 5 Consistent financial performance**
  - Net Profit grew at a CAGR of 26% from FY18 to Dec 20 (FY21)
  - Low overheads, administrative costs and high operational efficiency has resulted in increased profitability
- 6 Experienced senior management team**
  - Industry knowledge and experience of the senior management enables development and implementation of a consistent business plan; and maintaining consistent business growth over the years



# IRFC is a Systemically Important NBFC-ND-IFC and enjoys certain regulatory exemptions

## Asset classification norms

- IRFC is exempted from the RBI's asset classification norms to the extent of its direct exposure on the sovereign - MoR
- However, company follows the asset classification norms as provided by the RBI for loans/ leases/ advances to entities other than MoR

## Provisioning norms

- IRFC is exempted from the RBI's provisioning norms to the extent of its direct exposure on the sovereign - MoR
- However, company follows provisioning norms as provided by the RBI for loans/ leases/ advances to entities other than MoR

## Exposure norms

- IRFC is exempted from the RBI's exposure norms to the extent of its direct exposure on the sovereign - MoR

## Credit concentration norms

- IRFC was granted exemption by the RBI from credit concentration norms to the extent of 100% of their owned funds for their exposure to Railway entities in which the ownership of the State/Central Government is minimum 51%

## Minimum Alternate Tax

- IRFC is outside the scope of section 115JB of the Income Tax Act, 1961 and accordingly, is not required to pay 'minimum alternate tax' with effect from Fiscal 2020.
- After adoption of Section 115BAA, the taxable income under the normal provision income tax may become NIL and IRFC 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

## Goods and Service Tax

- The GST Council has exempted the services of leasing of assets (rolling stock assets including wagons, coaches, locos) by IRFC to MoR from the levy of Goods & Service Tax (GST) with effect from 1<sup>st</sup> July 2017





## 9 Months / Quarter ending Dec,20 – Snapshot of financials

Particulars (Rs. Mn.)	Q3 FY 21	Q3 FY 20	9M FY 21	9M FY 20
Revenue from Operations	39,323.87	36,407.31	113,155.07	102,154.99
Finance Cost	28,782.44	27,256.24	83,192.24	76,629.48
Net Interest Income	10,541.43	9,151.07	29,962.83	25,525.51
Profit Before Tax	10,467.4	9,070.4	29,335.81	25,374.33
Profit After Tax	10,467.4	9,070.4	29,335.81	25,374.33
Total Comprehensive Income	10,477.16	9,076.61	29,349.81	25,373.41



## Key Ratios

Particulars	Nine Months-31 <sup>st</sup> Dec-20
Net Interest Margin	1.06% (Annualised 1.41%)
Return on Net Worth	9.31% (Annualised 12.41%)
Interest Coverage Ratio	1.23x
Debt / Equity Ratio	7.87x
CRAR	433.35 %

### Dividend Payout:

*Company declared an Interim Dividend of Rs.1.05 per share which amounts to 10.50% of Face Value of Rs.10/- per share*



# Borrowing Highlights

## Issuance of 20 year bonds in the domestic capital market

- Aggregate amount mobilized INR 106,432 Million
- Coupon 6.85%, Annual

## Issuance of Reg S / 144 A bonds in the overseas market under the GMTN Programme In Feb 2021

- Amount raised USD 750 Million
- Tenor 10 year bullet
- Coupon 2.80% Fixed, Semi Annual (10 Year UST plus 167.5 bps)
- Priced inside the Secondary Market Yield
- Oversubscribed by approx. 4 times

## Amount raised through long term Rupee Loans

- Amount raised INR 315,500 Million
- 15 year amortized with an initial moratorium of 5 years

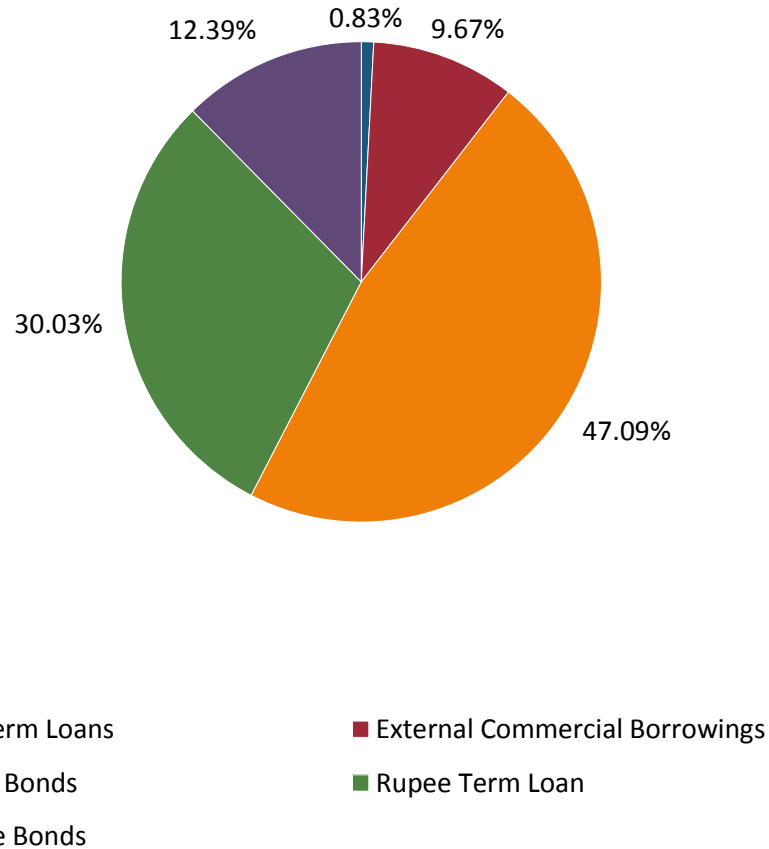




# Competitive cost of borrowings based on strong credit ratings in India and diversified sources of funding

Diversified sources of funding, credit ratings and strategic relationship with the MoR, have enabled IRFC to keep costs of borrowing competitive

Total borrowings as of December 31, 2020



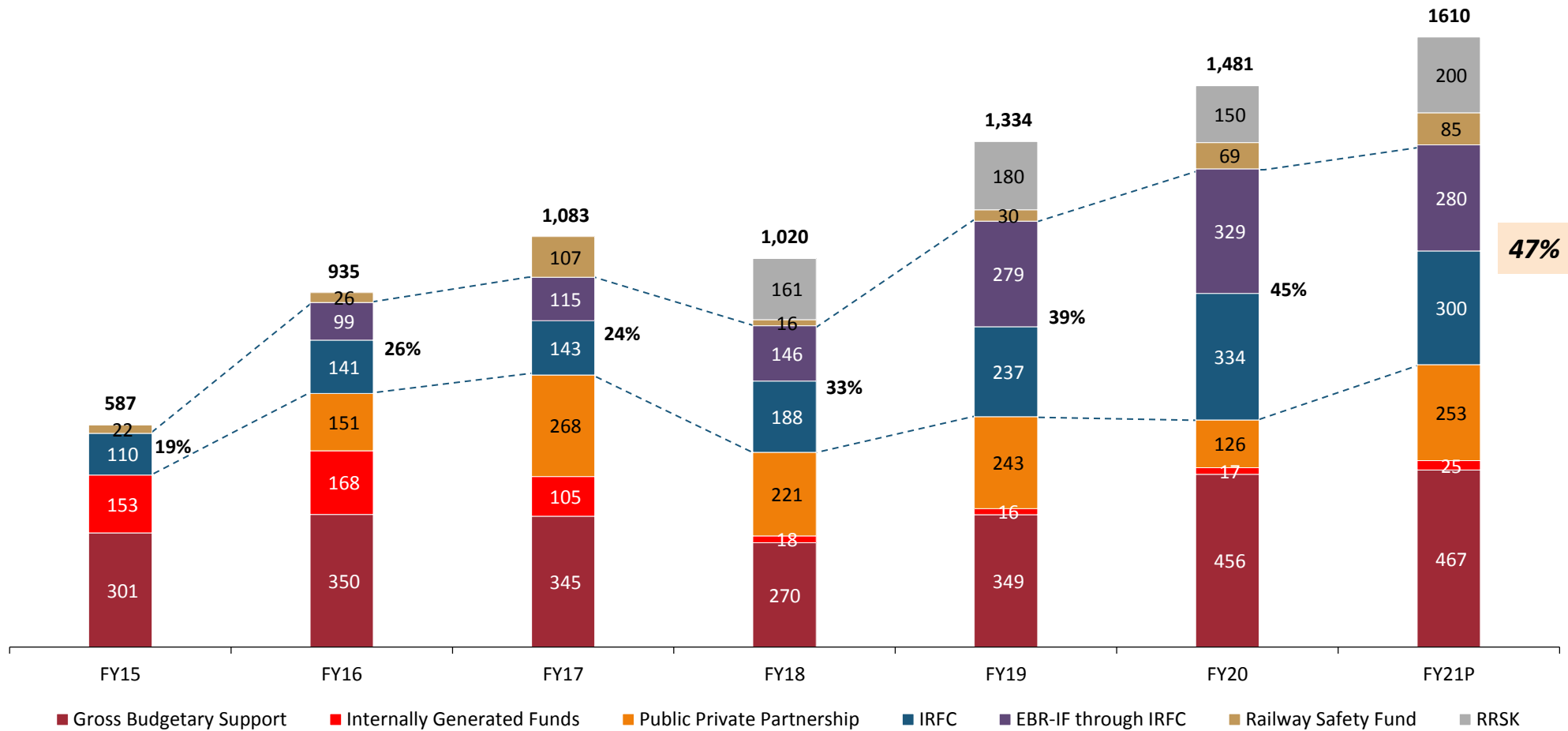
Particulars (31 <sup>st</sup> March 2020)	Rating	Outlook
<b><u>Domestic:</u></b>		
<b>Long term rating</b>		
CRISIL	CRISIL AAA	Stable
ICRA	ICRA AAA	Stable
CARE	CARE AAA	Stable
<b>Short term rating</b>		
CRISIL	CRISIL A1+	–
ICRA	ICRA A1+	–
CARE	CARE A1+	–
<b><u>International **</u></b>		
Moody's	Baa3	Stable
Standard and Poor's	BBB-	Stable
Fitch	BBB-	Stable
Japanese Credit Rating Agency	BBB+	Stable

\*\*On par with India's sovereign ratings;



# Strategic role in financing growth of Indian Railways (1/2)

(INR Bn)



The Union Budgets' capital expenditure for FY21 was revised from INR 1610 bn to INR 2408 bn for the Railway Ministry and borrowing target from IRFC was also revised to INR 1136 bn for FY 21 which is 47%.

The Union Budgets' capital expenditure for FY 22 is proposed to be INR 2148 bn and borrowing target from IRFC is INR 652 bn. Which is 30%.

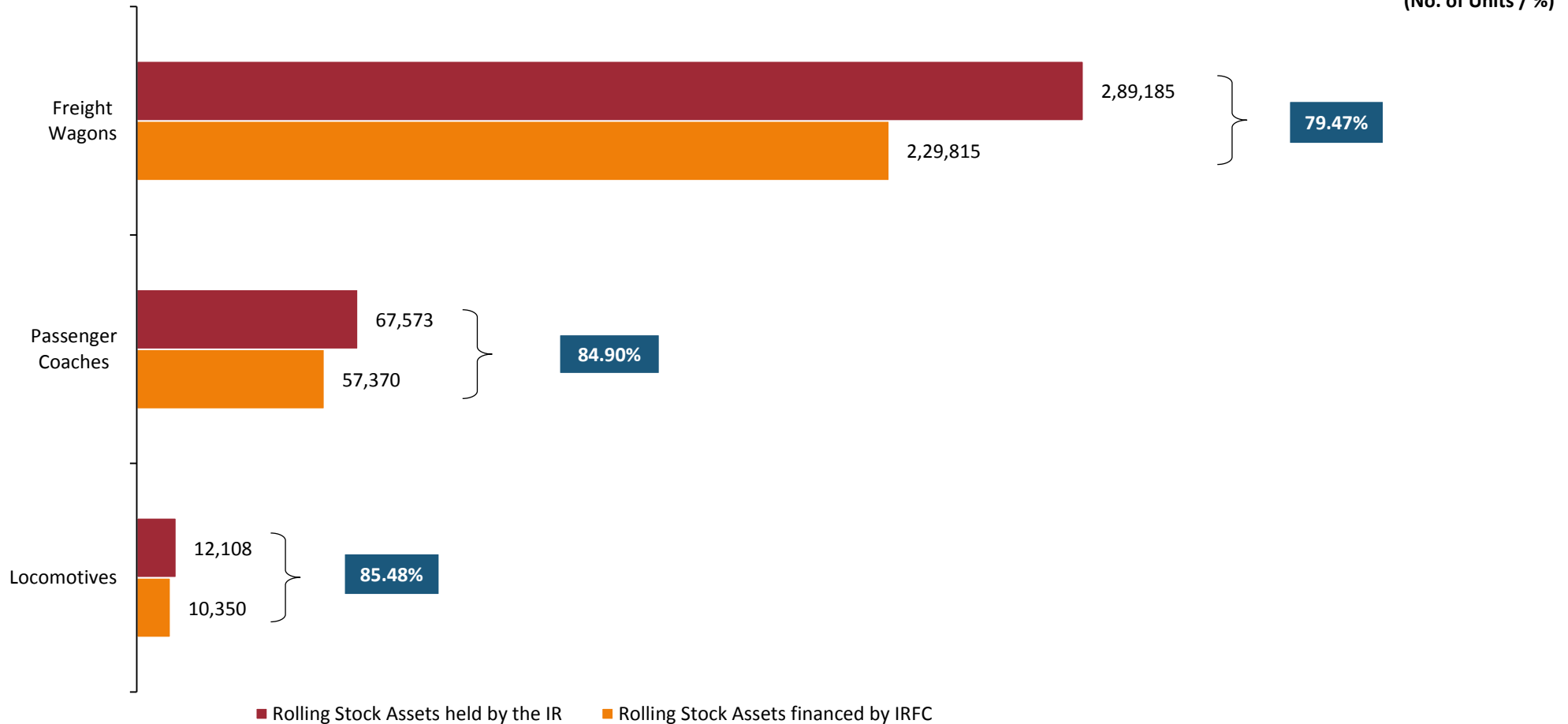
Source: Ministry of Railways letter dated September 28, 2020 | EBR –IF : Extra Budgetary Resources (Institutional Financing), RRSK – Rashtriya Rail Sanraksha Kosh



# Strategic role in financing growth of Indian Railways (2/2)

IRFC Share in Indian Railways Rolling Stock as of 31<sup>st</sup> March, 2019

(No. of Units / %)



**Total value of rolling stock assets financed by IRFC as of 31<sup>st</sup> March 2020 is INR 22,38,107.84 Mn**

Source: Ministry of Railways letter dated September 28, 2020 ; Assets financed till March 31<sup>st</sup>, 2019 since commencement of Business

(1) 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

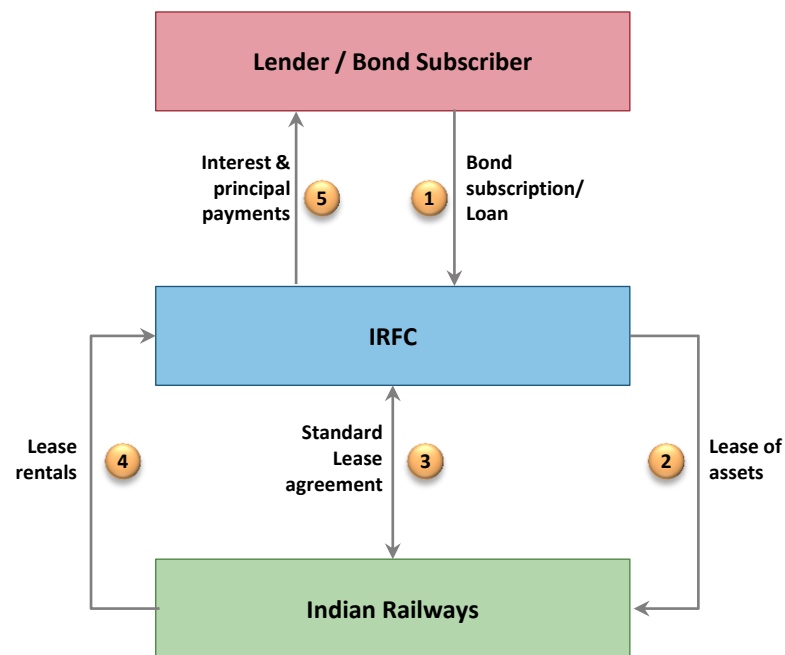
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# Low risk, cost –plus business model (1/2)

## Financing of Rolling Stock Assets

<b>Lease Period</b>	<ul style="list-style-type: none"> <li>30 years (primary period &amp; secondary period of 15 years)</li> <li>During the primary and secondary lease periods, the full value of assets, including interest, has been recovered from the MoR</li> <li>After 30 years, assets are transferred to MoR at nominal price</li> </ul>
<b>Standard Lease Agreement</b>	<ul style="list-style-type: none"> <li>Every year, IRFC enters into a Standard Lease Agreement with MoR</li> <li>Lease rentals include the value of the Rolling Stock Assets leased by IRFC 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</li> </ul>
<b>Advance Lease Rentals</b>	<ul style="list-style-type: none"> <li>Arrangement to pay lease rentals in advance by MoR in case of difficulties experienced by IRFC in debt servicing</li> <li>IRFC has never availed such a facility from the MoR till date</li> </ul>
<b>Margin</b>	<ul style="list-style-type: none"> <li>In FY20, IRFC was entitled to a margin of 40 bps over weighted average cost of borrowing</li> </ul>



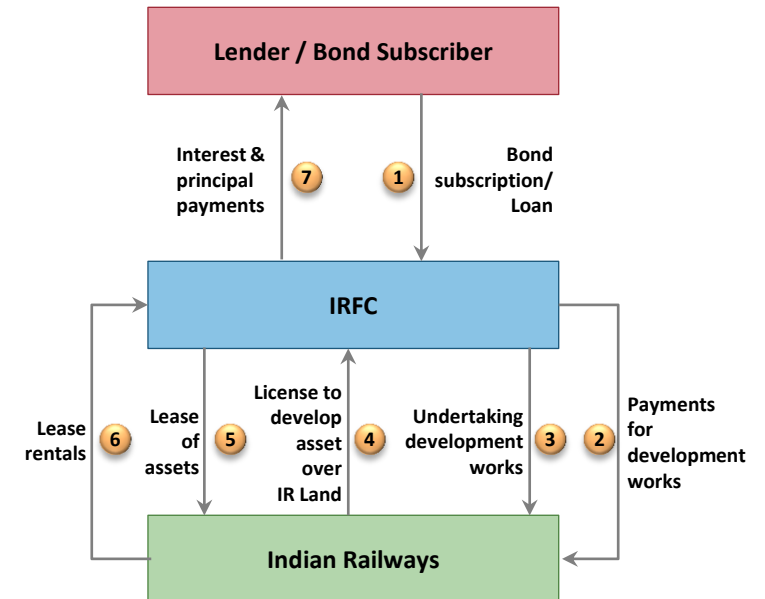
Period	Cost to MoR	Weighted Average Cost of Borrowing to IRFC for financing Rolling Stock Assets	Margin on Incremental Rolling Stock Assets leased
FY2018	8.05%	7.75%	0.30%
FY2019	8.49%	8.09%	0.40%
FY2020	7.77%	7.37%	0.40%
9 Months Dec,20	6.80%	6.40%	0.40%



# Low risk, cost –plus business model (2/2)

## Financing of Project Assets

<p><b>Standard Lease Agreement</b></p>	<ul style="list-style-type: none"> <li>IRFC acquire leasehold interest in the project assets under a lease agreement and MoR is required to pay lease rentals.</li> <li>However, IRFC is yet to execute the lease, license and development agency agreements with the MoR (in respect of the projects funding provided by them from FY16 to FY20) as the projects are still being developed and the costs to the MoR have not been completely determined by the MoR</li> </ul>
<p><b>Margin</b></p>	<ul style="list-style-type: none"> <li>In FY20, IRFC was entitled to a margin of 35 bps over weighted average cost of borrowing</li> </ul>



# Income Statement

Particulars (INR Mn)	Q3FY21	Q2FY21	Q3FY20	9M FY21	9M FY20	FY20
Interest Income	10,504.93	8,445.15	8,470.30	27,672.69	22,505.20	27,479.98
Dividend Income	-	2.32	2.64	2.32	2.64	5.92
Lease Income	28,818.94	28,691.52	27,934.37	85,480.06	79,647.15	1,06,724.27
<b>Total Revenue From Operations</b>	<b>39,323.87</b>	<b>37,138.99</b>	<b>36,407.31</b>	<b>1,13,155.07</b>	<b>1,02,154.99</b>	<b>1,34,210.17</b>
Other Income	0.73	2.69	2.11	3.46	2.11	0.73
<b>Total Income</b>	<b>39,324.60</b>	<b>37,141.68</b>	<b>36,409.42</b>	<b>1,13,158.53</b>	<b>1,02,157.10</b>	<b>1,34,210.90</b>
Finance Costs	28,782.44	27,002.92	27,256.24	83,192.24	76,629.48	1,01,626.62
Impairment on Financial Instruments	5.98	13.94	5.5	-8.38	-15.73	21.41
Employee Benefit Expense	26.81	13.92	12.79	53.35	35.31	62.65
Depreciation, Amortization and Impairment	1.17	1.17	1.22	3.51	3.38	4.58
Corporate Social Responsibility (CSR)	19.59	150.96	50.09	532.61	85.91	494.49
Others	21.21	8.44	13.18	49.39	44.42	80.19
<b>Total Expenses</b>	<b>28,857.20</b>	<b>27,191.35</b>	<b>27,339.02</b>	<b>83,822.72</b>	<b>76,782.77</b>	<b>1,02,289.94</b>
Profit Before Exceptional Items and Tax	10,467.40	9,950.33	9,070.40	29,335.81	25,374.33	31,920.96
Exceptional Items	-	-	-	-	-	-
<b>Profit Before Tax</b>	<b>10,467.40</b>	<b>9,950.33</b>	<b>9,070.40</b>	<b>29,335.81</b>	<b>25,374.33</b>	<b>31,920.96</b>
Total Tax Expenses	-	-	-	-	-	-
<b>Profit after Tax</b>	<b>10,467.40</b>	<b>9,950.33</b>	<b>9,070.40</b>	<b>29,335.81</b>	<b>25,374.33</b>	<b>31,920.96</b>
<b>EPS (Diluted)</b>	<b>0.80</b>	<b>0.76</b>	<b>0.86</b>	<b>2.25</b>	<b>2.40</b>	<b>3.02</b>





- **DISCLAIMER-1/2**

- The presentation is prepared based on un-audited financial statements of IRFC for quarter and 9months ended 31<sup>st</sup> December 2020.
- There is a possibility of Ind As financial results and the additional disclosures to be updated, modified or amended because of adjustments which may be required to be made on account of introduction of new Standards or its interpretation, receipt of guidelines or circulars from regulatory bodies and/or Reserve Bank of India.
- This presentation may contain statements which reflects managements current views and estimates and could be constructed as froward looking statements. The future involves uncertainties and risk that could cause actual results to differ materiality from the current views being expressed. Potential uncertainties and risk include factors such as general economic conditions, currency fluctuations, competitive product and pricing pressures, industrial relations and regulatory developments.



## DISCLAIMER-2/2

- we do not update forward looking statements retrospectively. Such statements are valid on the date of publication and can be super ceded.
- 
- figures are regrouped / reclassified to make them comparable.
- 
- “Analytical data are best estimates to facilitates understanding of business and not meant to reconcile reported figures.
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- Answers will be given only to non price sensitive questions.
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**Thank You**

