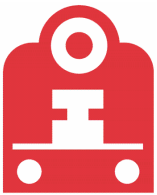


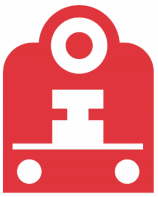
Indian Railway Finance Corporation Ltd.

2016

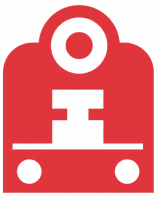


Scheme of Presentation

- Company Overview
- Leasing Arrangements with the Ministry of Railways (“MOR”)
- Resource Profile and Hedging Strategies
- Key Financial Indicators
- Investment Plan of Railway Sector In India

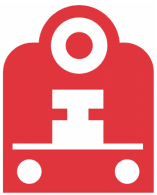


■ Company Overview



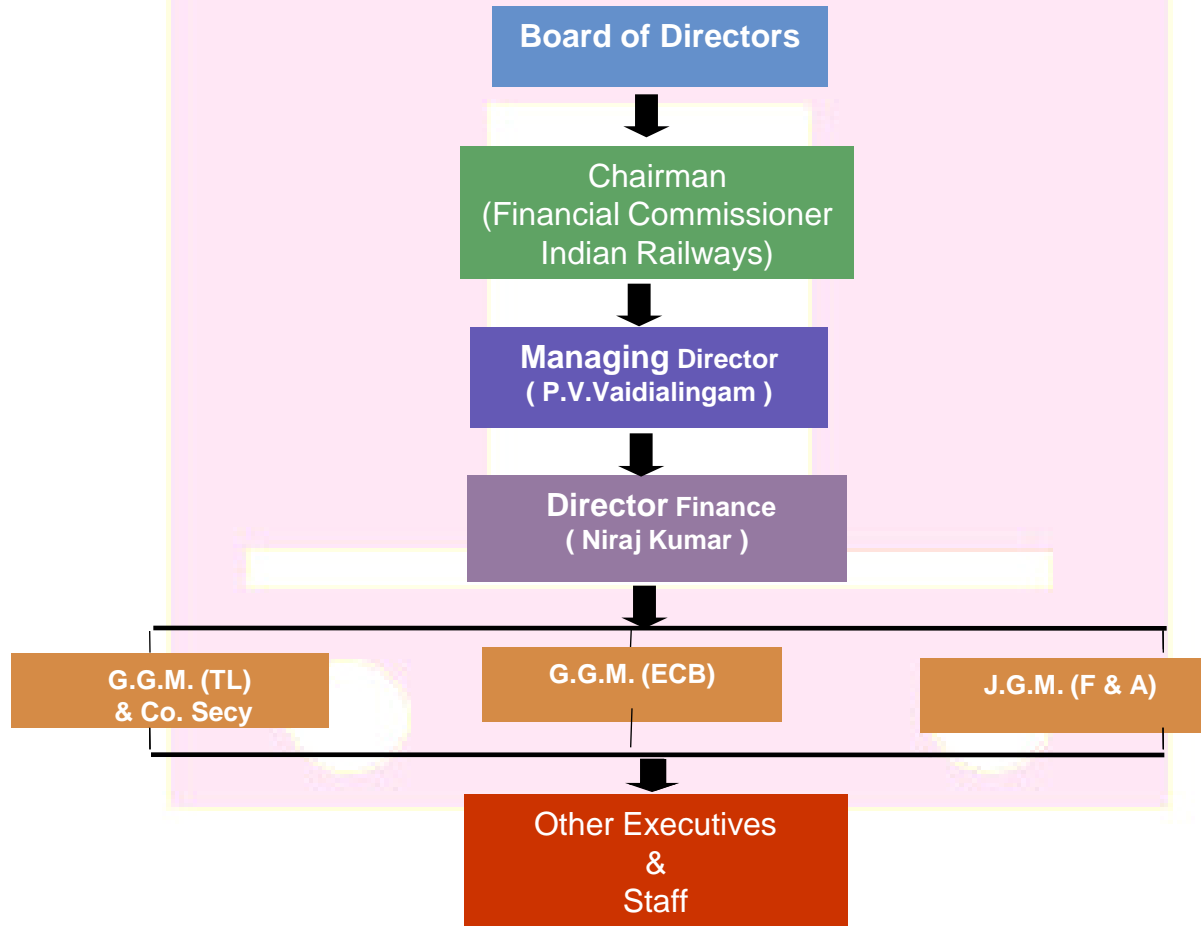
Constitution

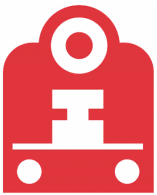
- Incorporated in 1986 as a Company under the Indian Companies Act, 1956.
- Formed as a borrowing arm for Indian Railways dedicated to meet the requirement of Extra Budgetary Resources.
- Wholly owned GOI entity.
- Is a Public Financial Institution under the Indian Companies Act 2013.
- Registered as NBFC (NBFC –ND-SI) with RBI
- Sole Financial Institution in Rail Sector in India.



Organizational Structure

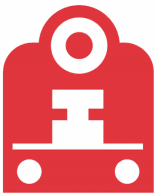
Strictly Private and Confidential





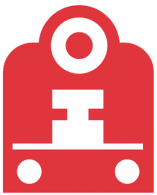
IRFC's Business Model

- Unique business model – 100% ownership by IR who is also the major client.
- Borrowing Targets communicated every year through Railway Budget
- Follows financial leasing model for financing Rolling Stock and Project Assets of Indian Railways.
- Cost plus model - Lease Rentals includes cost of borrowing and moderate spread.
- Risk Free operations - interest rate risk, foreign exchange risk and liquidity risk are passed on to Ministry of Railways, Government of India.
- Repayment of Lease Rentals is provided for in the Railway Budget, which is voted out in the parliament of India
- Raise Resources from both onshore/Offshore markets subject to regulations of SEBI /RBI/Companies Act, etc.



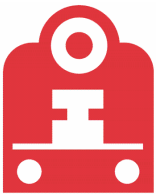
Control of Various Regulators

- Being a corporate entity, it is subject provision of Indian Companies Act, 2013.
- RBI is the Regulator of financial companies in India, the company follows the various guidelines issued by the RBI including borrowings from Overseas Market.
- Being a regular issuer of bonds in the domestic Capital Market, the Company is required to comply with the guidelines issued by the Securities Exchange Board of India (SEBI).
- As a Government Undertaking, it is subject to guidelines of Department of Public Enterprises.
- Accounts of IRFC are subject to audit by the office of Comptroller & Auditor General (C & AG) of India set up under the Constitution of India -. C & AG undertakes supplement review of accounts, propriety Audit of the company which is a valuable means of prudent external review of its business.
- The Financial statements of the company are also audited by a firm of Chartered Accountant appointed by the C&AG of India as Statutory Auditor.



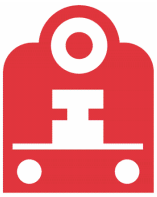
Strong Relationship with Government of India

- IRFC's share capital has been wholly provided by the Government of India.
- MoR considers IRFC as of high strategic importance for its critical role in capital formation in Railways. Beside initial capital infusion of Rs.2.32 Billion, (USD 0.04 Billion) in 1989-90 there are ten more capital infusions after that amounting to Rs.62.94 bn. (USD 0.97 bn) raising the level of paid up capital to Rs.65.26 bn. (USD 1 bn)
- The Chairman of IRFC is an official of the MoR. Traditionally, the Financial Commissioner of the Railway Board has been the Chairman of the Company.
- Market borrowings to be done by IRFC each year and the payment of lease rentals by MoR to IRFC, form part of the Railway Budget which is approved by the Parliament of India.

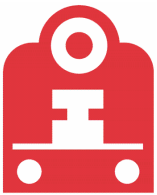


IRFC – Highlights of Performance

- IRFC has funded acquisition of assets valued at Rs.1370.40 bn. (USD 21.08 bn.) for MOR till end of March 2016 which is expected to reach a level of Rs.1568 bn. (USD 24.12 bn.) at the end of the financial year 2016-17.
- IRFC has been successfully funding a significant part of Plan Fund requirements of MoR over the years at competitive rates. Cost of the funds raised by the company during recent years compares well with cost of borrowing of Government of India.
- The Company has been consistently paying dividend to its Shareholders and has so far paid Rs.22.20 Billion (USD 320 Mio).
- Affairs of the Company are managed by a lean team of 18 personnel. Overhead to Turnover ratio is 0.12%.
- Besides enjoying the highest possible credit rating for its borrowings in domestic market and rating identical to the Country rating for its overseas borrowings, IRFC has been rated “Excellent” by the Government of India on thirteen occasions, based on its performance in the last fourteen years. It ranked amongst Top Ten PSUs based on its performance during 2001-02, 2002-03, 2003-04 and 2004-05.

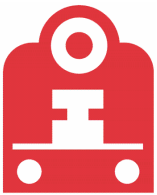


- **Leasing Arrangements with the Ministry of Railways (“MoR”)**



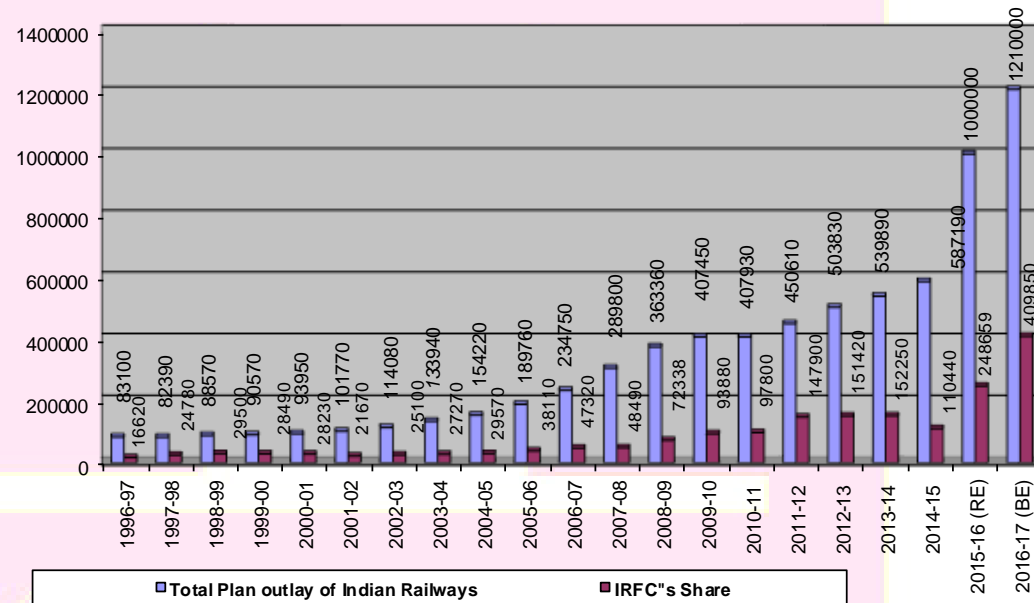
Leasing Activity

- IRFC follows the financial leasing model to finance the Rolling Stock Assets and Project Assets of Indian Railways.
- The lease period is typically 30 years, comprising a primary component of 15 years followed by a secondary period of 15 years. Full recovery of principal and interest is effected during the primary lease period itself. After 30 years, assets may be sold to the MoR for a nominal price.
- Every year, IRFC enters into a Standard Lease Agreement with MoR through which lease rental in respect of assets acquired during the year is fixed. The IRR of the lease includes a mutually agreed mark-up over the marginal cost of borrowing of the Company.
- IRFC runs essentially a risk free business, with foreign currency risk and interest rate risk associated with its borrowings either transferred to MOR or hedged at MOR's cost.
- In Lease agreement there exists an arrangement to pay the lease rentals in advance by MOR in case of difficulties experienced by the Company in servicing its debts. However, in its 28 years history, IRFC has never had to resort to MoR's extraordinary support for meeting its debt obligations.

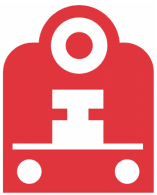


Total Plan outlay of Railways & IRFC's Share

(Rs. Million)



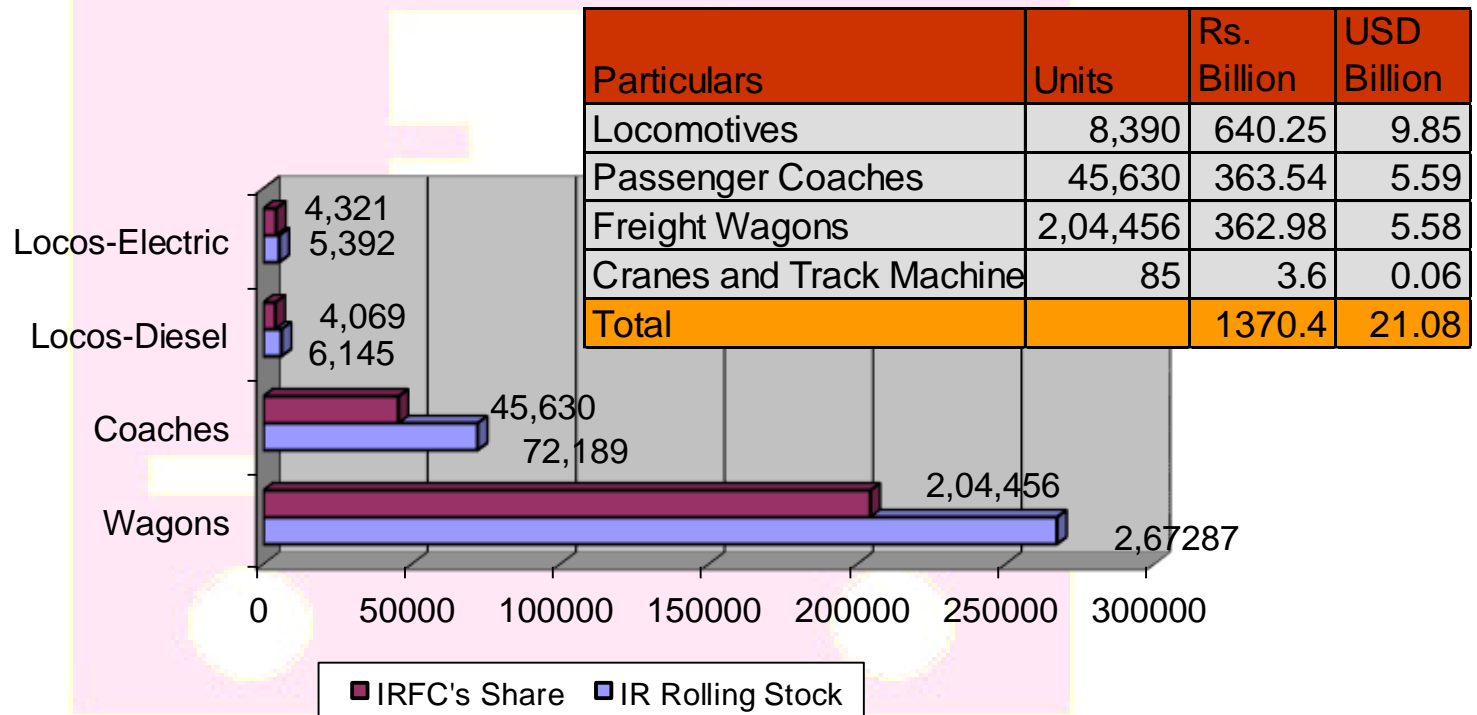
Total Plan Outlay of IR during the year 1996-97 to 2016-17: Rs. 7,155.18 Bn. (USD 110.08 Bn.)
Funding by IRFC during the period 1996-97 to 2016-17 : Rs.1,850.19 Bn. (USD 28.46 Bn.)
Share of IRFC in Total Plan Outlay : 25.86%

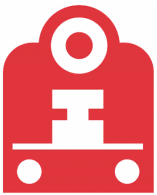


IRFC Share in Indian Railways Rolling Stock

Position as on 31-03-2016

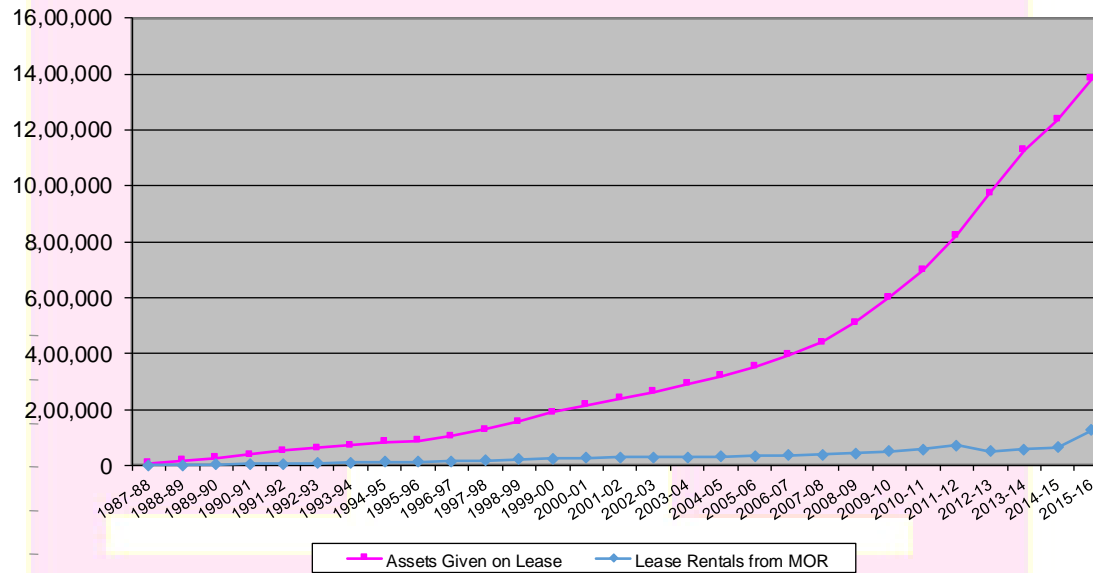
- More than 2/3rd of Indian Railways' rolling stock fleet stands financed by IRFC.





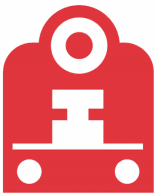
Assets Leased to MoR and Lease Rentals Received

Rs Million

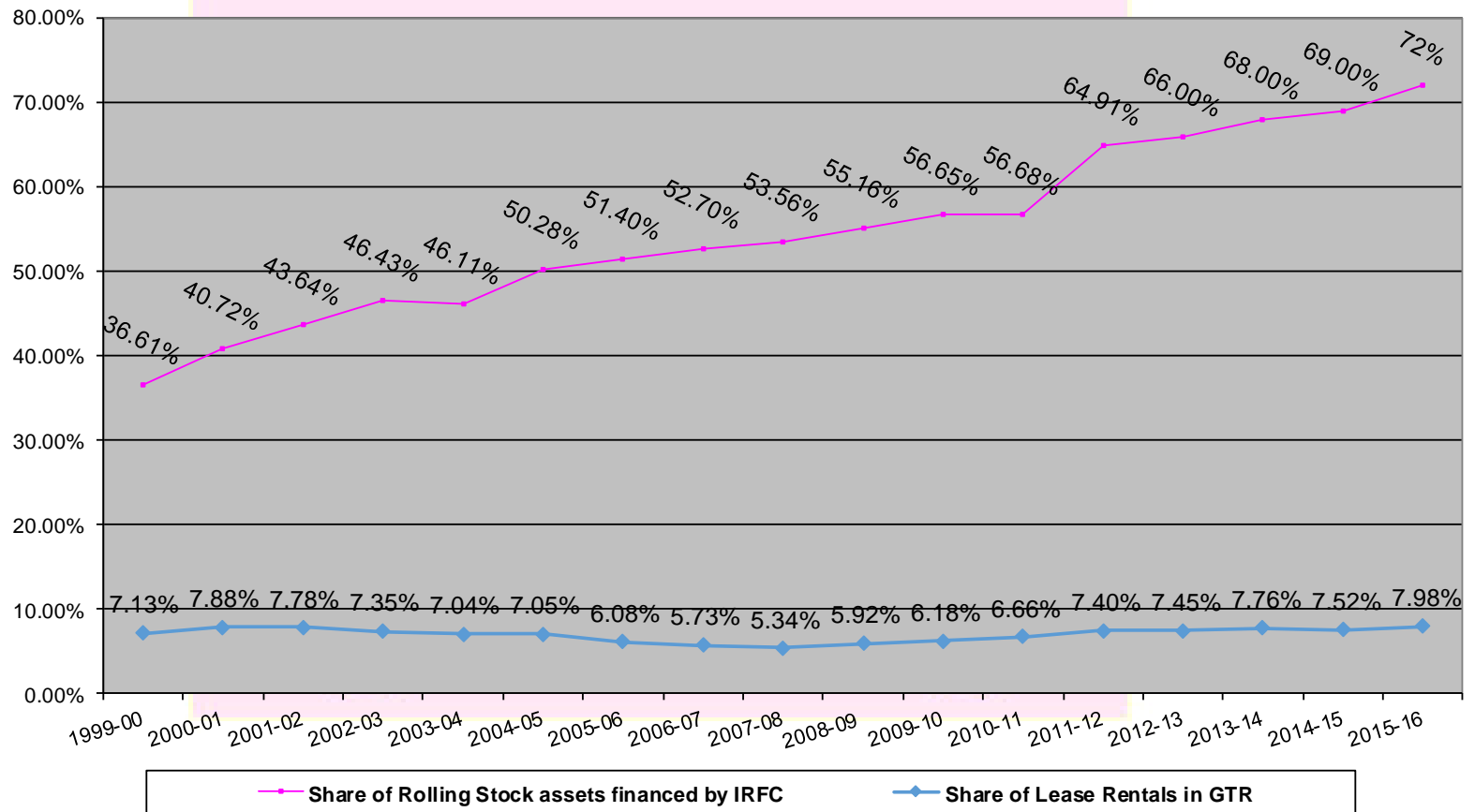


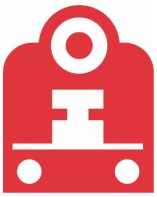
Assets Given on Lease – Rs.1,383.18 Billion (USD 21.28 Billion)

Lease Rentals from MOR – Rs.126.04 Billion (USD 1.94 Billion)



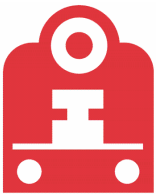
Asset Creation by IRFC and Cost-Benefit to MoR





Outstanding Lease Receivables

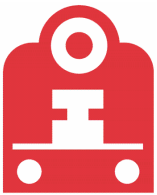
Financial Year ended	O/s Lease Receivables (Rs. Crore)
31st March, 2016	90493.34
31st March, 2015	80190.23
31st March, 2014	74504.23
31st March, 2013	64182.33
31st March, 2012	52827.09
31st March, 2011	43158.17
31st March, 2010	36182.68
31st March, 2009	29548.44
31st March, 2008	25075.29
31st March, 2007	22797.09
Compounded Annual Growth Rate (CAGR)	16.55%



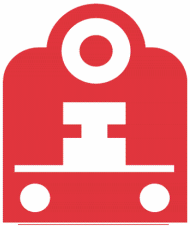
Lease Rentals

- IRFC's cash flows from lease rentals are robust and stable, as evidenced by the table below.

Year	INR Billion	USD Billion
2015-16 (Provisional)	118.41	1.82
2016-17	115.90	1.78
2017-18	113.98	1.75
2018-19	111.24	1.71
2019-20	108.16	1.66
2020-21	104.50	1.61
2021-22	99.87	1.54
2022-23	95.11	1.46
2023-24	87.93	1.35
After 1 April 2024 to March 2030	264.11	4.06
Total	1,219.21	18.76



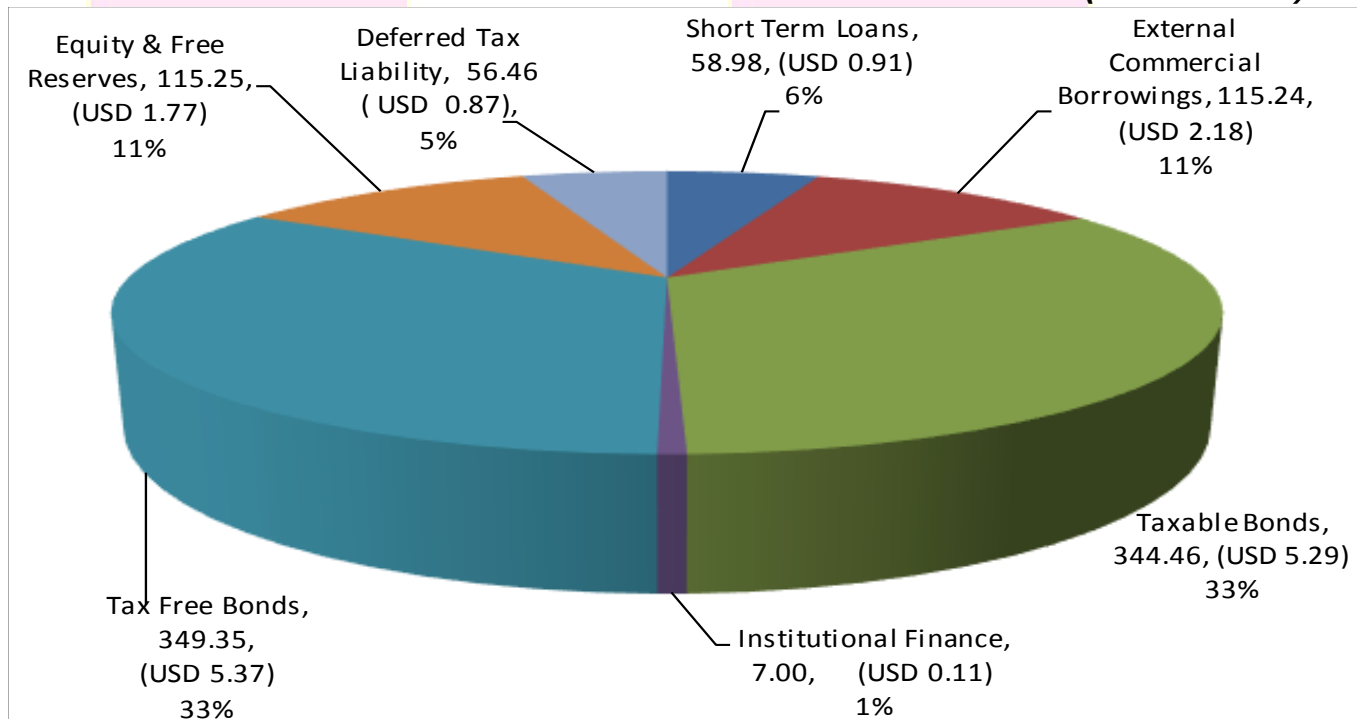
■ Resource Profile and Hedging Strategies



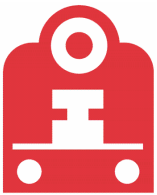
Sources of Finance

- In addition to equity infusion by GOI and internal generation of funds, IRFC's principal long term/medium term sources of finance are borrowings through issue of bonds, term loans from banks, institutional borrowing & external commercial borrowings. The company has in place the C/C limits/STL limits with banks in place to meet its working capital requirements. :

**As on 31 March, 2016
(INR Billion)**



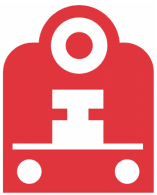
Total : Rs. 1046.75 Billion (USD 16.10 Billion)



Credit Ratings

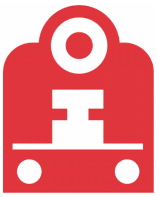
- IRFC maintains the highest possible credit ratings for an Indian issuer both for domestic and international borrowings, reflecting its sound financials and quality of assets:

	Foreign Currency Issuer Rating	Outlook
Moody's	Baa3	Positive
Standard and Poor's	BBB-	Stable
Fitch	BBB-	Stable
Japanese Credit Rating Agency	BBB+	Stable
	Domestic Rating	Outlook
CRISIL	AAA	Stable
ICRA	(ICRA)AAA	Stable
CARE	AAA	Stable



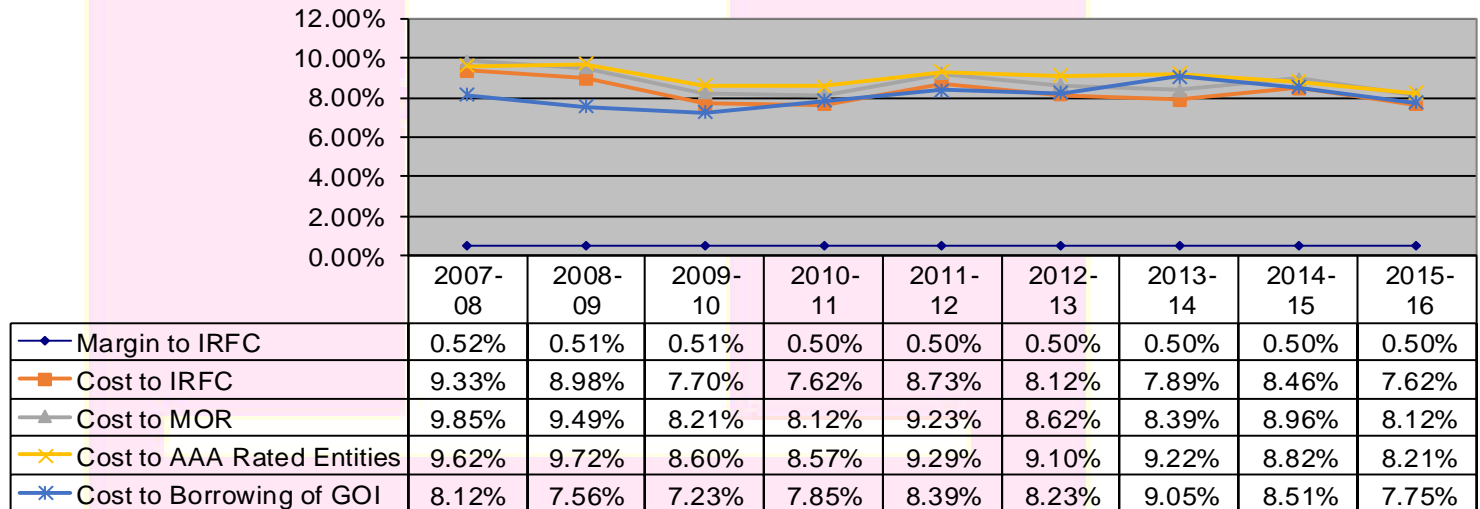
Hedging Strategies - Prudent use of Financial Derivatives

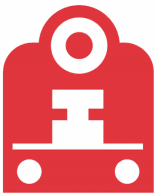
- Company has a Forex Risk Management Policy in place approved by the Board
- Company has a Forex Risk Management Committee in place comprising of Managing Director and Director Finance assisted by a Forex Consultant.
- Philosophy behind contracting derivative transactions is to optimally contain the financial risks and achieve low cost funding.
- Company appropriately hedges exchange rate and interest rate risks on its forex debt portfolio at an opportune time



Achievement of objective

IRFC has been admirably discharging its responsibility as efficient funding arm of Railways.

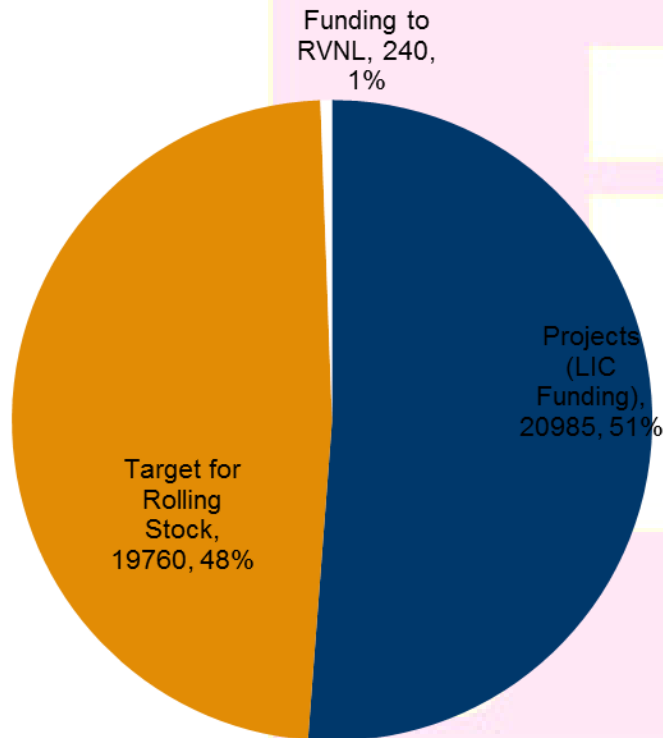




Lending & Borrowing targets for FY 2016-17 including Institutional Finance

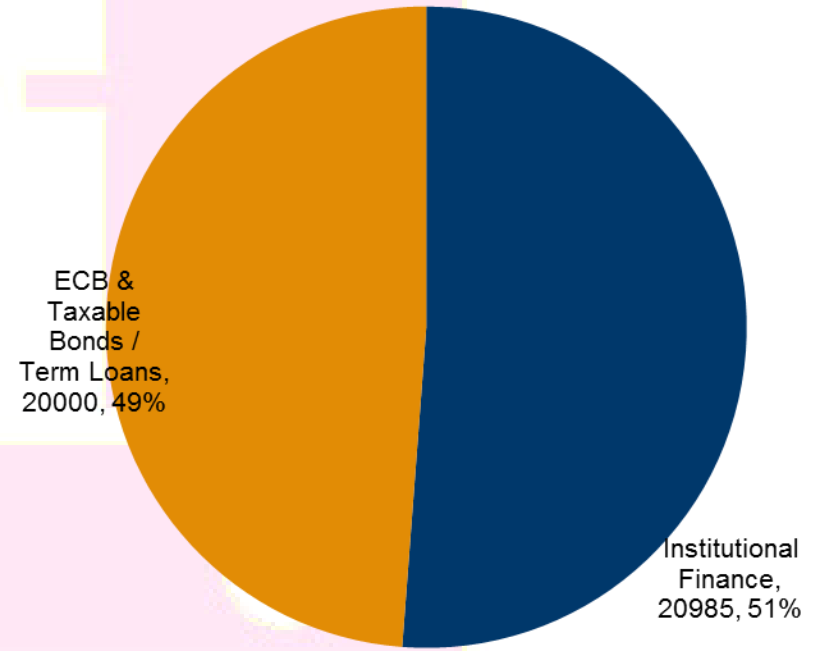
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Lending Target

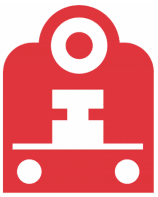


Total Rs.40,985 Cr.

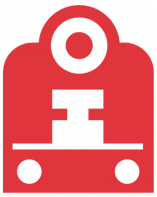
Borrowing Target



Total Rs.40,985 Cr.



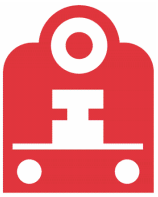
- **Key Financial Indicators**



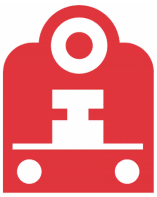
Key Financial Indicators for the last 5 years

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							<i>Rs in crore</i>
For the year	CAGR	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Total Income	14.3	7507	6940	6198	5552	4643	3842
Total Expenditure	13.6	5557	5026	4626	4097	3630	2943
Profit Before Tax	16.8	1950	1914	1572	1454	1013	898
Net Profit After Current Tax	16.3	1534	1507	1242	1161	810	720
Net Profit After Tax	11.9	849	758	701	522	481	485
Share Capital	32.4	6526	4126	3584	2952	2352	1602
Reserves & Surplus (Incl. DTL)	14.6	10645	9516	8190	7113	6079	5385
Total Loans	18.1	87503	71270	69917	58753	50251	38124
Total Balance Sheet Size	18.4	108400	87647	83930	70755	60589	46690



- Invest Plan of Railway Sector in India

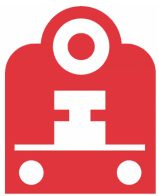


INVESTMENT PLAN (2015-2019)

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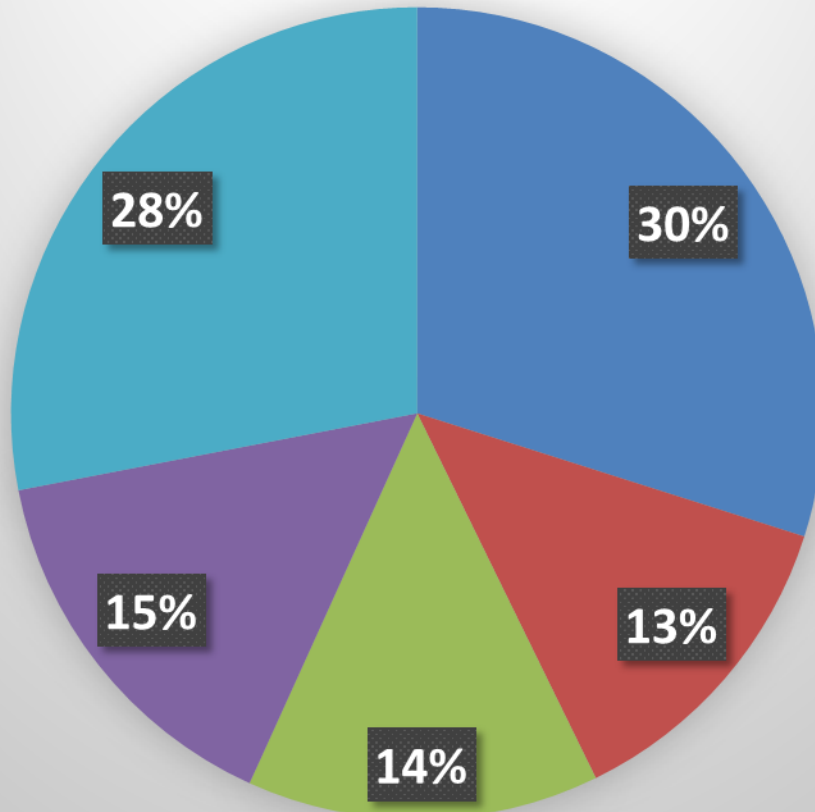
Figs in Rs. Cr.

Item	5 years
Network Decongestion (including DFC + electrification, Doubling + electrification & traffic facilities)	199320
Network Expansion (including electrification)	193000
National Projects (North Eastern & Kashmir connectivity projects)	39000
Safety (Track renewal, bridge works, ROB, RUB and S&T)	127000
Information Technology / Research	5000
Rolling Stock (Locomotives, coaches, wagons – production & maintenance)	102000
Passenger Amenities	12500
High Speed Rail & Elevated corridor	65000
Station redevelopment + logistic parks	100000
Others	13200
TOTAL	8,56,020



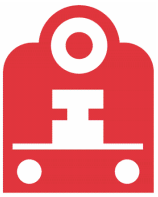
Five Year Fund Requirement of Indian Railways.....

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■ GBS ■ INTERNAL GENERATION ■ STATE JVs ■ PPP ■ DEBT

Source (tentative)	(Rs. Lakh Crore)
GBS incl. multilateral assistance for DFC	2.56
Internal Generation	1.00
State/ PSU (CIL, SAIL, NTPC) JVs	1.20
PPP – station development, logistic parks, new lines on BOT	1.30
Debt –IRFC (including Institutional Finance from LIC, EPFO, Sovereign Wealth Funds, Pension Funds, Provident Funds, General Insurance Companies etc.	2.50*
Total	8.56



- This presentation carry USD/INR exchange rate at Rs.65 to one USD

Thank You