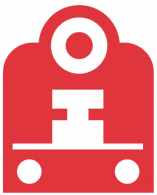


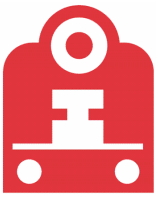
# Indian Railway Finance Corporation Ltd.

2017

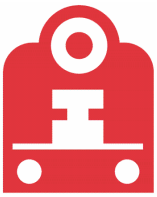


## Scheme of Presentation

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

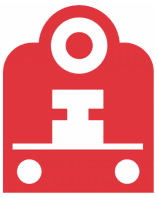


## ■ Company Overview



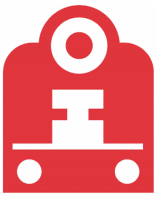
## Constitution

- 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.

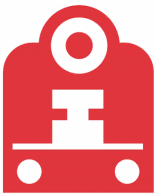


## IRFC's Business Model

- Unique business model – 100% ownership by IR who is also the major client.
- Borrowing Targets communicated every year through Union 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 Union 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.

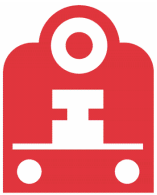


- **Leasing Arrangements with the Ministry of Railways (“MoR”)**



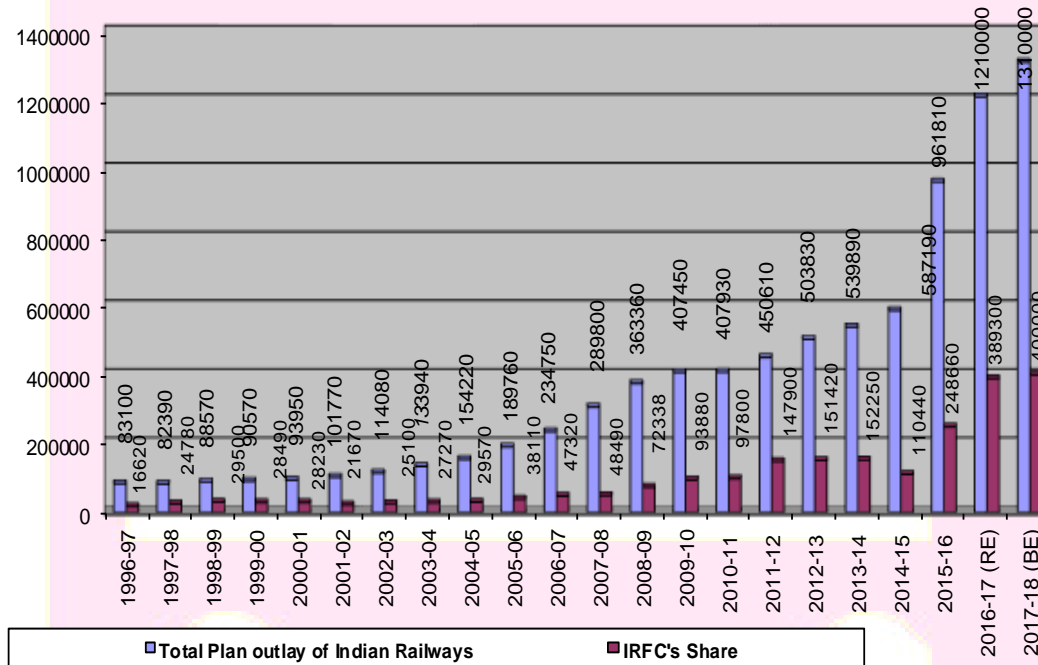
## Leasing Activity

- 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.



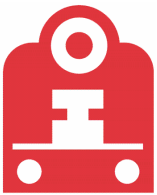
# Total Plan outlay of Railways & IRFC's Share

(Rs. Million)



**Total Plan Outlay of IR during the year 1996-97 to 2017-18: Rs. 8,426.99 Bn. ( USD 129.64 Bn. )**  
**Funding by IRFC during the period 1996-97 to 2017-18 : Rs.2,229.64 Bn. ( USD 34.30 Bn. )**  
**Share of IRFC in Total Plan Outlay : 26.46%**

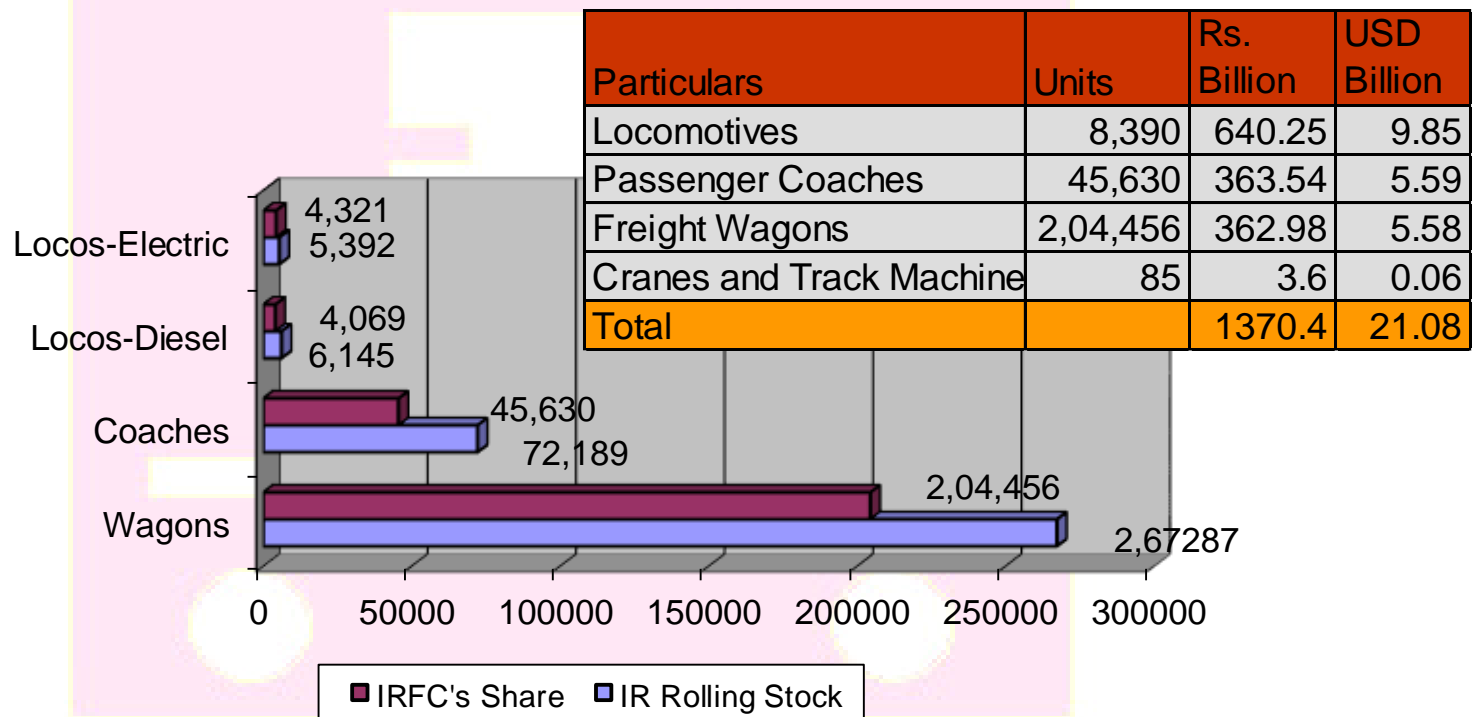


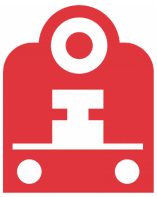


# IRFC Share in Indian Railways Rolling Stock

*Position as on 31-03-2016*

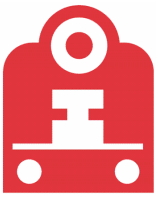
- More than 2/3<sup>rd</sup> of Indian Railways' rolling stock fleet stands financed by IRFC.



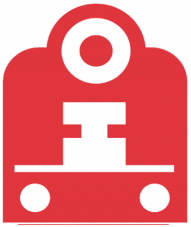


## Outstanding Lease Receivables

Financial year ended	O/s Lease Receivables (Rs. Crore)	
	USD (billion)	
31st March 2017	98981.56	15.23
31st March 2016	90493.34	13.92
31st March 2015	80190.23	12.34
31st March 2014	74504.23	11.46
31st March 2013	64182.33	9.87
31st March 2012	52827.09	8.13
31st March 2011	43158.17	6.64
31st March 2010	36182.68	5.57
31st March 2009	29548.44	4.55
31st March 2008	25075.29	3.86
31st March 2007	22797.09	3.51
Compounded Annual Growth Rate (CAGR)	15.82%	



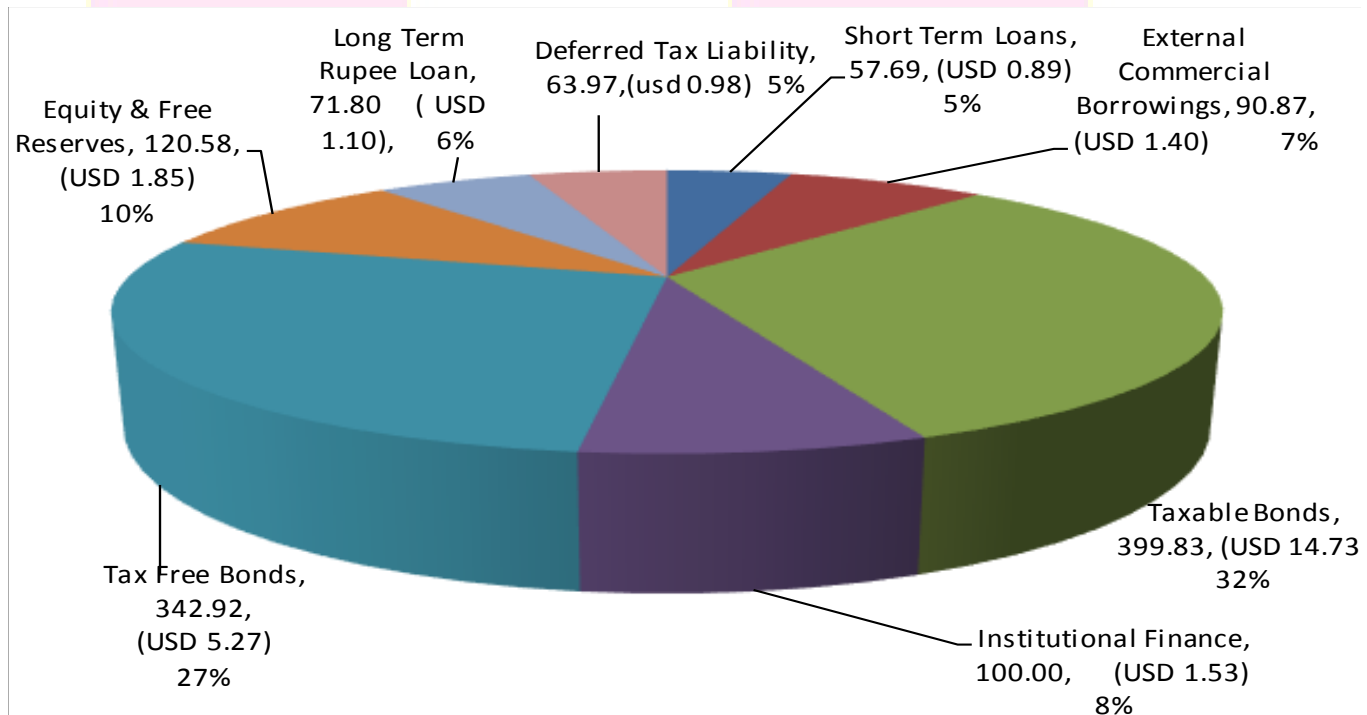
## ■ Resource Profile



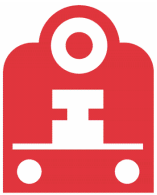
## Sources of Finance

- 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, 2017  
(INR Billion )**



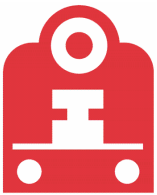
**Total : Rs. 1248.49 Billion (USD 19.20 Billion)**



## Credit Ratings

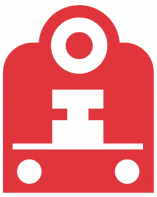
- IRFC maintains the highest possible credit ratings for an Indian issuer both for domestic and international borrowings, reflecting its sound financials and quality of assets:

	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



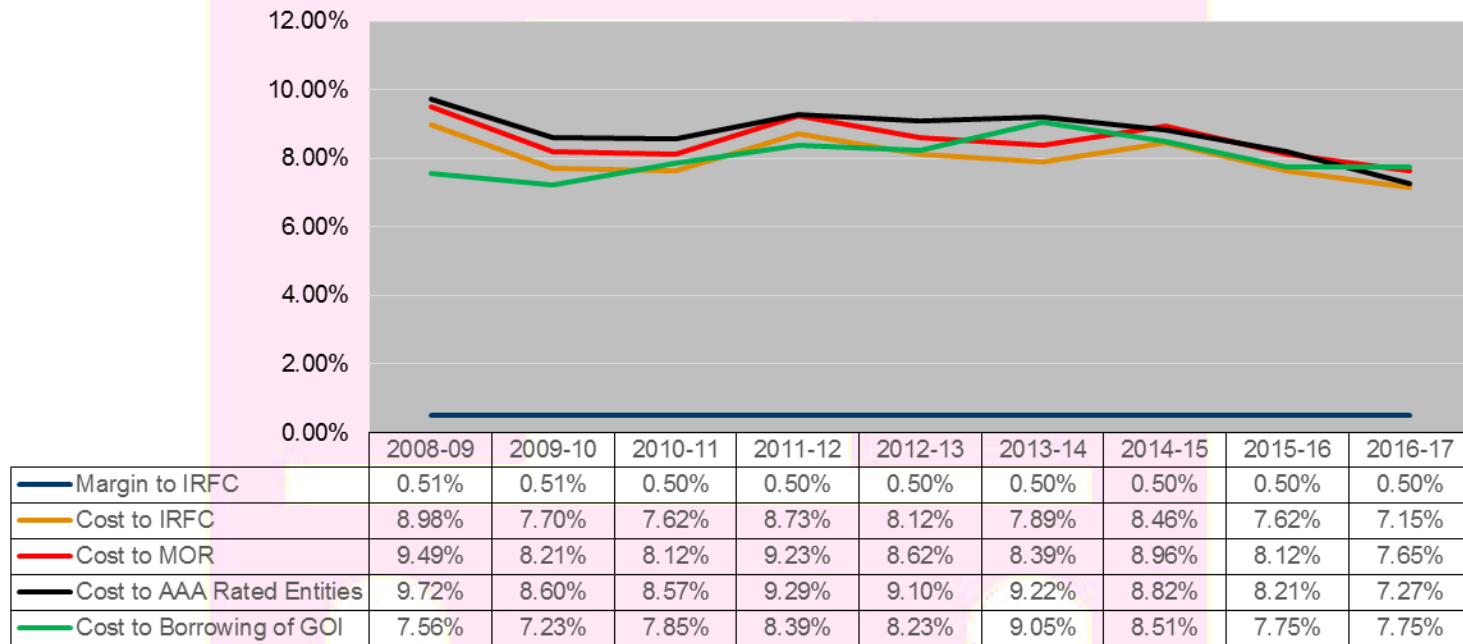
## Hedging Strategies - Prudent use of Financial Derivatives

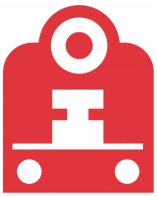
- Company has a Forex Risk Management Policy in place approved by the Board
- Company has a Forex Risk Management Committee in place comprising of Managing Director and Director Finance assisted by a Forex Consultant.
- Philosophy behind contracting derivative transactions is to optimally contain the 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
- Foreign Exchange rate risk is hedged to the extent of 39.30% of the total foreign Exchange exposer.
- Interest Rate Risk is hedged to the extent of 63.80%



## Achievement of objective

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

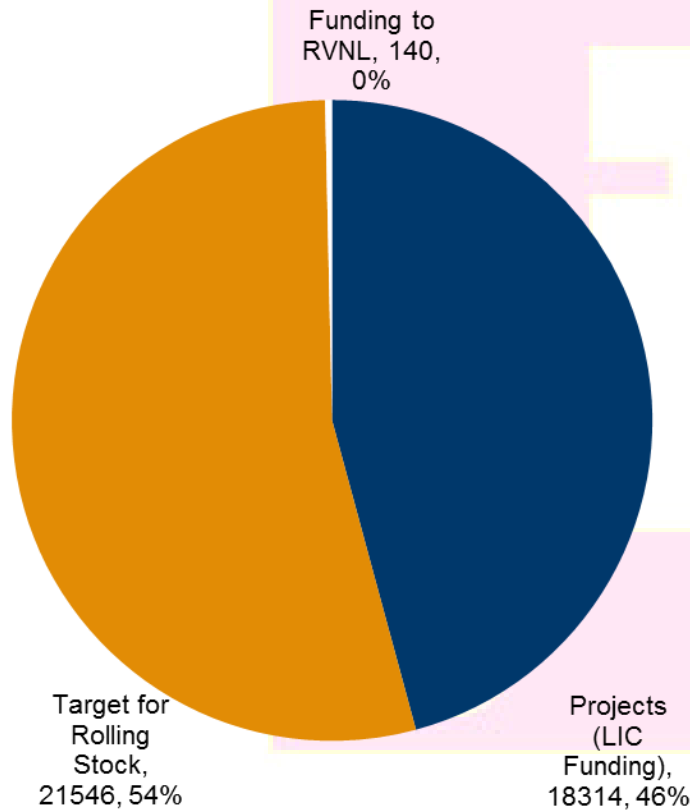




# Lending & Borrowing targets for FY 2017-18 including Institutional Finance

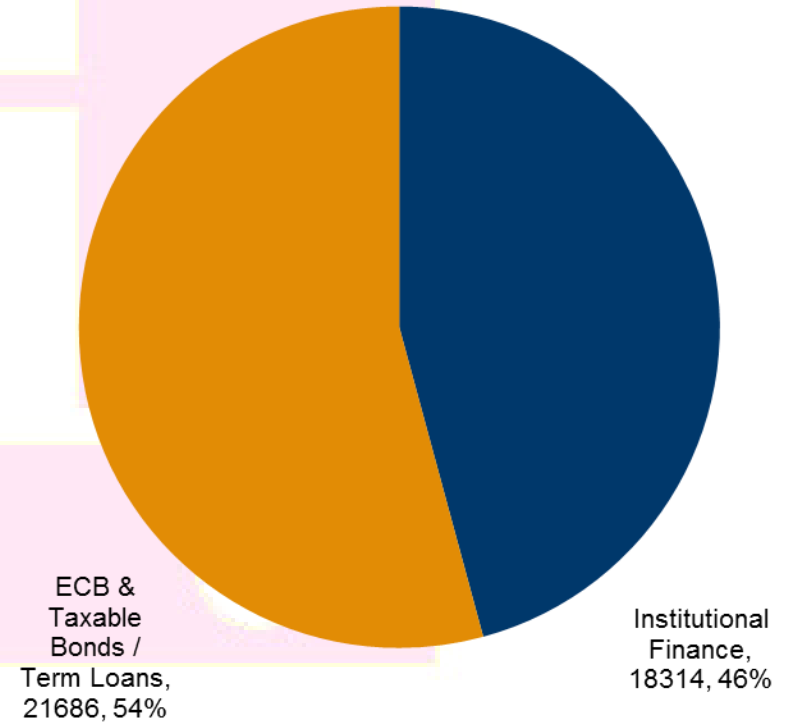
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## Lending Target



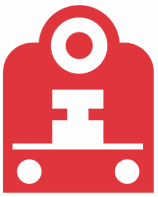
Total Rs.40,000 Cr.

## Borrowing Target

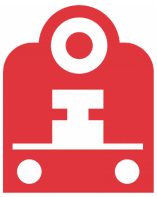


Total Rs.40,000 Cr.





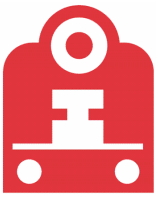
- **Key Financial Indicators**



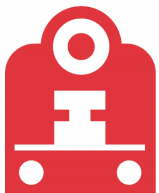
# Key Financial Indicators for the last 5 years

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		Rs. In crore						
For the Year	CAGR	2016-17	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
		(P) USD	(Provisio					
		in (billion nal)						
Total Income	14.48%	1.40	9130	7507	6940	6198	5552	4643
Total Expenditure	13.96%	1.07	6977	5557	5026	4626	4097	3630
Profit Before Tax	16.28%	0.33	2153	1950	1914	1572	1454	1013
Net Profit After								
Current Tax	15.89%	0.26	1693	1534	1507	1242	1161	810
Net Profit After Tax	14.39%	0.14	942	849	758	701	522	481
Share Capital	22.64%	1.00	6526	6526	4126	3584	2952	2352
Reserves & Surplus (Incl. DTL)	14.43%	1.84	11929	10645	9516	8190	7113	6079
Total Loans	16.19%	16.37	106395	87503	71270	69917	58753	50251
Total Balance Sheet Size	16.36%	19.88	129225	108400	87647	83930	70755	60589



- Invest Plan of Railway Sector in India

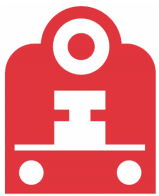


# INVESTMENT PLAN (2015-2019)

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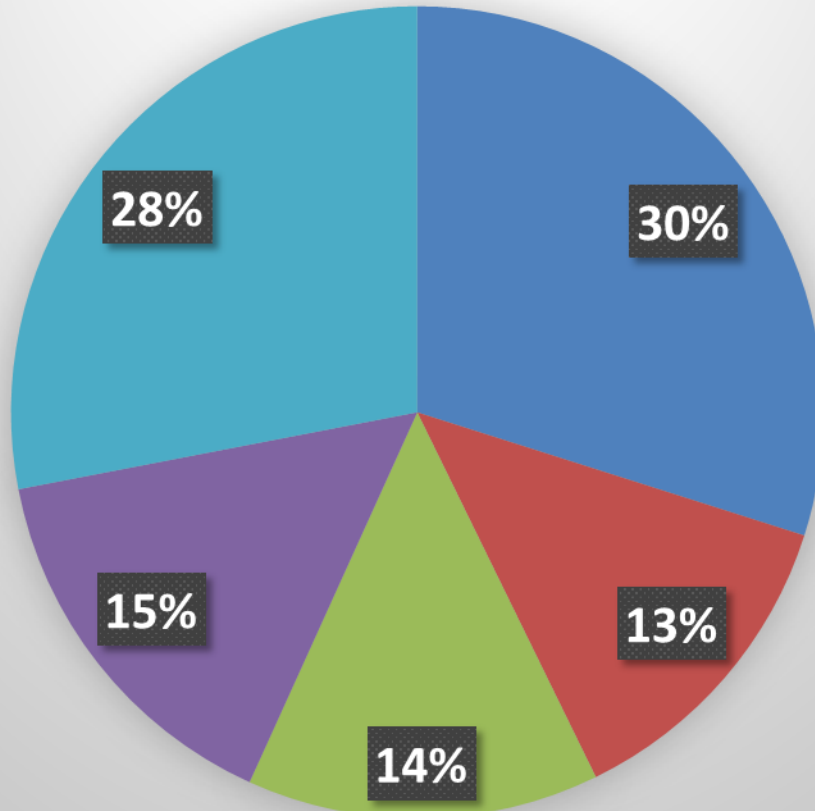
Figs in Rs. Cr.

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
<b>TOTAL</b>	<b>8,56,020</b>



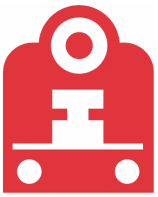
# Five Year Fund Requirement of Indian Railways.....

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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*
<b>Total</b>	<b>8.56</b>



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

**Thank You**