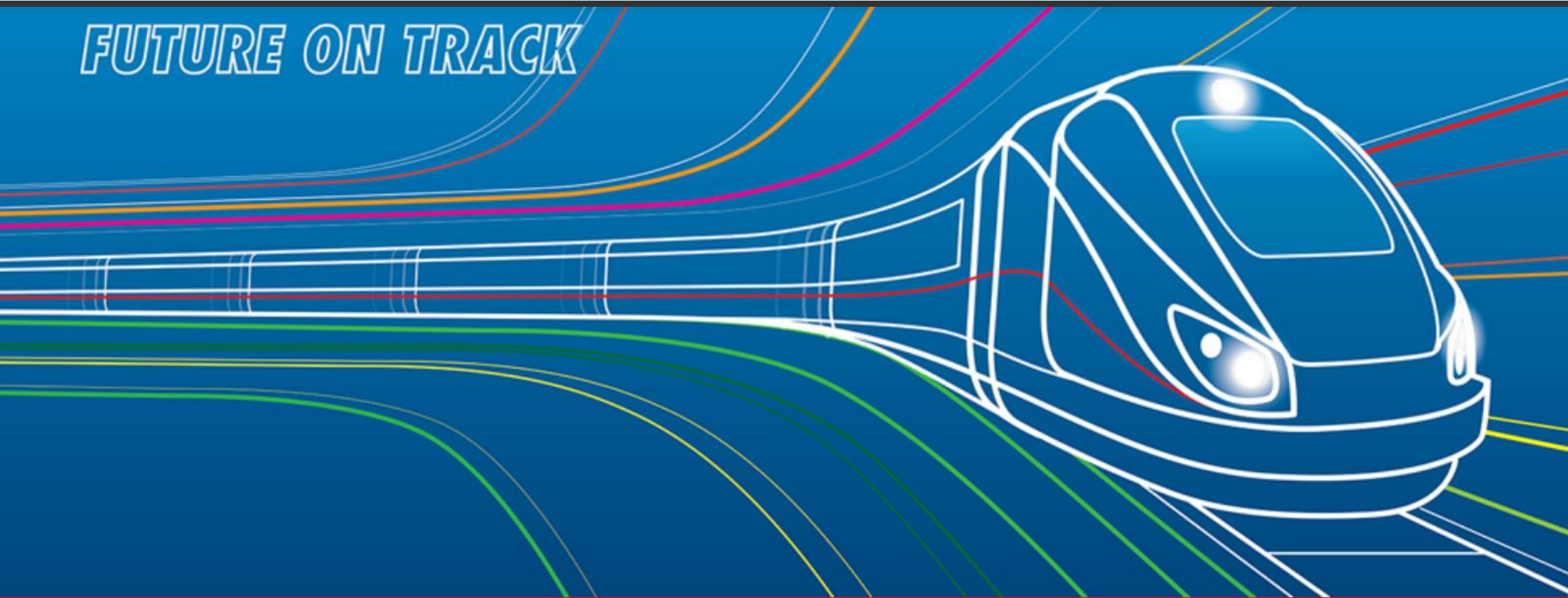


FUTURE ON TRACK



Indian Railway Finance Corporation Limited

Investor's Presentation- Quarter 1- FY 2021-22

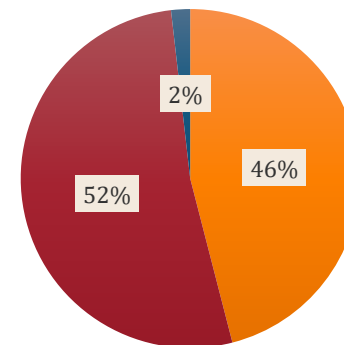
17th August 2021

Company Overview

Company Profile

- IRFC is registered with RBI as a Systemically Important NBFC-ND-IFC, majorly owned by the GoI, acting through Ministry of Railways (MoR)
- Dedicated market borrowing arm for the Indian Railways
- Primary business:
 - Financing the acquisition of rolling stock assets
 - Leasing of railway infrastructure assets and national projects of GoI
 - Lending to other entities under MoR

AUM Break-Up (Quarter-ended 30th June 2021)

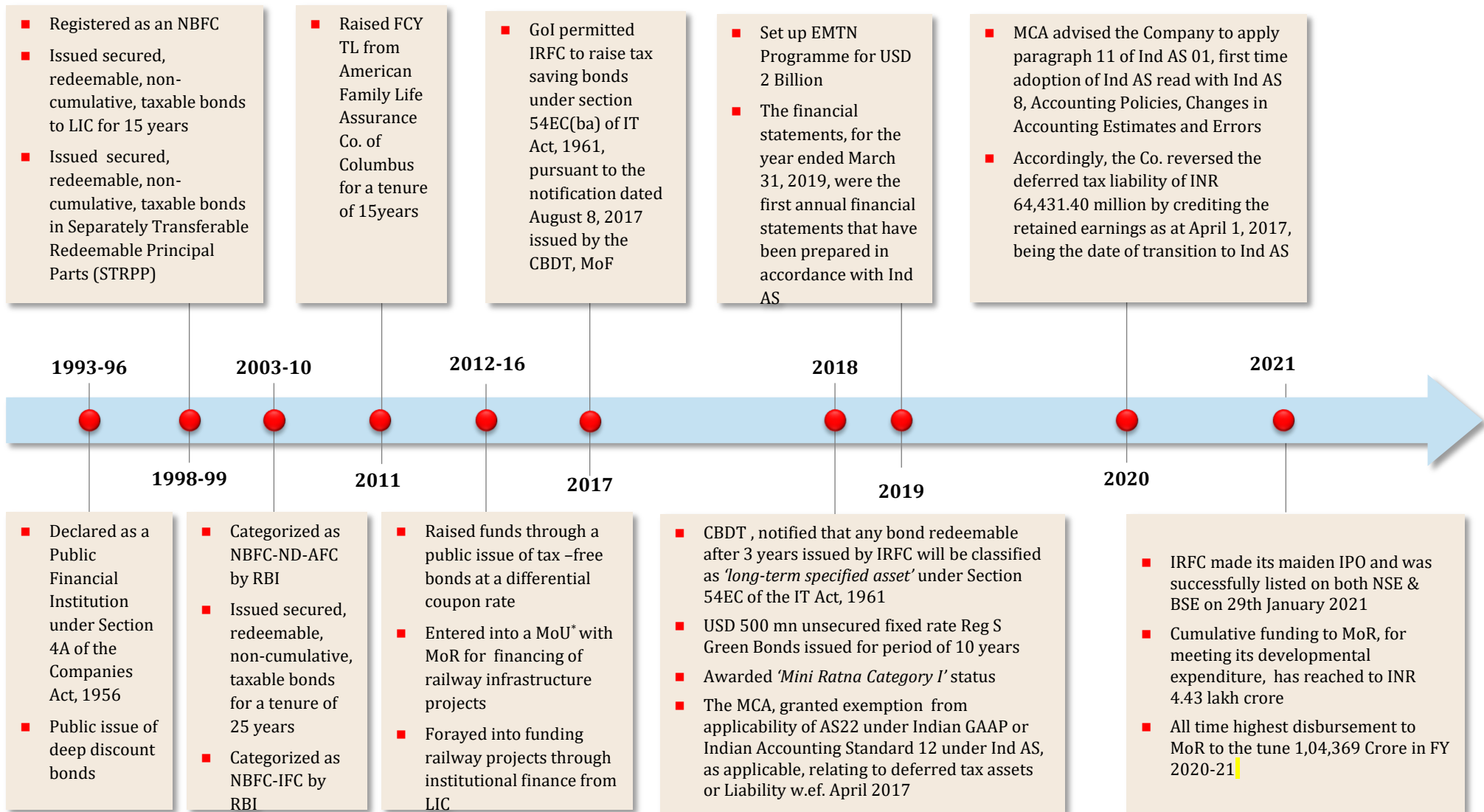


■ Lease Receivables ■ Advance against Railway Infrastructure Assets to be leased ■ Loan to RVNL & IRCON

AUM & CAGR (FY 19- Q1 22) INR 3,66,155 crore 32.9% 	Net worth INR 37,416.5 crore 	RoE / RoA 15.78% / 1.57% (Annualized) 	GNPA NIL 	Tax Liability NIL
Total Debt INR 3,28,347 crore 	NIM 1.66% (Annualized) 	Ratings CRISIL AAA CRISIL A1+ ICRA AAA ICRA A1+ CARE AAA CARE A1+ 	Net Gearing Ratio 8.78X 	CRAR % 468%



Growth Journey



Key Strengths

1

Strategic role in growth of Indian Railways

- Dedicated market borrowing arm for the Indian Railways (IR)
- Financed 67.3% of the capital outlay of the IR in FY 20-21
- Highest ever annual disbursement to MoR, at INR 1,04,369 crore during the FY 20- 21

2

Competitive Cost of Borrowings

- Highest credit rating for an Indian issuer from ICRA, CRISIL & CARE
- Diversified funding sources of various maturities & currencies, including taxable and tax-free bonds, term loans from banks/FIs, ECB's, internal accruals, asset securitization etc. in addition to equity infusion, from time-to-time

3

Low risk, Cost -Plus business model

- Strategic relationship with the MoR enables us to maintain a low risk profile (NIL GNPA)
- Cost-Plus Standard Lease Agreements with MoR
- Expenses incurred w.r.t any foreign currency/ interest hedging costs and/ or losses (and gains, if any) as well as are built into the weighted average cost of borrowing

4

Strong Asset-Liability Management

- 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.

5

Consistent financial performance

- Profit growth of 68.42% on QoQ basis for Q1 FY 2021-22
- Revenue from operations grew by 24.87% on QoQ basis for Q1 FY 2021-22
- Low overheads, administrative costs and high operational efficiency

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 & LCR 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
- Exemption from applicability of Liquidity Coverage Ratio (LCR) norms from RBI

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 income tax provision 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 1st July 2017



Snapshot of Key Financials

Particulars	Quarter Ended		Year-Ended
	30 th June 2021 [#]	30 th June 2020 [#]	31 st March 2021
Revenue from Operations	4,581.56	3,669.22	15,770.47
Finance Cost	8,183.06	10,162.66	11,237.05
Net Interest Income	1,508.07	928.54	4,533.40
Profit Before Tax	1,501.95	891.81	4,416.13
Profit After Tax	1,501.95	891.81	4,416.13
Total Comprehensive Income	1,503.31	893.21	4,417.60

*All figures are in INR Crore
#Unaudited*



Snapshot of Quarterly Key Financials

Particulars	Quarter-Ended 30 th June 2021 [#]	Quarter-Ended 30 th June 2020 [#]	Growth %
Revenue from Operations	4,581.56	3,669.92	24.87%
Profit before tax	1,501.95	891.81	68.42%
Profit After Tax	1,501.95	891.81	68.42%

*All figures are in INR Crore
Unaudited*



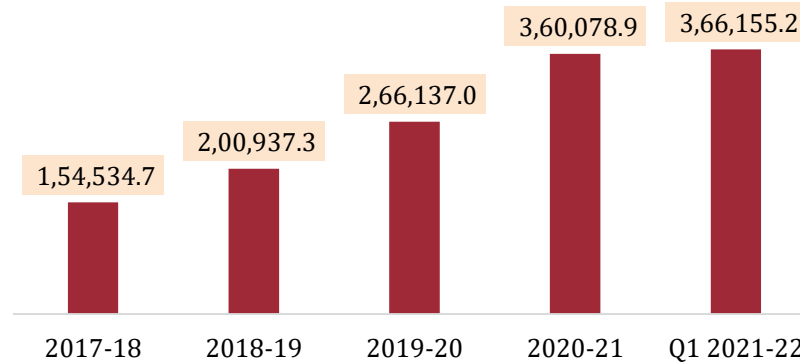
Key Ratios- Quarter 1 of FY 2021-22

Particulars	Quarter-ended 30 th June 2021
Net Interest Margin	1.66% <i>(Annualized)</i>
Return on Net Worth	15.78% <i>(Annualized)</i>
Interest Coverage Ratio	1.49 x
Debt / Equity Ratio	8.78 x
CRAR	468 %

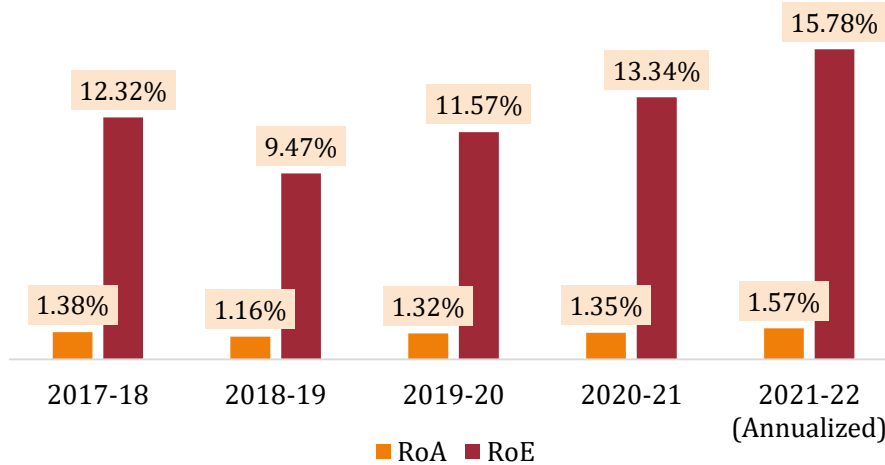


Consistent Financial Performance

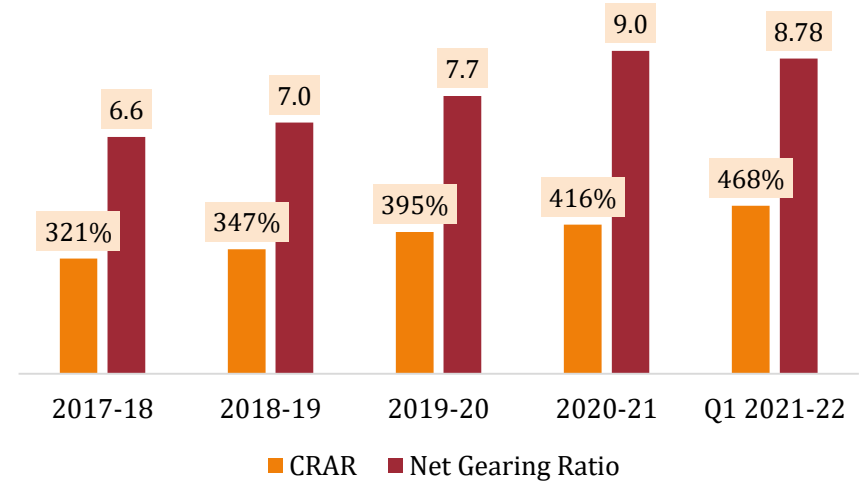
Assets Under Management



Return Ratios



CRAR and Net Gearing Ratio



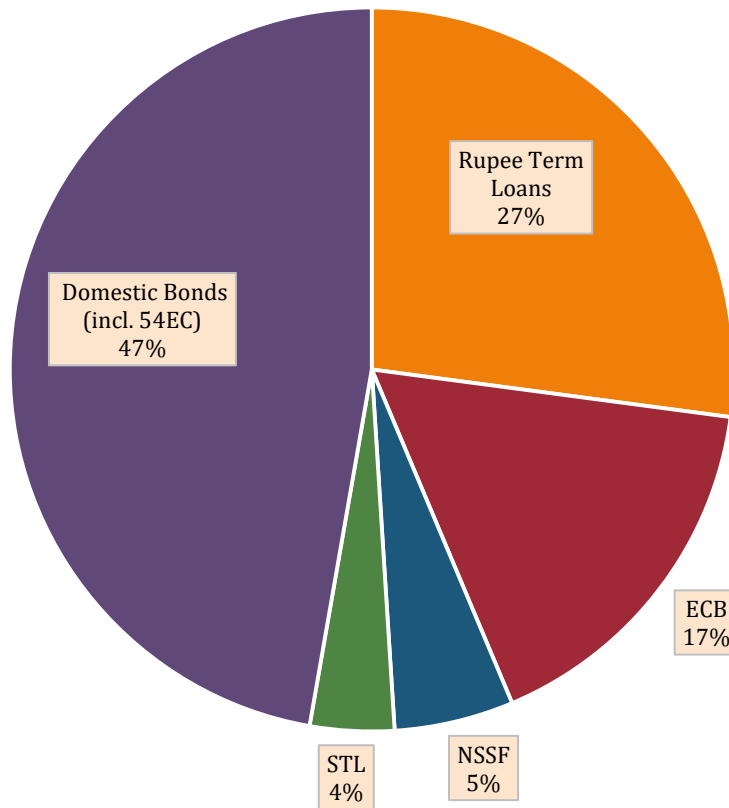
(* All figures are in INR Crore, unless specified otherwise)



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 Outstanding Borrowings as of 30th June 2021



Particulars	Rating	Outlook
Domestic:		
Long term rating		
CRISIL	CRISIL AAA	Stable
ICRA	ICRA AAA	Stable
CARE	CARE AAA	Stable
Short term rating		
CRISIL	CRISIL A1+	-
ICRA	ICRA A1+	-
CARE	CARE A1+	-
International **		
Moody's	Baa3	Stable
Standard and Poor's	BBB-	Stable
Fitch	BBB-	Stable
Japanese Credit Rating Agency	BBB+	Stable

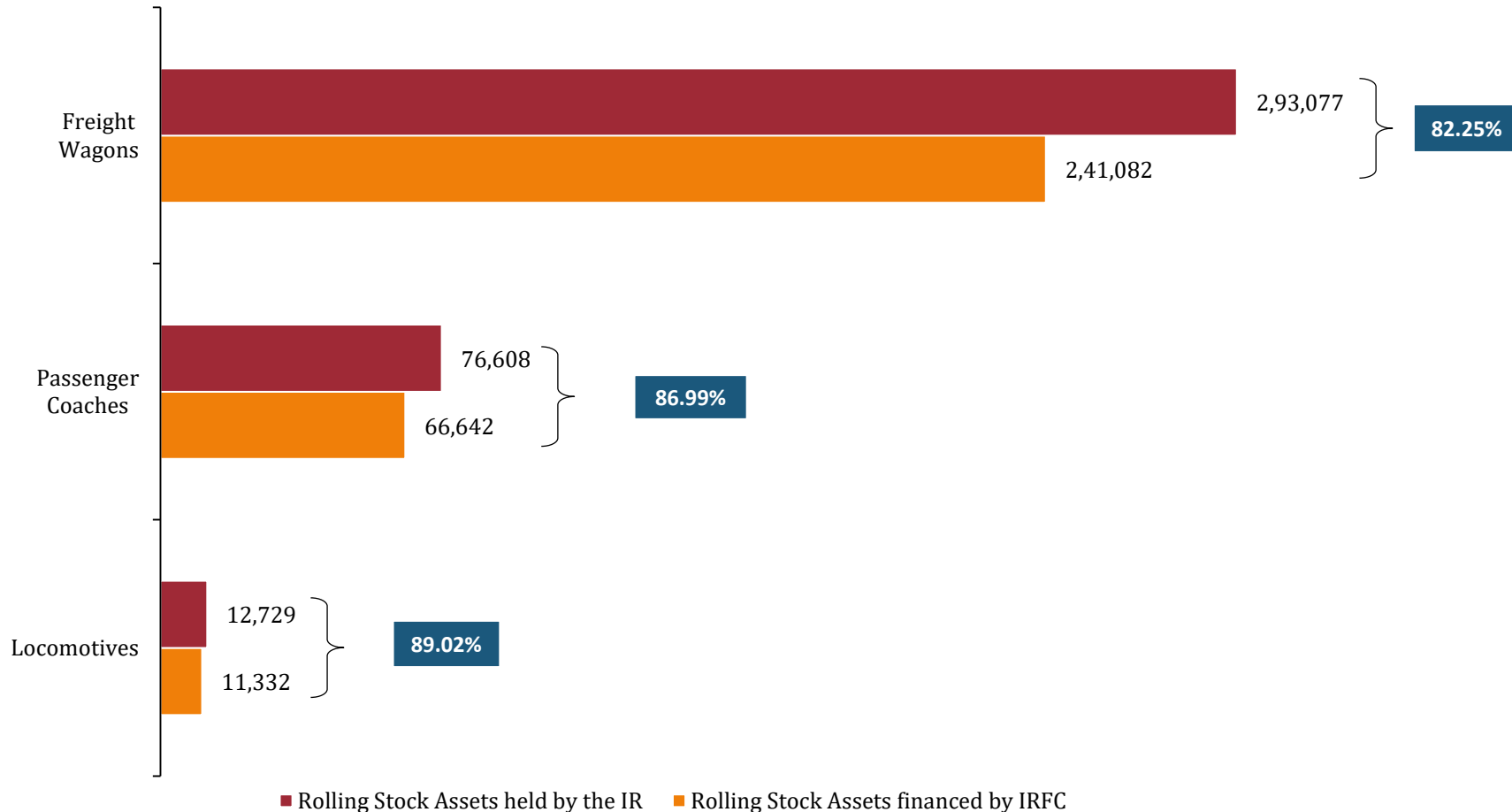
**On par with India's sovereign ratings;



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

IRFC Share in Indian Railways Rolling Stock as of 31st March, 2020

(No. of Units / %)



Source: Ministry of Railways letter dated September 28, 2020 ; Assets financed till March 31st, 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

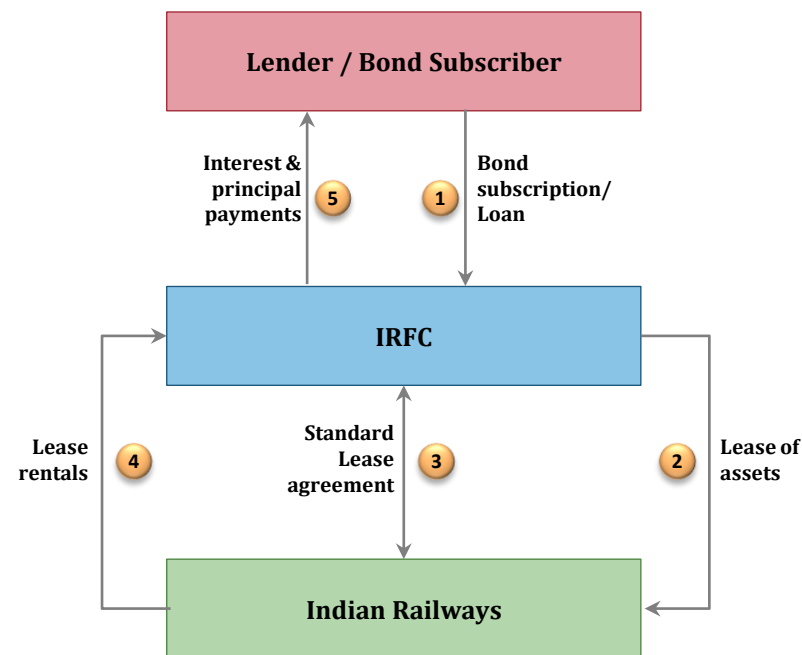
PRIVATE & CONFIDENTIAL



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

Financing of Rolling Stock Assets

Lease Period	<ul style="list-style-type: none"> 30 years (primary period & secondary period of 15 years) During the primary and secondary lease periods, the full value of assets, including interest, has been recovered from the MoR After 30 years, assets are transferred to MoR at nominal price
Standard Lease Agreement	<ul style="list-style-type: none"> Every year, IRFC enters into a Standard Lease Agreement with MoR 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
Advance Lease Rentals	<ul style="list-style-type: none"> Arrangement to pay lease rentals in advance by MoR in case of difficulties experienced by IRFC in debt servicing IRFC has never availed such a facility from the MoR till date
Margin	<ul style="list-style-type: none"> In FY21, IRFC was entitled to a margin of 40 bps over weighted average cost of incremental borrowing



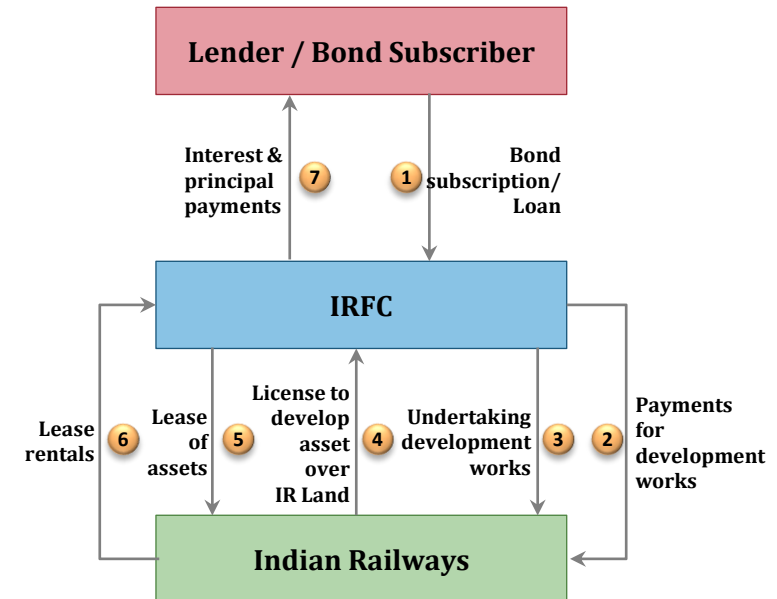
Period	Cost to MoR	Weighted Average Cost of incremental Borrowing to IRFC for financing Rolling Stock Assets	Margin on Incremental Rolling Stock Assets leased
FY2019	8.49%	8.09%	0.40%
FY2020	7.77%	7.37%	0.40%
FY 2021	7.11%	6.71%	0.40%



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

Financing of Project Assets

Standard Lease Agreement	<ul style="list-style-type: none"> IRFC acquired leasehold interest in the project assets under a lease agreement and MoR is required to pay lease rentals. 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
Margin	<ul style="list-style-type: none"> In FY21, IRFC was entitled to a margin of 35 bps over weighted average cost of borrowing



Basic terms of loans provided to other PSU entities		RVNL	IRCON
	Date	July 10, 2008 and a supplementary agreement dated March 15, 2013	March 28, 2018
	Tenure	15 years	5 years 15 days
	Initial Moratorium	3 years	1 year
	Instalments	Annual	5 equal instalments commencing from April 15, 2019
	Interest rate	Determined by IRFC on the basis of the annualized weighted average cost of borrowing for the period plus margin.	8.77% (charged on a yearly basis)
Range of Margin	65-88 bps over weighted average cost of borrowing	-	



Financials- P & L Statement

(INR Crore)	Quarter- Ended			Year- Ended
	June 2021 [#]	March 2021 [#]	June 2020 [#]	March 2021 [*]
Revenue from operations				
Interest income	1,660.14	1,176.39	872.26	3,943.66
Dividend income	0.15	0.02	-	0.25
Lease income	2,921.27	3,278.56	2,796.96	11,826.56
Total revenue from operations	4,581.56	4,454.96	3,669.22	15,770.47
Other income	0.87	0.04	0.00	0.07
Total income	9,207.84	4,455.01	10,987.36	13,421.09
Finance costs	3,073.49	2,917.83	2,740.68	11,237.05
Impairment on financial instruments	(2.27)	3.55	(2.83)	2.72
Employee benefit expense	1.80	2.51	1.26	7.85
Depreciation, amortization and impairment	3.10	4.08	0.12	4.43
Other expenses	3.53	44.48	38.18	102.68
Total expenses	3,079.65	2,972.46	2,777.42	11,354.73
Profit before exceptional items and tax	1,501.95	1,482.55	891.81	4416.13
Exceptional items	-	-	-	-
Profit before tax	1,501.95	1,482.55	891.81	4416.13
Tax expense	-	-	-	-
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Total Tax Expenses	-	-	-	-
Profit for the period from continuing operations	1,501.95	1,482.55	891.81	4416.13
Profit from discontinued operations	-	-	-	-
Tax expense of discontinued operations	-	-	-	-
Profit from discontinued operations (after tax)	-	-	-	-
Profit for the period	1,501.95	1,482.55	891.81	4416.13

All figures are in INR Crore
[#]Unaudited
^{*}Audited



Financials – Balance sheet (1/2)

INR/Crore

Particulars	As at 30 th June 2021 [#]	As at 30 th June 2020 [#]	As at 31 st March 2021 [*]
ASSETS			
Financial assets			
Cash and cash equivalents	109.40	6.45	297.19
Bank balance other than above	93.04	199.88	161.73
Derivative financial instruments	82.28	-	76.01
Receivables			
- Lease receivables	1,68,382.56	1,48,722.44	1,65,568.99
Loans	6,625.61	6,043.84	6,969.81
Investments	12.65	12.44	11.98
Other financial assets	2,02,278.17	1,26,380.52	1,97,128.25
Total financial assets	3,77,583.71	2,81,365.57	3,70,213.97
Current tax assets (net)	930.77	867.64	930.32
Property, plant and equipment	42.34	10.95	45.32
Other Intangible assets	0.04	0.04	0.04
Other non-financial assets	7,463.16	1,472.65	6,862.06
Total non-financial assets	8,436.31	2,351.27	7,837.74
Total Assets	3,86,020.02	2,83,716.85	3,78,051.72



Financials – Balance sheet (2/2) INR/Crore

Particulars	As at 30 th June 2021 [#]	As at 30 th June 2020 [#]	As at 31 st March 2021 [*]
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	368.79	428.57	360.13
Payables			
- Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-
- Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	0.39	0.01	0.38
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	32.70	31.67	50.38
Debt securities	1,75,654.65	1,54,074.63	1,78,574.79
Borrowings (other than debt securities)	1,52,692.70	80,090.52	1,44,535.89
Other financial liabilities	19,691.78	17,845.81	17,207.69
Total financial liabilities	3,48,441.03	2,52,471.19	3,40,729.25
Non-financial liabilities	0	0	0
Current tax liabilities (net)	-	-	-
Provisions	29.01	13.66	29.12
Deferred tax liabilities (net)	-	-	-
Other non-financial liabilities	133.49	390.32	1,379.96
Total non-financial liabilities	162.50	52.69	1,409.08
Total liabilities	3,48,603.53	2,52,523.88	3,42,138.34
EQUITY			
Equity share capital	13,068.51	11,880.46	13,068.51
Other equity	24,347.99	19,312.49	22,844.88
Total equity	37,416.49	31,192.96	35,913.38
Total Liabilities and Equity	3,86,020.02	2,83,716.85	3,78,051.72



Disclaimer

- * The presentation is prepared based on unaudited financial statements of IRFC the Quarter ended 30th June 2021
- * 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.
- * we do not update forward looking statements retrospectively. Such statements are valid on the date of publication and can be super ceded.
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- * Answers will be given only to non price sensitive questions.
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Thank You

