

**FUTURE ON TRACK**



**Indian Railway Finance Corporation Limited**

**For Nine-months ended: 31<sup>st</sup> December 2021**

14<sup>th</sup> February 2022

# 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 67.3% 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
- AUM has grown sat 38.83% 9M on 9M and stands at INR 4,02,300.8 crore

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

**Competitive Cost of Borrowings**

**Long term Ratings**

**AAA**

- Highest credit rating for an Indian issuer from ICRA, CRISIL & CARE
- Diversified funding sources of various maturities & currencies
- Competitive cost of Borrowing to keep finance cost under check

4

**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.

5

**Consistent financial performance**

**Net Worth (9MFY22)**

**INR 3,95,046.74 Cr**

- Profit growth of 56.71% on Q3 on Q3 basis for FY 2021-22
- Revenue from operations grew by 26.97% on Q3 to Q3 basis for FY 2021-22
- Low overheads, administrative costs and high operational efficiency
- Healthy return ratios – RoA at 1.45% and RoE at 15.62% for Q3FY22 (Annualised)

6

**Enjoys Regulatory Exemptions**

**Tax Liability**

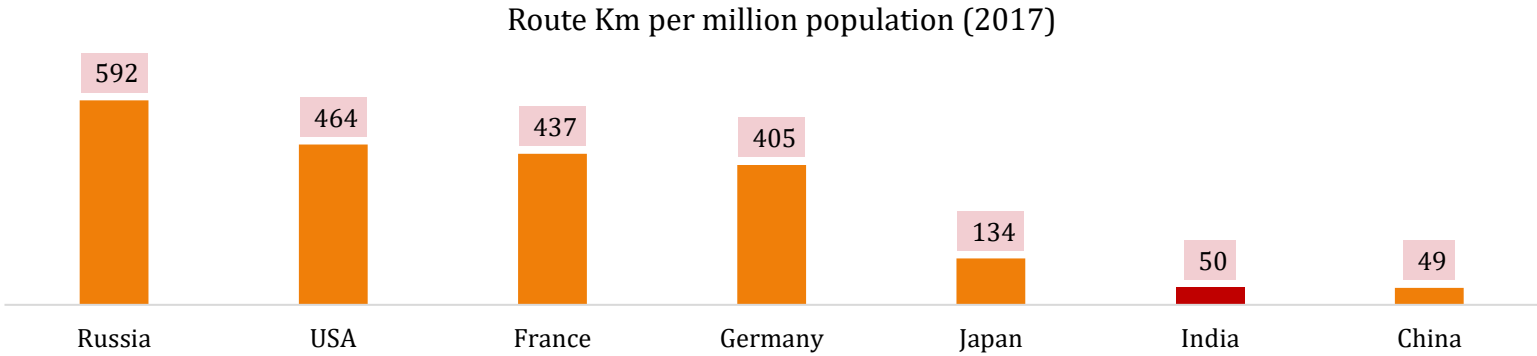
**NIL**

- Exempted from the RBI's asset classification norms, provisioning norms, exposure norms to the extent of direct exposure on MoR and is , is not required to pay 'minimum alternate tax' with effect from Fiscal 2020



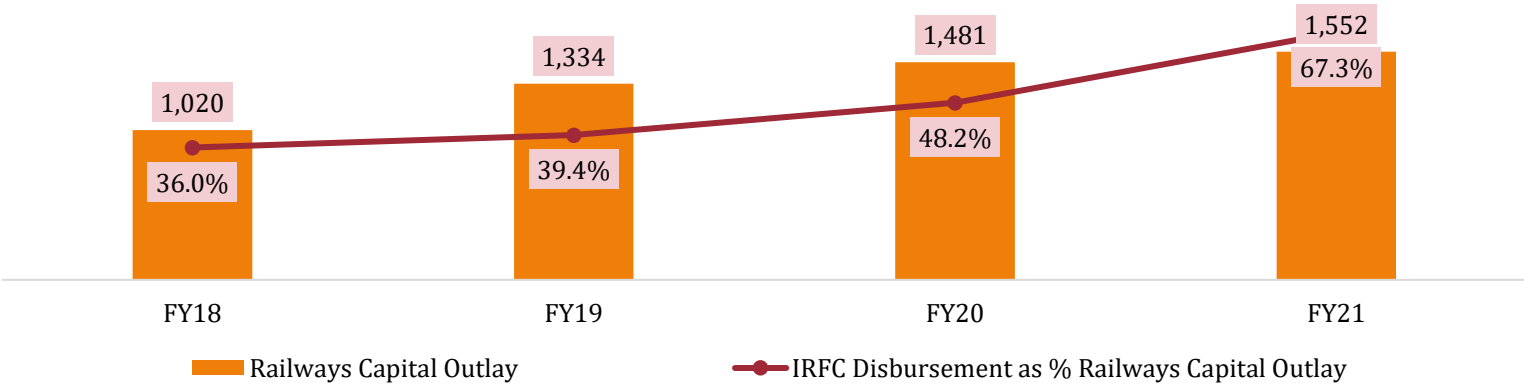
# Strategic role in financing growth of Indian Railways

## Indian Railways is fairly underpenetrated compared to the Global peers



## MoR's increasing dependence on IRFC for financing

INR Bn

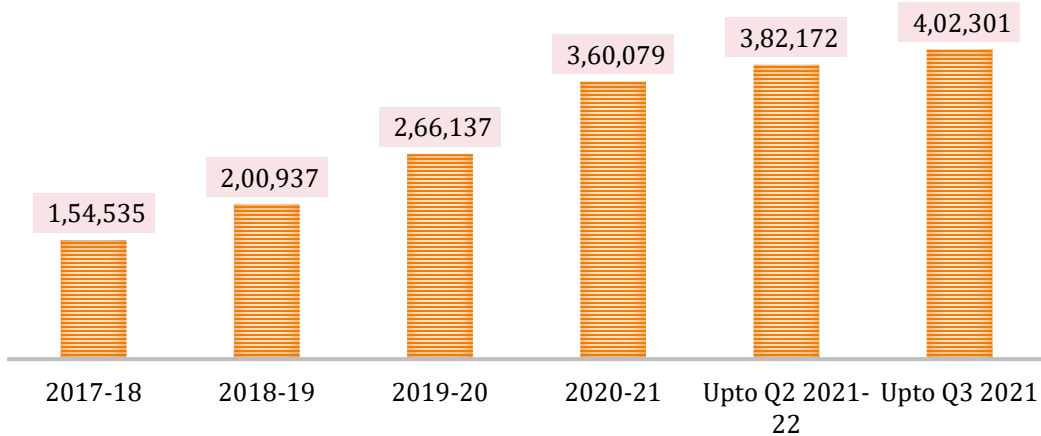


Source: National Infrastructure Pipeline , Report of the Task force , Department of Economic affairs , Ministry of Finance , GoI – Volume I

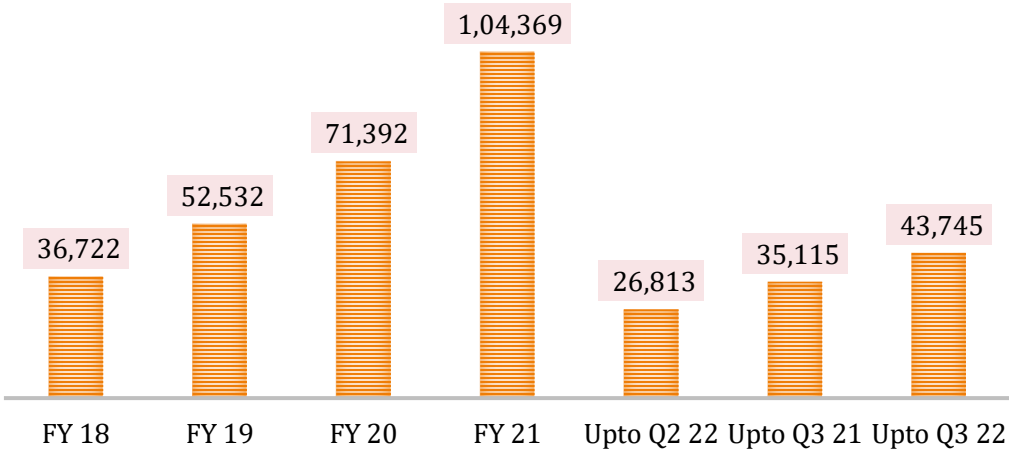


# Strategic role in financing growth of Indian Railways

## Assets Under Management

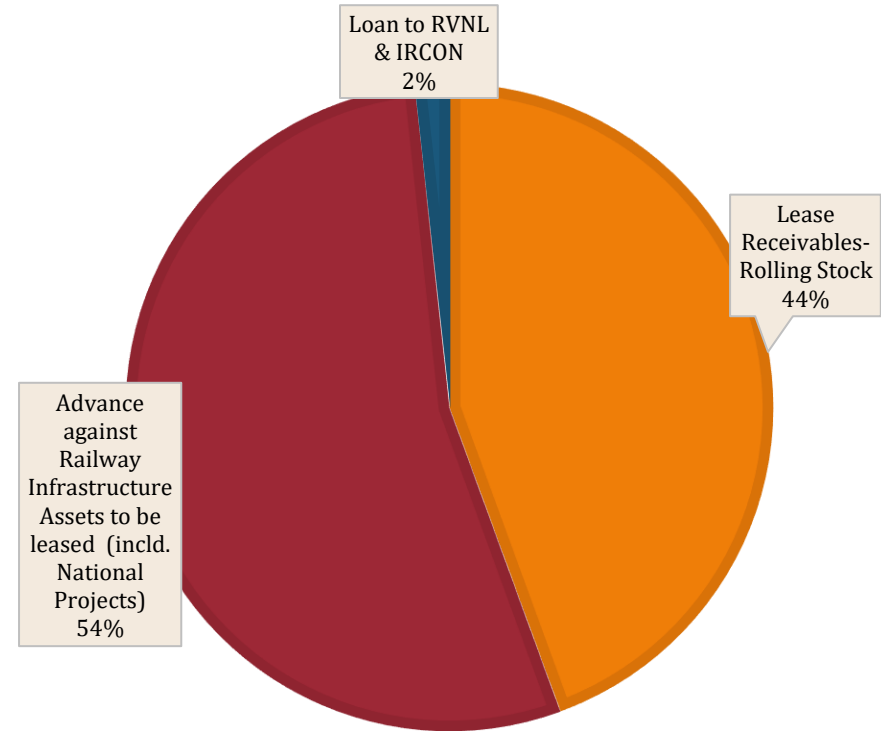


## Disbursements



## AUM Break-Up (9M FY22)

Minimal credit risk : 98% of AUM is exposure to MoR

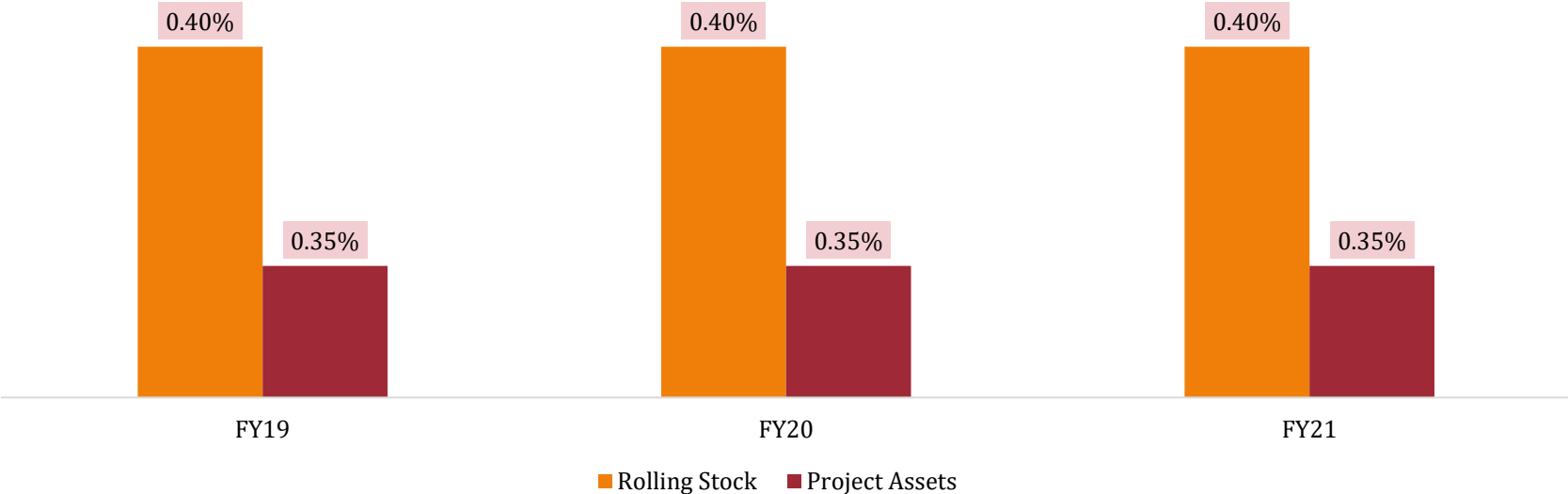


All figures are in INR Crore, unless specified otherwise



# Low risk, cost-plus business model

## Spreads Charged by IRFC



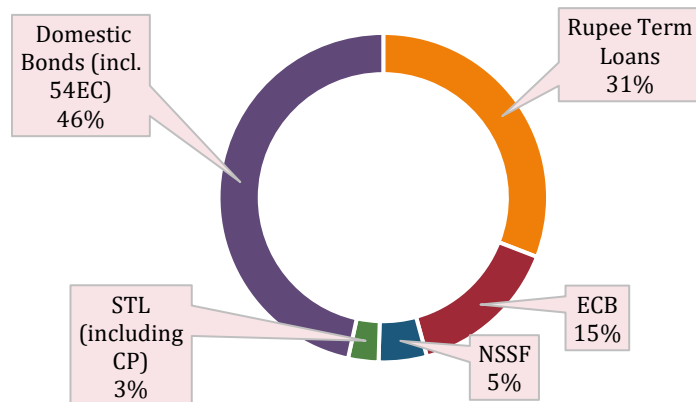
IRFC raises funds at lowest possible cost amongst the Term Lending Institutions in India. This directly benefits the IR in terms of saving in finance cost

IRFC charges a minimal cost of margin (spread) over its already low-cost of borrowing, to MoR, but still exhibits consistent financial performance, owing to its robust business model

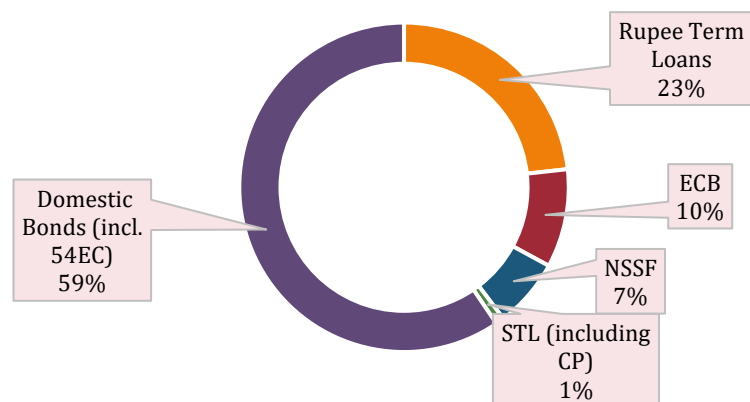


# Competitive cost of borrowings based on strong credit ratings in India and diversified sources of funding

Borrowing Mix as on 31<sup>st</sup> December 2021



Borrowing Mix as on 31<sup>st</sup> December 2020



Particulars (31 <sup>st</sup> December 2021)	Rating	Outlook
<b>Domestic:</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>International **</b>		
Moody's	Baa3	Stable
Standard and Poor's	BBB-	Stable
Fitch	BBB-	Stable
Japanese Credit Rating Agency	BBB+	Stable

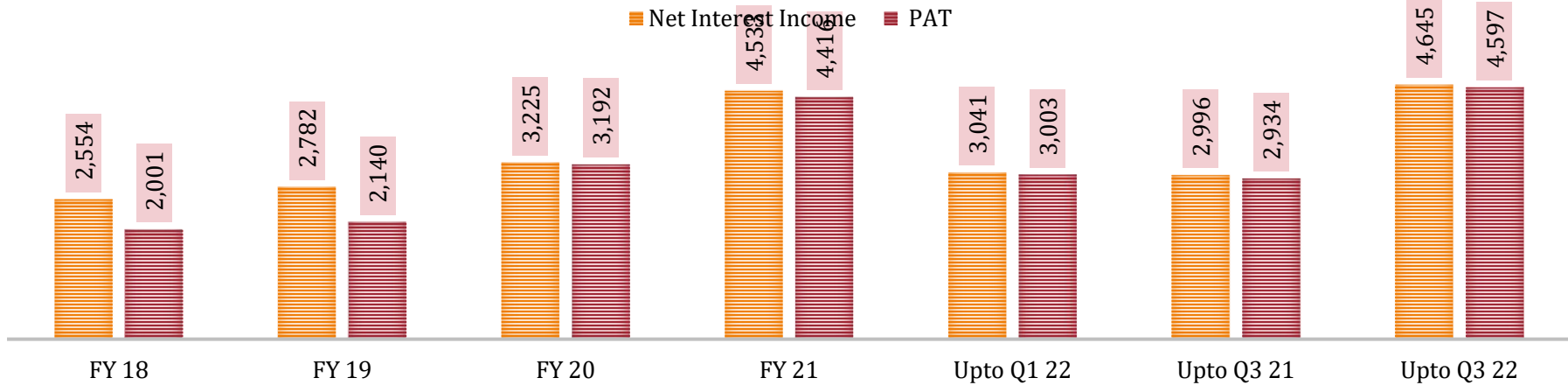
*Diversified sources of funding, credit ratings and strategic relationship with the MoR, have enabled IRFC to keep costs of borrowing competitive*

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

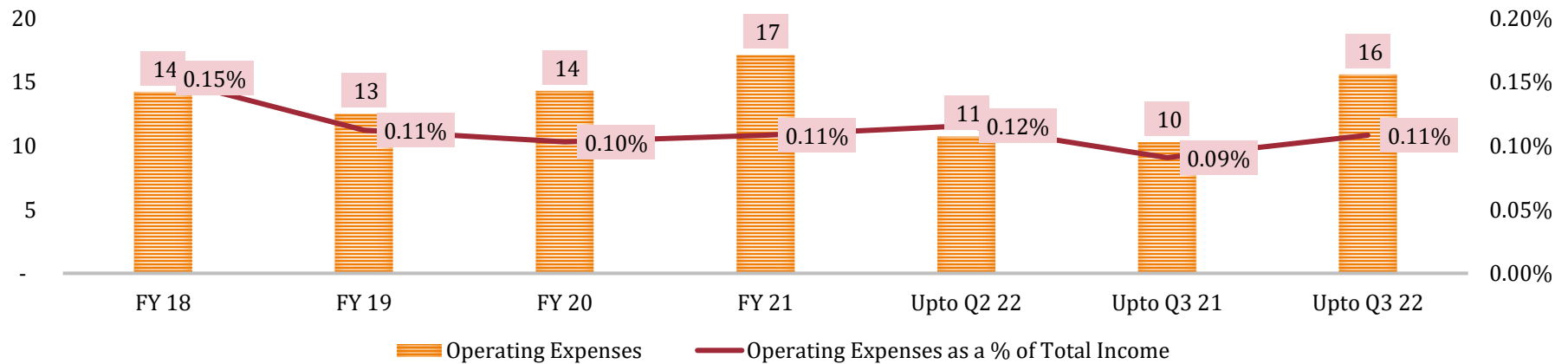


# Consistent Financial Performance

## Net Interest Income & PAT



## Negligible Operating Expenses

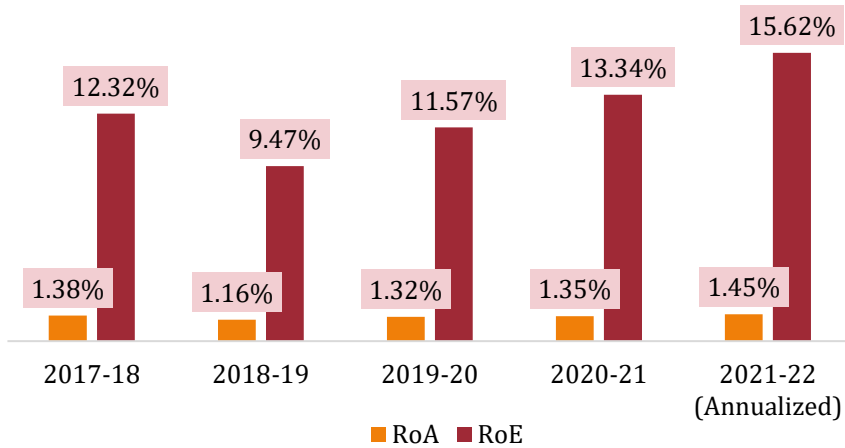


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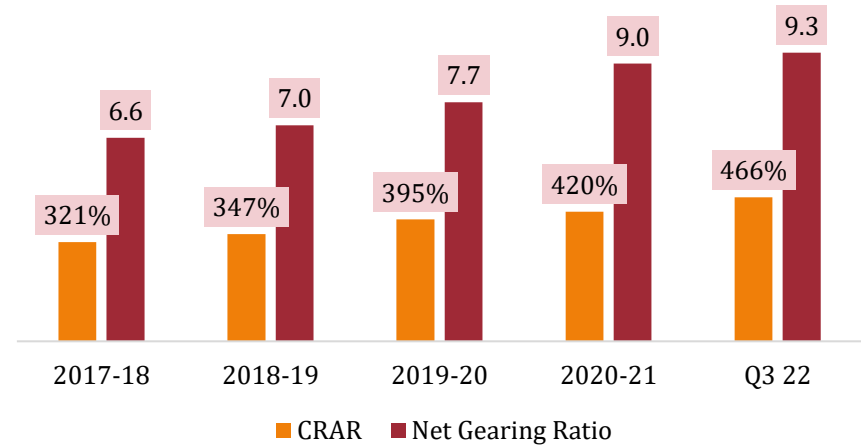


# Consistent Financial Performance

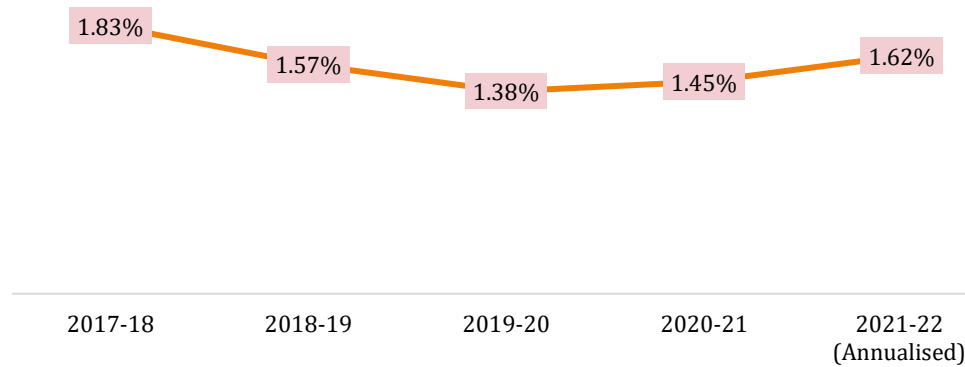
## Return Ratios



## CRAR and Net Gearing Ratio



## Net Interest Margin



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





## Key Ratios- Q3 of FY 2021-22

Particulars	9 Monthen ded 3 <sup>1st</sup> December 2021
<b>Net Interest Margin</b>	1 .62% (Annualized)
<b>Return on Equity</b>	15.62% (Annualized)
<b>Net Gearing Ratio</b>	9.34 x
<b>CRAR</b>	466.34%
<b>EPS (9M)</b>	3.52



## Snapshot of Key Financials

Particulars	9 month ended			Year-Ended
	31 <sup>st</sup> Dec. 2021	31 <sup>st</sup> Dec. 2020	Growth in %	31 <sup>st</sup> March 2021
<b>Revenue from Operations</b>	14,367.54	11,315.51	27%	15,770
<b>Finance Cost</b>	9,721.96	8,319.22	17%	11,237
<b>Net Interest Income</b>	4,645.18	2,996.05	55%	4,533
<b>Profit Before Tax</b>	4,597.34	2,933.58	57%	4,416
<b>Profit After Tax</b>	4,597.34	2,933.58	57%	4,416
<b>Total Comprehensive Income</b>	4,597.67	2,934.98	57%	4,418

All figures are in INR Crore





**Thank You**



# Disclaimer

- \* The presentation is prepared based on unaudited financial statements of IRFC the third quarter ended 31<sup>st</sup> December 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
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# Financials- P & L Statement

(INR Crore)	9M Ended		Half-Year ended		Year- Ended
	December FY22 <sup>#</sup>	December FY21 <sup>#</sup>	September FY22 <sup>#</sup>	September FY21 <sup>*</sup>	March 2021 <sup>*</sup>
Revenue from operations					
Interest income	5,381.71	2,767.27	3,311.76	1,716.77	3,943.66
Dividend income	0.40	0.23	0.24	0.23	0.25
Lease income	8,985.43	8,548.01	5,959.59	5,666.11	11,826.56
<b>Total revenue from operations</b>	<b>14,367.54</b>	<b>11,315.51</b>	<b>9,271.58</b>	<b>7,383.12</b>	<b>15,770.47</b>
Other income	1.25	0.35	0.06	0.27	0.39
<b>Total income</b>	<b>14,368.79</b>	<b>11,315.85</b>	<b>9,271.64</b>	<b>7,383.39</b>	<b>15,770.86</b>
Finance costs	9,721.96	8,319.22	6,230.62	5,440.98	11,237.05
Impairment on financial instruments	(0.17)	(0.84)	(0.87)	(1.43)	2.72
Employee benefit expense	6.31	5.34	3.96	2.65	7.85
Depreciation, amortization and impairment	9.31	0.35	6.20	0.23	4.43
Other expenses	34.04	58.20	28.29	54.12	102.68
<b>Total expenses</b>	<b>9,771.45</b>	<b>8,382.27</b>	<b>6,268.21</b>	<b>5,496.55</b>	<b>11,354.73</b>
Profit before exceptional items and tax	4,597.34	2,933.58	3,003.43	1,886.84	44,16.13
Exceptional items	-	-	-	-	-
<b>Profit before tax</b>	<b>4,597.34</b>	<b>2,933.58</b>	<b>3,003.43</b>	<b>1,886.84</b>	<b>4,416.13</b>
Tax expense	-	-	-	-	-
Current tax	-	-	-	-	-
Deferred tax	-	-	-	-	-
<b>Total Tax Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit for the period from continuing operations	4,597.34	2,933.58	3,003.43	1,886.84	4,416.13
Profit from discontinued operations	-	-	-	-	-
Tax expense of discontinued operations	-	-	-	-	-
Profit from discontinued operations (after tax)	-	-	-	-	-
<b>Profit for the period</b>	<b>4,597.34</b>	<b>2,933.58</b>	<b>3,003.43</b>	<b>1,886.84</b>	<b>4,416.13</b>

All figures are in INR Crore

#Unaudited

\* Audited



# Financials – Balance sheet (1/2)

Particulars	December FY22 <sup>#</sup>	December FY21 <sup>#</sup>	September FY22 <sup>#</sup>	September FY21 <sup>*</sup>	As at 31 <sup>st</sup> March 2021 <sup>*</sup>
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	115.35	131.06	2,070.90	1.66	297.19
Bank balance other than above	122.54	92.12	76.24	94.21	161.73
Derivative financial instruments	24.65	0.35	93.63	-	76.01
Receivables					
- Lease receivables	1,78,759.89	1,59,178.09	1,73,984.28	1,53,846.81	1,65,568.99
Loans	6,824.81	6,243.04	6,824.80	6,243.04	6,969.81
Investments	11.31	11.88	11.76	11.40	11.98
Other financial assets	2,30,881.54	1,39,878.82	2,13,717.63	1,29,336.41	1,97,128.25
<b>Total financial assets</b>	<b>4,16,740.09</b>	<b>3,05,535.36</b>	<b>3,96,779.27</b>	<b>2,89,533.55</b>	<b>3,70,213.97</b>
Current tax assets (net)	930.96	949.54	930.77	863.05	930.32
Property, plant and equipment	36.60	10.93	39.59	10.92	45.32
Other Intangible assets	1.63	0.04	1.13	0.04	0.04
Other non-financial assets	13,695.89	1,821.55	10,916.65	1,579.00	6,862.06
<b>Total non-financial assets</b>	<b>14,665.09</b>	<b>2,782.05</b>	<b>11,888.15</b>	<b>2,453.02</b>	<b>7,837.74</b>
<b>Total Assets</b>	<b>4,31,405.17</b>	<b>3,08,317.41</b>	<b>4,08,667.43</b>	<b>2,91,986.58</b>	<b>3,78,051.72</b>

All figures are in INR Crore  
<sup>#</sup>Unaudited  
<sup>\*</sup>Audited



# Financials – Balance sheet (2/2)

Particulars	December FY22	December FY21	September FY22	September FY21	As at 31 <sup>st</sup> March 2021*
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
Financial liabilities					
Derivative financial instruments	441.22	358.08	380.96	388.34	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	0.20	0.16	0.20	0.15	0.38
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	26.23	25.78	25.08	43.99	50.38
Debt securities	1,92,799.91	1,68,096.43	1,93,709.14	1,61,258.66	1,78,574.79
Borrowings (other than debt securities)	1,76,301.84	89,369.28	1,48,988.46	84,090.65	1,44,535.89
Other financial liabilities	22,200	17,657.11	22,158.35	14,502.94	17,207.69
<b>Total financial liabilities</b>	<b>3,91,769.40</b>	<b>2,75,506.83</b>	<b>3,65,262.21</b>	<b>2,60,284.75</b>	<b>3,40,729.25</b>
Non-financial liabilities					
Current tax liabilities (net)	-	-	-	-	-
Provisions	29.08	9.44	29.15	9.29	29.12
Deferred tax liabilities (net)	-	-	-	-	-
Other non-financial liabilities	102.02	66.82	4,458.93	5.56	1,379.96
<b>Total non-financial liabilities</b>	<b>131.10</b>	<b>76.26</b>	<b>4,488.09</b>	<b>14.86</b>	<b>1,409.08</b>
<b>Total liabilities</b>	<b>3,91,900.50</b>	<b>2,75,583.09</b>	<b>3,69,750.30</b>	<b>2,60,299.61</b>	<b>3,42,138.34</b>
<b>EQUITY</b>					
Equity share capital	13,068.50	11,880.46	13,068.50	11,880.46	13,068.51
Other equity	26,436.17	20,853.86	25,848.61	19,806.50	22,844.88
<b>Total equity</b>	<b>39,504.67</b>	<b>32,734.32</b>	<b>38,917.12</b>	<b>31,686.96</b>	<b>35,913.38</b>
<b>Total Liabilities and Equity</b>	<b>4,31,405.17</b>	<b>3,08,317.41</b>	<b>4,08,667.43</b>	<b>2,91,986.58</b>	<b>3,78,051.72</b>

All figures are in INR Crore  
#Unaudited  
\* Audited

