"Indian Railway Finance Corporation Q2 FY-25 Earnings Conference Call"

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MODERATOR: **MR. SANKET CHHEDA – DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen good day and welcome to the IRFC Q2 FY25 earnings conference call hosted by DAM Capital Advisors Limited.

As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanket Chheda from DAM Capital Advisors Limited. Thank you and over to you sir.

Sanket Chheda: Yes, Thanks Nidhi. Hello and very good morning to all of you. We are here to discuss the IRFC Q2 results. We have with us the entire Management Team.

The key personnels will be Mr. Manoj Kumar Dubey who is the Chairman and Managing Director. He would be doing this call for the first time after joining IRFC and has quite a dynamic personality, comes from a very rich experience across many industries. The second is Ms. Shelly Verma who is the Director (Finance) and Mr. Sunil Kumar Goel who is a GGM (Finance) and CFO.

So, without further ado I will hand the call over to the MD sir, Mr. Manoj Kumar Dubey. We will follow that up by question and answers after his opening remarks. So, over to you sir.

Manoj Kumar Dubey: Thank you Sanket for all the good words. Good morning, friends. Welcome to Conference Call for Quarter 2 Results of FY25 for IRFC. I am Manoj Dubey; Chairman and Managing Director of this Company. Joining me today are my Director (Finance) – Ms. Shelly Verma, my CFO – Mr. Sunil Goel and also my Head of Departments.

Before we discuss the H1 and Q2 Results of the current FY, let me have the opportunity to introduce myself in brief. I took over as CMD IRFC on 10th of October last month. I bring in more than 30 years of experience of working in Railway Infra Logistics and Railway Finance ecosystem. I am an IRAS officer of 1994 batch from civil services, and I worked with UTI also before joining railways. In the last decade from 2013 to 2018, I headed the Railway Board's Infra Finance wing of PPP and extra budgetary resource mobilization. So, in a way you can say that for me now, I've changed the side of the table. Earlier in my career, I was looking at IRFC for getting the money for railways and now, from this side I will be doing the job for arranging funds to railways. Meanwhile from 2018 to 2024, I was also on the board of Container Corporation of India Limited, that is popularly called CONCOR, a leading Navratna Railway logistics company as DF and CFO. The Ministry of Railways and GoI who are promoters of IRFC, have brought me here as CMD for a tenure of 5 years.

Coming to a brief about the latest journey of IRFC:

As you know this company is working from 1986 mopping up funds for Indian Railways particularly. the journey from 2015 onwards took a new turn. In 2015 for the first time apart from funding the rolling stock requirements i.e., engines and wagons and coaches for Indian Railways, Indian Railways also started taking funds from IRFC for their project financing . I was in fact in those days in the Railway Board itself. That journey culminated in a very steep rise in the assets of this company.

In fact, from 2018 to 2023 average (+60,000) crores disbursement took place and in fact there are two highlights:

1. In the FY2021, the total disbursement by IRFC to Indian Railways was more than 1 lakh crores. Until that year that was the highest for any NBFC to disburse in one year.
2. In FY2023 the total disbursement size of IRFC grew to around INR 5 trillion i.e., INR 5 lakh crores. In that particular year it was highest in the CPSE - NBFC system. With this steep rise in the business, one more milestone took place for the company in 2021. The listing of this company was done and nearly 13% of shares were divested. You all know that since then the market cap of this company has grown steep, posing a lot of confidence in the kind of business that we do. The company also has a rare distinction of maintaining Zero-NPA and has grown stronger in the balance sheet in last 5-6 years.

With very high and steep growth in its assets under management for 5 consecutive FYss, there was no disbursement in the last FY and current FY till now. In fact, our debt-to-equity ratio because of the steep rise in the last FY had grown very high, nearly (+9) which is now cooling down to nearly 7.5. This period of six quarters, we did not disburse but our projects which we financed with 5-year moratorium time, was still giving us a good revenue stream and that is keeping our top and bottom line steady and healthy.

With the full regular functional board in place now, taking over for next 5 years and I have now my full team with me, company is making concrete plans and roadmap for renewed lending structure, not limiting itself to railways directly but also to the backward and forward linkages in railways and logistic ecosystem which covers almost everything in infra sector. If we talk about port also, we talk about anything which is doing something with the logistics will come out in our purview of memorandum of article.

Meanwhile going further, company will keep augmenting its core competence and be ready to leverage our balance sheet strength to make very attractive funding available to all sectors as per our mandate and MoU.

You may be aware that IRFC's weighted average cost of capital has always been lowest among the peers and we intend to further bring it down, leveraging our strong balance sheet, having more share of 54 EC with zero NPA and zero tax status.

Coming to our Quarter 2 Results and numbers:

As you have already seen it has been as steady as it could be and I assure you that coming couple of quarters will be giving a lot of pace to growth trajectory of the company with infra story of the country for next 20 years I would say is completely intact and the story of infrastructure in railway in particular fully intact. I see a very bright future of IRFC.

With this remarks, I welcome you all to this Q&A session with us. Thank you so much.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on their touch tone telephone. If you wish to remove question from the question que, press "*" and "2". Participants are requested to use handsets while asking question. Ladies and gentlemen, we will wait for a moment while the question que assembles. Participants you may press "*" and "1" to ask a question. The first question is from the line of Sanket Chheda from DAM Capital Advisors Limited. Please go ahead.

Sanket Chheda: Yes, Hi Sir**,** My question was that in last 2 years we have seen developments in other PSU-NBFCs as well. So, PFC-REC like earlier used to do only power, later they have been mandated to do infra which is non-power as well as we see renowned CAPEX after many years and signs of private CAPEX picking up is already visible. So, in case of IRFC so far, we have been only into railways related financing. Any thoughts on say moving to different sectors or getting those mandates and any change of strategies there or any inclusion of other sectors as a part of strategy, so anything that you can highlight would be useful?

Manoj Kumar Dubey: So yes, Sanket this is the most pertinent question for us. Number one as you rightly said that the PFC and REC with their core sector of power, they are now into everything as Infra finance company. So likewise, we also have a mandate from RBI to lend to anybody. There are no restrictions on that side. Having said that, till now we have been funding only to the railways for two reasons. One, as you see that my asset under the management size is as big as REC and PFC with the appetite that railways had with us. So obviously till now we have never looked forward to anything else rather than meeting the targets of the railways which used to be very high. In fact, I mentioned that in the last five FYs before FY23 the average disbursement was 60,000 crores, and in FY 21 was more than in fact by PFC-REC also. Yes, going forward now first thing that we have already started looking towards the other entities who are having forward and backward linkages with the railways and the logistics sector. In fact, if you are tracking us, we are entering into arrangement to fund NTPC for purchase of their wagons which they use in the railway system for their coal logistics. Similarly, there is everything including even the hotel construction which is linked with the railway tourism which we can fund. Also, yes, we are making a strategy and we are very much planned to go forward in next quarter and the next FY ahead to look into these prospects. And one more thing, as you know that in railways we do the bulk of lending with a margin of 35 bps and 40 bps. Once we go outside this purview, we don't have that restriction. So obviously we will be doing the lending at a very attractive rate and try to be competitive than the peers. This is what our motto will be. But still our margins will be high and that will show a good growth in our PAT going forward. And next question that you mentioned, yes, going forward the quarter to quarter, story of growth will unfold and we will share with you. Yes, our aim is also to be as good as funding anything and everything in the infrastructure of the country like PFC-REC in the coming years. I will say it may not be visible in next two quarters. But with the growing muscles and things going forward, that is the destination for this company also.

Sanket Chheda: As far as the pricing is concerned, we see that REC-PFC cost of funds are around 7-7.2 and they lend at around 9.5, so they make about 2.3-2.5. We have been operating at a very thin spread. If we continue to do so for the other infra, is there a possibility to gain the market share from the others NBFCs dealing infra segment or any thoughts there?

Manoj Kumar Dubey: So Sanket, your question has got an answer. The moment we foray outside railway, in railways business it is a zero NPA business, it is assured business, and we have an arrangement of funding them at 40 bps and 35 bps for projects. Once we go out obviously to the lucrative market as you rightly mentioned the kind of bps—which I am not saying you are saying me that—300 bps or 250 bps, so those lucrative aspects are there for us also to grab. Yes, as our ethos have been, since our weighted cost of capital has been lowest in the market, if we foray out as and when and which we are going to be very soon. It's not that we are going to crash the market of lending but yes, we will surely be the most attractive lenders in the ecosystem. That goes without saying. And surely we are going to move out apart from the railway funding to the other sectors from next quarter onwards. So that is on the card.

Sanket Chheda: The other question was, that one is that what kind of a growth CAGR we should expect over next 2 years, 3 years, 5 years that you would have under the plan and particularly outside the railway related financing which has been a zero NPA business for us. Whatever other things that we do, how do you see the share of that piece moving in say 3 years or 5 years? So, will it be say 10% of the AUM in 3 years, 15%-20%, how do you see that?

Manoj Kumar Dubey: So Sanket, I won't be putting in numbers on that but as you see what we are working straight away, one that steady pipeline could come from the railways. That we are already in discussions and once the things unfold as you know railways declares this right in the beginning of the FY and the beauty of the railway is that the whole disbursement takes place in the same FY in comparison to other companies where sanctioned projects are not mandatorily disbursed in the same year. It may get disbursed in couple of years, say 3 years. In our case once the railway declares in the budget that this much of funding will be taken from IRFC, it is disbursed in the same FY . So that is one stream. Second stream also we are not putting in numbers. But as you see once we grow and go out in the market and start taking anything in the logistics field and the infra field, obviously we are going to grow. And since my numbers other than of the railway is zero, my CAGR for those fields will be high. Whatever margins will come from that business as you have already seen that my peers are doing at 250 bps and 300 bps also in some cases, we will look at the quality of the assets and obviously our growth will be quite phenomenal. If you want to me to say in next 2 to 3 years that is a plan in the hand. I will refrain from putting in numbers on that. But every quarter when we meet you, the numbers will keep unfolding for you.

Sanket Chheda: Sure Sir, Sure Sir.

Moderator: Thank you very much .The next question is from the line of Kamal Mulchandani from Investec Capital Services. Please go ahead.

Kamal Mulchandani: Hello Sir, thank you for the opportunity. I just wanted to ask like what is the disbursement target which we are planning for the current year and the next year? Apologies if I might have missed the answer to this question like earlier.

Manoj Kumar Dubey: So right now, we are not given any targets as I mentioned to you for the last six quarters. I mean the last full FY and this FY for the first two quarters, there has been no new disbursement. Of course, because of the moratorium that we have given on the project side, we are adding them every year in tune of around 25,000crores. That will keep coming. Apart from that after taking over last month, we are working very actively with MoR and Ministry of Finance(MoF) also, to start our steady business from the railway side and we are funding to NTPC and we intend to start looking at the prospects in other sectors also. So, I will not be giving numbers but going forward I can assure you that our disbursement as well as the project sanction will pick up steadily.

Kamal Mulchandani: So just wanted to understand that we are foraying into other infrastructure sectors apart from railways. So, what is there some guideline from the ministry or something that they won't be needing any funding from IRFC going forward?

Manoj Kumar Dubey: No, Let's be very clear, as I mentioned to you the funding to the MoR which is our mainstay and which is the main mandate that should keep continuing. What size of the funding will be there that they announced every time in the budget, so the post February when the budget will come out will give a full clarity for next FY. For this FY also and if you understand the government built in system, there's something called revised estimate and this revised estimate comes in the month of January for this current FY. There may be a chance that if they feel like giving us something that can come up there's no guarantee of that. But if something comes the same will be disbursed in Q4 only. This is the beauty of the business that we get from the railway. It's not like sanctioning and this disbursement possibly will take in some three-four-five quarters. Whatever if at all something comes from the GoI and MoR for us to be disbursed that surely will be disbursed in this FY only. So, it all depends how it unfolds, and I think the story will be unfolding in January and February so far as government business is concerned. I hope I have made it clear.

Kamal Mulchandani: Ok. Thank you so much Sir. So just wanted to ask like what is the contract size of the deal which we have done with NTPC?

Manoj Kumar Dubey: That is 700 crores. This is just the beginning because this is the first time they have done a leasing model with us. As you know we didn't do the funding in that loan kind of thing. It is the same model that we do for the railways. It will be a leasing model for 15 years and the first tranche of 20rakes they have entered with us. And this is a very lucrative business we are looking forward to coming from NTPC and all petroleum companies who are main customers of Indian Railways. So, they are now thinking of owning the rolling stock on their own rather than depending upon the railway. So, this will be a very lucrative business going forward if we get a good pie of it because we are the only company who are in the leasing business of the rolling stocks and margins will obviously be better than what we are getting from the railways. So that's one of the brighter sides that we are looking forward to and we will try to monetize it and grab it as quickly as possible.

Kamal Mulchandani: Ok. So, will there be any change in the tax rate because of this or like it will continue to be zero?

Manoj Kumar Dubey: Let's hear from my Director, Finance on this.

Shelly Verma: See, Currently we have opted for, as you know, section 115 BAA and because of this depreciation on the lease assets we are not paying any tax. So, this NTPC business is also on the leasing model. So, we will continue to get depreciation and because of the accumulated depreciation for my funding to MoR also for the next couple of years we don't see any tax payment.

Kamal Mulchandani: Ok, But will account for some credit cost for this to some extent like that would be there?

Shelly Verma: Yes, whatever is a borrowing that will cause. But because of the accumulated depreciation and further depreciation on whatever financial leases we do subsequently will get depreciation on that also. So, we don't see any tax payments coming for the next couple of years.

Manoj Kumar Dubey: Minimum.

Shelly Verma: Yes.

Kamal Mulchandani: Just wanted to confirm on that point as well that since this is some financing to other than railways, we will be booking a provision for credit cost that will account provision for towards NPA and something like that?

Shelly Verma: Can you please explain what kind of a provision you are talking about? Is it for standard assets.

Kamal Mulchandani: Again, loan losses, yes correct.

Shelly Verma: We are currently doing 0.4% for whatever funding we have done, for RVNL Loan, the same provisioning will do for this exposure also.

Kamal Mulchandani: Ok

Manoj Kumar Dubey: That doesn't have much of impact as you see in the RVNL we have done.

Kamal Mulchandani: OK. Got it, Thank you so much.

Moderator: Thank you very much. The next question is from the line of Naman Kumar. Please go ahead.

Naman Kumar: The first question is with regard to project assets. I understand 5 years is moratorium period. But after that once the lease gets signed like what is the duration of primary lease period? Is it same as rolling stock which is 15 years or is it more than that?

Manoj Kumar Dubey: Let us hear from my CFO.

Sunil Kumar Goel: We will follow the same method as we are following in the case of a rolling stock. The primary lease period would be 15 years and in case of a project asset, secondary lease period will get reduced from 15 to 10.

Manoj Kumar Dubey: 30 years remains the same. A 5 year moratorium takes out of the second leg of 15 years. So, 15 years is the same and the next 15 year reduced to 10 year.

Naman Kumar: And my second question is with respect to no targets being given to IRFC—I know we have discussed a bit on this with prior questions as well—but if you can give some clarity like why is the case? Because historically I've gone through previous year's annual report like 10-15-20 years. I have never seen that Ministry of Railways has not given any target to IRFC. So, there must be something which is happening to which might be you guys may be privy to. So, if you can let us know that will be very helpful for the investors to understand what is going on? Because I read one CAG report wherein there is a question or there is an issue where Ministry of Railways is paying substantial chunk of its collection to IRFC in the form of principal payment and interest payment on leases. So, if you guys have any privy to what is the rationale for the last six quarters or for the last 2 years and the Ministry of Railways has not given any funding to IRFC that will be very helpful?

Manoj Kumar Dubey: So Naman most of the things are in public domain only. So, nothing is being hidden from any of the shareholders of the company. So, let's hear in a proper manner. As I mentioned in my opening remarks also, if you look at the disbursement from FY18 to FY23 that was steep and abnormally high disbursement that IRFC did to the railways. The average was 60,000 crores. If you listen to my opening remarks, FY21 was as high as +1 lakh crores in one year. So, there is something called debt to equity ratio that RBI also monitors for every company and in those days my net worth was nearly 40,000 or 39,000 crores. So, this debt-to-equity ratio went nearly 10 times which is quite high in terms of RBI's guidance also. So, there were two things. One that all of a sudden in 5 years, AUM rose very steep if you are watching my balance sheet for 30 years, if you look at my asset in last 25 years and asset in last 5 years, that will give you the real picture. So that the rise of the balance sheet and asset under management was so high in 5 years that it was little difficult to not to take a pause and put things in the right perspective. Let the debt equity ratio also cool down and have a new strategy. So, this is the primary reason of that. Nowhere it is opined by government of India that henceforth no disbursement will be done by IRFC. This is the prime reason that we foresee as a company on behalf of the Government of India. There was some vacancies also in IRFC. Now I have full board with me, we are already in constant discussion with MoR as well as MoF and since nothing has come out in clarity so I am not putting in numbers but as I mentioned in the last question that something should come out with clarity in the month of January for RE that is this FY and in the month of February for next FY because government is very clear if there's anything allocated to IRFC that comes in the part of budget only. So, there is no ambiguity so far as that is concerned. So, this is part A, part B after listing and with the size of balance sheet which is nearly 5 lakh crores it is incumbent upon this company now to diversify. There is no requirement now just to be dependent upon MoR funding only. The balance sheet strength and my net worth strength give me lot of leg room to start looking at the quality assets in all the infrastructure. As you know national infrastructure pipeline forecasts huge capital investment coming in various sectors of the country for next decade. We want to be part of that and we need to enjoy that pie also in a manner that we also get good numbers on our bottom line for our shareholders. At the same time, we wish to position ourselves as a NBFC who is lending to all the people who are in the growth story at a very competitive rate. We have got an excellent reputation in ECB market. We are the one in the country who get the ECB lending at the cheapest rate. We are the only company who has come up with a 30-year tenor bond in the market. We are the first company who got their bond listed in Gift City. So, these strengths we want to leverage not only for railways, going forward for all the sectors. And if you heard other questions, beauty for IRFC is that if I do a railway business, I am getting 40 bps. And if I do business outside the railways as somebody mentioned, that the ambit is at 300 bps. So, if I do those businesses even in smaller number than what I am doing for the railways my PAT is going to be very sound and steep. So next 2-3 years that roadmap and plan we are making and everything will be unfolding as I said every quarter onwards. Maybe January when we are meeting with Q3 results, maybe I will be coming out with numbers also what MoR is giving us and what MoF is planning to give us. But right now, this is a projection I can share with you. I hope I have clarified.

Naman Kumar: This was really helpful. If I can squeeze in one more question. It's more fundamental question regarding interest cost. So, suppose when we lease a rolling stock. Just a conceptual question it is. Suppose we lease the rolling stock of 100 crores, at that time that particular year my incremental borrowing rate for the year was 7%. So, I will lease it to MoR for 7.4%, right?

Manoj Kumar Dubey: Let DF answer.

Shelly Verma: You're right. This is the WACC plus but at the same time we have to understand our business model. It's not only price, but our risks are also passed on. If that borrowing I have done say from a floating rate, then interest rate variation is passed on. If that borrowing I have done from

ECB, then currency variation is passed on. So, it's a cost-plus model. So, cost plus some of the risks are also passed on. But you're right if cost is 7, then at 7.4 I will be calculating my lease rentals.

Manoj Kumar Dubey: Listen, you understand the philosophy and for all shareholders, please understand the philosophy of my lower bps margin with the railways. I am 100% insulated with any kind of market fluctuations.

Naman Kumar: I understand. My question is more from suppose that lease 7.4% is fixed for 15 years. Now that 100 crores borrowing which I did, I may have done that not for 15 period only. Some borrowings may be for 10 years, some borrowings maybe for 5 years and some borrowings maybe for 15 years. So, what happens after 5 years, 20 crore was borrowed for 7%. But after 5 years I have to reborrow because that borrowing I have to pay, so 20 crores I now borrow at 6%. So that 1% extra benefit which is arising accruing, does that also get passed to Ministry of Railways or does that belong to IRFC?

Shelly Verma: So, If it is done from the fix rate, supposing it's funded from 10 year bond then that benefit comes to us. But at the same time, you have to understand there's a capital recovery also. So, I am also getting some capital recovery. That also goes into the repayment of the debt which you have borrowed for funding of that particular asset.

Naman Kumar: Ok Got it, thank you**.**

Moderator: Thank you so much**.** The next question is on the line of Umang Shah from Kotak Mutual Fund. Please go ahead.

Umang Shah: Yes, Hi, Good Morning, Thanks for taking my question. Sir, I just have a couple of them. One is from what I understand from the discussion so far, it appears that, should we understand that capital is a constraint to growth and probably then in that case why not probably raise more equity and bring our gearing ratios down and probably look at growth. Is that an option for us?

Manoj Kumar Dubey: No, I think let's clarify to you. As I said that since we were going so fast , so we as a company, we thought that let it cool down rather than infusing more equity. That is not the constraint at all. In fact, to tell you the fact our board and shareholders have already approved 8 lakh crores of total borrowing limit….Lets hear from DF on this.

Shelly Verma: My current debt to equity, i.e., leveraging is at 7.83. So, there is absolutely no constraint for further growth and plus I will be adding to my net worth . Further, as you know since more than 99% exposure to MoR, my capital adequacy is more than 700%. So, there's absolutely no constraint with respect to equity for the growth. And every year I am adding to my net worth which will give me further headroom for the growth. So as far as the capital requirements, there is absolutely no need for any capital infusion for growth. We are very comfortable that way.

Manoj Kumar Dubey: So Umang, to add to you, it is more than the equity if you understand. You see for the railway asset we don't have to do a lot of appraisals. So, it's all safe, coming from the government almost sovereign. So, we never had a very big appraisal team with us, that were not required at all. So, my strength lies in bringing in the cheapest fund. So, my resource mobilization team is very renowned and they are very good at bringing money. Now that we are trying to foray into the lucrative business outside railways, our focus now lies on building up our business development team and appraisal team. In fact, in the railways, I have the expertise of 5 years in appraisal itself, working at finance I did PPP and EBR. We did with General Electricals and Alstom for Madhepura and other factories. So those expertise are brought in and we are now already in the process of creating a very robust appraisal team taking all the talent from the market in our team. And this appraisal team once it in place which is already a work in progress in a very fast manner, we will be looking at the lucrative project outside railways. And this remains our mainstay. The only thing that you mentioned that let there be a clarification by January and February about this FY or next FY what ticket size we are getting for the government. So as far as equity is concerned, there is no concern at all. And in fact, in a couple of years we have added more muscle to our net worth . Now it is more than 50,000 crores. So, there is no issue on that count. I hope I have clarified.

Umang Shah: Ya sure**,** This is quite helpful. Sir, In fact, my second question you have sort of partly answered which was in terms of building capabilities as we try to kind of look at funding projects outside the railway infrastructure ecosystem. Sir, Are there any specific areas of infrastructure which you have already identified? And the second part of the question was regarding the private sector exposure, I mean so far as you rightly said we have been operating in an environment where the exposures have been almost sovereign, zero risk. However, if we just go back in history and if you look at some of the other state owned NBFCs and their experiences along with private sector infrastructure companies, clearly that has been a bit more patchy. So how should we look at it in terms of strategy, in terms of our ability to underwrite and our intent to underwrite private sector exposures?

Manoj Kumar Dubey: On the lighter vein, this company has brought me here CMD and I always claim that with my government experience of 30 years and delivering at a fast pace within the ring fence of three Cs, i.e., CBI, CVC and CAG, I have developed the expertise of doing the right kind of appraisal and not being rash in getting any kind of business. So that is the expertise that I have brought and this is something I will inculcate in my team down below. Having said that there is no strict no to anything. Every business has to be evaluated in its proper manner., I have been telling in all my question answers that we will be looking for the quality of assets. We are a zero-NPA company and would like to maintain that kind of good thing that we have with us that we remain there. So obviously going ahead even in the sectors outside railways, we will be very cautious. I am not saying strict. Strict is not a good word. We will be very cautious and prudent in analyzing the kind of quality of assets that is being offered us. We will be very attractive in offering a rate to asset which is very good in ratings. For the fact that for me I am used to offer railways at 40 bps. So just I am giving a flavor. I am not giving you the numbers that this is the number I am going to give, so please don't quote me as the kind of numbers I am giving you. But say in comparison to 40 bps, even 150 bps, even 120 bps sounds very nice. So, we are preparing ourselves for that and our motto will remain that we will look for the very good quality of asset. And I assure you that IRFC will be having one of the best appraisal teams available with a mix of government people who have done appraisal as well as people from the industry who are very experienced in doing the appraisals. Apart from the CPSE, we are open to take people from private also. Once the business team which is already in progress of getting formed is in place and we want to strengthen this team. We will be looking at all kind of business available. You mentioned in terms of private thing, my mandate doesn't stop me from giving it to anybody. But having said that I shall the simile manner. As I said we don't want to play 20-20 match. We are a very responsible company, and we are very much answerable to our shareholders. We will be playing a Test match kind of very disciplined, knowledgeable and good business kind of thing that we will do and those things and those numbers will unfold quarter after quarter in our business because we need to walk our talk and this is a con-call we have started, every quarter you see that the growth is there and there is also an assurance that we won't be lending in an asset which is going to be bad. This is the motto that we will take forward in doing the business in the coming quarters and the year together, right.

Umang Shah: Thank you Sir, that answers my question and just the last one which is sort of related to the first question which I asked. We have now IRFCs now listed for quite some time and is there any timeline which the board has decided or discussed with SEBI as far as the minimum public shareholding is concerned? So, is there any dilution which can happen around the corner to bring down the promoter shareholding to below 75%?

Manoj Kumar Dubey: That's a very genuine question. But as the CMD of the company I won't be answering this. This question goes to my promoters. So better throw this question to DIPAM/MoF. I am sure they are doing something but it is for them to answer this question. But as you know, SEBI guidelines are sacrosanct for everybody. We are not out of that purview. So whatever SEBI guidelines are there that is applied on everybody and our job as a manager of the company is to see to it that we are doing good business, we are doing a solid business and we are doing a risk-free business. So, this management is committed to that. So far as diluting the shares are concerned, the statutory limitations are there, and this particular question will be answered by DIPAM and not me.

Umang Shah: Understood, perfect . thank you very much for patiently answering my question, sir.

Moderator: The next question is from the line of Sanket Chheda from DAM Capital Advisors Limited. Please go ahead.

Sanket Chheda: The answers have been elaborate, just on one thing that you didn't allude to is specifying maybe your growth intentions or putting a number to it but just some sense. Would that be useful, maybe we will look at least growing by say 20%-25% our AUM, maybe 18% to 20% would also be quite a meaningful number on our base and of that say how much could be the new infra piece or the other lending besides railways?

Manoj Kumar Dubey: So Sanket we won't be putting any numbers. As I clarified to you that's not the intent of the management. Management can give you the flavor of what kind of business is coming on the platter. That I think I have discussed in very elaborate manner, about government business as well as the private business. I've done detailed talking on that. Numbers we will surely not put. But as I mentioned to you that so far as the numbers come from the government, those numbers cannot be kept secret. Those numbers will be coming in the month of January and of course in the month of February when we take the budget on 1st of February. So, I think if you are so keen about numbers let us have patience. It's not far off. That's part A business, part B business as any kind of arrangements, MoU or the business we are getting from the other side, immediately it goes to the both of the exchanges and every shareholder is aware of that. Like NTPC the moment we did it, the very same day we posted it on exchanges. So, let' follow the trackers on the exchanges. Anything coming on those sectors outside the government parlay will be surely and on timely will be posted on the Exchanges. Numbers I will refrain from quoting as we do in the government part.

Sanket Chheda: Perfect Sir.

Moderator: Thank you very much. Participants, you may press '*' and '1' to ask the question. As there are no further questions, I would now like to hand the conference over to the management for closing comments. Thank you and over to you.

Manoj Kumar Dubey: Thank you Sanket and thank you DAM for making this a good beginning with us for the new board. I am sure going forward we will be bringing new insights and new facts and figures for our shareholders through you. I thank you all and with that we meet on a very high note and positive note for the next quarter. Thank you.

Moderator: On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.