इंडियन रेलवे फाईनेन्स कॉरपोरेशन लिमिटेड
(भारत सरकार का उपक्रम) (सी आई एन : L65910DL1986GOI026363)
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INDIAN RAILWAY FINANCE CORPORATION LTD.

(A Government of India Enterprise) (CIN : L65910DL1986GOI026363)
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No: IRFC/SE/2021-22/76 **18th February, 2022**

National Stock Exchange of India Limited Listing department, Exchange Plaza, Bandra- Kurla Complex, Bandra (E) Mumbai- 400 051 **Scrip Symbol: IRFC**	**BSE Limited** Listing Dept / Dept of Corporate Services, PJ Towers, Dalal Street, Mumbai -400 001 **Scrip Code: 543257**

Sub: Transcript of the Earnings Conference Call

Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended from time to time, please find attached transcript of earnings call held with analysts and investors, to discuss the Financial Results of the Company for Q3/ FY22 and Nine Months.

This is submitted for your information and record.

Thanking You,
For **Indian Railway Finance Corporation Limited**

(Vijay Babulal Shirode)
Company Secretary & Compliance Officer
Encl: As Above

Indian Railway Finance Corporation Ltd. IRFC CIN L65910DL1986 GOI026363 New Delhi

आज़ादी का अमृत महोत्सव

"Indian Railway Finance Corporation Limited Q3 FY2022 Earnings Conference Call"

February 14, 2022

ANALYST: **MR. PRITESH BUMB – DAM CAPITAL**

MANAGEMENT: **MR. AMITABH BANERJEE – CHAIRMAN AND MANAGING DIRECTOR - INDIAN RAILWAY FINANCE CORPORATION LIMITED**
MS. SHELLY VERMA – DIRECTOR -INDIAN RAILWAY FINANCE CORPORATION LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Indian Railway Finance Corporation Ltd Q3 FY2022 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. Pritesh Bumb of DAM Capital. Thank you, and over to you, Sir!

Pritesh Bumb: Thanks, Chris. Good afternoon, everyone. On behalf of DAM Capital, I would like to welcome you to the conference call of Indian Railway Finance Corporation Ltd. This afternoon we have with us, Mr. Amitabh Banerjee – CMD IRFC, Director Shelly Verma and other team members of the management. I would like to now hand over the call to CMD for his opening remarks. Thank you and over to you, Sir!

Amitabh Banerjee: Thank you very much and good afternoon to all. I will just go through the presentation slide-by-slide. Going to the first slide that shows the key strengths of our organization Indian Railway Finance Corporation Ltd, which happens to be the dedicated market borrowing arm of Indian Railways, last year in FY2021 we financed 67% of the total capital outlay with an annual disbursement of Rs.1,04,369 Crores that was the highest ever disbursement since our inception in 1986 in the last 35 years and the AUM has grown at 38.83% in the nine-month ended December 2021, as against the corresponding period in the last year and the total AUM stands at Rs.4.02 lakh Crores as on December 31, 2021.

It is a lower rate cost of business model that IRFC operates on, and we have got a strategic relationship with the Ministry of Railways which enables us to maintain a very low risk profile with a nil NPA. We never had any NPA in our books in the last 35 years i.e., since our inception. It is a cost-plus standard lease agreement that we enter into with MoR.

We enter into a financial lease agreement every year with Ministry of Railways both for the rolling stock disbursement as well as for disbursement towards the project assets and there has been a consistent spread on the cost aspect while pricing our lease rental which stands at 40 BPS over the within average cost in case of rolling stock and 35 BPS in case of project assets.

IRFC is categorized by very competitive cost of borrowing which is because we have got diversified portfolio of borrowing instrument and we are rated at par with the sovereign. As far as the offshore bond issuances are concerned or the offshore loans, we are rated at par with the sovereign by all the three, Moody's, Standard and Poor's and Fitch and in the domestic market we have got the higher credit rating by all the three agencies CARE, ICRA and CRISIL.

There is a strong asset liability management which is in place in the organization. IRFC happens to be a non-banking finance company, so therefore asset liability ALM is the core of our business model and we borrow on long-term basis in such a way that dovetails with the tenure and the terms, they coincide and they dovetail with tenure of the loan that we are giving to Indian Railways. So, the question of any mismatch in the asset liability is avoided.

Ministry of Railways is another important factor towards this ALM, that there is a particular covenant in the agreement that we enter into with Ministry of Railways on yearly basis that in the unlikely event of IRFC failing to repay the loans on the scheduled date both in terms of repayment of the principle as well servicing the ventures, then Ministry of Railways will pitch in with requisite liquidity well in advance so that IRFC does not stand to default on the payment date.

Although, in the last so many years IRFC never had that occasion of invoking this particular clause and forcing Indian Railways or Ministry of Railways to provide for any short fall at all. We have never had that occasion but theoretically this is a good comfort for the investor community.

There has been a consistence financial performance that IRFC has been giving out over a period of time with the profit growing at 56.71% on a Q3-to-Q3 basis, so in the quarter ended December 2021 the profit grew by 56.71% compared to the corresponding period of the last financial year.

Revenue from operations also grew by 27% on a Q3-to-Q3 basis, our organization is characterized by very low overheads of hardly about 0.14% of the total turnover and there is a very good return ratios there at return on asset at one point, 4-5% return on equity at 15.62% for the third quarter on an annualized basis.

As we have already mentioned earlier, we are a nil taxpaying company as of now and we have got a lot of regulatory exemptions from RBI and other oversight agencies because IRFC is almost treated as a quasi-government entity. We are exempt from BRC classification norms, provisioning norms and exposure norms of RBI and we are now not appear in MAT and because of good amount of an absorbed depreciation balance in our book our taxable income falls to below nil.

The next slide shows the strategic role that IRFC has been playing in financing the growth of Indian Railways. As far as the Indian Railways, the coverage of Indian Railways is concerned it caters to only 50 routes limited per million population as against 592 in Russia or 464 in USA or 437 in France, so we have got a long way to go as far as infrastructure building is concerned and as far as the opening up the railway sector to the people at large is concerned.

The Ministry of Railways increasing dependency on IRFC is about safe by the track that over the years, say from FY2018 when we used to only finance 36% of the total capex requirement of Ministry of Railways, we have grown to 67.3% to end of the last financial year. We play a very strategic role in financing the growth of Indian Railways and the assets under management has grown from Rs.1.5 lakh Crores in 2017-2018 to Rs.4.02 lakh Crores to end of Q3 of the current financial year.

The disbursement has also grown in an exponential manner from Rs.36,722 Crores in FY2018 it has gone to Rs.1,04,369 Crores to end of FY2021 and to end of Q3 in the current financial year it has logged about Rs.43, 745 Crores. If you look at the AUM break-up on the right-hand side of the graph, it shows that about 98% of the total AUM is the loan that we have given to Ministry of Railways by way of financial leasing out of which 54% is accounted for the project asset financing and the rest 44% is on account of rolling stock financing and the 2% of the AUM is accounted for by the loan that we are giving to RVNL and onetime loan that we had given to IRCON.

This has already been cited earlier in the first slide, there has been even spread that we charge the weighted average cost of funding in our lease rental from Ministry of Railways at 48 bps about the WSC seen in case of rolling stock and 35 bps in case of project assets we have been quite consistent over the last three-four years and we are raising funds at the lowest possible cost amongst the various term lending institutions in India and this directly benefits the Indian Railways in terms of saving in their finance cost and this goes a long way towards making the project assets and the rolling stock assets viable.

Going to the next slide: If you look at the borrowing mix of IRFC, the major portion is through the domestic bonds which accounts for 46% of our total borrowing portfolio this includes the 54EC capital gain tax bonds also and followed by rupee term loans at 31%, ECB happens to occupy about 15% of the total borrowing portfolio and the borrowing mix as on December 31, 2020, the corresponding period of the last financial year you would see that the ECB portion was 10% as against 15% to end of Q3 this year and the domestic bonds used to be much more by way of percentage of the total borrowing mix at 59% which has come down to 46% and this particular space has been taken up by more of rupee term loans because of getting better terms as far as the RTL portfolio is concerned from IRFC stand point.

We are getting AAA rating from all the domestic credit rating against the CRISIL, ICRA and CARE, AAA in case of long tenure papers and A1+ in case of short term papers. Moody's, S&P and Fitch and JCRA they all rate us at par with the sovereign with stable outlook. IRFC has been flinting out a consistent financial performance over the years with net interest income up to Q3 at Rs.4654 Crores as against Rs.4597 Crores during the corresponding period last year.

The operating expenses is at only 0.11% of the total turnover up to Q3 of FY2022. The return ratios are pretty healthy at 15.62% as far as the ROE is concerned and on an annualized basis return on assets is at 1.45%, capital adequacy ratio is at 466% to end of Q3 2021 and the net gearing ratio now stands at 9.34% to end of December. The net interest margin stands at 1.62% which has grown from 1.45% to end of March 2021.

The other key ratios are the net gearing ratio as I said earlier is 9.34X and earning per share to end of December is Rs.3.52 and return on equity is 15.62%, other ratios I have already dealt with. The snapshot of the key financials and as under the revenue from operations is at Rs.14, 367 Crores for the nine-month period of the current financial year as against Rs.11,315 Crores to end of 31st December 2020, so year-on-year there is a growth of 27% in the revenue from operations and the bottom line has grown from Rs.2933 Crores in the corresponding period of the last financial year to Q3 of this financial year it has gone up to Rs.4597 Crores, so profit after tax has grown by hopping 57%.

I think that brings us to the end of the presentation, our balance sheet size has also grown from Rs.3,08,000 Crores to end of December FY2021 to Rs.4,31,000 Crores to end of Q3 2022 and in September FY2022 it was Rs.4,08,000 Crores on a quarterly basis it has increased from Rs.4.08 lakh Crores to Rs.4.31 lakh Crores, so that is the sequential growth that we have had in the last quarters. I am open to questions if any. Thank you.

Moderator: Thank you very much. Just while we wait for as any other parties to connect you which would like to ask some questions, Pritesh from DAM Capital.

Pritesh Bumb: Just one or two questions before someone come out. Sir, in the mix of borrowings you mentioned that term loans has increased to about 31%, can you just indicate what will be the tenure of this incremental really, in terms of how much year or is it short-term, long-term how is it?

Amitabh Banerjee: It is all long-term loans with a 15-year tenure.

Pritesh Bumb: So, these will be primarily from banks, right?

Amitabh Banerjee: Primarily from banks both PSU's as well private corporate banks.

Pritesh Bumb: Right and Sir at what rate we are contacting these loans?

Amitabh Banerjee: These are very comparative rates as compared to other financial institutions we are getting at very, very competitive rates I would not be able to diverge the rates right now, but you can get the information offline, but it is at very, very competitive rates and our weighted average cost of funding has also been decreasing over the years and this fact is borne out by the fact that the WFSC has gone down over the years.

Pritesh Bumb: Sure, but do you see the NIM sustaining as the MOU renewal in such a contract basis from the way we can see that if they decreased their pricing for us will you see that clinch way moved up or can it sustain at this level about 165 basis points?

Amitabh Banerjee: As far as the NIM is concerned, yes it would have this kind of an organic growth that we are having right now, in future also and the likelihood of the margin or the markup over the cost and likelihood of that coming down in the times to come is absolutely practically ruled out.

Pritesh Bumb: Sure, and would you like to also indicate what mix will generally we have in the borrowing side, as you said you went for a better term with the banks, how do you see the mix shaping up as rates rise going ahead?

Amitabh Banerjee: We have to see how it pans out in the next financial year, but as we talk now you would be aware of the fact that the bond market is stiffening a bit and there is going to be lot of government borrowings in the next financial year also. So, it all depends on how the market pans out and accordingly we will take a call and how much to raise money through issuance of bonds and how much to do it through RTL or to the term loans from the financial institutions or through the offshore window i.e., either the off shore bonds and there is 144A format or disintegrated loans from overseas market. It all depends at that point of time how the market pans out, but we will definitely go for the lowest cost borrowing. So, this year since the bond market was bit hard and there was enough liquidity in the market indeed and the financial market, so we took advantage of the lower cost as far as the rupee term loans from banks and financial institutions are concerned.

Pritesh Bumb: So, there is no cap internal basis where we will try to end up having it, because it is important for you, as you said that ALM is very important, just wanted to check on basis of that?

Amitabh Banerjee: No, there is no such cap number one and definitely ALM is our topmost priority and that would not be really hamper or that would not be really impacted by any of these variables, so we do take into account ALM whenever we go for borrowings.

Pritesh Bumb: Got it. Sir, second question was on the gearing ratio we feel that it will sustainably moving up and indirectly this also improve the ROEs towards 15%, what is your view on gearing ratios now, do we see any further increase in the gearing ratio beyond 10 or do we see a gearing ratio will move down which also slightly bring down our borrowings, what is your view on that?

Amitabh Banerjee: As far as I have already mentioned this in my previous investor calls also, we are okay with going beyond 10 also if the situation so arises number one and number two is that going forward there is no such issue as such the gearing as concerned we have 9.3X right now and this year we do not need to raise any fresh capital as far as our further disbursements to Ministry of Railways is concerned with the given gearing ratio and we will be able to manage within 10 as far as this financial year is concerned and in next financial year we will take a call, but definitely we can go beyond 10 there is no resistance from our side or from the ministry side nor from any other agencies that is why we do not feel any kind of resistance to that.

Pritesh Bumb: Last question from my side, in the opening remarks you mentioned that generally every year would be Indian Railway contractors renewed, is that correct?

Amitabh Banerjee: I am sorry, every year?

Pritesh Bumb: The railway contract for rolling stock is renewed is what I heard, is that correct?

Amitabh Banerjee: I could not get your question, can you just, we are renewing?

Pritesh Bumb: You had a comment in the opening remarks about every year renewal from?

Amitabh Banerjee: No, that is the business model we have, every year we enter into a fresh lease agreement with Ministry of Railways for the incremental disbursement that we are giving to Ministry of Railways in that particular year. Therefore, what happens is that in a particular year say we are giving Rs.1,04,000 Crores say in FY2021, so there is a fresh lease agreement for that particular portion of the amount that we have given to Indian Railways, and last year it was about Rs.71,000 Crores. So, every year whatever loan we are disbursing we have a fresh lease agreement for that particular amount.

Pritesh Bumb: Sure, and when is this period when the visibility starts?

Amitabh Banerjee: After the expiry of the financial year.

Pritesh Bumb: So, basically after March end we will go and see for the visibility of next year FY2022?

Amitabh Banerjee: Yes.

Pritesh Bumb: Thank you, Sir. That answer my questions. Thank you so much.

Moderator: Thank you. The next question is from the line of Nitin Garg from Aviva. Please go ahead.

Nitin Garg: Thank you for taking my question. I have couple of questions, first of all what is the disbursement target for FY2022 and if there is any number that you are thinking of FY2023, and another question is how much borrowing is left from the capital market for FY2022 and what is the plan for FY2023?

Amitabh Banerjee: As far as the next year's target is concerned that has already been noted in the budget and that was announced on 1st of February about Rs.68,000 Crores the initial target, the initial estimate and what is your next question?

Nitin Garg: How much is the borrowing from the capital markets left for FY2022 and what are your plans for FY2023?

Amitabh Banerjee: We have now got a revised target of Rs.65,000 Crores, for FY2022. We have already disbursed about Rs.44,000 Crores to end of December in the Q3 and about Rs.20,000 Crores more will be required.

Nitin Garg: How much will you borrow it from bonds, is there any number?

Amitabh Banerjee: That all depends, the point is that it all depends on when we go for raising finance at that point of time which is more economical, whether the bond market gives better returns in the sense that it gives more yield or the loan markets. So, it will not be possible to give a finite number to that but as rough shot formula if you want it will be more tilted towards raising money from the loan component than the bond component, simply because the bond market has really stiffened over a couple of months, and we would not like to go for further issuance of bonds as it stands now.

Nitin Garg: I think term loans sounds with the caveat of the level of rate changes every year in every pear in terms of if you are borrowing from bank?

Amitabh Banerjee: Yes, it is reset every year. Even that everything is factored in and it is not we just take the nominal rates everything has factored in we know that and also in case of bonds we have the rates fixed but taking all of that into account we take the final call on whether to go for bond and how much to go for bonds of course it is not exactly either all. It is a diversified mix, so sometimes the mix is tilted in favour of rupee term loan or disintegrated loans from the overseas markets and sometimes it is tilted in favour of the offshore bond's issuances or the domestic bond issuances. Like recently we had gone for 500 million USD green bond issuances in the month of January, and we got a very good rate. So, it all depends on particular at any particular point of time what is the rate prevailing at that point of time and whether it is beneficial to IRFC and to Ministry of Railways.

Nitin Garg: Thank you.

Moderator: Thank you. The next question is from Anirudh Arondekar who is an Individual Investor. Please go ahead.

Anirudh Arondekar: I want to ask will IRFC look into increasing the margins from right now 40 bps to 50 bps considering it is ranging much lower rate in comparison to PFC's or REC?

Amitabh Banerjee: You see the point is that we have represented to our parent ministry for raising the rates for the last three years, but because of the obvious reasons, because of financial constraints and in the wake of COVID there has been some fiscal constraints, so there is a bit heart risk is raising the margins, they are actively considering it but you must appreciate one thing that since it is the cost plus kind of a business model so there would be an inbuilt kind of a resistance to that from government of India, but they are actively considering it. We have already represented as far as the increase in margin is concerned and they have got their own reasons of not increasing it right now, but they are open to the idea.

Anirudh Arondekar: Okay, just another question, if IRFC in the future will be going only focus to lending Ministry of Railways or company is looking to funding any other companies or private sectors also?

Amitabh Banerjee: Yes, we are looking towards diversifying our lending portfolio and there are quite a few other entities that we are talking to, we are talking to other state governments also like Government of Haryana has approached for funding their infrastructure project and we have actively engaged with them and similarly we can lend for other infra projects also which has a backward or forward linkage with Indian Railways and we are open to and we are open to funding the private sector also if it falls within our mandate. Definitely we are open to diversifying our lending portfolio in the days to come.

Anirudh Arondekar: Thanks.

Moderator: Thank you very much. Our next question being is from Sri Ram Prasad. Please go ahead.

Sri Ram Prasad: Good evening, sir, and congratulations on a good set of results. My first question is with respect to the previous answer you gave with respect to funding private and state government entities. How would you see the risk profile of IRFC changing when you fund private entities and state government because right now all the advantages we have as IRFC the no NPA's, no risk weighted assets because it is going into the sovereign and all, all that is set to change. So, is it that we are interested in funding private and state government entities, because the finances of state government entities in many states are not as robust as taken exposure to the central government So, my first question is with respect what is your thought process on the same and why is that you are moving away but also looking at something which is slightly increasing the risk profile IRFC's assets?

Amitabh Banerjee: That is a good question. The point is for any organization worth is solved, as a organization it does look forward to widening its scope of activity, number one only then it remains as a dynamic entity. Now, just limiting yourselves to the sovereign, it used to be at one point of time, but you need to grow when you look at PFC, you look at REC they have also diversified their portfolio and they are doing very well for themselves. Now, here also definitely we are not gearing away from funding the sovereign only should not be the aim as we have got the ability to raise resources at a very comparative rate and going forward even if we go for funding the state government entities or the private sector entities with sound balance sheet, with sound track record behind then and with the proper due-diligence that is required for advancing the loan, if those are in place I do not foresee any kind of a down rate to our rating, number one and number two is that also broadens our horizon, it increases the scope of bettering the financial ratios and that would give a lot of spurt to the development trajectory of an any Indian Railway Finance Corporation Ltd. So, I feel that diversification is the right way of pushing the organization beyond the bond that has been set now and you need to push the envelope when you grow and I think that this is a right time the economy is growing you should leverage on the opportunities that the infra sector in particular throws open to the financial institutions and since we have got a better ability to raise finances for the infra sector, I feel that we should go ahead and diversify to beyond railways if possible.

Sri Ram Prasad: Sure, sir. My next question is slightly there could be a difference of opinion, but I primarily see IRFC as an investment bank to the Ministry of Railways instead of borrowing they use this vehicle that is in between and lend it. So, why is not IRFC trying to deleverage its balance sheet by InvITizing or securitizing and taking things of the balance sheet so that we are not hitting those leverage ratios consistently and free up lot of capital to be re-distributed as dividends or buyback that support share price. Because, it is the same thing, it is easy to put these loans or project assets into InvIT securities them and thereby reduce your balance sheet size and free up capital to be able to give more dividends or more buybacks and increase the share price. I primarily see IRFC as an investment bank and not necessarily as an NBFC. So, are there any thoughts along those lines in order to de-leverage the balance sheet?

Amitabh Banerjee: Your suggestions I will take in, you have also sent us a mail I suppose couple of days I had seen that, that is right your suggestion is well taken. We have done securitization earlier also and in fact we were the first entity to have done that securitization of sovereign lease at this point of time and we also read the fact that securitization will also help to improve the financial leverage when we reason off balance sheet funding and it will definitely boost our network on account of profit that would have raised because of interest rate differentials and all that. But as such InvIT are concerned we do not have any physical assets so we do not go for InvIT there is no question of going for any InvIT, but securitization is definitely an option that we are actively considering. But having said that I would just like to mention here that it is an instrument of fund raising the securitization, so it does not offer any cost advantage to IRFC on account of this securitization, because basically financial institutions they take resort to securitization when they got various category of loans in their books, so in our case it is a uniform kind of loans that we are giving to Ministry of Railways, you cannot really cherry-pick the loans or the receivables for the purpose of securitization for help in improving the rating and credit quality which in turns will help us borrow at a cost lower than the cost at which we borrow very conventional route. So, it does not really benefit us from the point of view of cost angle, it does not give us any cost advantage. That is okay, but your primary point is taken, yes it will help in de-leveraging, and we are actively considering this route also it is not that we have not taken this route earlier and now also we are taking this route and we shall definitely consider this in times to come.

Sri Ram Prasad: Sure, Sir and one ancillary question with respect to that, when the bank gives a loan to IRFC what is the risk size the bank carries on that loan is it zero or is it something else?

Amitabh Banerjee: I would like Samantaray to respond to that, please.

Samantaray: In fact, the bank used to assign a risk of 20%-odd, earlier public financial institutions were given a concessional risk weightage of 20% but way back from 2006 in fact RBI has made it uniform like for any NBFC, for public financial institutions basically the 100% risk weightage if you can.

Sri Ram Prasad: Sure, so if we are to securitize these assets to the very same banks who is giving us the loans then there is risk rate arbitrage for the banks as well, because they carry the same exposure, but because of the sovereign exposure they will get zero risk weight is that correct to be I am understanding it?

Samantaray: Yes, your understanding is correct, definitely that there will improve because that will carry a zero percentage definitely because that will have a direct exposure to the sovereign. But at the same time when bank invests in corporate variable securities, they go for herd of pretty kind of they are not the category of investors who go for help to maturity kind of investment. So, in this respect even if they have advantage in terms of improvement in that area, they will export some kind mark to market risk that also has to factored in and second also like you will accept the fact that when they are investing in my bonds and when they are investing in the pass-through certificate which underlies the securitization transactions the PTC's are still to penetrate the Indian financial market they are highly illiquid. So, bank find it difficult because in our past experience that I am telling you like no bank should have take up our past in fact the PTC papers, so those like insurance companies and others they used to invest in that kind of or some mutual funds. Because of this liquidity problems as well as this mark to market rates banks also they are not that encouraged to invest even if they have the advantage in terms of CRA.

Moderator: Thank you. The next question we have is from Sarvesh Gupta of Maximal Capital. Please go ahead.

Sarvesh Gupta: Good afternoon. Sir, one question is on your dividend policy. I think PSUs in general have this 5% of networth on 30% of net income whichever is higher, so according that the dividends that you should give for the financial year maybe around Rs.2000 Crores odd. So, are you going to adhere to that policy or what is the thinking in terms of dividend for this financial year and for the coming years?

Amitabh Banerjee: Last year we got a dispensation from DIPAM because we have to follow the DIPAM guidelines in this particular regard. So, we got a dispensation from the clause of 5% of networth, we pay dividend at about 31% which met with the other criterion of 30% of net income. I think we will adhere to that formula in which the financial is also it will be 30% of that with the assumption that we shall get a dispensation from DIPAM in that regard in this financial year as well as in the coming years. We intend to stick to the 30% of PAT formula as far as the dividend distribution is concerned.

Sarvesh Gupta: Okay, and secondly sir, in terms of the disbursement obviously this year is probably going to much lower than last financial year and may be even in FY2023 where we have seen budgetary outlay grow up by around 27% odd, so FY2023 disbursement may also be lower than FY2021. So, what is the long-term trajectory here in terms of how can we grow the disbursements, what can be the clause?

Amitabh Banerjee: so, that wherein taking the queue from the previous question, when it was the question that why should we go beyond Indian Railways in our lending portfolio. So, this is the answer to that question, that FY2021 was bit of an exceptional year because there was a huge financial constraint in that particular year, there was no economic activity, it was at its lowest edge, so GDP had contracted and there was very, very low budgetary support for the infra creation in Indian Railways therefore IRFC is the only resort available. Now, with the GST collections and the economy back on track in the current financial year thankfully, the government is in a better position fiscally and the government budgetary support for infra creation on Indian Railways is also quite healthy in the current financial year and in the coming financial year also in FY2023 the budget allocation has gone up and simultaneously the capex target of Indian Railways have also gone up but definitely as has been rightly stated by you the disbursement by IRFC to Indian Railways will not touch the figure that we achieved in FY2021. So, that was almost a one-off kind of a thing, but with the kind of capex requirement of Indian Railways as per the infra plan of the government of India is concerned of Rs.111 trillion to end of 2030 it is about Rs.13 Lakh Crores that railways plan to spend on capex. So, with that kind of a capex close in view and the national rail plan in place NRP 2030, I think or the kind of disbursement that IRFC would be making to Indian Railways will be maintained at the level that we are in this financial year, probably in the next year it will be more than this year and we plan to maintain that. But as rightly stated by you we need to now diversify and we are looking at other avenues where we can finance other infra projects in the state government sector or in other private sector projects also doing with proper due diligence as well as loan disbursements are concerned since we have the net advantage of raising funds at very economical source, as very competitive source we would like to leverage that to advantage as far as diversification of lending portfolio.

Moderator: Thank you, Sir. Our next question is from Bharat Jain who is an Individual Investor. Please go ahead.

Bharat Jain: Thank you for giving me the opportunity. I have been following IRFC and you for last one year and what all the questions which I had in mind have already been asked, one about raising funds through vIT or InvIT other on the route and dividend policies also, so whatever questions have already been asked but still I would like to ask is, what is the kind of route we see in the company for next three to five years if you have a million from that?

Amitabh Banerjee: We expect a very healthy growth as far as IRFC's disbursals are concerned to Indian Railways because of the National Rail Plan which is already been tabled on parliaments earlier and the organic growth of IRFCs portfolio would definitely be maintained there is a sustainable growth lying ahead as far as IRFCs AUM is concerned and definitely we are looking at a very healthy growth in the years to come. But our orientation would be definitely to diversify our lending to beyond Ministry of Railways that is the underlying thing that I would like to emphasis this in this particular call that we are actively considering the opportunity to diversify our lending portfolio.

Bharat Jain: In forward flow the diversification and thanks, the only suggestion again me to look at improving the debt equity ratio by monetizing few of the heads possible.

Amitabh Banerjee: Yes, that point is well taken and we are actively considering the aspect of securitization, we have done earlier but as has been just now pointed out that for securitization to happen the bankers should also be coming forward. Now, the response of the bankers earlier was not that vibrant primarily because of the liquidity as has been mentioned by colleague earlier that the PTCs are not that liquid that you do not have a very liquid market of these pass-through certificate. So, that is why the bankers were not that forthcoming as far as the securitization was concerned but we shall actively consider securitizing some of our lease receivable from Ministry of Railways in the coming days to de-leverage our balance sheet.

Moderator: Thank you, sir. Ladies and gentlemen, due to time constraint we have the last question for today will be from Mukund Agarwal. Please go ahead.

Mukund Agarwal: Just wanted to know what is the proportion of your book which has the dynamic lending rates. The rates get changed every change in the repo rate or is it all your lending book is at fixed rate of interest and what is the duration of your lending book if you can tell me?

Amitabh Banerjee: As far as the flexible rates are concerned because in the domestic market it is about 31% of the total portfolio borrowing mix that we have which is having a variable rate, bonds which has got a fixed rate of 46%, in the ECB portion also we have a substantial portion which is through the variable rate that is the syndicated loans. So, about 40% would be variable and rest of it would be fixed I mean back of the envelope calculation kind of the thing and what was the second question?

Mukund Agarwal: Is it also in variable rate?

Amitabh Banerjee: Which one?

Mukund Agarwal: Your lending, Sir?

Amitabh Banerjee: Lending is also absolutely variable.

Mukund Agarwal: What proportion of your book is at variable range?

Amitabh Banerjee: About 98%, infact more than 98% even the RVNL portion is also in this, it is cost plus model. So, whatever fluctuation is there in the rates they all pass through to Ministry of Railways.

Mukund Agarwal: So, that is why Bank route is more preferable to us?

Amitabh Banerjee: Yes.

Mukund Agarwal: We do not want to carry the risk of that fall and rise. Okay, I got your point. Sir, what is the duration of your lending book it does not matter now it is on variable period?

Amitabh Banerjee: 10 to 15 years.

Mukund Agarwal: 10 to 15 years typically. Okay Sir.

Amitabh Banerjee: Typically.

Mukund Agarwal: Thank you very much for taking my questions, sir.

Moderator: Thank you. That was today's last question, and I would now like to hand the conference back to Mr. Pritesh Bumb for closing comments.

Pritesh Bumb: Thank you, Sir. Thank you for giving us opportunity. Thank you, all the participants, for joining in.

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