इंडियन रेलवे फाईनेन्स कॉरपोरेशन लिमिटेड

(भारत सरकार का उपक्रम) (सी आई एन : L65910DL1986GOI026363)

पंजीकृत कार्यालय : रूम नं. 1316 & 1349, तीसरी मंजिल, दि अशोक, डिप्लोमैटिक एन्क्लेव 50–बी, चाणक्यपुरी, नई दिल्ली–110021

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INDIAN RAILWAY FINANCE CORPORATION LTD.

(A Government of India Enterprise) (CIN : L65910DL1986GOI026363)

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No: IRFC/SE/2021-22/54 **8th November, 2021**

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 Q2/ FY22.

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 L65910DL1986GOI026363 New Delhi

आज़ादी का अमृत महोत्सव

Indian Railway Finance Corporation Limited
Q2 FY2022 Earnings

November 02, 2021

ANALYST: **MR. PRITESH BUMB - DAM CAPITAL ADVISORS LIMITED.**

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

Moderator: Good day and welcome to the IRFC Q2 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 Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Pritesh Bumb from Dam Capital Advisors Limited. Thank you and over to you Sir!

Pritesh Bumb: Thank you, Janice. Good afternoon everyone. On behalf of Dam Capital, I would like to welcome Mr. Amitabh Banerjee Chairman and Managing Director of Indian Railway Finance Corporation Limited to give his opening remarks, highlights of financial performance followed by Q&A. Now, I would like to hand over the conference to the CMD. Thank you and over to you, Sir!

Amitabh Banerjee: Good afternoon everyone, all my valued investors as well as all the other stockholders, very happy Dhanteras to each and every one of you along with your family. I will just go through the presentation. I hope everybody has got the presentation. IRFC happens to be the dedicated market borrowing arm of Indian Railways, which we have financed 67.3% last year out of total capex outlay of just above 151000 Crores of Indian Railways, we have financed about 104369 Crores last year as you all know, which constituted about 57% of the total capital outlay. That was the highest ever annual disbursement to date since 1986 at 104369 Crores. Our AUM has grown at 35.70% in H1 that is the AUM has grown at 35.7% this H1 as compared to last H1 and now it stands at 3.82 lakhs Crores that Rs.3.82 trillion.

We have got a strategic relationship with MOR, MOR being the major shareholder of IRFC with 86% shareholding and also MOR also happens to be the almost sole client accounting for 98% of the total AUM. We have a cost plus standard lease agreement with MOR every year. We add a certain percentage of margin over the weighted average cost of capital every year while entering into a standard lease agreement with Ministry of Railways. There has been a consistent spread on both the rolling stock as well as the project assets over the last three years even starting from 1986, there has been a consistent spread for one particular year where there has been a dip in the spread and thereafter it has always been in constant.

Now IRFC happens to enjoy the highest credit rating from all the top credit agencies in India at AAA, as we have diversified funding sources both in the country as well as overseas and we are characterized by competitive cost of borrowing with a view to keep the financing cost low so that the viability of the railway projects and the rolling stock acquisition by Indian Railways remains intact and we also have a very strong asset liability management in place and the cumulative gap over five years has always been nil.

As far as the net worth is concerned, the net worth to end of H1 FY2022 has grown to 38917 Crores. As you are aware in this half year ending September 30, 2021, the profit has grown by 59% over the corresponding period of the previous year and the revenue from operations has grown by 26% again on a half yearly basis. The return ratio I will come to later, they are pretty healthy and better than what we had last year and IRFC also enjoys the regulatory exemptions from various government agencies. We are exempt from the RBI asset classification norms, provisioning norms, exposure norms and so on and so forth and as of now, we do not pay any tax, we are actually after having opted for the normal tax rates, we are liable to pay corporate tax rates at the normal rates and because of the presence of the unabsorbed depreciation in our books of account which happens to be more than the net profit, the taxable income comes to zero. Therefore, we are not liable to pay any tax because this has been the case from the last financial year.

Now, if you look at the penetration of Indian railways vis-à-vis those of other railways you will see that in Russia or USA where the route limited by million population of the order of 592 and 464 respectively, in India it is only about 50 kilometer per million population, which signifies that there is a lot of scope for further penetration into the Indian mainland and therefore there is a lot of scope for further capex expansion of Indian railways in times to come and which is also the fact that is a very ambitious national rail plan 2030, which is in place which is a part of the national infrastructure pipeline.

Now, MoR increasing dependence on IRFC for financing is evidenced by this particular graph which shows that it has increased from 36% in FY2018 and at that time it was already 102000 Crores was the capex outlay of Indian railways at that time of which we financed about 36% and last year it was 155200 Crores, and as I said earlier they have touched 67.3% of the total capex outlay of Indian railways so it has increased from 36% in FY2018 and 39.40% in FY2019 to 48.2%, so they have been galloping ahead as far as the proportion of capex outlay is concerned and IRFC has been playing a strategic role in financing the growth of Indian Railways.

The assets under management if you see it has grown substantially from 154535 Crores to 382000 Crores to end of September 30, 2021, so it is a huge jump and if you see the disbursement for this Q2 about 18256 Crores as against 8270 Crores in Q1 and to end of H1 FY2022 the total disbursement is of the order of 26526 Crores as against 18565 Crores in the corresponding half year of the previous year of FY2021. Now, if you see the AUM breakup 98% as I said is of Minister of Railways. The breakup of 98% is 53% is constituted by the advance against railway infrastructure assets that is the advance that we have given against the project assets of the order of 2.01 lakhs Crores and the lease receivables on an account of loans given for procurement of rolling stock that stands that 174000 Crores, so 53% is accounted for the project and 45% is accounted by the rolling stock and the rest 2%

is on an account of loans given to the other PSU like RVNL/IRCON which stands at about 6852 Crores.

As I said earlier it has been on the remaining cost at 40 bps over the weighted average cost of capital in case of rolling stock and 35 bps in case of project assets and there has remained constant over the last three years. The borrowing mix if you see it is a pretty diversified borrowing portfolio. The major part of it is constituted by the domestic bond including the taxable bonds, the tax free bonds as well as 54 capital gains bond, which constitutes about 49% of the total borrowing portfolio followed by rupee term loans structured loans from the bank's and financial institutions, which stands at 27% of total borrowing portfolio then followed by ECB which was about 15% of the total portfolio and then we have 5% NSSF that is the national small savings fund.

The borrowing mix as of September 30, 2021 if you see there has been a jump in case of both RTL as well as domestic bonds. The RTL has grown from 22% to 27% and the domestic bonds has really come down from 59% of the total portfolio to 49% and there it has been taken over by the rupee term loans and ECB. ECB was 10% in the FY2021 at that point of time and to end of September 30, 2021, the ECB has grown to 16%. This is the total borrowing mix to end of September 30, 2021. As far as the rating is concerned it is AAA by all the rated agencies and at the international level we are at par with that of the sovereign with Mo - with a stable outlook.

The net interest income for H1 was 3041 Crores and the PAT is at 3003 Crores. The operating expense as we have been maintaining always it is very, very low at 0.12% and in H1 also this trend has been continuing. It is a lean organization with low establishment costs and overhead with other incidental expenses also on the low side. IRFC has been giving out a consistent financial performance over the years with the return ratio, which you see in return on assets that has grown to 1.47% annualized to end of September 30, 2021 and ROE is at 15.4% for this H1 and the capital adequacy ratio has grown to 465% with a net getting issue of 8.81 at the end of H1 of FY2022.

Net interest margin has grown from 1.45% to 1.64% annualized to end of September 30, 2021. The key ratios are, the net interest margin as I have said earlier is 1.64%, return on equity is 15.4%, and net gearing ratio is 8.81% and 465% is capital adequacy. Now the revenue from operations is at 9272 Crores, which has grown by 26% over the corresponding period of the last year and the profit has grown from 1886 Crores in the corresponding period last year to 3003 Crores this year registering a growth of 59%. Net worth has grown from 31686 Crores to 38917 Crores in the H1 ended September 2021 registering a growth of 23% and total borrowing has also gone up from 245000 Crores to end of September 2020 to 342000 Crores registering a growth of 40% in September 2021.

The EPS is 2.3 and ROE is 15.4%, 1.7% is ROA and NIM is at 1.64% which we have already dealt with and the total borrowing as I have already told you, the maximum portion is of domestic bonds which is at 1.69 lakh Crores out of a total borrowing of 3.43 lakh Crores closely followed by rupee term loans that 91900 Crores, which is about 27% of the total borrowing portfolio. I think that comes to the end of the presentation and I am open to the question. You can please start asking the questions. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We take the first question from the line of Hardik Jain from Whitestone Financial. Please go ahead.

Hardik Jain: Good evening, Sir. Thanks for the opportunity. Sir, although our capital adequacy ratio is quite high, but our net gearing ratio is around nine times, so what are your thoughts on this because can we go up to say eleven, twelve, thirteen times gearing ratio, because why I am asking this question is because for say in this year you will add say 6000, 7000 Crores to your net worth, but if we leverage it only nine to ten times then the incremental ROE gets diluted is it not?

Amitabh Banerjee: Yes, you are right, absolutely right and then if you recall in the last investors call also after the Q1 results we had dealt with this point also at that of point of time also I had specifically mentioned that we are okay with going beyond ten also as far as the debt equity is concerned with a high capital adequacy ratio, I think we should be okay with going beyond 10 in times to come.

Hardik Jain: And in case you go beyond ten, say go eleven, twelve so how does credit rating agencies view this, does it impact our ratings?

Amitabh Banerjee: No, it does not impact the ratings, we have already got the premiums from the creditors also and they have also okay, there has been no issue on part of the creditors as far as this.

Hardik Jain: So increase will not impact the ratings?

Amitabh Banerjee: It would not at all impact the ratings.

Hardik Jain: Thank you, that is it.

Moderator: Thank you. The next question is from the line of Sandeep Khurana from Insight Financial. Please go ahead.

Sandeep Khurana: Good evening, Sir. I wanted to ask that you said that you borrow from the market and then deploy with the railway, so what is the strategy, do you first borrow and keep the fund with

you and as and when the railways ask for the money you disburse or it is that the railways first demand then you will start the borrowing?

Amitabh Banerjee: That is a good question, nobody has asked this question earlier, it is a very pertinent question. The sequence is like this, we get the demand from the railways first and then we borrow the money and then we disburse the amount to Indian railways, but all of this happens in one day itself the reason is being that we keep the sources of borrowing ready with us and as soon as we get the requisition from the Ministry of Railways, we borrow the money. Now the point is that you would be knowing that our business model is the financial leasing model, so we basically buy these assets and then lease them to on a financial terms to the Ministry of Railways that is the allocation of business rules we cannot directly lend to Ministry, no Ministry other than Ministry of Finance can directly borrow from the market so on that logic we also cannot directly lend to the Ministry of Railways, so we buy these assets and then give it on these terms to Ministry of Railways. Having said that what we are doing that we get our loan sanctions ready from the commercial banks as well as the rupee term loan and other sources of financing we keep it ready except the bond issues because the bond issues we do only at certain point of time.

Sandeep Khurana: What specifically I am referring to the domestic bonds you said 59% of this 59% how much is the tax free bond, or the tax savings bond?

Amitabh Banerjee: No, I will tell you. It is not as question of tax free bonds, tax free bonds were issued only up to 2015-2016 thereafter we have only been with taking the taxable bonds because we could not get the go ahead signal from Ministry of Finance, we have to get the approval of Ministry of Finance and they will not get the approval beyond that, but tax free bonds would not be the major portion it will the minor portion of the total bond issued and the 54 AC bond, now what happens is yes, the bond issues takes time so what we have is that we generally know that there are certain demands from the railways especially on the rolling stock fund, which we know that at the end of the month it would be, I mean generally we give at the end of the month, therefore we time the bond issuance in such a manner that the day that we have the pay against the bond issuance we are able to disburse the same to Ministry of Railways on the same day, very important fact here is that we do not keep the cash with us, you will be surprised to know that IRFC does not keep cash, it is a back to back arrangement we do not keep it with us so your point is that this is the point of concern?

Sandeep Khurana: Yes, that is the point of concern?

Amitabh Banerjee: Yes, in what manner you tell me?

Sandeep Khurana: No, I said things may getting above the 8.1 and you said that can go up to 10 also, so that means you must be having idle cash?

Amitabh Banerjee: No, we are not having any idle cash, that is not an indicator of any cash reserves, we do not have any idle cash, it is absolutely back to back.

Sandeep Khurana: I have just one more question and it is very important, in IRCTC the Ministry of Railway is a one circular they have to withdraw so it is basically dictate of the Ministry of Railways, so do you see any possibility of any such dictate come in a year, for example reducing the margin for you, is that a possible reason?

Amitabh Banerjee: Absolutely ruled out, it is ruled out.

Sandeep Khurana: Do you have contracts with the Ministry of Railways when you enter into a lease arrangement or borrowing and lending arrangement with the Ministry of Railways?

Amitabh Banerjee: Yes, of course we enter into lease agreement every year.

Sandeep Khurana: My concern is I am a very larger investor, I have deployed huge resources so this company is my own company and I have deployed very large sum, so my concern is similar ailments would be there for IRCTC also they must be having some arrangement with the Ministry of railway and one fine day one circular comes okay you sharing is now 50:50 between the Ministry of Railway and IRCTC on the convenience fee, so do you see any possibility here also?

Amitabh Banerjee: No, I have ruled that out, there is no possibility of going down, there may be a possibility of going up in days to come, as far as going down is concerned there is no possibility because you are charging a very low margin and we are in regular discussion with the ministry and there is no such call.

Sandeep Khurana: I really appreciate for giving me time sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Nitin Gandhi from KIFS Trade Capital. Please go ahead.

Nitin Gandhi: Thank you very much for taking the question. Can you share something on our dividend payout policy, if it is stated?

Amitabh Banerjee: So, the dividend payout policy we are basically governed by the DIPAM guidelines in this regard and that says that 30% of PAT or 5% of net worth, whichever is more. So, we generally stick to that guideline in that respect last year we had paid more than 31% of the

total PAT by way of dividend and this year also we have announced the interim dividend of 1000 Crores and we will be guided by this guideline only and we will not go below this guideline.

Nitin Gandhi: It is around 30% only not like 40% or 50%.

Amitabh Banerjee: We will try because you see we are an NBFC so we need to build our net worth also in order to raise funds from the market, so if go overboard as far as the dividend distribution is concern then it might be counterproductive for the interest of organization.

Nitin Gandhi: So, that may this year if the earning are likely to be 5 so maybe you will be declaring 1.5 to 1.6 as the dividend?

Amitabh Banerjee: Yes, it depends.

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

Sarvesh Gupta: Good evening, Sir and thanks a lot for taking my question. So, the first question is that the tax benefit you said that we have is it sort of perpetual benefit for us or at what point of time do you see that we will start seeing 25% corporate tax?

Amitabh Banerjee: You see the point is that we are subject to this rate of taxation only, only thing is that since we have a huge unabsorbed depreciation balance that is why which is more than the net profit, so the net taxable income comes to below zero, so that is why we are not required to pay tax. Now really in the sense that since the asset base is going up and the obvious effect is that the depreciation has also been accumulating, the unabsorbed depreciation would be accumulating, so in the foreseeable future say for the next decade or so we do not foresee any kind of tax payments under the exempt tax regulations, we are not required to pay the tax at least going forward because this balance of the unabsorbed depreciation would be going up over the years with the acquisition of more asset.

Sarvesh Gupta: Understood, Sir. Secondly, you know one thing which I could not understand is, if I calculate the revenues as a the percentage of the assets that we have, which is 3.7 lakhs Crores so it comes to around 5%, now if you have a spread of around 40 basis point and you have leverage let us say nine times, so you get additional 360 basis points, 9x40 basis points, so more return on equity in a way because there is no tax and no provisions for bad loans so you have a return on equity sustainably should be blended yield on asset, which is 5% calculated plus your leverage that is there which is 360 points as the current leverage, which is around 8.6%, but your calculated ROE comes to around 15% for this quarter, so

what explains that anomalies and what are our sustainable number for return metrics on equity and assets?

Amitabh Banerjee: You see as far as this is not an anomaly basically one thing that we are not only utilizing the amount which we are mobilizing through the loans or the issuance of bond, be it short-term or the long-term or the ECB portion, but also we are utilizing the funds from the net worth from equity infusion by the government as well as mobilised now after the IPO and the reserves and surplus so those that actually accounts for the higher ROE apparently which does not really match with the margin that we are charging for Ministry of Railways, so currently it might seem to be on the higher side, but that we are basically leveraging on the other sources of finance, which does not involve any cost.

Sarvesh Gupta: Sir, what is the rate of interest that you are charging to Indian Railways?

Amitabh Banerjee: What we are charging is 0.4% over the marginal weighted average cost of borrowing in a particular year, right, so if my weighted average cost is 7% then I charge 7.4% on Indian Railway as far as rolling stock is concerned again is the case with project asset if it is 7% we charge 7.35% so that is the way we are structured.

Sarvesh Gupta: What will be your marginal borrowing cost right now we can average?

Amitabh Banerjee: The weighted average cost was 6.51% at the end of March 2021.

Sarvesh Gupta: I think 6.5% than your leverage life times on 40 basis point, so we will have around 10% return on equity, 6.5% is in the previous on your equity?

Amitabh Banerjee: Yes.

Sarvesh Gupta: 360 basis point additionally on your leverage so then it is a big ROE for our business is that the right way of looking at?

Amitabh Banerjee: I do not know what is the formula that you have employed, but you are saying that 6.51% would be, you see it is not the 65.1%, it will be about 7%.

Sarvesh Gupta: So, 7% on equity and then 360 basis more?

Amitabh Banerjee: Yes, you see these are available in the excel, if you calculate you will find out that there is no anomaly, whatever the ROE is actually accurate, so you can just get in touch with our GM and he will tell you the exact calculation, so there is no anomaly whatsoever.

Sarvesh Gupta: Understood, the other thing is more pertaining to the business side which is like we were hearing that not only the railways other body should also be invited for competitively bid for such projects, so my question is that for railways they also want some other body also to finance the project in addition to IRFC, is there monopoly which is there, you know highly I looked at it because tomorrow someone else can also fund these things at a very competitive cost maybe at a cost better than your also so in which case do you see that possibility happen?

Amitabh Banerjee: That is a good question, now the point as of now IRFC happens to be the dedicated market borrowing arm of Ministry of Railways, so as of now it enjoys monopoly, but it does enjoy the monopoly not on the basis of the way it has been formed or the relationship between Ministry of Railways and IRFC that they can only take money through IRFC that is not the case, if they want they can go to any other financing institution also, I mean nothing prevents Ministry of Railways even now also if they feel that they are not getting the least cost financing from IRFC they would definitely go to other NBFCs also who are there in various other sectors like PFC, REC I mean there are so many others NBFCs are there, but if you look at the average cost of borrowing of these organizations vis a vis the IRFC you will see that the IRFC enjoys a lot of cost advantage vis-à-vis these organizations, we are at least 15 to 20 bibs lower in the market as compared to other NBFC in the market so we get the money from the market at the least cost possible and that is borne out by facts and that is borne out, I mean if you look at the net also you will see that we enjoy best rate as far as the fund mobilization is concerned, nothing prevents Ministry of Railways, in some projects like dedicated freight corridor or in case of high speed rail, they have taken finance through Ministry of Finance that is G2G kind of a borrowing they have taken or World Bank, but that is G2G I mean that is not through any financing institution, but as far as the EBR is concerned that is the extra budgetary resources are concerned, we still enjoy the same status that we have enjoyed so many years and that we still happen to be the dedicated market borrowing and going forward I do not foresee any other organization who will be able to match the cost of fund in that we arrange as on date.

Sarvesh Gupta: Understood, and in the opening remarks you had mentioned that except for one particular year since inception which was 1986 this spread of point 0.4% and 0.35% has been maintained, so if you share some light on what was the circumstances and which year the caps were reduced and under what circumstances?

Amitabh Banerjee: No, you see it used to be 50 basis points since 1986 and then in FY2018 at that time it was decreased from 50 to 30 bps because there were some headwind in the revenue generation of Indian Railways, they were facing a lot of issues, the state revenue had gone down, so both of us decided in fact Indian Railways has decided that we could decrease it only for one year and the next year it was again raised by 10 bps and you must understand that this

decrease in the margin that happened in one year that is 2017-2018 that happened only for those loans or for those lease structures that we had made during that particular financial year, it did not have any impact on the previous leases or it did not have any impact in the prospective years also, so it was only those leases which were entered into in that particular financial year, got a hit of about 20 bps and that was the reason that there were taking adverse revenue generation and revenue streams in that particular year that is why this margin was tinkered with, otherwise it has always remained at one particular level and thereafter from FY2019 onward it has always remained the same.

Sarvesh Gupta: Now we do not see this change in future?

Amitabh Banerjee: No, I will tell you, we have the most adverse financial situation in the last financial year that is FY2021 in the wake of COVID-19 and there was practically no generation of the passenger revenue by India Railways and it went into lot of issues as far as balancing their budget was concerned, but still we persisted with 40 bps and there had no problems whatsoever and in that particular year only incidentally we had the maximum disbursement and it was all at the same level, so despite a very adverse financial situation during this COVID years so to say that is FY2021, there was no impact on the margins, so that would be a good example to substantiate the fact that going forward also we do not foresee any kind of an adverse impact on our margins.

Sarvesh Gupta: Thank you, Sir. Thanks a lot.

Moderator: Thank you. The next question is from the line of Pawan Parodia an Individual Investor. Please go ahead.

Pawan Parodia: My question is for this half years why the additional financing is just around 25000 Crores in H1 in comparison to the whole of last year it was 1.04 lakh Crores, so why it was so less in this particular time?

Amitabh Banerjee: No, it was 26527 Crores for the half year in 2021 as against only 18565 Crores during the corresponding half year of the previous year so it actually went up from 18000 Crores to 26000 Crores, it did not go down, it has gone up.

Pawan Parodia: It is like in the March, in the second half is it generally more that the first half?

Amitabh Banerjee: Yes, not only the second half, it generally picks up in the Q4 segment and that is mostly in the month of February and March, I mean it takes a leap, it does not only increase, it takes a leap in February and March, so Q4 is the quarter, which sees the maximum disbursement, but as of now we have already disbursed 26500 Crores as against 18500 Crores last year, so it is very much on the higher side.

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

Sarvesh Gupta: Sir, one question I had in terms of a long-term growth that you envisaged, now earlier we were providing a smaller part of the railways capital outlay at around 36% odd, now we have already reached closer to 70% or may be higher this year already, so then does it mean that after few years we will start tracking more or less growth in our disbursements, which will be in line with the railway capital outlay which may be closer to 8% to 10% as per the GDP growth rate?

Amitabh Banerjee: Yes, I mean if you see the basic thing that we have to remember is that we finance the EBR portion of Indian Railways that is the extra budgetary resources, now with the budgetary grant has its limits, the government budgetary support given to all the ministries, all the spending departments of Government of India and there is a limit to which that can be given now whereas there is a huge capital outlay in the next 10 years or so and as per the National Railway Plan it has got already about Rs.11 trillion of expenditure lined up on railway certification on multi tracking, on station upgradation, on upgradation of financial economic so and so forth, there are any number of capex programs which are there in the pipeline and with a limited government budgetary support naturally the dependence of Indian Railways on IRFC would that much get increased or it would be that much heightened in course of the decades, therefore the reliance of Indian Railways on IRFC would be greater as we go ahead, I mean that is what is expected and that is what we envisage. Now beyond that we will not be able to say much, but that is the level at which we will be progressing with the numbers that we have just given of GDP growth yes, we shall be going at that level as far as our disbursements are concerned.

Sarvesh Gupta: Understood, Sir and any guidance for this year, what sort of growth are we looking at INR AUM?

Amitabh Banerjee: Well already we have crossed 3.82 lakhs Crores till end of September, so it would definitely cross 4 lakhs Crores, but as of now we have got a mandate of 65256 Crores for this year out of which we have already disbursed as on date as we speak we have already disbursed about half of it, 30630 Crores we have already disburse as on date that is on November 2, 2021, so another 35000 Crores as per the original mandate, but generally this mandate is revised in course of the year, so we expect that this year also the mandate would be revised upwards and that would decide for at least there would be a disbursement of 35000 Crores more as per the original mandate in course of the year and then depending on the further requirement of Indian Railways, the AUM also would be growing in that extent.

Sarvesh Gupta: But last year we have disbursed 1.04 lakhs Crores?

Amitabh Banerjee: Yes, that was a special year in which there was a lot of challenge on the revenue from the Government of India, so that is why the government budgetary support was that much limited and that is why there was extra reliance on this extra budgetary capital, this year it is a bit more better as far as the GBS is concerned, but still the requirement of capex is of course it is quite high, so we have to just wait for some more days to know what the revised outlay would be.

Sarvesh Gupta: You know, a year before that we had disbursed 71000 Crores, non-COVID years, so I think some growth rate on that number?

Amitabh Banerjee: Yes, of course, anywhere at 55000, that 71000 happened when the original was about 50 odd, so the original mandate was 50 odd and then it became 70 odd, so this year also we expect that it could be higher than the original mandate.

Sarvesh Gupta: Understood, thank you.

Moderator: Thank you. The next question is from the line of Kayur Asher from PNB Metlife. Please go ahead.

Kayur Asher: Thank you for this opportunity. So, I had a question regarding the aspects we finance the infrastructure aspect of finance, so on that I think there was an obvious guidance that the standard lease agreement is yet to be signed any update on that?

Amitabh Banerjee: The standard lease agreement on the project assets actually because we added moratorium of five years which has just expired in FY2021 and that is finalized, it is on the cusp of getting signed by both the party by both Ministry of Railways and IRFC.

Kayur Asher: I understand these are still the payments would be still under moratorium for these project assets?

Amitabh Banerjee: Yes, that is the reason, it took time, but anyway the deal has been almost finalized and the lease rentals from project assets also would be starting from this financial year.

Kayur Asher: Understood, that was my only question. Thank you.

Moderator: Thank you. The next question is from the line of Amit Bhatt from MIT Engineering. Please go ahead.

Amit Bhatt: Congratulations for the great result again. Sir, you said that in one particular year in 2018 or I think 2017-2018, government reduced your margin of 0.5% to 0.3% and again revised it to 0.4%, so you said that affected only the disbursement of that particular year, but is there any

scope that you know because this government and this Finance Minister, they are coming with some crazy things nowadays, so there is the possibility that somewhere they will come and retrospectively cut your margin from the entire disbursed amount 3.7 lakh Crores or 3.8 lakh Crores, is there any possibility of that?

Amitabh Banerjee: I do not think so and there is no such possibility and as far as your illustration is concerned retrospectively this is the same government which is actually whenever the retrospective taxation that was applicable for these 4G operators and they have actually done away with their retrospective thing, so we do not foresee any kind of thing?

Amit Bhatt: But the problem is not with the intention of the government, a problem is between the communication between the two government bodies with DIPAM in this particular another railway PSU, the DIPAM is saying something else and you know the Railway Ministry is saying something else and then you know it create a fiasco in the stock market and everybody in the world is laughing, so why the concern, if someday some babu is going to come and tell that you know now it is going to be 0.3% on entire amount which you have disbursed then there is going to be the huge implications on the stock price?

Amitabh Banerjee: That eventuality will not arrive.

Amit Bhatt: Sir, is there any possibility that you DIPAM, because you know there is a possibility of the OFS also, so is there any way that DIPAM, you and the Railway Ministry comes out with the 0.3% scope of five years, that is a five years commitment so that will create certainty and that is what basically moving upwards certainty for business ease of doing business so when big players come when you stock start performing according to the results which you are doing, you are doing great job, stock prices are not reflecting it, it is not taking cognizance of it and that is only because of some uncertainty?

Amitabh Banerjee: No, apprehension will be taken, but let me assure you that there is a good amount of coordination even now between Ministry of Railways, DIPAM and IRFC and we do not expect any such disruption to be detriment of the organization in times to come and we can assure you that there is a very good coordination between the ministry and the other regulatory bodies

Amit Bhatt: And second question is, because you are really doing wonderful job, the company is doing wonderfully, you are frequently meeting the bigger institutions or conference, so what inputs you are getting, why not a big players are not coming and investing in our company, being a wonderful company?

Amitabh Banerjee: They will be coming and we are having regular investor needs also, we started the investor needs, and we are talking to the other organizations also and I think they would be on board as you said that there are some apprehension that need to valid, otherwise they have no reason not to invest in IRFC.

Amit Bhatt: Yes, really wonderful company and you people are doing really wonderful job. Thanks a lot.

Amitabh Banerjee: So kind of you. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. Members of the management you may please go ahead and give your closing remarks.

Amitabh Banerjee: Thank you very much and we will again meet. Thank you.

Moderator: Thank you very much. On behalf of DAM capital, we conclude you all for joining. You may now disconnect your lines.