



INDIAN RAILWAY FINANCE CORPORATION

Indian Railway Finance Corporation (IRFC) IPO Note

IPO Recommendation – Subscribe to the issue

About the Company:

The Indian Railway Finance Corporation (IRFC) is a public-sector enterprise which is wholly-owned by the Government of India under Ministry of Railways (MoR). Indian Railway Finance Corporation was set up on 12th December, 1986 as the dedicated financing arm of the Indian Railways for mobilizing funds from domestic as well as overseas Capital Markets. IRFC is a Schedule 'A' Public Sector Enterprise under the administrative control of the Ministry of Railways, Govt. of India. It is also registered as Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC – ND-SI) and Infrastructure Finance Company (NBFC- IFC) with Reserve Bank of India (RBI). IRFC is primarily engaged in financing the acquisition of rolling stock assets, leasing of railway infrastructure assets and lending to entities under the Ministry of Railways.

Company Promoters:

The President of India acting through the Ministry of Railways is the promoter of the company.

IRFC IPO Snapshot:

Open Date	Jan 18, 2021
Close Date	Jan 20, 2021
Face Value	₹ 10 per equity share
Lot Size	575 Shares
Issue Price	₹ 25 to ₹ 26 per equity share
Issue Size	1,782,069,000 Equity Shares of ₹ 10 (aggregating up to ₹4,633.38 Cr)
Listing At	BSE, NSE
Listing Date	Jan 29, 2021 (Tentative)

Objects of the Issue:

The net IPO proceeds are proposed to be utilized for the following objects:

- To augment company's equity capital base to meet business future growth requirements.
- To meet general corporate purposes.

Products and Services offered:

- Mobilizing funds for Indian railways from domestic as well as overseas Capital Markets.
- Engaged in financing the acquisition of rolling stock assets, leasing of railway infrastructure assets and lending to entities under the Ministry of Railways.

Risk factors to be considered:

- Significant amount of revenue from operation comes from the Indian Railways. A loss of or reduction in business from the Indian Railways could have an adverse effect on company's business.
- Change in the terms of the Standard Lease Agreement entered into by the company with the Ministry of Railways may have an adverse effect on company's business.
- As government is slowly moving the Railways projects into PPP (Public Private Partnership) models, this will have a dampening effect on revenue of IRFC going forward.

Financials:

Particulars (All amounts in millions of INR)	30-Sep-20	31-Mar-20	31-Mar-19	31-Mar-18
Total Assets	29,19,865.81	27,55,041.29	20,64,382.95	16,14,510.41
Total Revenue	73,848.29	1,34,210.90	1,09,873.55	92,078.39
Profit After Tax	18,868.41	31,920.96	21,399.33	20,014.60

Reasons to invest/ subscribe for the issue:

- Consistent growth in revenue.
- Steady cash flow.
- Improvement in net profit margin.
- Company enjoys its monopoly sort of position in financing to Indian Railways and other associated companies.

Investment rationale:

IRFC revenue are steadily growing. Its margins are also significantly improving. With faster urbanisation and enhanced rail commuting needs IRFC looks promising growth story in longer run. Company hold significant market share in the industry. The government focus on Indian Railways projects such as Bullet Trains etc gives visibility of revenue growth for IRFC in future. Considering all these factors, investors can consider investing in this IPO.

Information sources:

Information gathered in this document are from company's Draft Red Herring Prospectus (DHRP) filed by the company with SEBI and from other freely accessible web sources.

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**Registered Office Address: No 480,
 First Floor, Khivraj Complex – 1, Anna Salai,
 Nandanam, Chennai - 600 035.
 Phone : 044 - 24313094 – 97.
 Email : indbank@indbankonline.com**

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