



Case Study on External Commercial Borrowing of DFCCIL

Presenters:

- **Hira Ballabh, Director (Finance), DFCCIL**
- **Atul Khanna, Managing Director, MUFG**
- **Jae Hyung Kwon, Head (India Office), MIGA World Bank Group**

Creation of DFC announced in Railway Budget of 2005-06.

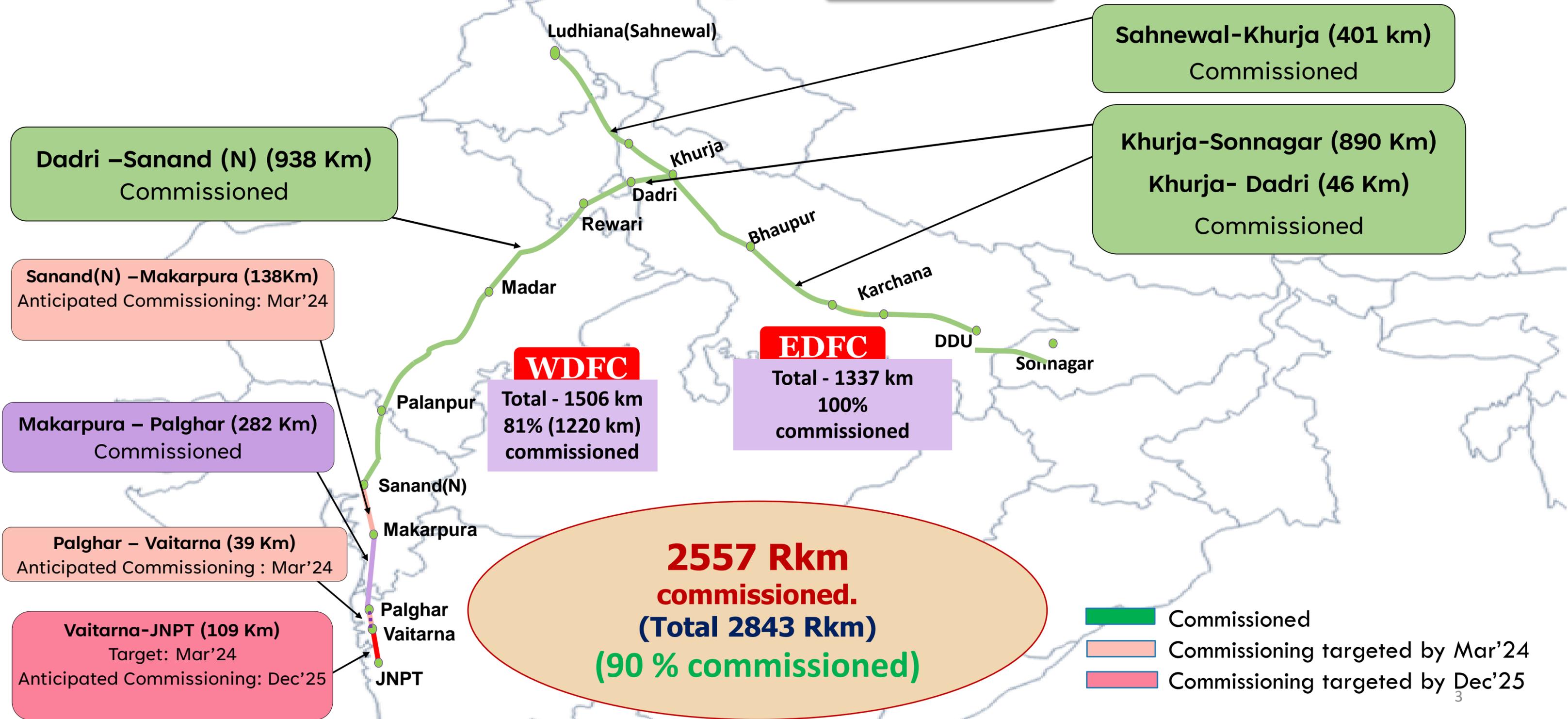
This led to the establishment of **Dedicated Freight Corridor Corporation of India Limited (DFCCIL)**, to undertake **planning & development, mobilization of financial resources, construction, operation & maintenance, and business development of the dedicated freight corridors.**

DFCCIL was incorporated as a schedule A company under the Company's Act 1956 on 30th October 2006.

Vision of Company: To create a partnership with Indian Railway for retaining and expanding the market share of railways through efficient and reliable service with customer focus.

PROJECT STATUS – DFC (2843 KM)

As on 19.02.2024



- █ Commissioned
- █ Commissioning targeted by Mar'24
- █ Commissioning targeted by Dec'25

DFCCIL: A GAME CHANGER IN FREIGHT TRANSPORTATION

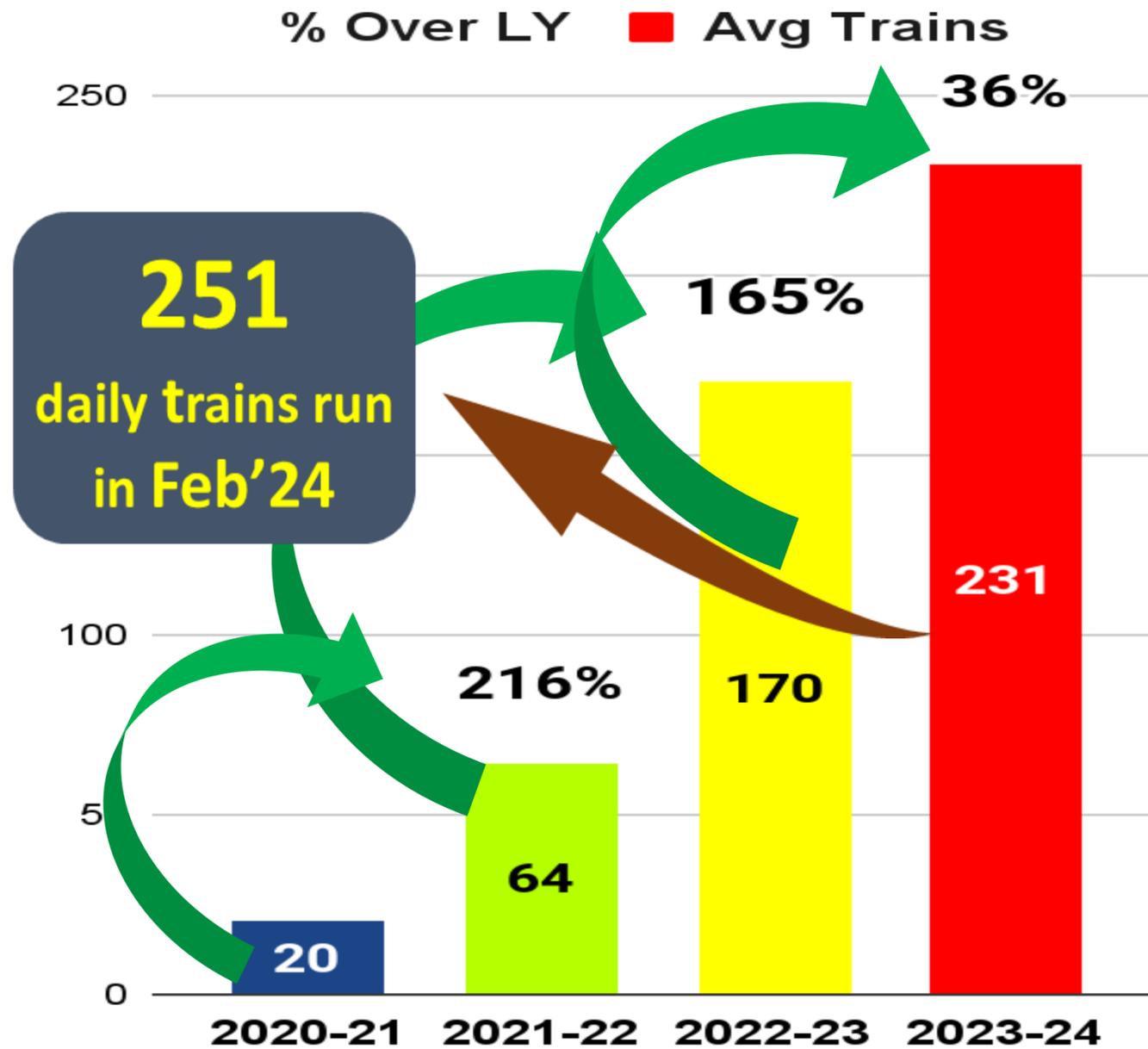


RECENT INAUGURATIONS BY HON'BLE PRIME MINISTER



Inauguration of the Dadari - Rewadi section of DFCCIL, to the nation by Hon'ble PM Shri Narendra Modi. The section has one Km. long double stack electrified tunnel under Aravalli hills, a technological marvel. It also has 2.7 km via duct in Sohna.

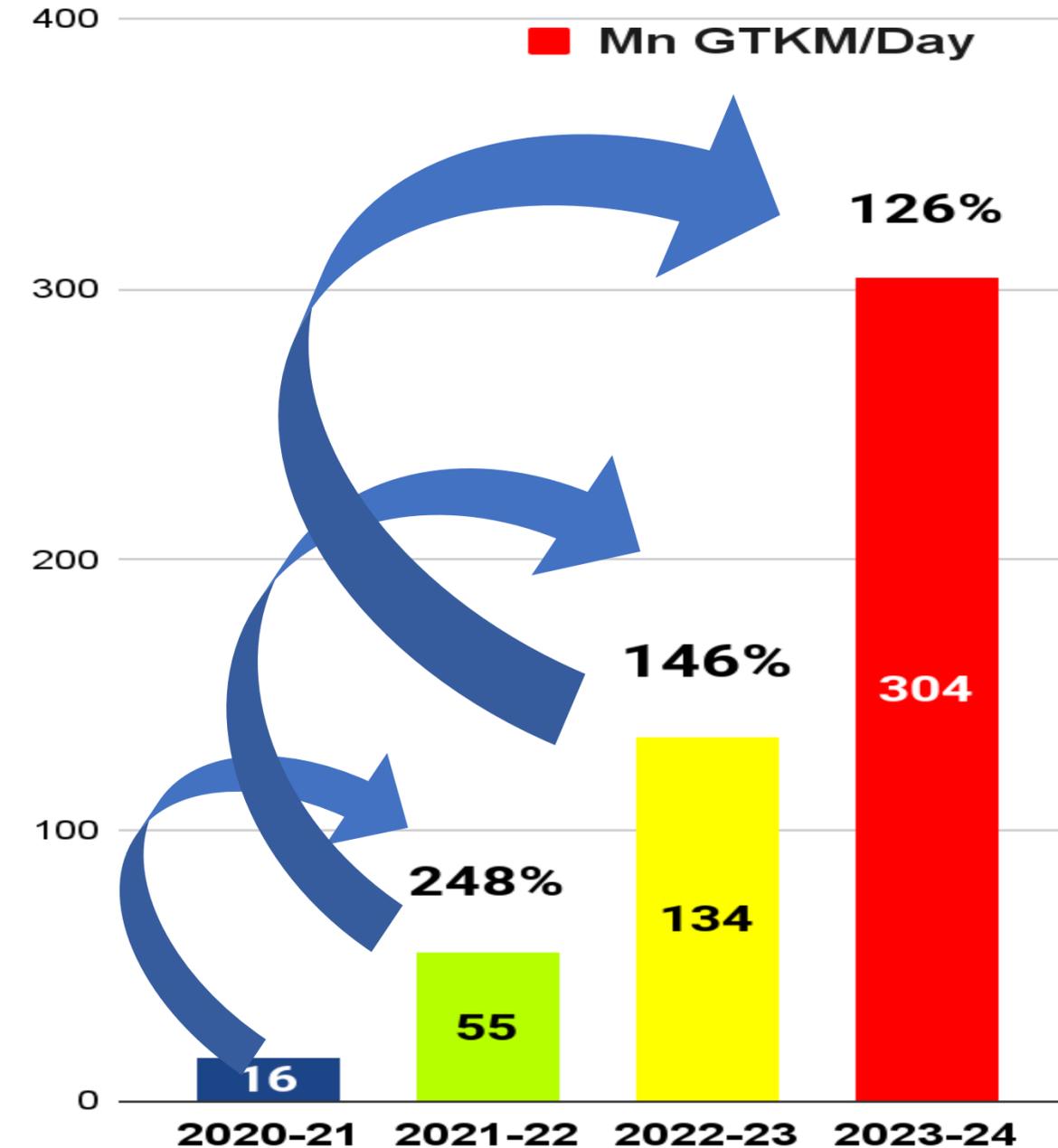
Avg Trains and % over LY



Trains (Trips Per Day)

Total : 1,51,148 Trains

Mn. GTKMs/Day and % over LY



GTKMs (Million/Day)

Total : 152.9 Billion

EXISTING RAIL CORE TRAFFIC MOVING ALONG DFC NETWORK

(Coal, Foodgrain, Fertilizer, Cement, POL, IS, Ores, etc.)

Parcel Traffic:

- All stations of DFC are Parcel Stations
- Milk Special, E-Commerce

New Traffic - Special services :

- ToT
- Road Railers
- Other Special Type Wagons

Military Traffic:

Due to better MMDs, Locations
Connectivity etc.



Traffic from New Industries, Goods Sheds, PFTs, MMLPs, Connectivity & Development along with Corridor & Heavy Machinery movement due to better ODC SODs

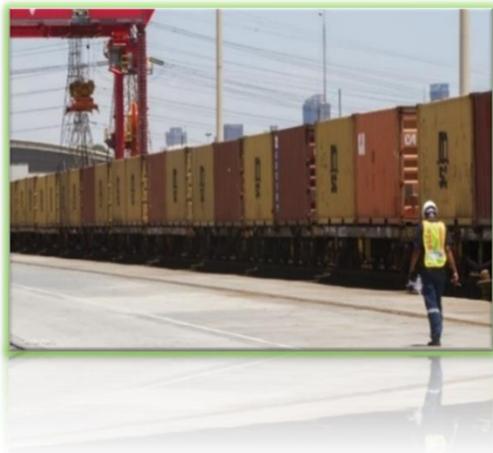
Automobile Traffic:

Cars, Tractors, 3 & 2 Wheelers

Other Railable Road Traffic :

Ceramics, Marble, Ballast, FMCG, IT & White Goods, Handicrafts etc. through Containerisation & otherwise

BENEFITS ONCE THE ENTIRE NETWORK BECOMES OPERATIONAL



Faster, higher & longer – Heavy Haul



Quantum jump in transportation capacity: 120 trains each way



Connectivity to Private siding, Private Freight Terminal, Major/minor Ports



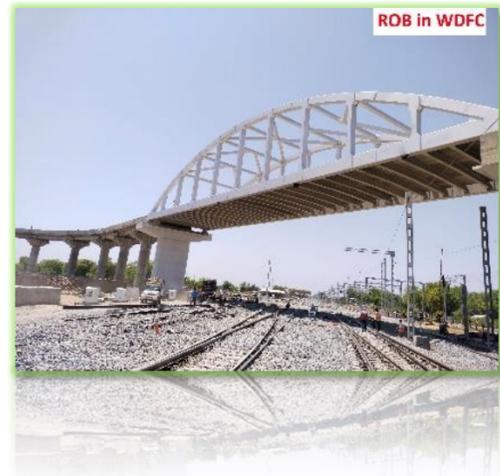
Reduction in logistics cost through increased efficiency



समय सारणी		TIME TABLE	
मिठी नं. / TRAIN NO.	प्रारंभिक वेळ / START TIME	मिठी नं. / TRAIN NO.	अंतिम वेळ / END TIME
52102	07-00	52101	09-30
52104	09-50	52103	11-10
52112	12-30	52105	12-25
52106	13-50	52107	13-45
52108	15-15	52111	15-05
52110	16-30	52109	19-00

Scheduled time tabled trains - strengthening supply chain

BENEFITS ONCE THE ENTIRE NETWORK BECOMES OPERATIONAL



No Level Crossing



Improved Safety features - Provision of Train Protection Warning System



DFC will save 457 Million Tonne of CO2 emission over 30 years period

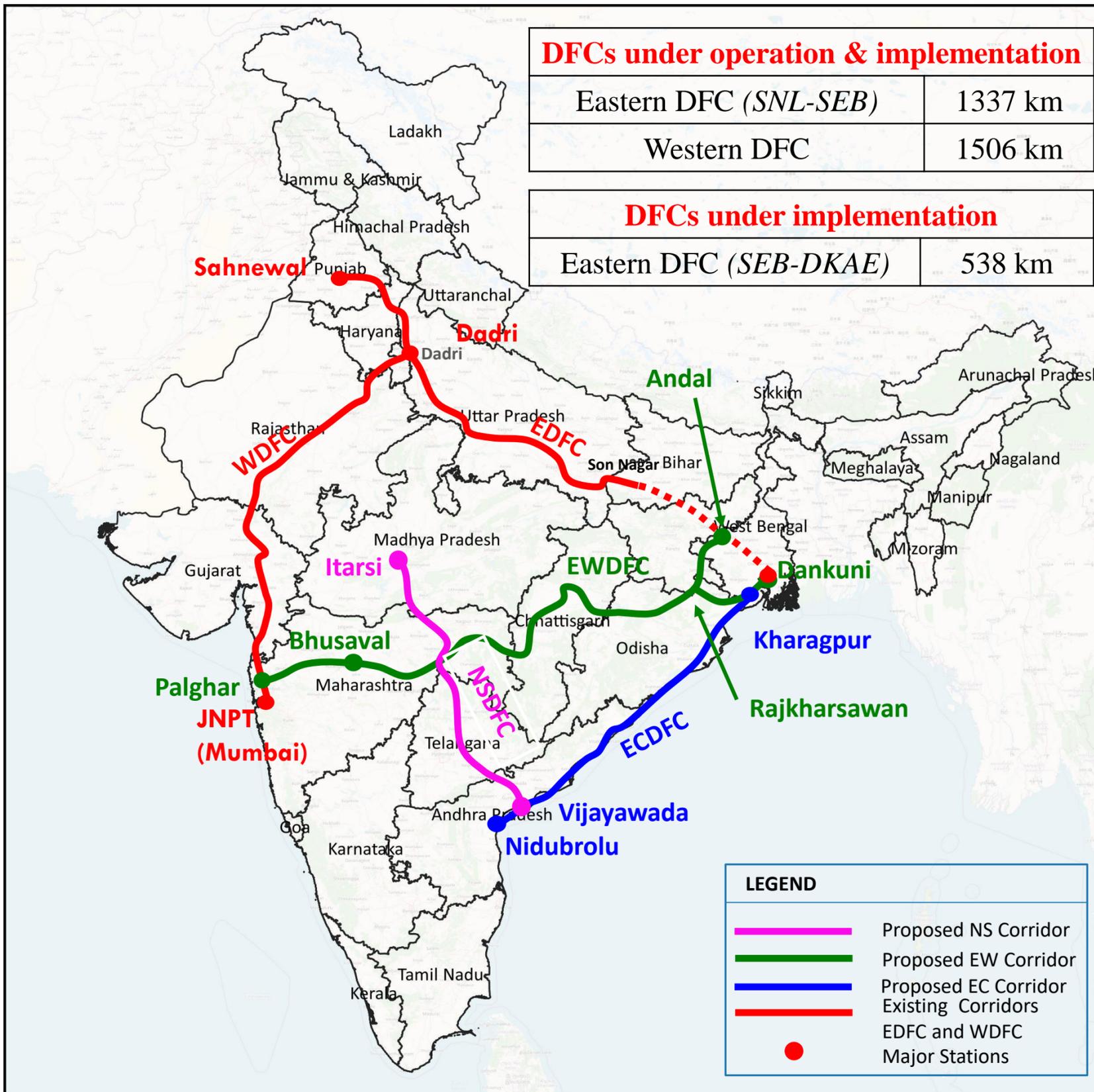


Released capacity on IR available for Augmentation and speeding up passenger services



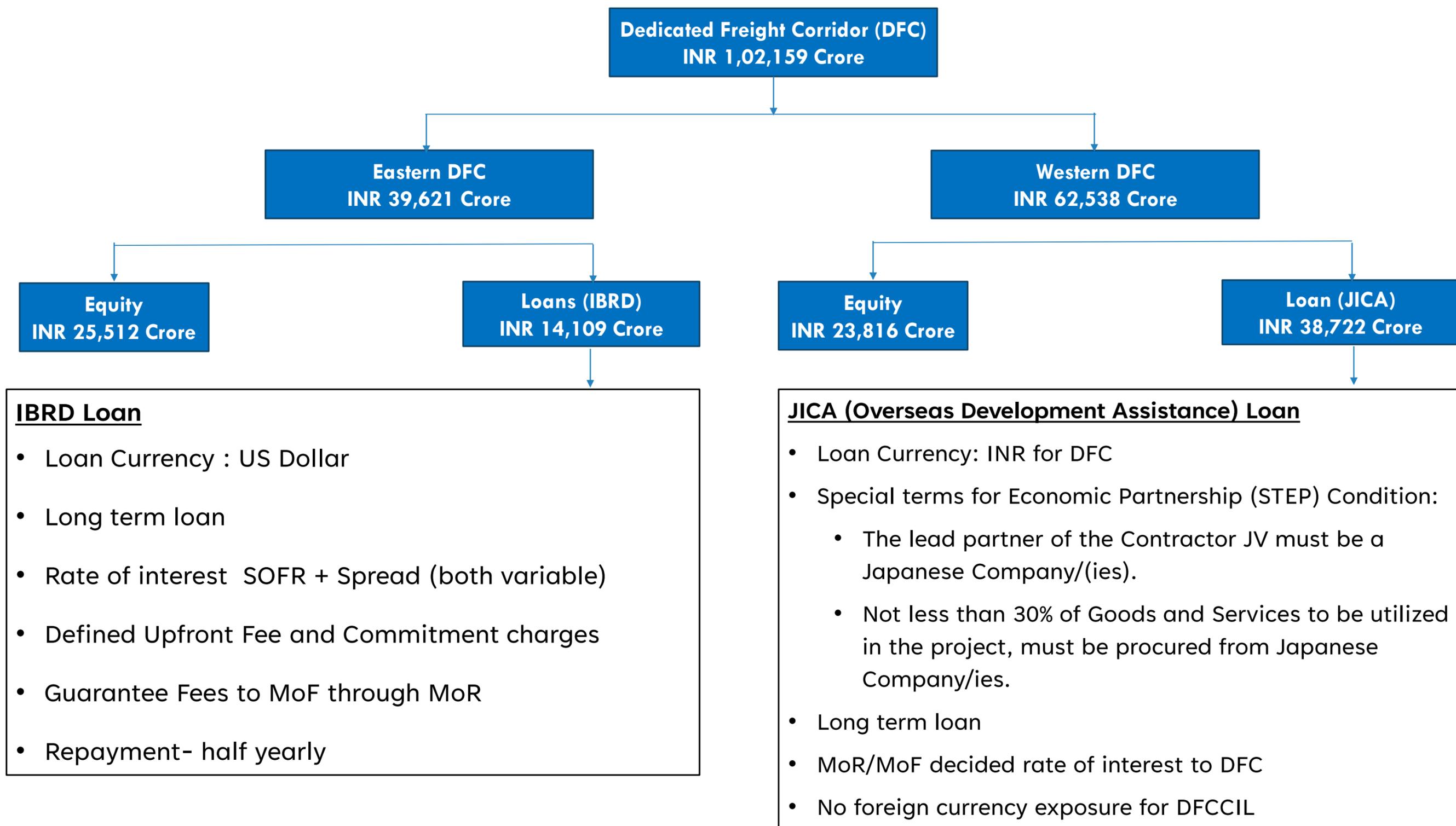
- Development of industrial hubs.
- DMICDC along Western Corridor.
- Connection to inland waterways.
- Amritsar - Kolkata along the Eastern Corridor.

FUTURE DFC UNDER STUDY



Corridor	State	Length (Km)	Approx. Project Cost (INR Cr.)
East Coast DFC (1149 Rkm)	West Bengal	48	76,974
	Odisha	454	
Kharagpur – Vijayawada (extended up to Nidubrolu)	Andhra Pradesh	647	1,23,312
	Maharashtra	883	
East West DFC (2321 Rkm)	Gujarat	199	64,276
	Chhattisgarh	430	
	Odisha	182	
	Jharkhand	281	
	West Bengal	346	
North South DFC (922 Rkm)	Madhya Pradesh	225	64,276
	Maharashtra	277	
	Telangana	352	
	Andhra Pradesh	68	
All new DFCs are included in the approved National Rail Plan 2030 & Gati Shakti Master Plan.			

PROJECT COST AND FINANCING PATTERN



- **It represents first ever credit guarantee by MIGA in India.**
- **Pursuant to directions of DEA, 'IBRD-MIGA blended financing' in India was taken up on Eastern Dedicated Freight Corridor with USD 245 million from IBRD and USD 100 million from External Commercial Borrowings (ECB) i.e. from International Financial Institutions guaranteed by MIGA.**
- **Marks DFCCIL's initiation into commercial financing.**
- **This initiative opens up new vistas of financing in the country driving India's infrastructure growth and achieving the Atma-Nirbhar Bharat Vision of Hon'ble PM Shri Narendra Modi.**

- **07 international lenders participated in the bidding process.**
- **Reputed agency and legal counsel assisted in the bid management process.**
- **MUFG Bank has been selected as the lender for this transaction. Loan disbursement through it's Gift City Branch.**
- **Special benefit on withholding tax exemption offered by GIFT city proved to be a key differentiator as it resulted in lowering of MUFG quote, thereby becoming L1.**



FIRST MIGA CREDIT-ENHANCED FINANCING IN INDIA

- FEBRUARY 2024

- **MUFG BANK, LTD**

A member of MUFG, a global financial group

INTRODUCING MUFG

Leading Diversified Global Financial Group

MUFG is one of the **world's largest banking institutions** by asset size.

Rank	Company Name	US\$	Country
1	Industrial & Commercial Bank of China	5.93	
2	China Construction Bank	5.18	
3	Agricultural Bank of China	5.08	
4	Bank of China	4.33	
5	JPMorgan Chase & Co.	3.63	
6	Bank of America	3.02	
7	Mitsubishi UFJ Financial Group	2.99	
8	HSBC	2.94	
9	BNP Paribas	2.81	
10	Credit Agricole Group	2.51	
11	Citi Group	2.39	

As of Dec. 2022, US\$1=JPY131.12, EUR1=JPY140.41)

MUFG is **committed and rooted in Asia Pacific region.**



c.USD 15bn investment to create a strategic partner platform



Over **50** Markets

Around **180,000** Professionals

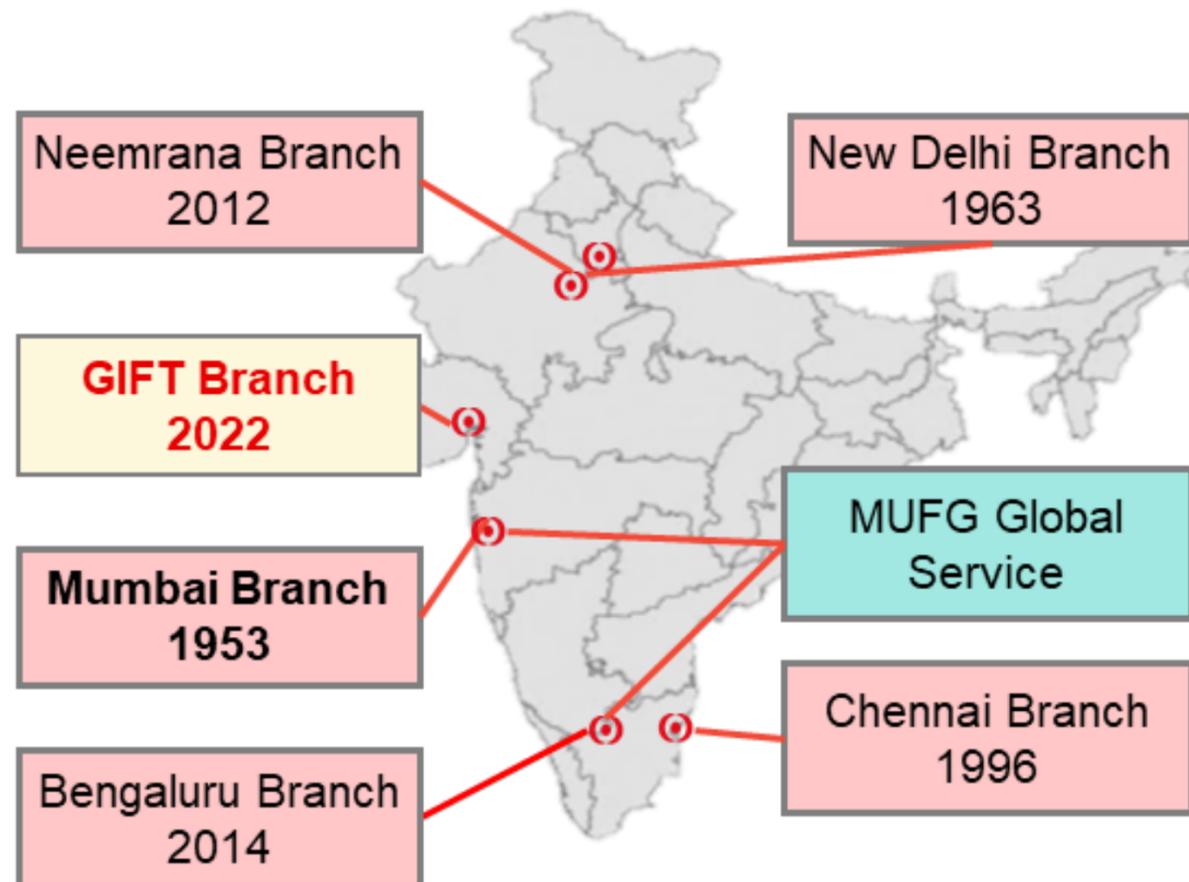
Over **360** Years of History

Approximately **\$3.0 trillion** in assets as of end-Dec 2022

MUFG IN INDIA

Amongst Top 10 international banks consistently scaling up its commitment

- History of 130 years in India since Yokohama Specie Bank (predecessor) opened its representative office in 1894
- First branch opened in Mumbai in 1953 followed by key urban centre presence
- Transformational initiatives
 - ✓ Tier-1 Capital Increase
 - ✓ Global Capability Centre (MUFG Global Service)
 - ✓ Start-up Fund (MUFG Ganesha Fund)
 - ✓ GIFT-City Branch
- Largest foreign bank in GIFT-City with \$5bn+ asset book
- Top ranked bookrunner in international debt markets
- Credit Rating: Long Term A (S&P), A1 (Moody's), A- (Fitch)



India G3 Bonds League Table 2023			
Rank	Bookrunner	Volume (USD m)	Issues
1	MUFG	979.22	7
2	Standard Chartered	951.72	8
3	HSBC	501.72	5
4	JP Morgan	501.72	5
5	Citi	465.36	4
6	BofA	442.86	3
7	Barclays	329.22	3
8	Emirates NBD	197.50	2
9	DBS Group	186.36	2
10	Societe Generale	161.36	2

India G3 Loans League Table 2023		
Rank	Bookrunner	Volume (USD m)
1	MUFG	3,052.33
2	HSBC	2,771.75
3	State Bank of India	1,593.09
4	Standard Chartered Bank	1,407.40
5	Sumitomo Mitsui Financial	1,105.48
6	DBS Group	813.31
7	Taipei Fubon Commercial Bank Co Ltd	787.28
8	Credit Agricole CIB	564.22
9	Bank of India	477.26
10	Mizuho Financial	415.80

Source: Bloomberg LEAG as of December 2023

USD 100 MILLION MIGA-COVERED LOAN TO DFCCIL

- *Inaugural External Commercial Borrowing in India backed by Multilateral Investment Guarantee Agency (MIGA)*

Summary of Terms

Borrower	Dedicated Freight Corridor Corporation of India Ltd (DFCCIL)
Lender	MUFG Bank, Ltd., GIFT Branch
Facility Type	Term Loan
Facility Amount	USD 100 million
Tenor	8 years, including 3 years of moratorium
Repayment Profile	Semi-annual fully amortizing
MIGA Cover	95% comprehensive cover
Financial Close	17 January 2024

Key Highlights

■ Company Profile

- DFCCIL, a special purpose vehicle of Ministry of Railways (MoR), Government of India (GoI), established in 2006 with the mandate to build, operate, and maintain the dedicated freight railway lines along the Golden Quadrilateral rail routes and its diagonals, which accounts for 16% of the entire railway route in India and more than half of the Indian Railways traffic

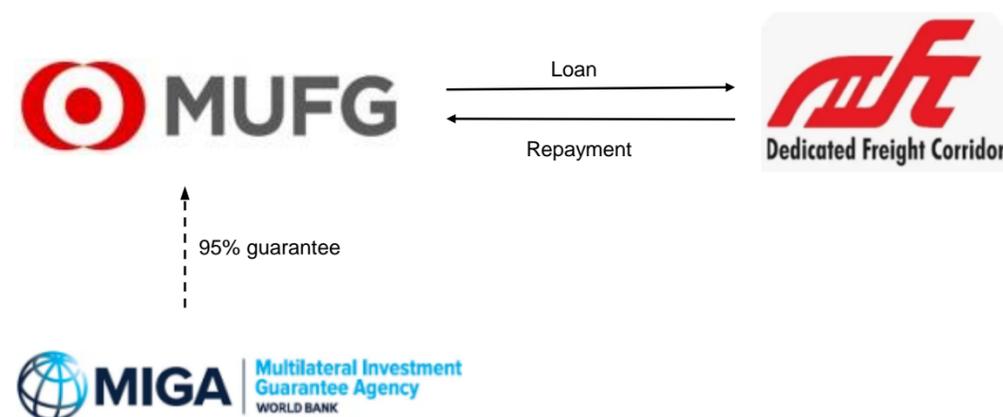
■ Purpose of Loan

- Part funding of DFCCIL's capital expenses for the design, construction and commissioning of the Khurja-Ludhiana and Kanpur-Mughalsarai sections of the Eastern Dedicated Freight Corridor project, and the last mile connectivity of freight corridor to multimodal logistics terminals, developed by DFCCIL as part of the National Rail Plan of the Ministry of Railways, Government of India.

■ Transaction Highlights

- This marks **MIGA's debut credit enhanced financing in India** where the 95% guarantee cover by MIGA helped **DFCCIL to borrow internationally under commercial terms for the first time** and thereby diversify its financing mix. This would serve as a template for the upcoming new rail corridors estimated to cost cUSD 130bn.
- DFCCIL is **one of the largest infrastructure projects in India** and will boost the freight market share of railways, reduce congestion in its existing network, and provide high-capacity, efficient transportation service.
- It is expected that **DFCCIL will save more than 450 million tonnes of CO2 in first 30 years of operation.**

Project Structure



OVERVIEW OF COVER

About MIGA

Multilateral Investment Guarantee Agency (“**MIGA**”) was created in 1988 as a member of the World Bank to promote foreign direct investment in emerging economies by helping to mitigate the risks of restrictions on currency conversion and transfer, breach of contract by governments, expropriation, and war and civil disturbance; and offering credit enhancement to private investors and lenders.

Product	
Product	<ul style="list-style-type: none"> • Non-Honoring of Financial Obligations (NHFO) • Protection against losses from a failure by a sovereign, sub-sovereign, or state-owned enterprise to make a payment when due
National Requirement	<ul style="list-style-type: none"> • N/A; MIGA supports developmental projects
Coverage	<ul style="list-style-type: none"> • Up to 95% comprehensive cover
Tenor	<ul style="list-style-type: none"> • Up to 15 years
Financing Amount / MIGA Premia	<ul style="list-style-type: none"> • Up to MIGA’s discretion
Risk Rating	<ul style="list-style-type: none"> • Minimum BB-

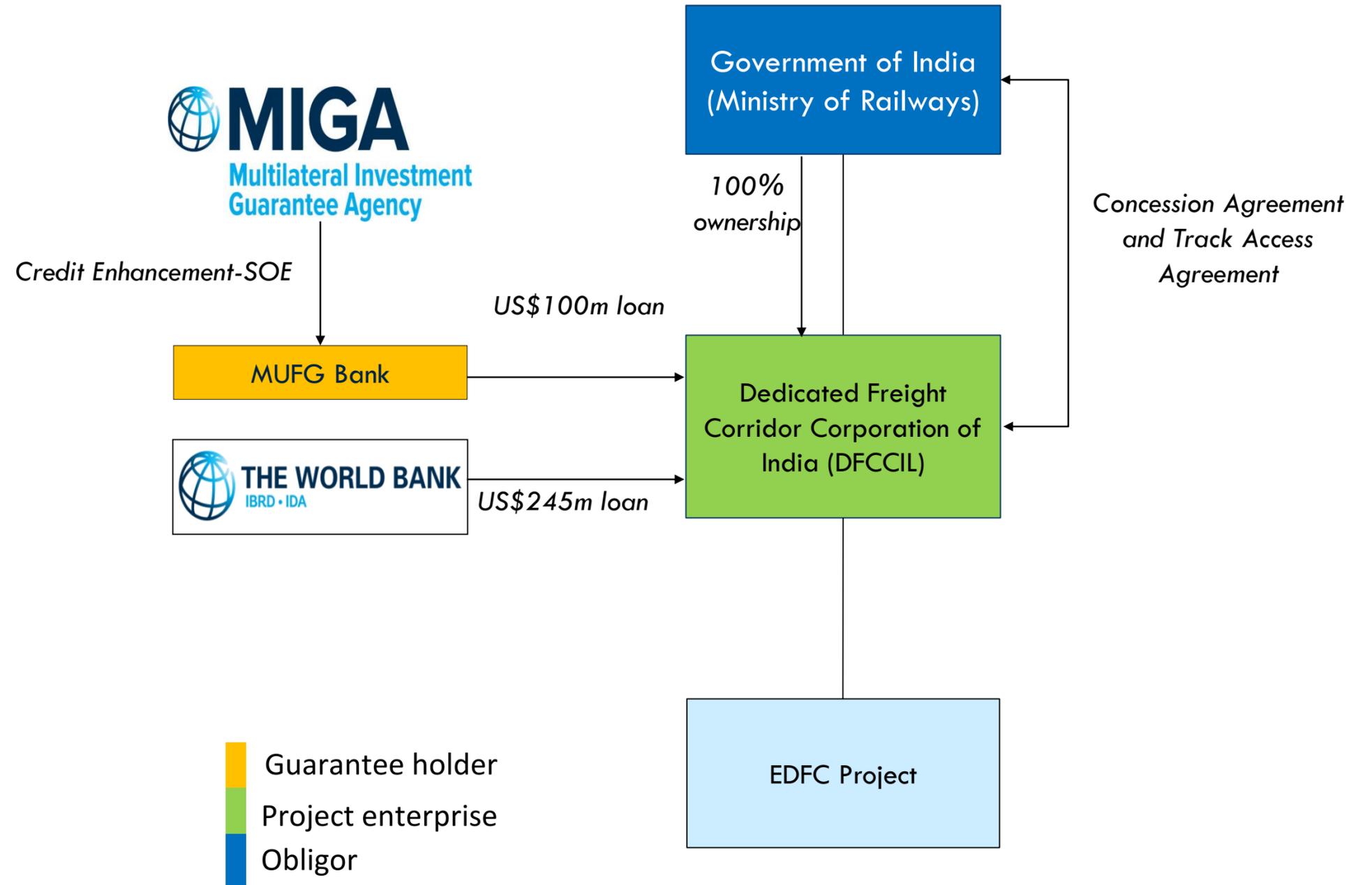
Benefits	
Larger Size Commitments	<ul style="list-style-type: none"> • 0% risk weighting to claims on MIGA assigned by Basel Committee • Reduced capital provisioning
Stronger Risk Appetite	<ul style="list-style-type: none"> • Longer tenors (15 years) • Wider investor participation • Mitigants in challenging markets
Enhanced Credibility	<ul style="list-style-type: none"> • Access to World Bank network • Global expertise and advisory
Environmental and social risk mitigation	<ul style="list-style-type: none"> • Best practices in environmental and social standards

Alternative Cover Providers: Increasingly, Export Credit Agencies (“ECA”s) are offering Untied products that are not linked to the export of goods or services from the ECAs’ country, but rather evaluates how the trade or project contributes to its national interest.

Utilization of MIGA's Credit Enhancement of State-Owned Enterprises

Dedicated Freight Corridor Corporation of India (DFCCIL)

- ❖ **Project:** The MIGA-covered loan would be used to support the design and construction of identified sections along the EDFC which is a 1,840km long electric high-speed freight-only railway system, the largest rail infrastructure project being built in India. The Project is being implemented DFCCIL.
- ❖ **Use of proceeds:** Project is to support two sections of EDFC specifically: 401km section from Ludhiana to Khurja and 393km section from Kanpur to Mughalsarai, plus the last mile connectivity to the freight corridor to a logistic terminals.
- ❖ **MIGA's value-added:** The MIGA-covered commercial loan of US\$100m would be DFCCIL's first commercial loan, which would signal to the financial market of DFCCIL's standalone creditworthiness, thus expanding the breadth of financing options available to it for future projects.
- ❖ **Joint WB-MIGA transaction:** As a parallel loan to the WB loan, MIGA benefited from WB's due diligence, which has led to a streamlined approval process for MIGA.





Thank You