

Indian Railways IRFC Launches Inaugural \$500m Green Bond

MD Signals Appetite for Further Green Issuance

LONDON/MUMBAI: 06/12/17 12:00GMT: Indian Railways Finance Corporation ([IRFC](#)) has issued its inaugural green bond on behalf of Indian Railways, the world's fourth largest rail network. The landmark \$500m Climate Bonds Certified issuance will fund a series of low carbon improvements to Indian Railways infrastructure and rolling stock and was listed on the London Stock Exchange International Securities Market today.

The 10-year Green Fixed Rate Senior Unsecured Reg S only issuance achieved the following milestones:

- First Certified green bond issuance by IRFC
- Tightest spread over US Treasury achieved by any Indian public sector undertaking ("PSU") issuer for a 10-year transaction over the last decade
- Tightest spread over US Treasury achieved for any Indian Issuer for a 10-year Reg S only transaction over the last decade

Standard Chartered Bank, Barclays PLC, and SBI Capital Markets acted as Joint Lead Managers and Joint Book-runners on this issuance.

IRFC is the third state-backed entity to issue [Climate Bonds Certified](#) Green Bonds in recent months following the renewable energy agency [IREDA](#) in September and Power Finance Corporation ([PFC](#)) last week. All have listed in London. India currently holds the 10th place in the global Top 10 ranking of national green bond issuers as at 30th November.

The new issuance was [initially foreshadowed](#) by Climate Bonds on November 29th.

S. K. Pattanayak Managing Director IRFC:

"The interest our green issuance has elicited, especially in London, is very encouraging. And, we intend to tap this market with repeat green issuances."

"We are the first certified green issuer for rail transport, outside of the developed world."

"This is a benchmark for Indian Rail that puts sustainable, cleaner and safer transport for the public at the heart of its all-round growth and pursuit of excellence. We are committed to the goal of a low carbon pathway for the future. We hope this to be an example for others."

Sean Kidney CEO, Climate Bonds Initiative:

"Indian Railways is the third state-backed entity to seek global investor exposure by issuing a Climate Bonds Certified green bond and listing in London."

"This IRFC green bond and the previous issuance from India are a sign of the enormous market opportunities available for international investors in green energy, transport, and infrastructure to meet India's intertwined climate, energy and development goals."

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Notes for Journalists

About the Climate Bonds Initiative: The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low-carbon economy. More information on our website [here](#).

About IRFC: Indian Railway Finance Corporation (IRFC) was formed in 1986 as the dedicated financing arm of the Indian Railways for mobilizing funds from domestic as well as overseas Capital Markets. More information [here](#).

Further Bond Details: The following information sourced from Standard Chartered:

The order books were oversubscribed 3.2x, a testament to strong investor preference for this high-quality credit from India.

The transaction priced well inside the initial price guidance of CT10 + 165 bps area at CT10 + 145 bps, representing significant price tightening of 20 bps. The issuance was priced at a coupon of 3.835% for 10 Years (due 2027). This was IRFC's first USD currency bond since February 2014.

The Geographical Diversification: Investors from Asia (Singapore, HK, Taiwan, Tokyo), Europe (Denmark, UK, Germany, Switzerland), and the Middle East. By Investor Type Breakdown was 64% to Fund / Asset Managers, 24% to Insurance, 10% to Banks and Private Banks and 2% to Others.

India Green Bond Growth: Climate Bonds analysis shows that green bonds to the value of \$1.1bn were issued from India in CY 2015, and \$1.5bn in CY 2016.

A record \$3.7bn has been issued as at 30 November 2017.

India currently holds 10th position in the global ranking on national green bond issuers as at 30th November.

India Green Bonds: More information can be found in our April 2017 Bonds and Climate Change – [State of the Market India](#) report.

Global Green Bonds Year on Year Growth: Labelled green bond issuance in CY 2016 reached USD81.6bn, 92% up on the 2015 figure of USD43.2bn. The CY 2014 figure was USD36.6bn.

In 2017 global green bond growth passed the [USD100bn](#) mark on [16th November](#), during COP23.

Global Top 10 Green Bond Issuers (excl. Supranationals) for 2017 as at 30th November: China, USA, France, (Supranationals), Germany, Spain, Sweden, Netherlands, Mexico, India, Canada.

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