



इरकॉन इन्टरनेशनल लिमिटेड

(भारत सरकार का उपक्रम)

IRCON INTERNATIONAL LIMITED

(A Govt. of India Undertaking)
An integrated Engineering and Construction Company

इरकॉन

IRCON/SECY/Listing Clar./124A/3

Securities & Exchange Board of India (SEBI)
Department of Debt and Hybrid Securities (DDH)
SEBI Bhawan, Plot No. C4A, 'G Block'
Bandra Kurla Complex
Bandra (East)
Mumbai - 400051

Sub: Request for interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme 2003 ("Informal Guidance Scheme") in relation to the SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated 26.11.2018 on "Fund raising of Debt Securities by Large Corporates"

Dear Madam / Sir,

This is to request for an interpretive letter under paragraph 5(ii) of the Informal Guidance Scheme on the basis of the submissions below:

1. Factual Background:

- (i) Ircon International Limited (IRCON) is a government company under the Ministry of Railways, with 89.18% shareholding of Central Government.
- (ii) IRCON had entered into a Memorandum of Understanding (MoU) on 26th March 2018 with the Rail Land Development Authority (RLDA) for transfer of leasehold rights to IRCON for commercial development on the land parcel admeasuring 4.3 (four point three) hectare at Bandra East, Mumbai, Maharashtra, against the Payment of Upfront Lease Premium. Accordingly, IRCON had borrowed an amount of Rs.3200 crore as loan from Indian Railway Finance Corporation Limited (IRFC) having a tenor of 5 years & 15 days. Except the loan of Rs.3200 crores, no other long term loan has been obtained by IRCON.
- (iii) In order to pay upfront lease premium (equivalent to guidance price as approved by RLDA, GST, Stamp Duty and registration Charges) a tripartite loan agreement has been entered between IRFC (as lender), IRCON (as borrower), RLDA on 28th March 2018.
- (iv) As per the loan agreement dated 28th March 2018, IRCON is not required to create any charge on its properties or receivables or other assets (or otherwise required to leverage its balance sheet) or otherwise provide any security or other guarantee in relation to the provision of the loan.
- (v) RLDA has agreed to pay to IRCON such amounts as may be required by IRCON to meet their debt servicing obligations as and when due under the above mentioned Loan

Agreement. Further, the Ministry of railways has also agreed to provide corresponding amounts to RLDA.

- (vi) Though, the borrowings from IRFC is not rated, IRCON was assigned a 'CARE AAA' rating by CARE Ratings Limited for long-term non-fund based credit facilities and an 'A1+' rating for short-term non-fund based credit facilities in 2008-09 based on BASEL II norms of the RBI. These ratings have been re-affirmed in an annual surveillance review by CARE in December 2018.

2. Legal Framework:

- (i) Now, with reference to the SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018, the framework is applicable on all listed entities which on 31st March are (a) listed entities, and (b) having long term (maturity of more than 1 year) outstanding borrowings of Rs.100 crore and above and (c) have a credit rating of "AA and above" of unsupported bank borrowings or plain vanilla bonds (highest rating to be considered in case of multiple ratings).

3. Request for Interpretive letter:

- (i) It is understood that the initial disclosure and framework under SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018, is not applicable for IRCON as all the three conditions mentioned in para 2.2 of the said SEBI Circular have to be complied, and IRCON is not satisfying the (iii) condition as the borrowings from IRFC is not rated. We seek your considered informal guidance on this matter.
- (ii) Further, it is suggested that such loan, where the Government remits funds for servicing the loan (i.e. under express or implied sovereign guarantee), should be excluded from the above referred SEBI Circular.

4. Compliance with Paragraph 6 of the Informal Guidance Scheme:

- (i) In accordance with Paragraph 6 of the Informal Guidance Scheme, this request for informal guidance is accompanied with a demand draft number **132546** of **Rs.25,000/-** dated **18.04.2019** in favour of **Securities and Exchange Board of India** drawn on **Indian Overseas Bank** towards fees for informal guidance. – **Being couriered separately**

The undersigned shall be pleased to furnish any additional information as may be required in support of this application. Kindly arrange for an early response.

Thanking you
Yours faithfully,
For **Ircon International Limited**

