

## "IndiGrid Trust Q2 & H1 FY2020 Earnings Conference Call"

October 30, 2019





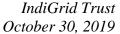


MR. SWARNIM MAHESHWARI - EDELWEISS SECURITIES **ANALYST:** 

LIMITED

MR. HARSH SHAH - CHIEF EXECUTIVE OFFICER -MANAGEMENT:

INDIGRID TRUST





**Moderator:** 

Ladies and gentlemen! Good day and welcome to the IndiGrid Trust Q2 and H1 FY2020 Earnings Conference Call, hosted by Edelweiss Securities 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 conference call, please signal an operator by pressing "\*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Swarnim Maheshwari from Edelweiss Securities Limited. Thank you, and over to you!

**Swarnim M:** 

Thanks Steve. Good evening everyone and wish you a very Happy Diwali and Happy New Year. We welcome you to the IndiGrid Trust Q2 and H1 FY2020 Earnings Conference Call. From the management, we have Mr. Harsh Shah – CEO of IndiGrid Trust representing the management of the call. I request Mr. Shah to begin the call with his opening remarks and then we will have the Q&A session. Thank you and over to you Sir!

Harsh Shah:

Thank you Swarnim and wishing you all a very Happy Diwali and Prosperous New Year ahead. I am very happy to say that this is our 10<sup>th</sup> quarterly results and I will take you through this quarter's performance. To start, with I am on slide #5 of the presentation, which describes what we are today. So IndiGrid is India's only power transmission yield platform. As on date we have approximately Rs.11,000 Crores of assets in the management covering 18 transmission lines and 4 sub-stations across 11 states in India. We are a AAA-rated entity and our debts are rated AAA. We own transmission assets in a perpetual way and our existing residual contract of our transmissions service agreement remains at around 33 years.

On the slide, we have described assets as we have acquired since our listing. We started the journey with JTCL and BDTCL, the assets in grey. We acquired the assets from our sponsor marked in blue, which are MTL,



OGPTL, PKTCL, RTCL and MTL. Last year, we also acquired a third party asset called Patran Transmission Company Limited.

On slide #6, I will take you through our vision and what we stand for. IndiGrid's vision is to become the most admired yield vehicle in Asia and our focus remains on achieving a size of INR 30,000 Crores by 2022 while delivering predictable DPU and growth. We strive to follow best in class corporate governance practices.

Slide #7 talks about the corporate structure. We are owned 23% by KKR, 15% by SPGVL who has agreed to sell it's stake to KKR once the SEBI approval comes in, and there are other investors, which constitute the other 62%. The Investment Manager is owned 60% by KKR and 40% by Sterlite Power. We own SGL 1, 2 and 3, which ensure that we have 100% legal and economic interest in most of the SPVs that we have purchased.

Slide #8 is about our unit holding pattern. It showcases our diversified holding - about 57% shareholding is owned by FIIs including KKR and GIC. Six insurance companies and four mutual funds have invested in us. So we have fairly diversified holding on our register as on September 27, 2019.

On slide #10, I will just take you through the Q2 FY2020 highlights. On top left our NAV as on September 30, 2019 is Rs.101.34 a unit. This is largely on account of acquisition as well as change in tax rate and G-SEC movement. Our net debt to asset remains below 49%. We have taken approval from investors to take it up to 70% as long we meet the requisite criteria and acquire further assets. Our quarter-on-quarter increase in EBITDA is about 84%, this is largely on account of acquisition of NRSS and OGPTL in Q1, which resulted into a full quarter performance in Q2. Our availability is greater than 99.5%, which allows us to havemaximum incentive. We are distributing Rs.3 a unit distribution per unit as interest as of this quarter



On slide 11, we have covered key positive regulatory developments that took place in the quarter.

There were a few key positive regulatory developments in this quarter, from SEBI as well as RBI. To start with SEBI update, the trading lot size has reduced to 1701 units per lot from 5103 units. It is to ensure that the minimum investment or rather ticket size for investors is about 1.5 lakhs for India Grid. It is in accordance of SEBI circular which mandated that by September 30, 2019 the trading lot needs to reduce to minimum 1 lakh or higher than that in terms of value. Key benefits that we see are enhanced liquidity per unit, higher volumes and efficient price discovery. We have already seen increased volumes in IndiGrid over the last month, enabling participation of the HNI investors and ensuring many more investors can own and earn a stable income while owning IndiGrid.

The other big changes came from RBI. In this quarter there are two big developments. Banks have been enabled to lend to InvIT subject to certain criteria and ECBs are enabled for refinancing of loans. These are the usual ways through which most of the infrastructure financing has happened in the past. In the absence of it, we had limited options of borrowing when we acquired assets. The key benefit of these two changes is that they are going to allow us the access of wider and long-term sources of debt capital and result in efficient borrowing for IndiGrid going forward.

Slide #12, operational performance of each asset on Q2 as well as FY2020 level. We have maintained substantially higher than normative availability and therefore we hope to achieve the maximum incentive for this financial year.

On slide #13, I will take you through our continued strong financial performance. On the right side is 10 quarter DPU that we have distributed. The left side shows Q2 FY2020 results. Revenue is at Rs.372.9 Crores. Our EBITDA is Rs.347.6 Crores and DPU is Rs.3 a unit. This amounts to



the total distribution till date at Rs.27.56 a unit, about Rs.961 Crores of distribution since we have listed.

Slide #14, the breakup of Q2 NDCF and distribution. We have EBITDA of Rs.347.6 Crores. This includes a one-time revenue accrual related to one of the assets prior to the acquisition. It does not have any cash impact and therefore the counter entry is in working capital changes for a similar amount. Then we have net interest of Rs.107.3 Crores for the period and loan repayment of Rs.4 Crores. Our Capex was Rs.3.5 Crores for restoration of JB line, which we hope to recover from insurance claims. Total tax expense was about Rs.6 crore. NDCF generated is 169.8 Crores and using Rs.5 Crores of reserve, we'll be paying a distribution of Rs.175 Crores in this quarter, which will be as per our guidance, Rs.3 a unit.

Our liability management is presented on slide #15. Weighted average cost of debt today is 8.75%. We are rated AAA by Crisil, ICRA and India Ratings. Weighted average maturity of debt is about six years. As of now we have 100% debt at fixed rate and larger refinancing is coming in FY2023, 2028 and 2029. Apart from these, there are minor refinancings which we will consider opportunistically.

On slide #16 we have laid out performance comparison in terms of volatility and how we compare with other indices as well as stocks. We can see IndiGrid's beta is 0.08, calculated on a weekly basis since inception. This is one of the lowest betas in the market in terms of volatility and that is what we stand by, lower volatility and predicable distribution.

In slide #17, our total return is depicted, which includes the distribution made till date as well as the price change. The distribution at 24.6% does not include the distribution paid in this quarter and therefore our return is at 19.5%. Total return is substantially higher than G-sec as well as other comparable indices over the time period since listing, which is June 6, 2017 till October 24, 2019. This is at the core of our value proposition

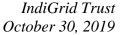


where we have focused on substantial part of returns to be given to investor in form of distribution and therefore relatively reducing the risk on the total return to the investors.

Across the world, there are several yield platforms and typically they are large in terms of market cap. Now this chart is used to compare how we are placed in comparison to other large platforms across the world and in comparison to spread over G-sec. If you look at slide #19, it clearly showcases that IndiGrid is trading at higher spread to 10 year government yield than the differential at what global counterparts are trading at and we believe that with our continuous focus on sustainable distribution as well as growth, this would certainly be something, which we can match at the global level.

Our growth pipeline remains on slide #21, where we have signed framework agreement of Rs.6,500 Crores with Sterlite Power which includes Khargone Transmission, GPTL and NER and considering the fact that GPTL is getting commissioned very soon and part of its lines are already operational as well as ENICL is commissioned which is part of ROFO assets. Those are the assets which are most advanced, and we have a framework agreement or ROFO agreement with Sterlite Power. We will be looking at diligence on those projects as and when they are completed.

The other assets which are KTL and NER are also part of the framework agreement and as and when they are closer to commissioning, we will evaluate diligence on those projects as well. The pipeline of other projects remains very strong and recently, Sterlite Power has won bids for two projects and beyond those bids, the third party landscape remains fairly robust and strong and as and when we are acquiring any third party assets, we will come back to the investors for approval and closure. With this, we can proceed to question and answer session.





**Moderator:** Thank you very much. We will now begin the question and answer session.

The first question is from the line of Dheeraj Dave from Samvad Financial.

Please go ahead.

**Dheeraj Dave:** Good afternoon Sir and wish you Happy Diwali and thanks for distribution

of Rs.3. I have two questions. When we look at cash flow distribution on net cash distributed, we are drawing Rs.5.2 Crores from the reserves. So,

what is this? Is it a cash balance which we have accumulated, which we are

utilized during this quarter?

Harsh Shah: Yes. You are correct. We had cash balance accumulated prior to the

quarter which we used in this quarter.

**Dheeraj Dave:** And how much is as of now on September 30, 2019?

Harsh Shah: As on September 30, 2019, net of distribution, repayment and restricted

cash, the cash balance is about Rs.88 Crores.

**Dheeraj Dave:** So that Rs.88 Crores would be net of Rs.5.2 Crores, which we are drawing

for this year?

Harsh Shah: Yes. Net of Rs.5.2 Crores, net of Rs.175 Crores which we need to

distribute and net of about Rs.100 Crores of debt service reserve, which we

keep.

**Dheeraj Dave:** Fine. And the second question I had is that we are expecting approximately

Rs. 2,500 Crore repayment in FY2023. Now looking at the cash flow, would you be looking at refinancing this debt because otherwise how does

this distribution of ...(inaudible)

**Harsh Shah:** Certainly. So I think refinancing at the maturity is core part of our treasury.

We have a long term asset at hand, which has 35 years of predictable cash

flow and going ahead, we would be refinancing the entire amount to ensure

that we have a longer maturity available.



**Dheeraj Dave:** 

Yes, and if I may squeeze last question. Basically, there is some disclosure

about promoters...

**Moderator:** 

Mr. Dave for any followup, I would request you to rejoin the queue please. The next question is from the line of Subodh Malgonde, an Individual Investor. Please go ahead.

**Subodh Malgonde:** 

You mentioned that the average cost of debt is about 8.75%. On the IRB InvIT conference call, and they have mentioned that their cost of debt has gone down to 8.35%. So, IRB is a toll road InvIT, which has considered more riskier because the traffic rules are more volatile and so I am expecting if IndiGrid goes for refinancing its debt, the cost of debt will be lower than 8.3 - 8.35%. So, are we looking for refinancing opportunities to lower our cost of debt?

Harsh Shah:

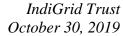
So Subodh, I will answer this in two buckets. We do not know about IRB cost of debt but from our perspective, we try to hedge our cost of debt and it has remained at this level for some time because we have fixed rate and in case when the rates come down, we may not be able to get immediate benefit of that, but we are more focused on stability and therefore we are okay and as and when there are refinancing opportunities, we would look for it. But I would say that 8.75 is fixed because we had locked-in the rates at different point of time and, therefore, our focus is on stability and fixed rate and the counter of that is if in case suddenly rates go down, we may not be able to refinance or rates are not floating. Having said so, as and when we refinance, if the market opportunity is good certainly, we will get a benefit of that.

**Subodh Malgonde:** Understood. Thank you.

**Moderator:** 

Thank you. The next question is from the line of Sarvesh Gupta from

Maximal Capital. Please go ahead.





Sarvesh Gupta: Sir one question on the transaction. So, in the investment manager, will

40% of stake be continued to be held by Sterlite or would it also go to

KKR eventually?

**Harsh Shah:** So out of the 40%, the 14% is contracted to be sold to KKR on the second

anniversary of this transaction. The 26% of the shareholding of SIML will

remain with Sterlite Power and it is at the option of Sterlite Power, they

can modify.

**Sarvesh Gupta:** Why we have kept 26% stake at earlier sponsor, any reason behind that?

Harsh Shah: I think, at the end of the day there are two parties involved, one is a

sponsor which is SPGVL and second is the shareholder of investment manager, which is Sterlite Power Transmission Limited. As a shareholder

of investment manager, SPTL have decided to keep 26% in their

shareholding. So, I think it is just to ensure that they have a sufficient

interest at the investment manager level as well. So, I think that is

something which is a decision of the shareholder of SIML.

**Sarvesh Gupta:** Understood and what is the impact of reduction in corporate tax rates for

the company?

**Harsh Shah:** We are still evaluating the impact because there are some options that the

company needs to choose and we have time till end of March to make

decisions and treatment of certain assets that we want to take. Therefore, it

is difficult to comment specific impact. In terms of our NAV, it goes up because the effective tax rate has gone down for the assets and therefore

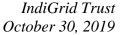
the part of the increase in NAV from 96 to 101 is also on account of tax

reduction.

**Sarvesh Gupta:** So, you have already considered that reduction in corporate tax rate?

Harsh Shah: There are two parts here. One is in the fair market value of the assets and

the way the independent valuer looks at it, on that part the change on tax is





already accounted for where the MAT has gone down from 18% to 15%. Having said so, in our treatment of taxation in different SPV, we have still not decided and we are evaluating the impact for long term on all our assets.

Sarvesh Gupta:

Understood and on a Jabalpur storm incident, Rs.2 Crores, which is the capital loss, we have asked the insurance company to pay to us and I could not understand that Rs.8 Crores revenue loss, what are we going to do about it?

Harsh Shah:

There is a capex done of Rs.2 Crores for restoration of the land, the original cost which was written down, against that we have spent about Rs.4 Crores, which we are claiming from insurance company. There is no revenue loss per se on account of JTCL line, so I am not sure which one are you referring to.

Sarvesh Gupta:

No. During that period we were entitled for Rs.8 Crores or some amount like that I was reading in the notes to account?

Harsh Shah:

I think what you mean is that we have recognised the revenue of that period, I mean the availability because of force majeure event and that is the disclosure provided.

Sarvesh Gupta:

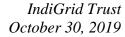
So, you will receive Rs.8 Crores in cash for that?

Harsh Shah:

We have already received it as part of our normal revenue, but typically we receive the availability certificates with lag of a quarter and, therefore, at the end of the September we are still not in receipt of the certificate and therefore the disclosure has been made that we have recognised revenue as a deemed availability on the basis of our contract.

Sarvesh Gupta:

So even though the availability was not there you were able to recognise and receive the cash?





Harsh Shah: Yes, because under a force measure clause this is considered to be a

deemed availability.

**Sarvesh Gupta:** Understood Sir. Thank you and all the best for the coming quarters.

**Moderator:** Thank you. The next question is from the line of Ruchit Puri an Individual

Investor. Please go ahead.

Ruchit Puri: Yes. Hi. Thank you. Just wanted to find out the future acquisition, which

we were talking about in the presentation, are you looking to finance it

through equity or debt?

**Harsh Shah:** The future acquisitions of the framework and ROFO assets would be

through debt because the equity for the same has already been capitalised

and therefore, our current Debt to Equity is below 49% and as we acquire

the framework and ROFO assets, we will gradually move higher than 49%

to approximately 67%.

**Ruchit Puri:** Okay. Thank you.

**Moderator:** Thank you. The next question is from the line of Sarvesh Gupta from

Maximal Capital. Please go ahead.

Sarvesh Gupta: Thanks for the followup. Just one question so when I look at your

consolidated P&L, the EPS seems to have almost tripled in these six

months versus the previous six months. While if I look at the DPU of this,

it has remained at the same level. So any reason, of course there is working

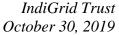
capital change, but apart from that why should be there so much of

diversions between that EPS growth, which is almost 3x versus the DPU?

**Harsh Shah:** Two things over here, one is that if you look at the PAT itself, that has

grown on account of reversal of impairment charge that was provided last

time and the second is that in terms of the number of units, the number of





units have gone up and therefore, the weighted average units are different versus the last period.

**Sarvesh Gupta:** Understood. Okay. Thank you.

**Moderator:** Thank you. The next question is from the line of Aditya Sanghi from ADD

Capital. Please go ahead.

Aditya Sanghi: Hi Harsh and congratulations on a very strong quarter. I only had one

question. In the earlier presentations, you used to give sort of chart with an outlook for your annual distribution, which has moved up from 11 to 12 to 13 and 14 going forward, with the new acquisition of these assets, and the

framework agreement where do you think that kind of stacks up as you

look at three to four years out?

**Harsh Shah:** Thank you Aditya. I think that chart still stands true and the only reason to

remove that chart was to avoid repetition because what we are performing is just a summary of that or part of that. So that chart still holds true and as we acquire the framework assets and other assets, we would have higher

NDCF to distribute to investors.

Aditya Sanghi: Great. Just one followup question, as you look at the tax framework, which

is evolving now, do you at any point of time envisage the distribution in

the form of dividend as well making use of the lower taxation or what the

announcements are likely to be as the PMO seems to be considering some

sort of cut back on the dividend distribution tax, amongst others, or do you

plan to continue the distribution wholly in the form of interest?

**Harsh Shah:** Yes. I think this is a forward looking statement but I would tell you, we are

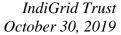
anyway not liable to pay a dividend distribution tax when we own the SPV

directly so we already have that advantage. Having said so, even if you pay

the dividend distribution tax, it can only be made out of retained earnings

and the way we are structured, we have higher tax efficiency in terms of

distributing the entire income to the investors and let investors pay tax in





their jurisdiction in different slabs. So as of now, just because of certain changes we do not see our distribution profile changing, which is focused on the interest income at the moment.

**Aditya Sanghi:** Understood. Thanks very much.

**Moderator:** Thank you. The next question is from the line of Swarnim Maheshwari

from Edelweiss Securities Limited. Please go ahead.

**Swarnim M:** Sir couple of questions. First if you can just better help us explain the RBI

norms for allowing banks to lend to the InvITs, of course one thing is that

we will improve on the cost of debt by about 40-50 bps, but more

importantly we want to understand when are we really looking to refinance. Is it going to be over the next 12 months, 15 months or you are

waiting for that because the big repayment is due in FY2023, not before

that? So how are we looking at it internally?

**Harsh Shah:** No. Swarnim, we have about Rs. 685 Crores of refinancing coming in next

12 months, over and above scheduled repayment of approximately Rs.62

Crores and therefore about Rs.720 Crores of debt which is getting repaid in

the next 12 months and therefore we have planned to definitely refinance

that at current market rate so hopefully that can result in better savings.

**Swarnim M:** Sir this is over the next 12 months, but for something that you are looking

to repay in FY2023, can you close that out and refinance that over the 12

months, is it possible?

**Harsh Shah:** Those instruments are listed debentures. They are not really bilaterally

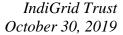
negotiated. They are actually traded in the market between mutual fund

and other investors. I would not say impossible, but it is difficult to repay

ahead of time and second is that part of it you have to buyback which may

be probably at the same interest rate at which we will borrow. So we will

keep evaluating the trade off between the two, but as of now something





what remains in the plan to refinance for next seven months is about Rs.700 Crores.

**Swarnim M:** Okay. Sir secondly if you can just quantify the amount of the incentive

income earned during the quarter?

**Harsh Shah:** We are accruing incentive on the monthly basis which is trued up basis

annual availability at the end of the financial year. This quarter we have accrued approximately 3.5% of our revenue of Rs.373 Crores, which roughly translates into Rs. 13 Crores, which would be booked as an

incentive.

**Swarnim M:** All right Sir. Thank you, Sir and wish you all the best.

**Moderator:** Thank you. The next question is from the line of Rushabh Sharedalal from

Pravin Ratilal Shares. Please go ahead.

**Rushabh S:** Congratulations on a very good quarter and thanks for the opportunity. I

just have one question. Can you give some kind of guidance on the revenue part, what kind of distribution can we expect in FY2021? If you can throw

some light on it.

**Harsh Shah:** We have always followed a plan of an annual guidance, instead of a multi-

year guidance, however at the beginning of FY2020 we guided the market

that after dilution and acquisition of these two assets, we can, at the

minimum, pay Rs.12 a unit for next three to five years. While we guided

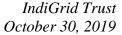
that in a long-term guidance of Rs.12 a unit, as a practice, we'll give an

annual guidance in the quarter four and provided more accurate guidance.

**Rushabh S:** All right Sir. Thank you.

**Moderator:** Thank you. The next question is from the line of Rikesh Parikh from

Barclays. Please go ahead.





Rikesh Parikh:

Thanks for the opportunity. Currently we are less than 49% net debt to AUM, so how much more we can leverage including the future project which we are going to take on our books?

Harsh Shah:

Part of it depends on the fair market value of the asset, amongst others, but we can leverage up to another approximately Rs. 7,500 Crores, which will take us to about Rs.18,500 Crores of asset, which will bring us to about 68% or so, which will be close to 70%.

Rikesh Parikh:

Will it be safe to assume that with revised taxation guidelines, there could be a probability that the cash flows can increase and we will be in a position to pay higher somewhere down the line?

Harsh Shah:

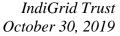
We are structured already in a way, if you look at our P&L, we pretty much have nil taxes, so I do not think there is an improvement over there in immediate term. Having said so, over a life of 35 years as the asset depreciates and some of the loans that have been paid off, there is a possibility of incidence of taxation beyond 10 and 15 years and we see an advantage in those years, but at the moment if you look at our last three years of consolidated financials, we have almost no tax payable and therefore we do not see an incremental advantage on that account. But in the long term we certainly do.

Rikesh Parikh:

Sure, and just a last question if I can squeeze in. Now that RBI has opened the door for ECB and the banks to lend, so what will be lending rate let us say if we borrow today on ECB?

Harsh Shah:

It is difficult for me to commit rates, but you can very well do a comparable transaction of similar assets in the market, so I think the enablement itself just allows us to play wider share of capital market and borrow better. We have AAA rating and therefore, we should be playing in a AAA spread versus other corporates. So I would just leave it at that than giving interest rate guidance because that changes on a month on month





basis and may be Fed will do something today, which will again change the outlook. So, it is very, very dynamic.

Rikesh Parikh: I agree. Just I wanted to understand that with a full hedge, would the

lending cost be less than 8.75 or something?

**Harsh Shah:** No. As I said, it keeps changing, we would like to definitely hedge it to the

maximum possible and it is very difficult to put a number on that because again, the hedging cost keeps changing on a month on month basis. So, it

is something which we can guide when we are closer to our deal, then

really guide in the open-ended manner.

**Rikesh Parikh:** Okay sure and just a connected question, are the banks open to lending,

now with RBI allowing them?

Harsh Shah: Yes. So our banks had lent even before RBI started allowing them. We

have borrowed from banks in the past, SBI has lent to some extent in the

past, ICICI has lent. However with this clarification, it will become far

more convenient for banks to lend and banks will lend far more confidently

and especially during the current liquidity situation, the banks do have a lot of liquidity, but probably in search of good investment options. I would say

within the AAA category we would definitely rank high up there where

banks would like to lend.

**Rikesh Parikh:** Yes sure. There was one letter which had gone to one of the banks and

which had a bit of confusion among the bankers, so from that perspective I

was just asking, I understand banks would be more than happy but are they

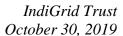
open for right now post this clarification coming in?

**Harsh Shah:** No. The letter that you are referring to is the letter from one of the banks to

RBI. Reply from RBI was something which held bank lending for about a

year and a half. Now RBI having come up with a circular on this topic in a

positive way, we are certainly seeing traction from banks to lend.





**Rikesh Parikh:** Okay and approval from IRDA is still work in progress, right?

**Harsh Shah:** Yes, you are right. Approval from IRDA is still work on progress.

**Rikesh Parikh:** Okay. Thanks Sir.

**Moderator:** Thank you. The next question is from the line of Mohit Pandey from

Citigroup. Please go ahead.

**Mohit Pandey:** Hi Sir. Thanks for the opportunity. Sir just one question on the incentive

income. Why was it booked in this quarter when it is typically booked at the end of the year and will this practice be followed in the coming

quarters also, booking in the respective quarters itself?

**Harsh Shah:** So, we have booked it on a quarterly basis, but true up in the last quarter.

That is the practice we have followed in the past and that will continue. Incentive will be booked based on YTD availability and on the Q4 of the year we true up and typically there are very minor differences on that so

Q4 is something which eventually true up.

**Mohit Pandey:** Okay. Understood. Thank you so much.

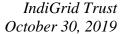
**Moderator:** Thank you. The next question is from the line of Rupen Masalia from RN

Associates. Please go ahead.

Rupen Masalia: Thanks for the opportunity and congrats for good set of numbers. My

question is for the first time probably since listing you have given a slide on comparable global yields and initially, you had highlighted that the spread of our G-Sec is highest in the case of IndiGrid and in the times to come probably it would be in line with global benchmark so could you elaborate on that, would it mean that going forward there is a scope for

capital appreciation, is that what you hinted?





Harsh Shah:

Thank you for comment on the number I think we have decided to share this in our last two quarters. The reason to share was two-fold, one is to give a perspective of global benchmark of how yield platforms have performed in the world and certainly though numbers that yield platforms on an average have performed at a tighter spread than what IndiGrid is trading at. Having said so, there are several factors involved in eventual capital appreciation, so for us to guide capital appreciation is very difficult because there are interest rates, liquidity, relative investment opportunity, amongst others, but keeping in mind the global platforms, there are two things we wanted to highlight. One is a substantially higher float versus global platforms and second is in terms of size, we are still small, but we are growing in size in comparison to global platform. So, I think globally, larger the platform, better is the trade, better quality investors can participate, and they can have larger assets. The idea was to highlight that we are at the cusp of our journey where we are touching \$800 million market cap and we look forward to grow it and are not substantially away from the global counterparts which in the past used to be like 10% of size or 25% of size. Now we are at least on an average 50% of size of global counterparts so we are growing big and the yields are attractive for sure in comparison to global counterpart and I think we would leave it there because at the end of the day it is choice of the investor towards the platform, which provides stable yield and it changes country to country.

**Rupen Masalia:** Right. Thanks.

**Moderator:** Thank you. The next question is from the line of Sunil Shah from Turtle

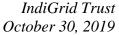
Star Portfolio Managers. Please go ahead.

**Sunil Shah:** So just I have one point to ask for clarification. Sir in the near term we

have about Rs. 720 Crores of debt repayment, which I believe you are saying that will be refinanced entirely, just wanted to know that over long

period of time we have huge debt. What are we doing or planning so that

the debt is getting repaid from the cash flows or does it in anyway put





Rs.12 DPU at risk. Just needed some understanding on that. Could you please make me understand that better?

Harsh Shah:

Thank you Sunil. I think it is an important question and to answer that out of the 720 Crores, 40 Crores is scheduled repayment which we can very well pay and still maintain the Rs.12 DPU, about 680 Crores is something which we have assumed to be refinanced. I think what is important to see at a platform level, I would say that our weighted average maturity of debt is six years versus our weighted average tenure of 33 years and our treasury strategy is that any loans we take either in form of bullet or amortising, would eventually need to be amortised so as to pay off entire loan by 30th year and we will keep three years of pay period without any debt repayment assumption. Anyway, rating agencies evaluate in that manner and runs severe sensitivity analysis where even if the interest rate was to go up by 200 bps, we will still be able to maintain an obligation at a AAA level. They run those scenarios before assigning AAA, but as a strategy I would say that we will continue to increase the weighted average maturity of debt and therefore if you look our last transaction which was a five year transaction versus a three year transaction, which we did in the past, so we would continue to use the 33 year period but amortise the loan in a way that 31st year we are debt free.

**Sunil Shah:** 

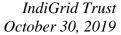
Okay. Fine. Thank you so much for the understanding.

**Moderator:** 

Thank you. As there are no further questions, I now hand the conference over to the management for closing comments.

Harsh Shah:

I would just close by wishing everybody a happy Diwali and also saying that it was truly a transformational quarter for us, at one end we have consistently maintained our results and performed and provided the distribution that we promised and on the other hand, general regulators are taking a very positive stance with regards to InvIT which we which we have been advocating for some time and with large part of borrowing to be





done as well as a large part of borrowing on our balance sheet we believe that RBI enablement of bank ending as well as ECB financing for rupee loans is going to be a very transformational event for us in terms of refinancing as and well as incurring new debt. SEBI's transformational change of reducing the unit lot trading size is something clearly seen impacting the performance of unit and trading has done well so we welcome that and our focus will remain on providing the stable distribution and growing as we acquired framework in other assets. We look forward for support and wishes of all the investors. Thank you.

**Moderator:** 

Thank you. Ladies and gentlemen on behalf Edelweiss Securities Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.