Date: November 21, 2022

B S E Limited
Department of Corporate Services
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai — 400 001

Security Code- 540565

National Stock Exchange of India Ltd
Listing Department
Exchange Plaza, C/1, Block G,
Bandra-Kurla Complex, Bandra (East),
Mumbai — 400 051

Symbol- INDIGRID

Subject: Transcript of Earning Conference Call held on November 14, 2022

Dear Sir/ Madam,

With reference to our earlier intimation dated November 08, 2022, we hereby provide the Text Transcript of the Earning Conference Call on the Financial Performance of India Grid Trust for the period ended on September 30, 2022, held on Monday, November 14, 2022, at 04:00 PM IST. The transcript can also be accessed on the website of India Grid Trust using the below link:

Text Transcript Link:

https://www.indigrid.co.in/wp-content/uploads/2022/08/Q2FY23-IndiaGrid_transcript.pdf
(Path: Financial Results ⟶ Quarterly Results ⟶ Current Year ⟶ Q2 ⟶ Call Transcript (Text)

You are requested to take the same on record.

Thanking you,
For and on behalf of the IndiGrid Investment Managers Limited
Representing India Grid Trust as its Investment Manager

URMIL KISHOR SHAH
Digitally signed by URMIL KISHOR SHAH
Date: 2022.11.21 23:00:43 +05'30'

Urmil Shah
Company Secretary & Compliance Officer
ACS-23423

Copy to-

Axis Trustee Services Limited
The Ruby, 2nd Floor, SW 29
Senapati Bapat Marg, Dadar West,
Mumbai- 400 028 Maharashtra, India

"IndiGrid Trust
Q2 FY2023 Earnings Conference Call"

November 14, 2022

ANALYST: **MR. JITEN RUSHI – AXIS CAPITAL**

MANAGEMENT: **MR. HARSH SHAH – CHIEF EXECUTIVE OFFICER & WHOLE-TIME DIRECTOR – INDIA GRID TRUST**
MS. DIVYA BEDI VERMA – CHIEF FINANCIAL OFFICER – INDIA GRID TRUST
MS. MEGHANA PANDIT – CHIEF INVESTMENT OFFICER – INDIA GRID TRUST
MR. SATISH TALMALE – CHIEF OPERATING OFFICER – INDIA GRID TRUST

Moderator: Ladies and gentlemen, good day and welcome to India Grid Trust Q2 FY2023 Earnings Conference Call hosted by Axis Capital. 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 the conference call, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Jiten Rushi from Axis Capital. Thank you and over to you Sir!

Jiten Rushi: Thank you Vivian. Good evening, everyone. On behalf of Axis Capital, I would like to welcome everyone for the Q2 FY2023 Earnings Conference Call of India Grid Trust. From the management, we have with us today Mr. Harsh Shah, CEO and Whole Time Director, Ms. Divya Bedi Verma, Chief Financial Officer, Ms. Meghana Pandit, Chief Investment Officer, and Mr. Satish Talmale, Chief Operating Officer. We thank the management for giving us this opportunity. We shall begin with the opening remarks from the management followed by Q&A session. I would like to now hand over the call to the management for opening remarks. Thanks and over to you Sir!

Harsh Shah: Thank you. Thanks Rushi and thanks everyone for joining the call. I will take through the presentation in the initial part and then allow my colleagues Meghana, Satish and Divya talk about some of the specific aspects of the business in the presentation and we will take question and answer at the end of the presentation.

We will start with slide number three of the presentation where we are depicting our vision which is to become the most admired yield vehicle in Asia and we believe if we are able to do the four pillars of strategy, which is focused on the business model, long term contracts and low operating risks, focus on value accretive growth, keep providing predictable distribution and manage the risks by managing optimal capital structure, we believe we will able to become the most admired yield vehicle in Asia. Specifically, to this quarter on slide number five we have closed Raichur Sholapur Transmission Company Private Limited for about Rs.250 Crores on November 9, 2022. This deal was signed in Q2, but we have been able to close it in November 2022. This is a unique asset which connects the Central and Western grid to Southern grid and is a very crucial asset. It is acquired from three private sector developers, so it was a complicated transaction which took some time, but we are pretty happy about the value at which we acquired and the synergies with our portfolios that Raichur had. On the financial performance side, our revenue and EBITDA was 6% up year-on-year growth basis. Collections got back better vs last quarter. We are at about nearly 96% this quarter. In terms of DPU that we increased early on this year, we continue the track record and are distributing Rs.3.3 a unit which is about 3.5% year-on-year growth versus last year. Our net debt to AUM at 57% still provides sufficient headroom for us to grow and acquire assets. Our AUM has increased marginally because of the acquisition that we spoke about. Our availability is robust at 99.3%, which will be covered in detail by Satish in the subsequent slide. We are very proud to achieve 1 million safe man hours milestone. We are at it and hopefully we can take this to ten million. In terms of our implementation of DigiGrid which is digital asset management portfolio which we have rolled out to the entire portfolio now and we are expecting to yield synergies of this in the coming quarters. In general, all these initiatives are contributing to what we really stand for, which is, superior total returns, sustainable increase in DPU and stable operations.

On the next slide, we cover industry update in Q2 FY2023. In general, the power sector seems to be in an exciting place with the demand going up. In general, lot of initiatives taken by the government including increasing the share of green energy as well as the liability of grid is yielding into substantial amount of impact on the sectors that we operate in. In general, the transmission spend is substantially planned to be higher in the next five years and estimated to be about Rs.1.4 lakh Crores. The overall additions both in terms of circuit kilometers and MVA in FY2023 are in line, but we expect these are going to increase as we go ahead because all the energy highways that will need to be build for achieving the energy transition would eventually result into substantial capex investment in the transmission space as well. In addition, the Ministry of Power has come out with guiding principles for monetization of transmission asset in the public sector through AOMT which is acquire, operate, maintain and transfer based on PPP model. Basically what this means is that MOP has provided guidance on how state utilities can privatize certain assets without giving the asset completely to the private sector and eventually having a buyback or a transfer back to the government which we believe is going to open up more Brownfield monetization of utility assets in the country.

On the Q2 FY2023 operational performance, I will invite Satish, the chief operating officer, to take you through the performance of the quarter, Satish.

Satish Talmale: Thanks Harsh. I am happy to present operational performance for Q2. Starting with safety, we have achieved 1 million safe man hours and we would like to maintain the same status quo or make it better with zero incident quarter so we had no major incident in Q2. Regarding availability, portfolio-wise we achieved 99.3%. I would draw your attention on right hand side where the bar chart of availability is shown so you can see the majority of that is more than 98% normative availability target. In RTCL, there was a highway diversion job which was undertaken. The impact of that you can see is in the availability numbers, but this is commercially already recovered from NHAI so practically there is no impact on RTCL as far as revenues are concerned. The next asset JKTPL where you are seeing 97.44% that is due to an outage caused by the transformer. This was one of the rarest faults which is encountered in transformers. We were able to attend that with 5 trippers and that got restored in the month of October. On the NER, as we discussed in the last quarter, there was a forced outage due to unprecedented floods, so I am happy to share that both the circuit of NER is restored with the temporary emergency restoration system and the permanent restoration activities are ongoing and expected to be completed in the month of February. Coming back to the left-hand side, on reliability, I think we are achieving one of the best benchmarks data point on trips per line and just trying to make it better as we move quarter-on-quarter. On digital asset management, all the assets are now monitored by our digital platform so all day-to-day field operations activity including usage qualities, the entire process of operations are being monitored through a mobile application as well as from the backend enterprise asset management platform. On the emergency preparedness while we did our NER restoration, I am happy to share that now we have our own team, coined them as the quick reaction team and they are trained now how to build the emergency restoration, and fix them in a shortest possible time. In this quarter we also measured our GHG emissions across the portfolio as part our ESG initiatives and if you look at the numbers, we are one of the lowest contributors to these emissions and we will put our efforts to improve on that as well.

On the key indicators which is there on the right-hand side table so on number of trips per line we are at 0.15. This is an increase compared to last year's quarter because of the increased frequency of thunderstorms and the lightening events across the country and we are working at long-term mitigative actions on these challenges as well. The focus on training continues in the quarter on the EHS training largely. LTI is zero and we have maintained this track record of zero LTI. There is an improved reporting culture on unfit conditions which is more of a proactive management of all the EHS hazard across the portfolio. So, roof top solar emissions also have increased compared to last quarter. Overall, on utility solar 100 megawatt, there is a slight increase in generation as well as in the CUF percentage. Overall, we are maintaining a consistent track record in terms of the ability and reliability of the assets are concerned. Thank you and will forward it to Divya.

Divya Bedi Verma: Thank you Satish and good evening, everyone. I am happy to present the Q2 financial performance for the trust. We have clocked in a revenue of Rs.580 Crores for the quarter with an EBITDA of Rs.535 Crores. Compared to the same quarter last year it shows a CAGR growth of 6% in revenue and EBITDA. NDCF generated for the quarter stands at Rs.280 Crores, which shows a growth of 25%. Excluding the one-off item in the previous year quarter on the repayment o the factoring, NDCF growth is almost around 6% DPU for the quarter stands at Rs.3.30 paisa as compared to the Q2 FY22 we were paying Rs.3.19 paisa which showcases a steady growth of 4%. Collections for the quarter are at 96% as compared to last year's quarter, which was 105% but we see good catch up this year because Q1 was at 77% of the collections. DSO days at September 2022 stands at 66 days as compared to 52 days last year at September 2021. Month on month collection efficiency has moved from 79% in July, 110% in August to 100% in September. Overall quarter was at 96%. This financial performance also gave us belief and showcased our stable revenue, EBITDA on year-on-year basis.

I will go to slide number 9, which details about DPU for the quarter. DPU for the quarter is approved by the board with Rs.3.30which will be paid in the form of an interest Rs.3.11 and a capital repayment of 19 paisa. Outstanding units at the end of the quarter was at Rs.70 Crores which we made a gross distribution of Rs.231 Crores. The record date for Q2 distribution would be November 16 and the tentative distribution date would be on November 25. The NAV as on quarter-end stood at Rs.135.30 paisa. With this distribution we would have overall distributed around Rs.65.11 paisa per unit with the total amounting to Rs.3,415 Crores to the investors including the Q2 distribution. The quarterly distribution trend showcases our growth, which is scaling up on an average rate of 3% to 4% and we are on track to meet our DPU guidance of Rs.13.20 paisa for the year.

We move to the next slide which showcases NDCF waterfall from EBITDA to NDCF generation. EBITDA at SPV level recorded at Rs.531 Crores and the average adjustments of finance cost, working capital movement, capex, tax at SPV, generation at SPV and then expenses at IGT and the finance cost and the various taxes at IGT were considered. The generation for the quarter stood at Rs.280 Crores and as per our guidance currently to distribute Rs.231 Crores, this quarter we are replenishing our reserve of around Rs.49 Crores. Last quarter we had dipped into our reserve and this quarter we are replenishing our reserve so at trust levels we have healthy reserves to meet for any unforeseen collection discrepancies or any other factor and that is for the quarter and for the subsequent slides I request Meghana to take it over.

Meghana Pandit: Thanks Divya. Good evening, everyone. I am on slide number 11, spending a couple of minutes on the balance sheet position. India Grid remains AAA rated by all the three rating agencies. The average cost of debt at the portfolio level for borrowing of around Rs.13,000 Crores is about 7.51%. At the end of September 30, we closed with a cash balance of about Rs.1,151 Crores which includes around Rs.230 odd Crores for distribution for Q2, almost about Rs.380 Crores for DSRA and additional amount that we utilized for acquiring Raichur Sholapur, which closed in the month of November. Out of the total Rs.13,000 Crores of gross borrowing, almost 77% is fixed rate borrowings which allows us to insulate against the interest rate environment currently which is on the higher side. We are at a very healthy net debt to AUM percentage of 57% leaving significant headroom for acquisition with a cap of 70% as per regulation. Along with that the interest coverage ratio is at a healthy number of 2.19x. The incremental debt that we raised in Q2 FY2023 also stood at around 7.50%. Looking at the pie chart the gross borrowing proportion between bank loan and NCD is almost about 60%:40%. Even amongst the NCDs, its entire holding is between mutual funds, corporates, retail HNI, insurance companies, and banks. Similarly, loans are from public sector banks as well as private sector banks. Looking at the graph towards the bottom, the repayment refinancing schedule, as you can see there is no bunch maturity which we have been working towards over the past several quarters and we have ensured that in any particular year, the refinancing percentage is not more than 10% to 12% of the gross borrowing. As on September 30 in FY2023, we had repayment of about 2.73 crore which as we speak already stands refinanced, so we have a very well-diversified in terms of borrowing profile.

Moving on to slide number 12 we continue to deliver superior risk adjusted total return to the investor. Total return is depicted with the distribution which is almost 62% that IndiGrid has delivered since the time it got listed till September 30, 2022, and the price change of almost 43% which translates into an annualized return of 14%. Compared with pure-play debt securities on the Listed side or depicted by GSEC bonds - 10 years as well as 30 years, similarly on the right hand side comparing with pure play equity NSE 500, NSE Infra, BSE utilities as you can see, IndiGrid continues to deliver risk adjusted return. The risk being depicted by beta as you can see is 0.08 which is almost close to be other pure play equity in business and as well as other equity securities.

Moving on to slide 13, this is about the Raichur Sholapur acquisition that we recently completed. Raichur Sholapur Transmission Company Limited is an inter-state transmission asset which was built in 2014. It has been operational since 2014. It is a TBCB project which connects Raichur in Karnataka and Sholapur in Maharashtra. It is a 765 kV single-circuit line with a total line length of about 208 ckms. This project was also awarded on BOOM basis (Build, Own, Operate and Maintain) and is also part of the PoC mechanism by CTU. The TSA tenure of 35 years with balance remaining life of about 27 years. We acquired this project from a consortium of three private developers - Patel Engineering, Simplex Infrastructure and BS Limited. The enterprise valuation was close to about Rs.250 Crores. We are expecting that this acquisition will add Rs.10 Crores to Rs.11 Crores of net distributable cash flow per year. Being ISTS TBCB project, it fits perfectly into the IndiGrid strategy of acquiring operation assets which has had a history of almost seven to eight years. Similarly, the payment mechanism being in POC with minimum counterparty risk. With our existing portfolio in the State of Maharashtra and on the Western side per se there are significant operational synergies which this project also brings to the table.

Moving on to the business outlook that we are looking at, three-four aspects that we are looking at. One is focus on maintaining stable operations with the perspective of predictable and sustainable distribution and acquisitions and maintaining and delivering increased DPU guidance of Rs. 13.20 in the year. On the the growth pipeline we are seeing a significant activity in the transmission itself with almost Rs.1,400 billion of transmission projects which are getting added to the grid which essentially means that the private developers, as and when the project becomes operational, will monetize these projects. IndiGrid will be keen on acquiring them. In addition to that under the national monetization plan there also seems to be a healthy growth in this pipeline of almost Rs.450 billion. In addition to power transmission, we are also exploring acquisition opportunities on the solar side as well as utility-scale battery storage. Parallel to the growth strategy, we also look at improving the balance sheet trends by looking at optimizing the interest cost and allocating tenures for the incremental acquisition to look at. Similarly maintaining adequate liquidity to mitigate any uncertainties that may come about. On the asset management side, our focus continues to be on maintaining more than 99.5% availability, similarly maximize trends across each of the projects. With DigiGrid getting implemented across the portfolio the idea is to improve and expand its functionality in order to have stability as well as focus on ensuring world class features and ESG practices.

On the policy initiatives we continue to remain active. We are working with all the regulators to try and streamline any of the tax anomalies which are there in between equity as well as Invits. Similarly certain other initiatives like index inclusions specifically for InvIT which will allow improving the debt in the market. It is something that we are also working on, all of it focusing on us delivering superior returns sustainable increase in the DPU and stable operations. With this we will stop here, and we will get into the Q&A session please.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Rahul Marathe from ICICI Prudential Pension Funds. Kindly proceed.

Rahul Marathe: Congratulations on a good set of numbers. Sir, I was looking at the slide consolidated EBITDA to NDCF Waterfall slide 10. So, in that we can see that finance cost has some impact of ECB loan refinancing so can you spell out the impact, as in the quantum there?

Divya Verma: So basically, as we have repaid our ECB and this time since our ECB was completely hedged, this interest cost is net of the ECBs hedged income which we had earned because of carrying of the forward contracts so that was around Rs.9 Crores to Rs.10 Crores.

Rahul Marathe: Okay and do we currently have any outstanding ECB, or all the ECB is repaid?

Divya Verma: Everything is repaid.

Rahul Marathe: Okay that was the question from my side.

Moderator: Thank you. The next question is from the line of Ravish Chandra an Individual Investor. Kindly proceed.

Ravish Chandra: The question is it looks like the acquisition plan is not in a very near future i.e 2023-2024? It means by 2025-2028 something I saw is it like that or before 2028 we are having plan to go for acquisition Rs.1400 billion?

Harsh Shah: I will give our acquisition plans one of them is a framework asset which we are looking at which is about Rs.1500 odd Crores called KTL so that is one of the large acquisitions that we are looking at right now. Besides that, also, there are certain acquisitions we are looking at but they are not at stage where we can disclose about it but KTL is always disclosed as part of the framework asset so that is something which is in line that we are looking at.

Ravish Chandra: Okay and on government monetization plan NMP, it looks like it is less of a direct acquisition so cost of acquisition might get reduced is it not?

Harsh Shah: Not really sure of that, because it is going to be largely the way the roads are getting monetized in India right like a TOT, that you acquire a road, you acquire right of a particular period and then you pay back. In any case, the moment there is a contract which is 25 to 35 years life, the difference between a BOM and BOT is relatively lesser in terms of the overall cost so I will not read much in that.

Ravish Chandra: Best wishes. Happy with the results.

Moderator: Thank you. The next question is from the line of Pratik Kothari from Unique Portfolio Managers. Kindly proceed.

Pratik Kothari: Good afternoon and thank you. Sir we had this practice of sharing the indicative DPU over our lifetime? Do we intend to restart the practice again, may be on some frequency?

Harsh Shah: I am sorry. Can you repeat the question? We had the practice of sharing DPU.

Pratik Kothari: Yes, indicative DPU across assets what are our revenue would be we used to shares this?

Harsh Shah: Correct no I think it is a good suggestion. We used to share it very early on. It was not a guidance, but it was an indication of how we look from current asset and growth asset so is that what you are referring to.

Pratik Kothari: Yes

Harsh Shah: I think it is a good suggestion. We will try to see if we can publish it.

Pratik Kothari: Fair enough Sir. For now, to put it differently if 13.20 like we do on an annual basis this is sustainable for how long given no new asset comes in?

Harsh Shah: So, this typically when we do the prediction or increase the DPU we work in a way that at least it is sustainable for five to seven years and similarly I think even this is done with the same assumption in mind.

Pratik Kothari: Fair enough and just last to confirm there was no factoring that we did this quarter right?

Harsh Shah: No.

Pratik Kothari: Okay great thank you and all the best.

Moderator: Thank you. The next question is from the line of Pritesh an Individual Investor. Kindly proceed.

Pritesh: So, I have three questions. Sir, the first question is regarding we saw a sudden movement in management, Harsh went away and then Jyoti was appointed the CEO? Then again within a couple of months there was a change in management, so I just wanted to know any material reason with respect to that? The second question is with respect to AUM, on a ballpark basis, can we expect the current run rate of addition of AUM to continue over the next couple of years also and the Rs.1500 Crores KTL project what would be the rough timeline for that for acquisition? These are the questions.

Harsh Shah: Good so the last one I will take first. The KTL project I think it is very difficult to give a timeline of when we acquire it but it looks like that we will be able to do it by the end of the quarter because we also have an agreement with the counter parties to acquire by December 2022 so hopefully it should happen by then. On the other project which we have Kallam, which is about Rs.200 Crores to Rs.250 Crores that is going to be finished by Q3 of next year so over the next one year I would say that we clearly have visibility of about Rs.1700 Crores to Rs.1800 Crores of AUM getting added which is around 7% to 8% growth. I think beyond that as we have said before we are not into a year-on-year AUM growth business. We would look for assets which are reasonably priced and meet our criteria. Looking at what is happening in the interest rates scenario and elsewhere we are hoping that we will find such assets going forward so we will look to acquire as and when we get something which is reasonably priced. On the management change I would say a lot of things are public already, but I can say there is nothing which is a big material development on either side, that would be clarification but otherwise almost everything is public around that.

Pritesh: I want to ask a follow-up question. So, with respect to maintaining growth rate are we looking to acquire additional projects? I know we have a net debt to AUM at 57% right now but, will the increase be on the cards? Also, in one of the slides I saw that with respect to the industry we are working for the inclusion of Invit also in indices? If you see right now also the margin on the Invit is not allowed? This question has been asked in the earlier concalls, could you explain with respect to that to bring InvIT on par with listed entities?

Harsh Shah: Sure thanks. I think on the second point I will take first on the margin and as we said before also it is not appropriate and we have been talking to exchange and SEBI with that but as a company, there is very limited that we can do on it. I think it is investors who should write to SEBI because at the end of the day SEBI is there to protect investor interests so if the investors write to SEBI that we do want this done I am sure they will do something about it right but beyond the point as you rightly put it, it is very awkward for the company to go and push SEBI that allow this to be taken as a security for pledge but I think what informal interaction is that investors should approach regulator that is the feedback that we have got that why is the company approaching. Let the investors approach so that would be my idea on that to write to SEBI, they're very receptive on opinions from investors especially on these kinds of things so would be great if you guys write. It would help the cause. On the earlier question, I think 57% is substantially lower and we will get to use it as and when we see assets. 57% means that we can acquire Rs.6000 Crores to Rs.7000 Crores of assets without raising equity but that takes to 68% to 69% which is very close to our limit so it is a good headroom available for us to grow whenever there are large M&A assets available and we will look to acquire when the price is right, the asset is right and we will keep that flexibility with us.

Pritesh: Okay, also Sir JKTPL because of the transformer events, the availability of 97% so any material revenue effect it would have?

Harsh Shah: To give you a perspective of JKTPL I think the overall size of the revenue of JKTPL in IndiGrid portfolio is about 2%. We are talking about 2% in that 2% right, so it is definitely not material. I do not think it needs to be a concern.

Pritesh: Thanks. That answers my questions.

Moderator: Thank you. The next question is from the line of Shravan S from Avendus Capital. Kindly proceed.

Shravan S: Thank you for taking my questions. I just have one question. In the case of JKTPL there was an impact due to outage and there was an availability issue over there, so I just wanted to understand how all this impact in the terms of financials like your revenue and is there any penalty which you guys have to pay?

Harsh Shah: So, I just answered that question to the last participant, but JKTPL put together on an annual basis is about 2% of the topline for IndiGrid so it is fairly small, and the amount of revenue lost is 0.01% to 0.02% range, so it is fairly small. It does not impact overall profitability related to IndiGrid. It is a very small asset. We are just disclosing it in the spirit of disclosures that even the smaller assets' disclosures are provided, otherwise it is fairly small in terms of impact.

Shravan S: So, do we take any precautions to avoid any major issue on some other assets also like some precaution?

Harsh Shah: Yes we take lot of precautions as Satish described in his presentation, but at the end of the day we are operating 54 lines and substations right so at any point in time there can be a flood or an earthquake or something somewhere but because of our scale, we ensure that while we take precautions none of the assets are really large enough to make a big dent and if there are certain assets aligned which are large enough we ensure that there are double precautions taken over there.

Shravan S: Okay all the best.

Moderator: Thank you. The next question is from the line of Rahul Marathe from ICICI Prudential Pension Funds. Kindly proceed.

Rahul Marathe: Yes, thank you for taking my questions once more so there are certain news articles where we can see that KKR is tying up with Sterilite Power to create a renewable energy platform and a small portion of our portfolio is exposed to the renewal power segment so do we see any kind of conflict of interest that we have a sponsor which is creating a separate platform outside of this?

Harsh Shah: Sure, so one to answer one question KKR as a sponsor has limited role in IndiGrid, they are more as a manager. Second, KKR has the flexibility to do business on other platforms within the renewable space because at IndiGrid we are addressing a very limited set of opportunities in the power space right. One is transmission, the second is within renewable also only select, good counterparties. So, we are addressing I would say less than 5% to 10% of the overall renewable energy market. On the JV, as I understand it, is done with Sterlite to address C&I opportunities which is more private contracts and bilateral contracts which are in no way in target or even site of IndiGrid to be acquired so I think it is fairly I would say independent of what we do so I don't see a potential conflict because of that.

Rahul Marathe: Okay thanks.

Moderator: Thank you. The next question is from the line of Aniruddh Singhi from Dalal N Brocha. Kindly proceed.

Aniruddh Singhi: Sir would you just help me reconcile the Rs.11 Crores surplus on the new asset so as per my understanding the revenue is Rs.38 Crores and 7% to 8% operation expense which is about Rs.3 Crores of operational expense and even if we assume we take Rs.250 Crores of debt at 7.5% that is about Rs.19 Crores so Rs.19 Crores plus Rs. 3 crores are Rs.22 Crores our surplus should be about Rs.16 Crores right or am I missing something?

Meghana Pandit: This asset also has a declining curve. So, the NDCF number that we have given is an average over a period and that is how it comes to Rs. 11 crores. Rs.36 Crores I think is the starting number which comes down to around Rs.26 Crores to Rs.27 Crores so on average that is the NDCF number.

Aniruddh Singhi: So, in the first few years it would be higher right than the Rs.11 Crores number that we mentioned?

Meghana Pandit: Yes.

Harsh Shah: If I can add on that I think what you are calculating is on an entire Rs.250 Crores as a consideration whereas the Rs.250 Crores included certain cash because the transaction was agreed or signed some time ago and therefore it includes certain cash on which there is no interest to be paid so this liability will be lesser than what you have computed.

Aniruddh Singhi: Right so in the first year maybe our surplus will be closer to Rs.20 odd Crores, right?

Harsh Shah: We cannot give exact numbers. We can guide you directionally on how to do math but cannot give exact numbers.

Aniruddh Singhi: Fair enough. Secondly the assumption that we will not acquire any more assets how much debt are we retiring every year?

Harsh Shah: So, at the consolidated level we are not retiring any debt because we are at 57%. We would start retiring debt when we reach 65% to 68% then only it makes sense. At this point in time of 57%, there is no point going to the 56% right.

Aniruddh Singhi: Sure, that is it from me thank you.

Moderator: Thank you. The next question is from the line of Chandra Mauli an Individual Investor. Kindly proceed.

Chandra Mauli: Sir pardon me for a very basic question. I am new investor. Sir what will happen to the asset after the TSA mean you said that there is an average of 29 years in the presentation and some assets you may also bid what will happen?

Harsh Shah: Sure, we will try to address in a very concise manner but in some of the earlier transcripts we have elaborated in depth. Many of the assets, especially the interstate transmission system assets, are on a BOOM basis so we will remain the owner of those assets. There can potentially be three scenarios. One is that there is replacement value type of tariff that is awarded. Second, there is a cost-plus regulated tariff that is allocated to them and third is that we do not need the transmission line. Then we just sell the metal and pay the distribution to the investors. In either of the cases there is a substantial chunk and as we disclosed in our presentation the overall size of metal that is there is about 3,30,000 tonnes of steel and about 1,21,000 metric tonnes of aluminium. If you were to calculate even their value on today's value base, there could be a substantial size of our market cap. Therefore, on a total net basis with a little bit of inflation there will be a significant payment if the lines' life is not extended. It is 30 years ahead and difficult for any of us to project it but the principles are the same that the assets belong to us and either will be compensated for respectable tariff on that or we will end up selling the metal of the asset and make good one time value of that. It can be either of that. Our most educated guess is that the electricity will continue to be required to be transmitted at high voltage and therefore there will be a reasonable amount of compensation that will be made to the assets even beyond 30 years.

Chandra Mauli: Thanks Sir.

Moderator: Thank you. The next question is from the line of Tanvi Sure an Individual Investor. Kindly proceed.

Tanvi Sure: So, I just had a question about the Waterfall for the NDCF and the gross borrowing slide. So, it says for FY2023 we have around Rs.273 odd Crores of repayment and then at the NDCF we have two finance costs that have been shown? One at the SPV level and one at the trust level so that is around Rs.239 odd Crores at the trust level and around Rs.14 Crores also at the SPV level, so just wanted to understand how to read this because it look like we would be almost repaying everything for this year right but should we look at the trust finance cost or it is the sum of both from the SPV and trust?

Harsh Shah: Let me address that in a simple way as we can. You see interest expense at the SPV level because till last quarter we had one loan at the SPV level in one of the SPVs which we have repaid this quarter and therefore next quarter, the finance cost at SPV level will probably be zero therefore the confusion will go away right. Before this we used to borrow at both levels and that is the reason that you see it in both. The second question you asked on the refinancing I think it has no impact. The refinancing of about Rs.900 Crores is about less than 10% of our overall borrowings so that we are going to refinance as and when it matures so I hope that addresses that question.

Tanvi Sure: Yes Sir, thanks a lot so that addresses it so I think from the next quarter onwards the finance cost at the IGT levels will be the most important matter, right?

Harsh Shah: Yes, correct even right now also that what matters but the 14.1 might confuse you because that is SPV so that is already refinanced this quarter so next quarter we will be zero over there.

Tanvi Sure: Okay thank you so much.

Moderator: Thank you. The next question is from the line of Pradyumna Dalmia from Lansdowne Investments. Kindly proceed.

Pradyumna Dalmia: My question was regarding the management shuffle that we have seen in the last quarter just was wondering if you could throw some light on why it happened and then just provide some reassurance to investors that going forward there will be more stability in the management?

Harsh Shah: So I think as I said lot of it is public already but I will you that my reasons for change were personal on either side and at Azure Power, I think the reasons have already been made public for resignation and that is something which is there and as I was considering the alternatives over there, there was a vacancy that IndiGrid had and I think that was natural I would choice for me considering that I have been here longest and it has been the longest stint of my life as well so that was it. I think on a going forward basis also I think the way investors can read it is the way IndiGrid has created over the last six years and I have played a sizeable role in that it is not people specific right. At the end of the day it is kind of an institution where we have a very deep management team in place and therefore at the end of the day there are always people related changes that business goes through but the way the institution is created and I am talking about dependent on me or anybody else for that matter is that the business and the stability will continue beyond people side and therefore I would rather comfort investors on that they should not worry beyond the point in terms of one or two changes in the management and I think the business is robust. The system and processes are robust so we have created the platform for 30 to 40 years or longer and that will continue to deliver what we had planned for. I hope that addresses your question.

Pradyumna Dalmia: Thanks a lot for the clarification Harsh but I can only say from my and investors point of view that we hope we have you for as long as possible at IndiGrid. As mentioned, you have created this platform and we have really been very, very pleased and happy with the way things have panned out. That is all from my side.

Moderator: Thank you. The next question is from the line of Pratik Kothari from Unique Portfolio Managers. Kindly proceed.

Pratik Kothari: Can you throw some light over the last maybe a year or two we did see a dry up in terms of deals that we made etc., so in terms of inquiries or pipeline are things moving in the right direction? We did talk about in the presentation that there are a lot of assets coming up but that is in the future so currently any change that you see in terms of what we can bid for?

Harsh Shah: Sure, presently I will start with first point of view, we are focused on delivering stable returns and we are not getting evaluated and probably investors should also not evaluate us based on how many thousand Crores of assets is getting acquired every year. We will acquire if something makes sense and many a times as you would see in a normal market in investments there is euphoria on the assets and you may not want to acquire because they are not available at the right price or there is too much competition and several factors take place so I would suggest that please do not evaluate us based on how many thousand Crores we acquire each year or each quarter. May be in three to five year is a better horizon to look at because that provides sufficient time frame for investment manger or management to acquire the right set of assets for the right reasons so that is just a opening remark on that. Coming to the sector, I think IndiGrid will do well when considering we are the way we are structured, the way our balance sheet is, and the way we acquired assets till now. We will do well relatively in times of volatility when there is cash crunch, higher interest cost, lesser asset value, and volatility because that is the time for us to look for stable assets at a reasonable price and that is something which would be in an environment we would love at least looking at again we do not predict macros but looking at the economics that macroeconomic scenario that is going on may be increased cost and lesser liquidity might result in more volatility in the market which might show up better opportunities for us to acquire right so I would say I do not know whether that is going to happen in three months or two years but at least things are seeming to be favorable over there so that is one. Second, in terms of what is in our control and our strategy is that what we are doing is to figure out sectors and assets which we can add value to and therefore we did renewable sometime ago. We are looking at battery storage projects which we think are the future and they are part of almost extension of transmission projects or electricity projects, so we do see those bids coming out actively. Again, we cannot guarantee a win because it depends on the returns and operations in that sector, but we do see that opening up well and we are looking to bid for that right and if we win that will be chunkier asset that gets added in the portfolio. Besides that as you might have seen we are also doing a little bit of development and we acquired one project last year on under construction stage and that is going on well and we will be finishing that next year and at a platform level it is a very small project just about Rs.200 Crores to Rs.250 Crores but it is a very strategic move for us because we want to build those capabilities, confidence and piece to ensure that we can however small do development as well which we will remain within the framework of SEBI and 90% operating assets but this 10% throws a good opportunity for us to bid for ourselves, execute them and have a better accretion and the last one is the we are pretty happy about the MOP announcement and the policy of monetization so at least they have been clear about what should be done so again time lines can be one year to five years so then public monetization takes place but as and when it comes it can be significant so the way to look at it is we are looking at plain vanilla acquisition of transmission assets that we did in the past. We are looking at a little bit of diversification on renewable and battery storage. However, we are looking at bidding for some of the transmission assets which is a significant pipeline in the public asset monetization so between all of these four again we do not know which one will fire when, but we believe as long as we have enough value in all these four, one or two will result into a reasonable amount of growth for us.

Pratik Kothari: Fair enough. Point well taken. Sir, in terms of the macro environment you mentioned we might do well, your liquidity crunch, higher interest rate, uncertainty, etc., so that has not come in so in terms of deal flow that you are seeing it as what it was in 12 to 18 months back?

Harsh Shah: Yes correct. I think that is prevalent in the market right so hopefully it comes let us see.

Pratik Kothari: Fair enough agreed. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Pritesh an Individual Investor. Kindly proceed.

Pritesh: So again, coming back to JKTPL I know that the contribution to revenue in very small but just to understand if the line efficiency is not maintained and do we lose the revenue for the entire quarter so that will be correct for the other assets right also right so I just wanted to understand how much time period of revenue are we losing in case we do not maintain the availability?

Harsh Shah: No, it is all proportionate. It is proportionate to what you lose. You do not lose revenue for the whole quarter. It is proportionate so again theoretically speaking if in a quarter your revenue is Rs.7 Crores or Rs.10 Crores instead of 99.75% you have 97% you lose 97% by like 100% so about 3% to 4% of that quarter of revenue so it is on a propionate basis. It is not a full quarter revenue that you lose.

Pritesh: Okay what I understood was if we do a particular threshold level the availability is not there then you are losing significant amount of revenue for that quarter because it is a performance revenue kind of agreement so that understanding is not correct?

Harsh Shah: No, it is proportionate so you have a target availability divided by annual availability so that is the proportionate one that you lose. It is not that you make zero.

Pritesh: Okay thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments.

Harsh Shah: Thanks a lot, to everybody on joining the call. I believe today was a tight investor call so thank you for taking out time. We are committed to predictable distribution and growing that, and we are focused on that strategy, and we will keep executing that and look forward to your continued support. Thank you.

Moderator: Thank you. On behalf of Axis Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.