



 **IndiGrid**

**Investor Update
April 2020**

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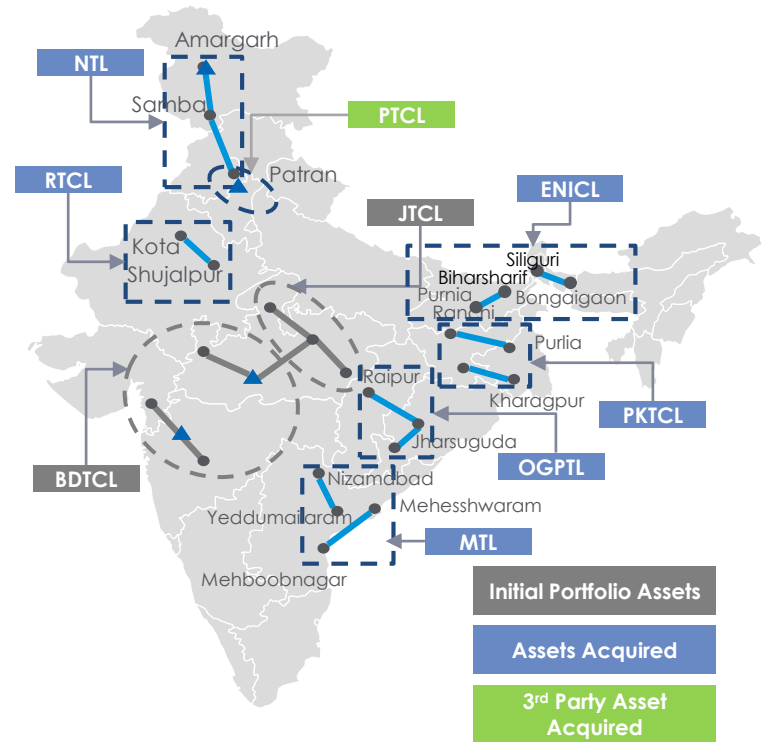
Investor Presentation

Index

1. Overview and Vision
2. Business Update
3. M&A Update

IndiGrid- India's Only Power Transmission Yield Platform

- ~INR 121 Bn* AUM + asset pipeline worth INR 65 Bn
- 20 Lines & 4 Substations across 13 States
- 5,800 ckms & 7,735 MVA capacity transmission network
- AAA Perpetual Ownership
- ~32 Years of Residual Contract Life#



*based on independent valuation report as of September 30, 2019 for all assets and as of December 31, 2019 for ENICL
 #Remaining TSA contractual life of 32 years, except ENICL which has a residual life of ~15 years (ENICL has a 25 year TSA period). However, the projects are on BOOM model with perpetual ownership of IndiGrid
 Ckms = Circuit Kilometres; MVA = Mega Volt Ampere



IndiGrid Vision

To become the most admired yield vehicle in Asia which is built upon solid fundamentals of transparency, governance & providing superior risk-adjusted returns to unitholders

**INR 300 BN
AUM by 2022**

**Deliver
predictable
DPU and
growth**

**Best-in-class
corporate
governance**

Business Update

Business Update

- Closed ENICL acquisition worth ~ INR 1,020 Cr amidst lock-down
- Our business model is robust: availability-based revenue – independent of quantum of power flow
- Transmission is declared as **Essential service** By the government; hence no restriction for maintenance teams on local travel
- No moratorium on transmission charges – CERC has issued a notification for reduction in Late Payment Charges (LPS) 1.0% per month vs 1.5% earlier, for any delay in payment by the Discoms between 24th Mar-20 and 30th June-20; From 1st July, LPS will increase to 1.5%
- Ministry of power also mentioned that efforts are made to inject liquidity in the sector

Financial Update

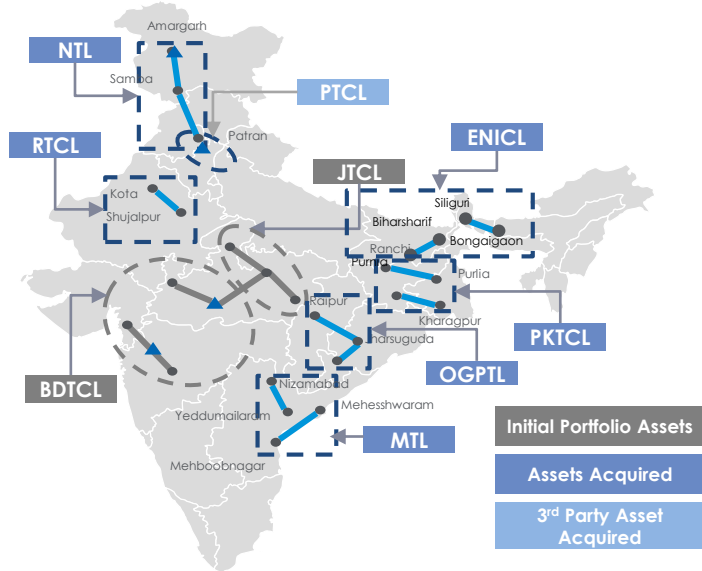
- Operating Performance in line with Expectations – Availability - > 99.5%
- Financial Performance*:
 - Q4 FY20 collections in line with historical trends – **108%** of quarterly revenue
 - Q4 FY20 revenue of ~ INR 328 Cr
 - Consolidated Cash Generation in Q4 FY20 **INR >200 Cr** on account of acquisitions and strong collections
 - Closing cash balance of INR 475 Cr post meeting all financial obligations
 - Net Debt / AUM at 49%

**M&A
Update**



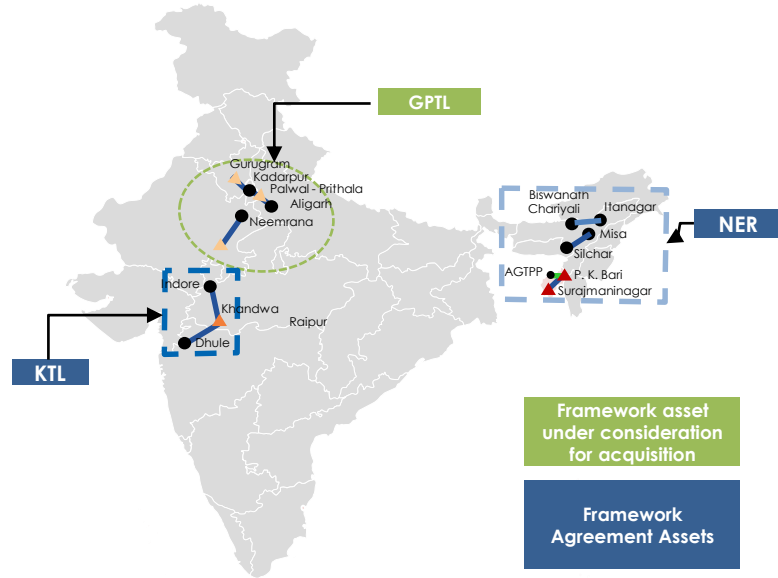
Visibility of Large Asset Pipeline for Growth in Transmission

Existing Portfolio



- 20 lines – 5,800 circuit km
- 4 sub-stations – 7,735 MVA
- 13 States
- AUM of INR 121 Billion

Future Pipeline



- 14 lines – 1,700 circuit km
- 6 sub-stations – 7,260 MVA
- 6 States
- AUM of ~INR 65 Billion

ENICL: Acquired on March 23, 2020

- 400 KV D/C Line in the Bihar, West Bengal and Assam with ~900 ckms length
- Part of the Inter State Transmission System and tariff is received from Point of Connection method as per CERC regulation
- Part of the Right of First Offer (ROFO) Deed executed with Sterlite Power
- No dilution; acquired with available preferential issue funds, debt headroom and internal accruals
- **Acquisition Details**
 - Asset acquired on March 23, 2020
 - Enterprise Value of INR 10.20 billion
 - ~10% discount to FMV of INR 11.35 billion
 - Upon acquisition, net debt/AUM is ~49%
- Raised INR 9 bn from Axis Bank at competitive rate (~8.1% coupon) in tough market conditions
- 100% unitholder approval for the transaction
- Transaction consummated within the Q4 FY20 timeline, post receipt of regulatory approvals and completion of Conditions Precedent

- Remaining TSA term of ~15 years with likely extension of 10 years
- **Long Usable Life** of ~50 years from COD; as per technical assessment. Provision to extend the tariff contract beyond TSA period (all subsequent projects already bid at 35 years TSA life)
- **Metal Quantity:** Steel: ~37,832 MT; Aluminium : ~15,730 MT

FY	Average line availability	Revenue (in millions)	EBITDA (in millions)
FY15	99.05%	945	876
FY16	99.60%	1,402	1,281
FY17*	99.61%	1,397	1,299
FY18	99.76%	1,624	1,541
FY19*	99.77%	1,475	1,273
FY20#	99.43%	1,496	1,318

GPTL: Acquisition Approved by Board

Gurgaon Palwal Transmission Limited (GPTL)

Overview	<ul style="list-style-type: none"> Project awarded on Build Own Operate Maintain ("BOOM") basis by MOP TSA Date: March 04, 2016 Grant of transmission license: September 29, 2016 (valid for 25 years) Commissioned element wise from February 2019 – April 2020
Description	<ul style="list-style-type: none"> Project comprises of 9 tariff generating elements, spread across: <ul style="list-style-type: none"> ~270 ckms of transmission line from Aligarh to Prithala and Neemrana to Dhanonda 3 substations with 2 x 500 MVA transformation capacity Project is critical for meeting load demand of new Gurugram sectors and upcoming development region under Prithala development plan

Lines / Substation	Specifications	Length Ckms	Location	Commissioning Status
Aligarh – Prithala	400 kV D/C HTLS line	99	UP, Haryana	Commissioned
Prithala – Kadarapur	400 kV D/C HTLS line	55	Haryana	
Kadarapur-Sohna Road	400 kV D/C HTLS line	22	Haryana	
LILO of Gurgaon Manesar	400 kV D/C Quad line	2	Haryana	
Neemrana – Dhananda	400 kV D/C HTLS line	93	Haryana, Rajasthan	
Kadarapur S/s	400/220 kV, 2 x 500 MVA	-	Haryana	
Prithala S/s	400/220 kV, 2 x 500 MVA	-	Haryana	
Dhananda S/s	Two 400 kV line bays	-	Haryana	
Sohna S/s	400/220 kV, 2 x 500 MVA	-	Haryana	



Acquisition Details: GPTL

- 8th accretive acquisition since listing. Part of the Framework Agreement executed with Sterlite Power in April 2019
- No dilution; to be acquired with available preferential issue funds, debt headroom and internal accruals
- **Acquisition Details**
 - Enterprise Value of up to INR 10.8 billion on zero cash and normalized current assets
 - ~8% discount to FMV of INR 11.6 billion
 - EV subject to closing adjustments with respect to outstanding cash balance, net current assets and cost of debt
 - Upon acquisition, net debt/AUM to be approximately 53%, but substantially lower than 70% debt limit
 - NDCF accretion of ~INR 35 – 40 Cr per year
- Transaction targeted to be consummated by Q1 FY21 post receipt of regulatory approvals and completion of Conditions Precedent
- Board approval received; Postal ballot approval expected by May 10, 2020

- Remaining TSA term of ~34.5 years
- **Long Usable Life** of ~50 years from COD; as per technical assessment. Provision to extend the tariff contract beyond TSA period

FY	Average line availability	Revenue (in millions)	EBITDA (in millions)
FY20	99.54%	678*	631*
FY21	99.75%#	~1,490	~1340

Diversification Strategy

- With a successful three years track record of robust operations and acquisitions, the Board evaluated several avenues of growth for creating value for IndiGrid unit holders
- We focused on areas with adjacencies and a similar risk/return profile where IndiGrid would have a competitive advantage

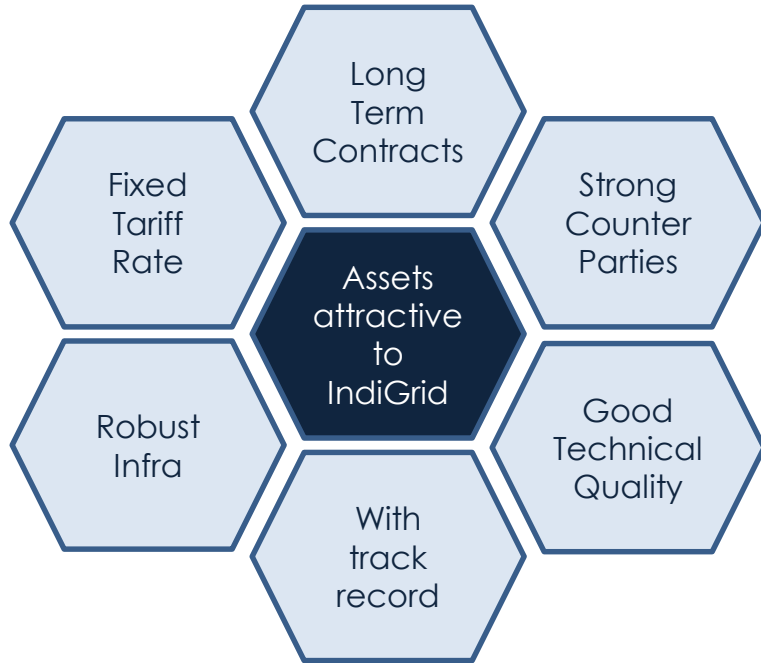
Investment Rationale

- Larger and diversified pipeline of assets for IndiGrid to acquire accretive projects
- Maturing of Renewable Sector in India along with strong support from policy initiatives; strong growth drivers in place especially in Solar sector
- Attractive opportunity to acquire good quality projects with high predictability of cash flows from operational assets with long term contracts and good counterparties
- Adjacency with transmission, competitive advantage existing with IndiGrid on account of robust asset management practices, strong financial credentials and industry networks

IndiGrid Focus

- IndiGrid will focus on Solar projects with good quality plants, long contracts, strong PPA frameworks and financially strong counterparties like SECI, NTPC, GUVNL etc.
- Diversification strategy will be executed gradually, and transmission projects will remain 75% to 80%+ of IndiGrid portfolio over longer term
- Focus on adding projects which are accretive to IndiGrid cash flows without taking too much incremental risk
- Will focus on maintaining AAA rating

IndiGrid to Focus on Stable Solar Projects



Assets having Tier I Equipments

Counter Parties like SECI / NTPC / GUVNL

Long term PPAs – life of ~20+ years

Assets with good PPA framework

Utility Scale Solar: Matured Segment with Low Risk Profile

Technology

- Solar Equipment are standard with all manufacturers offering similar warranties. Significant decline in prices of solar panels resulted in grid parity vs other sources
- Meteorological data to do resource assessment has become more robust over years
- With 30 GW of operational capacity, detailed performance history of modules available in the country

Operations

- Inherently low risk in operating solar plants; modular in nature with no major equipment with motions
- Robust network of OEMs / O&M partners across the country due to large installed capacity
- Assets located in Solar Parks are further mitigated as govt. typically arranges for land and evacuation

Commercial

- Solar is the cheapest source of energy in the country today; prices in recent bids have stabilized
- Fee based model with central agencies acting as intermediaries increases the credit quality; certain SECI / NTPC assets have AA credit rating with relatively better cost of financing
- Market is consolidating with non-serious and smaller players exiting

Regulatory

- Supporting programs such as JNNISM, appointment of SECI as nodal agency ensure continuity of policy
- Payment Security Fund and Tripartite agreement etc. mitigate the potential working capital issues arising

Thank You