



**Investor Presentation  
Q1 FY19**

**25 July 2018**

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# Investor Presentation Q1 FY19

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# Overview



# IndiGrid- India's only Power Transmission yield platform

- Owns inter-state high voltage power transmission assets
- Fully operational and revenue generating portfolio
- Focused on stable and sustainable distribution to unitholders
- Strong growth pipeline with ROFO on Sponsor assets

~INR 52 Bn\* AUM

3,361 circuit KM  
6,000 MVA

AAA Rated  
Perpetual  
Ownership

5 Project SPVs

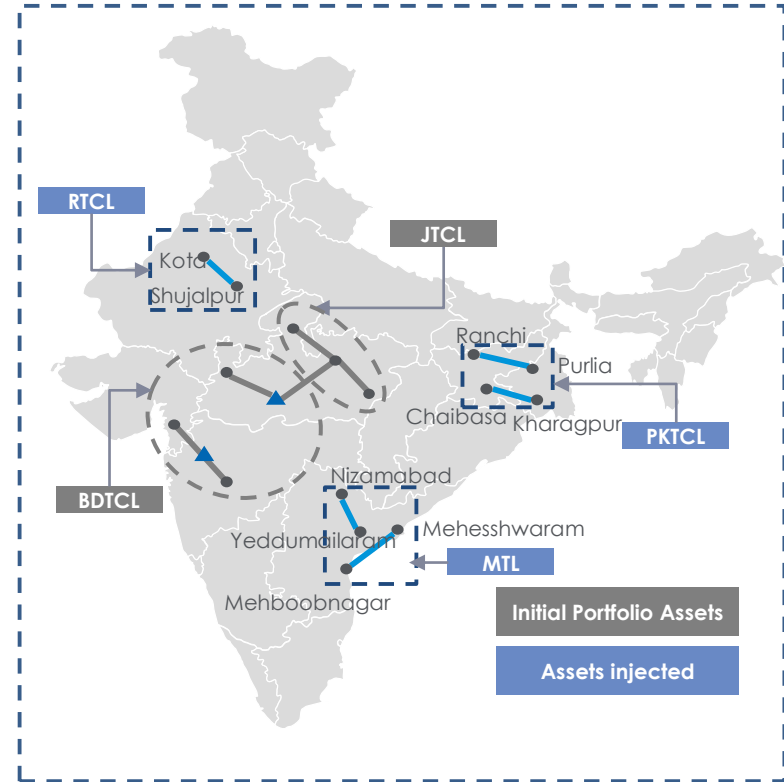
13 Lines and 2  
substations

~33 years of  
residual  
contract#

Note:

\* Based on independent valuation report as of 31<sup>st</sup> March 2018

# Remaining TSA contractual life of 33 years. However, the projects are on BOOM model with perpetual ownership of IndiGrid





## 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**

# Compelling value proposition targeting 12% IRR



## Best in class risk adjusted returns

- ✓ Highly stable business model – availability based tariff with minimal counterparty risk
- ✓ Very long term annuity like cash flows
- ✓ AAA rated
- ✓ 12% portfolio IRR from Sponsor assets

## Strong growth pipeline

- ✓ Robust industry outlook – \$46 billion of investment envisaged in 13<sup>th</sup> 5-year plan
- ✓ Strong Sponsor – 30% share in TBCB auctions
- ✓ 7 Sponsor assets available for acquisition
- ✓ Pursuing various third party acquisitions

## Robust corporate governance framework

- ✓ Regulated by SEBI
- ✓ Independent trustee
- ✓ Independent, diversified and experienced Board
- ✓ Experienced management team

Q1 FY19  
performance





## Q1 FY19 results highlights

- Strong financial and operational performance
- INR 1,458 million EBITDA, up by 10 % QoQ on the back of acquisitions
- CERC tariff order received for BDTCL, non-escalable tariff revenue increased by 0.69%
- DPU of INR 3.00, payable entirely as interest to unitholders
- Reaffirms FY19 DPU guidance of INR 12.00
- On track to complete previously announced first third party acquisition
- Well-positioned to capitalise on the strong growth fundamentals of the Indian power transmission sector

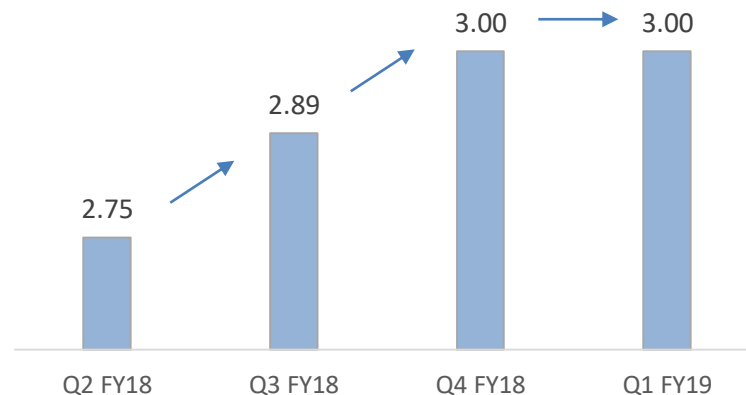
# Continued strong financial performance

## Consolidated Financials

INR million	Revenue	EBITDA	DPU (INR)
Q2 FY18	1,323	1,223	2.75
Q3 FY18	1,267	1,173	2.89
Q4 FY18	1,480	1,326	3.00
Q1 FY19	1,600	1,458	3.00

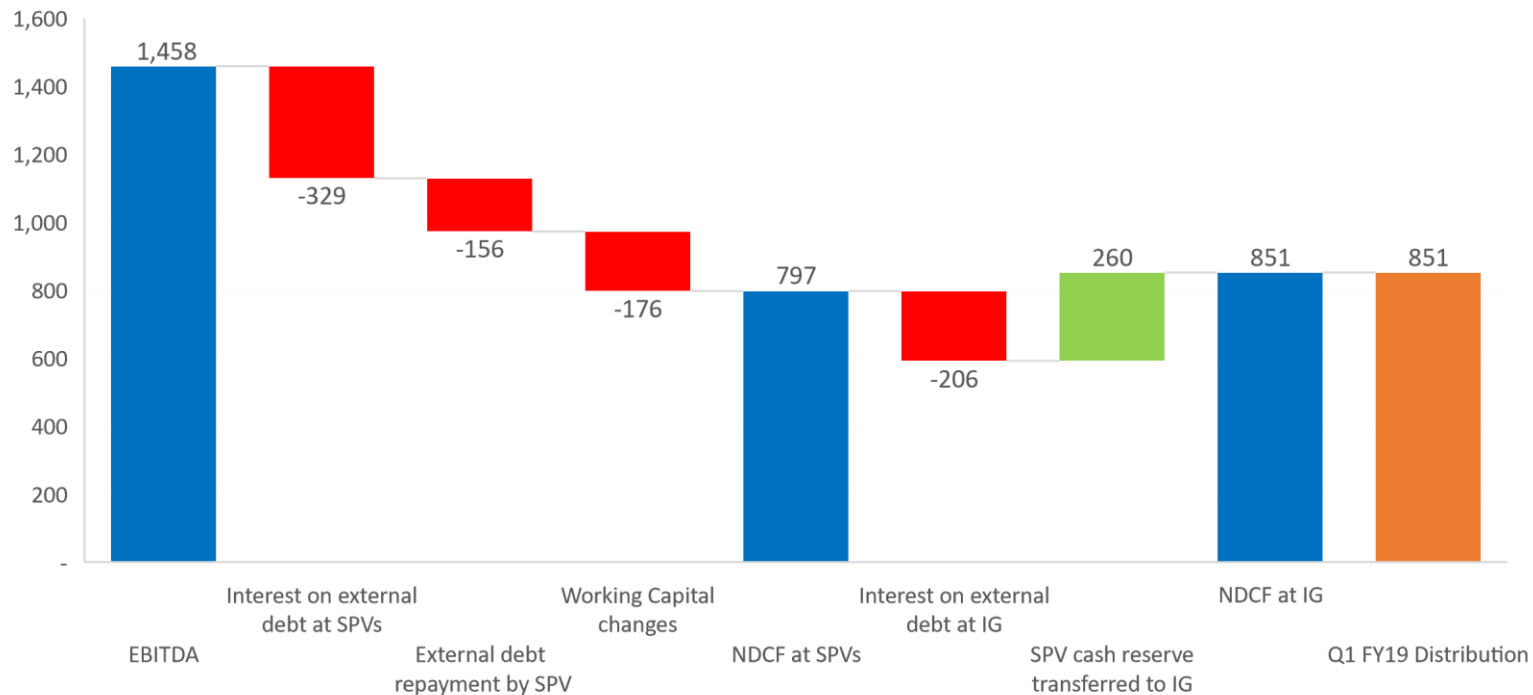
INR 11.64 /unit distribution in last 4 quarters

## Quarterly DPU (INR)

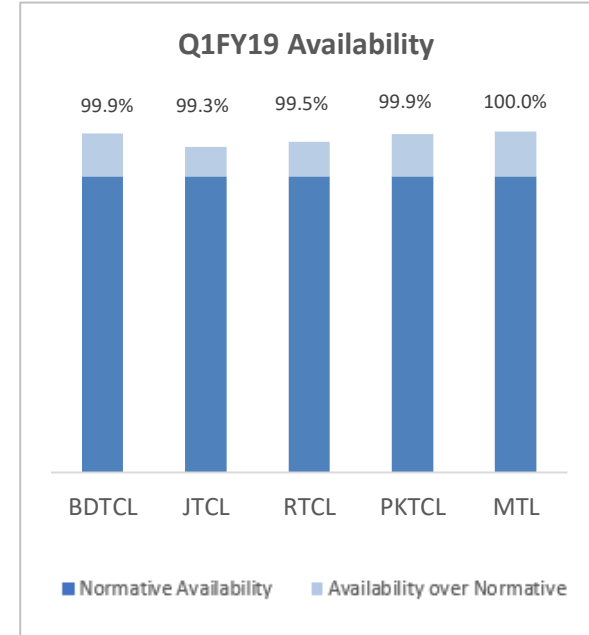
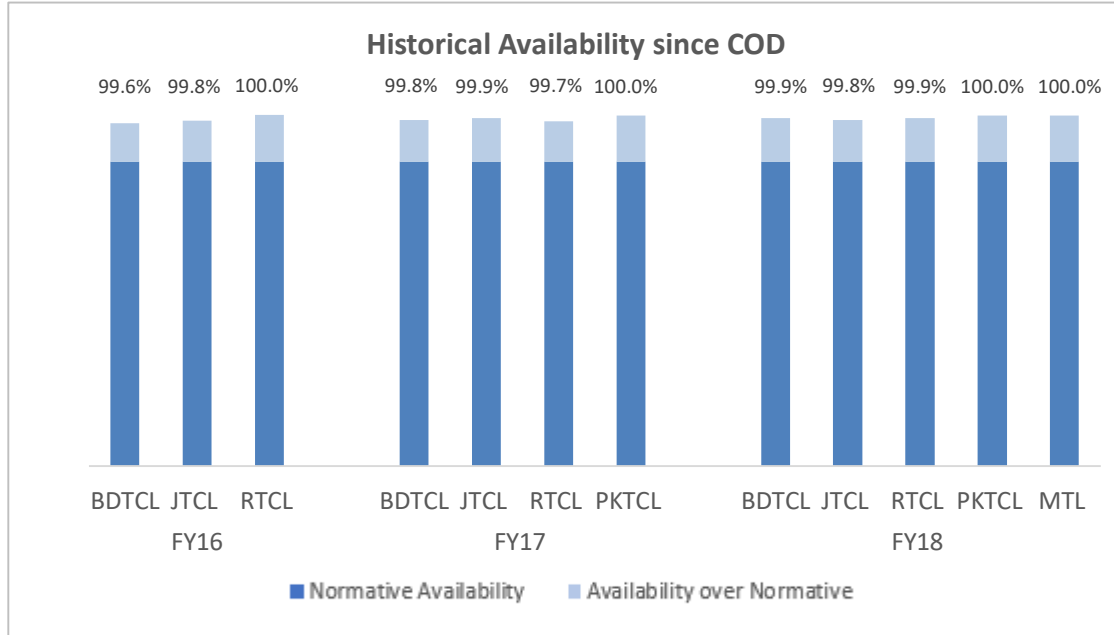


# Q1 FY19 NDCF and Distribution

EBITDA to Distribution (in INR millions)



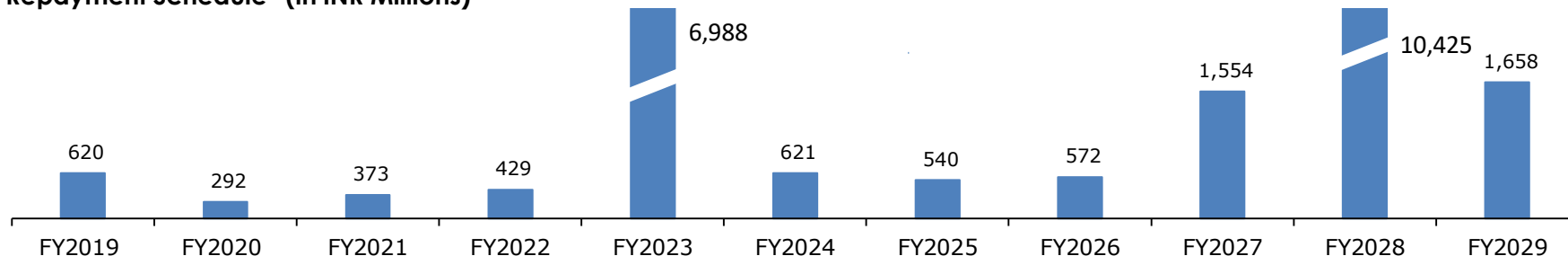
# Operational performance



Note: Q1 FY2019 figures are based on applied availability

# Debt Profile

## Repayment Schedule\* (in INR Millions)



- AAA rated by CRISIL, ICRA and India Ratings
- Net Debt/AUM of ~**44%**
- Diversified sources of funding, with 100% fixed rates
- Average cost of the portfolio ~**8.3%**
- Average maturity of ~**8 years**
- Continuously evaluating cheaper and long-dated sources of diversified funding to further increase the average maturity








Debt breakdown as of 30 June, 2018	INR Millions
ECB (BDTCL)	2,540
NCD (BDTCL)	7,230
Bank Loan (IG)	9,940
Bank Loan (JTCL)	4,230
<b>Total debt</b>	<b>23,940</b>
Cash & Liquid Investments	1,430
<b>Net debt</b>	<b>22,510</b>

\*Based on refinancing of loan in JTCL

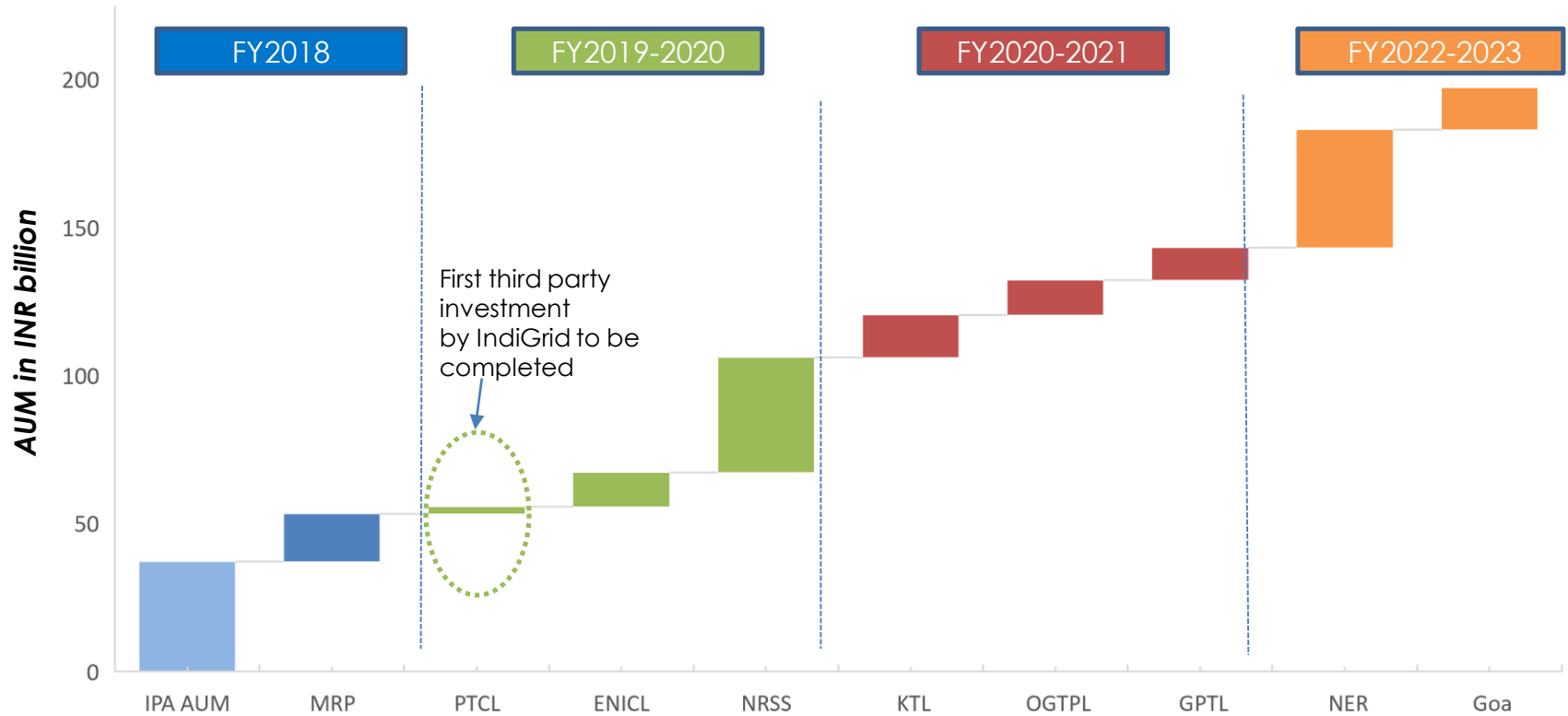
# Growth strategy



# Strong pipeline of existing Sponsor Assets

	East North Interconnection Ltd (ENICL)		NRSS XXIX Transmission Ltd (NTL)		+			Odisha Generation Phase Transmission Ltd (OGTL)			Gurgaon-Palwal Transmission Ltd (GPTL)		Khargone Transmission Ltd (KTL)		+		NER-II Transmission Limited		Goa Tamnar Transmission Project Ltd.	
Overview																				
	2 x 400 kV D/C lines	3x400 kV D/C lines, 1x400/220 kV D/C GIS sub-station	1x765 kV D/C line, 1x400 kV D/C line	5x400kV D/C lines and 3x400/220 kV substations	2x765 kV D/C lines, 1x400 kV D/C line and 1x765/400 kV substation	2x400 kV D/C lines, 2x132 kV D/C lines and 2x400/132 kV substations	2x400 kV D/C quad lines, 1x765 kV D/C line, 2x500 MVA, 400/220 kV substation													
Scheduled COD	Commissioned	Oct 2018	Aug 2019	Sep 2019	Jul 2019	Nov 2020	Nov 2021													
Length	909 ckms	887 ckms	715 ckms	271 ckms	624 ckms	900 ckms	479 ckms													
Revenues (5 yr. avg.)	INR 1,420 Mn	INR 5,030 Mn	INR 1,590 Mn	INR 1,440 Mn	INR 1,860 Mn	INR 4,520 Mn	INR 1,633 Mn													

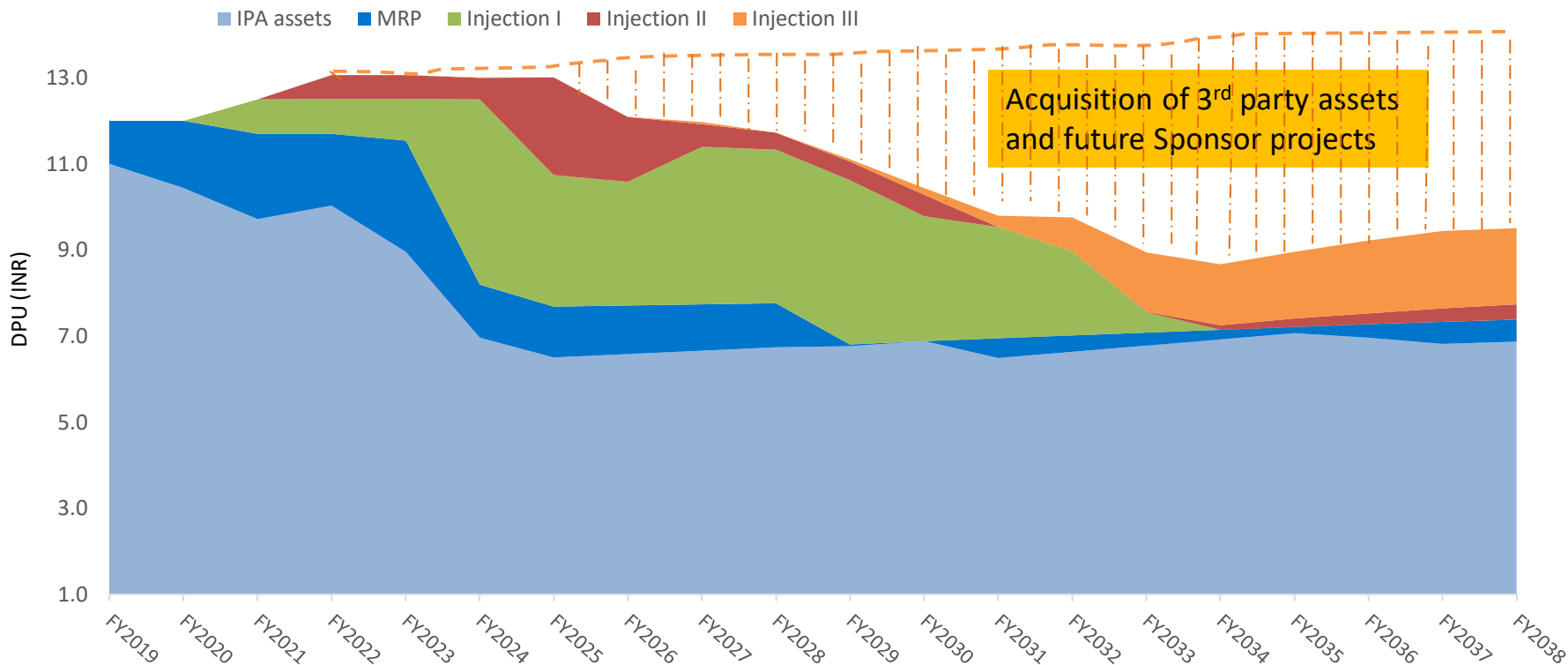
# 12% portfolio IRR from Sponsor assets



Note: IPA and MRP AUM as of 31<sup>st</sup> March 2018



# Indicative DPU considering Sponsor assets and PTCL



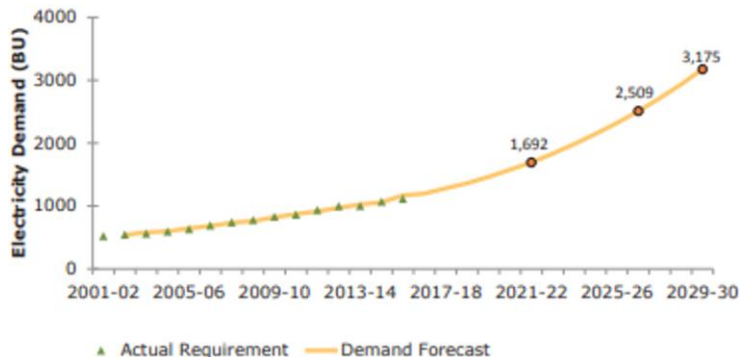
# Appendix



# Sector fundamentals point to strong growth in the next few years

## All India Electricity Demand Scenario

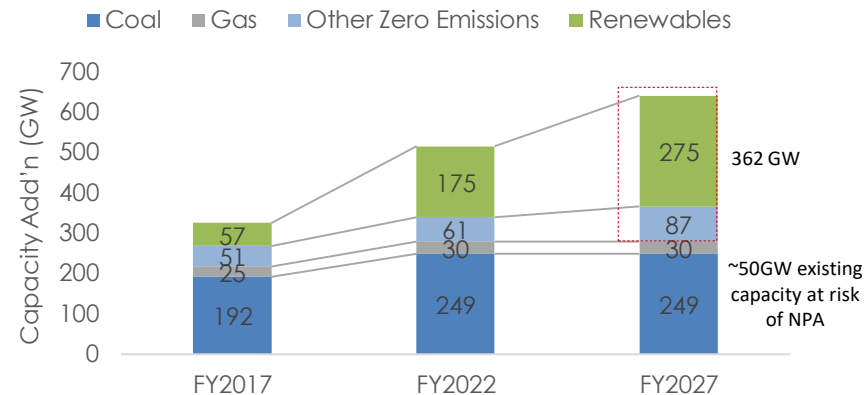
- All India electricity demand is likely to increase from 1115 BU in 2015-16 to 1692 BU in 2022, 2509 BU in 2027, and 3175 BU in 2030 with a CAGR of 7.22%



Source: Report on 'Transitions in Indian Electricity Sector 2017-2030' by TERI

## Growth in RE capacity addition and rise in coal capacity NPAs warrants for an increase in transmission capacity

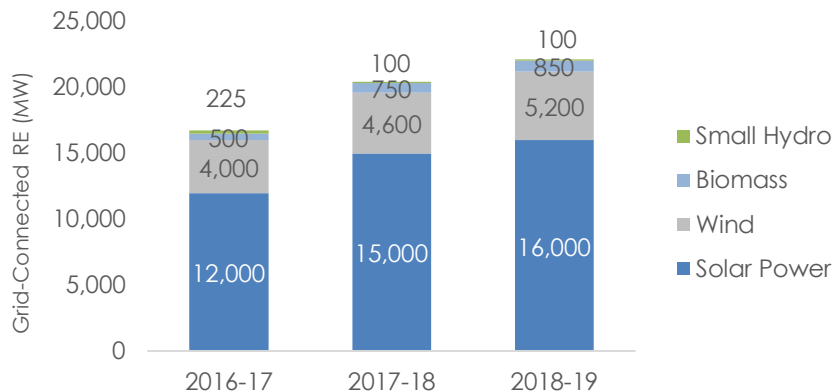
- NEP3 calls for 57% (362 GW) of India's total electricity capacity to come from non-fossil fuels by 2027
- RBI's new norms may put 50GW power capacity risk of being declared as non-performing assets, implies further rise in RE footprint
- This expansion in renewables & impact of existing stressed assets mean requirement of new transmission capacity additions



Source: CEA, IEEFA estimates (Report on 'India's Electricity Sector Transformation')

# Grid-connected renewables and stronger Tx networks coming into play

## MNRE Grid-Connected Renewable Targets 2016-2019

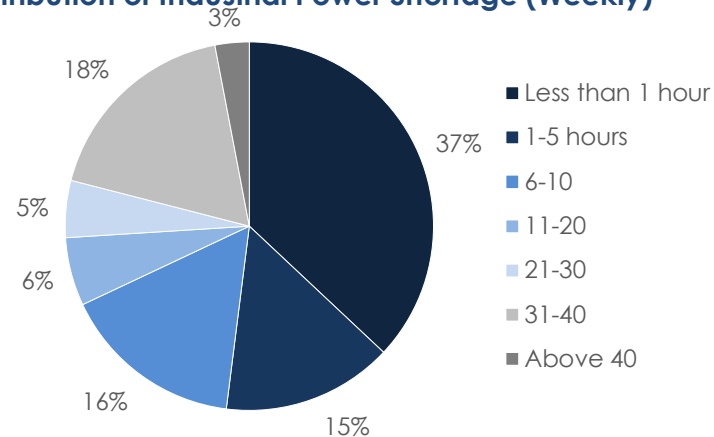


Source: MNRE, Compiled by Mercom, 2016

### Renewable Proliferation

- More than 64GW of RE connected to the grid as of Mar 2018
- Almost double the capacity at 111GW is yet to be connected to reach the 175GW RE target by 2022`
- These projects will be connected under a new "Generation + Transmission" joint bidding model (e.g. recent OFTO & SECI-ISTS tenders) that will do away with the need for a separate bidding process or disconnected mandates for setting up new transmission lines

## Distribution of Industrial Power Shortage (Weekly)



Source: FICCI, Lack of Affordable & Quality Power, 2013

### Impact of Load Shedding

- With penalties now being enforced on DISCOMS for unjustified outages, consumer demand is bound to rise leading to greater power transfer and need for stronger transmission networks
- The amendment to the Electricity Act aims to fix the 24\*7 power supply obligation of DISCOMS to achieve reliability in supply
- Along with this, direct subsidy transfer by states to power consumers will also aid this change and drive a robust network on all sides

# Investments into transmission to gain traction

## More awards expected in 2018-19

- **Only 59.9% of the annual target for adding transmission lines has been achieved** in 2017-18
- In order to achieve NEP 2017-22, along with government's increased investment in infrastructure, the tender pipeline looks strong

## Green Energy Corridor (GEC) to fulfill demand

- The GEC will create an ISTS network to connect renewable rich states with states that lack renewable generation
- **Estimated cost required to evacuate RE power is Rs 101 billion** for intra state and inter state projects.

## SECI-ISTS Tenders

- SECI has bid out 5,750 MW of solar projects in July 2018 alone holding separate auctions of 3000 MW, 2000 MW and 750 MW- **greater participation – more tender releases – higher need for transmission assets**

## Transmission the missing link

- Time taken to set up a solar farm = 9 months
- Time to set up transmission lines = 2-3 years
- With the number of large scale RE tenders, **grid infrastructure will have to move faster than before** to avoid non-commissioning of ready projects (eg Q4 2017)

# Further growth potential from near term bids...

## Current Inter-State and Intra-state TBCB tenders

Name of Tender	Type	Stage of Tender	Location	Est. Cost (INR bn)
Strengthening in Jharkhand (Package 1)	InSTS	RFQ submitted	Jharkhand	14.0
Strengthening in Jharkhand (Package 2)	InSTS	RFQ submitted	Jharkhand	12.5
Strengthening in Jharkhand (Package 3)	InSTS	RFP	Jharkhand	9.0
Strengthening in Jharkhand (Package 4)	InSTS	RFP	Jharkhand	11.1
System strengthening Scheme in Northern Region	ISTS	Pipeline	Northern Region	2.3
Reactive Power Compensation in Northern Region	ISTS	Pipeline	Northern Region	2.3
ISTS Feed to Navi Mumbai	ISTS	Pipeline	Maharashtra	2.6
New Substation near Vapi area	ISTS	Pipeline	Gujarat	2.0
North Eastern Region Strengthening Scheme – IX	ISTS	Pipeline	North Eastern Region	0.7
Additional 400 kV outlets from Banaskantha	ISTS	Pipeline	Gujarat	0.6
Jawaharpur	InSTS	RFQ submitted	UP	6.0
Obra-C	InSTS	RFQ submitted	UP	11.0
400kV Udupi (UPCL)- Kasargode D/C line	ISTS	Pipeline	Karnataka, Kerala	6.3
Replacement of 2x315 MVA ICTs at Gazuwaka with 2x500 MVA ICTs	ISTS	Pipeline	AP	0.4
Scheme to control Fault Level in Northern Region (Phase-II)	ISTS	Pipeline	Northern Region	1.7
Measures to control fault level at Wardha Substation	ISTS	Pipeline	Maharashtra	0.7
<b>Total</b>				<b>83.3</b>

# Glossary

AUM	Assets Under Management
Availability	Percentage amount of time for which the asset is available for power flow
BDTCL	Bhopal Dhule Transmission Company Limited
CERC	Central Energy Regulatory Commission
DISCOM	State Distribution Companies
DPU	Cash paid to the Unitholders in the form of interest/ capital repayment / dividend
ENICL	East North Interconnection Limited
GPTL	Gurgaon – Palwal Transmission Limited
GTPL	Goa Tamnar Transmission Project Limited
IPA	BDTCL and JTCL which were acquired by IndiGrid at the time of IPO
ISTS	Inter State Transmission System
KTL	Khargone Transmission Limited
JTCL	Jabalpur Transmission Company Limited
MNRE	Ministry of New and Renewable Energy
MTL	Maheshwaram Transmission Limited
MVA	Mega Volt Ampere
NDCF	Net cash flow that trust has at it's disposal for distribution to IndiGrid in a particular year in accordance with the formula defined in the Offer Document
NEP	National Electricity Plan
NER II	NER II Transmission Limited
NPA	Non Performing Assets
NTL	NRSS XXIX Transmission Limited
OFTO	Offshore Transmission
OGPTL	Odisha Generation Phase Transmission Limited
O&M	Operations and Maintenance cost
RE	Renewable Energy
ROFO	Right Of First Offer
PKTCL	Purulia Kharagpur Transmission Company Limited
PTCL	Patran Transmission Company Limited
RTCL	RAPP Transmission Company Limited
SECI	Solar Energy Corporation of India
Tariff	Composed of Non-Escalable, Escalable and Incentive component. The incentive component is based on the availability of the asset = $2 * (\text{Annual Availability} - 98\%) * (\text{Escalable} + \text{Non-escalable})$ ; incentive is maximum 3.5% of (Escalable+Non-escalable tariff)
TBCB	Tariff Based Competitive Bidding
TSA	Transmission Service Agreement