



“India Grid Trust  
Q2FY21 Earnings Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q2FY21 Earnings Conference Call of India Grid Trust hosted by Axis Capital 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 the 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. Abhishek Puri from Axis Capital Limited. Thank you and over to you Sir!

**Abhishek Puri:** Thank you Rutuja. Good afternoon ladies and gentlemen on behalf of Axis Capital I am pleased to welcome you all for the IndiGrid Trust Q2FY21 earnings conference call. We have with us today Mr. Harsh Shah, CEO and Whole Time Director of Sterlite Investment Managers Limited representing India Grid Trust on the call. We will begin with the opening remarks from Harsh on the operational financial highlights as well as the key updates for the sector. This will be followed by the Q&A session. With that I hand over the floor to Harsh. Over to you Sir!

**Harsh Shah:** Thank you Abhishek and Jiten from Axis and I welcome all the investors and stakeholders who have joined the call today. I am very happy to present the Q2 and half year results for FY21. I will take you through the presentation in the first 15 or 20 minutes and after that we will open the floor for question and answers. To start with I am on slide #5 of the presentation, which you may already have. Our vision is to become the most admired yield vehicle in Asia, focusing on a robust business model, which is to maintain long term contracts with lower operating risks and stable cash flows, continue our focus on value accretive growth and we will talk about this in detail as we did a couple of acquisitions this quarter. Predictable distribution is another important tenet of our growth strategy. We have been maintaining a quarterly distribution and giving guidance on that front and ensuring that we meet that, so that is another pillar on which our vision stands. The last one is to maintain an optimal capital structure, which is to ensure that our balance sheet remains strong as well as we ensure that we are optimally levered to provide healthy returns to the investors.

Coming to the slide #6 on the next page, which is just an introduction to portfolio. We have an AUM of about Rs.14,000 Crores - this has increased because we have added two acquisitions in this quarter. The acquisitions in this quarter are showcased in green on the right-hand side chart, one of them is GPTL, Gurgaon-Palwal Transmission Line Limited and the other one is Jhajjar KT Private Limited. The first one we acquired from Sterlite Power and was part of the framework agreement assets. Jhajjar project we acquired from the joint venture of Techno Electric and Kalpataru Transmission Limited. With these acquisitions, the portfolio size stands at Rs.14,000 Crores. We are in 14 states and one UT, own about 28 lines and 6,280 circuit kilometers, nine substations and 11,460 MVA of transformation capacity. We are AAA rated with remaining TSA contractual life of 32 years. Most projects are on

BOOM model with perpetual ownership of IndiGrid. This means IndiGrid has a right to collect the cash flow and there is still about 32 years left from the existing assets from the initial contract. There are approximately 9,700 towers and overall weight of all the metal put together is approximately 3,71,000 metric tonne.

I am now moving to slide #8 on key highlights for Q2FY21. Our EBITDA grew 14% year-on-year on the back of maintaining our availability at optimum level as well as the acquisitions that we have done during the year. We have maintained the DPU at Rs.3 per unit in Q1FY21 as well as in Q2FY21 despite the COVID-19 related uncertainties that existed. At the beginning of the year we had not provided the guidance considering the uncertainties related to COVID-19; however, we had said that we believe performance would remain on track and in line with that, we have maintained and delivered Rs.3 per unit of distribution. Our net debt to AUM is still at 54% and there is significant headroom available for us to grow within the 70% cap on leverage that is as per SEBI regulations. We have received AAA ratings by all three rating agencies.

Portfolio growth is something which is important, we have been growing and overall, we have grown about 60% CAGR since IPO both in terms of assets, P&L, cash flows. The two latest assets acquisitions are in line with that strategy. We have acquired GPTL for about Rs.1,075 Crores and Jhajjar KT Transco Private Limited for ~Rs.310 Crores. A unique development that happened in this quarter where we had taken investor approval to add our largest investor KKR as a sponsor. We did the EGM and took special majority approval (75% of the unit holders) in EGM. Importantly, this is not just the approval of present and voting, but this is of the entire unit holder base - so 75% of the entire unitholder base has been positive that KKR should be a sponsor. Our overall unitholding is fairly diverse, about 60% are owned by FII including KKR and GIC and approximately 20% are owned by DIIs including eight insurance companies, four mutual funds and 3 employee pension funds.

Regarding COVID-19 update we will cover that in the next slide in detail, we believe that the collections have come back on track and we have received about 113% collection for Q2FY21. Our availability is still maintained at 99.5% and we see no material impact of the power demand slowdown, which existed in Q1FY21. Rather the scene has turned-around now and we are seeing month-on-month basis power growth. On regulation side, SEBI has been kind enough to make consistent upgrade to the InvIT regulations. Induction to a new sponsor/ reclassification of sponsor regulations were announced in this quarter and as discussed - we chose to induct new financial sponsor in our platform on the back of these regulations.

I am on slide #9, which talks about COVID-19 impact and as such what is happening on the industry on account of that. First, I would like to clarify that transmission companies are not

directly impacted because the power flow, rather the revenues of transmission companies are not linked to power flow but only based on availability of transmission lines. Also, considering it is a critical service we were also given a special exemption to operate during lockdown to ensure that availability of our lines remain healthy. With respect to the health of the sector - Power demand and Peak demand both represent a good measure and as you see on the charts, and we have been monitoring these charts on a regular basis, power demand has rebounded clearly indicating that economic activity is picking up .September 2020 exit itself is approximately 6% year-on-year and power demand recorded a double-digit growth in October 2020, the number has widened further as we speak. So, we have clearly seen overall improvement of the economy as well as of the sector and if one looks at power consumption demand which is a high frequency indicator, that is something improving on a week-by-week basis if you compare it with 2019 numbers. There is also recovery in terms of collections. Collections were low in Q1FY21 as we had guided at the beginning of the year; however, consistently since then on a month-on-month basis, we have seen collections improving and if you look at the chart the blue graph represents the existing collections, it is clearly showcasing the recovery starting from 40% and going up to 130% now in September 2020, which represents approximately 85-90% of the cash flow, which we have received YTD. It is a significant amount of catch-up that we see in H1FY21 itself has taken place. We are positive about this trend continuing and by Q3FY21 we would have collected whatever was a shortfall in Q1FY21 and will come back to a regular cycle.

On slide #10 I will take you through certain operational highlights of the business as you can see on the chart on the left top, our availabilities remain higher than the normative availabilities and substantially over 99.5%, which results in accruing incentives for us. Our contractors have relevant Health & Safety training, which we focus on and by design, we invest in behavioral-based training, this is also something which has been our consistent approach. There is one I would say incident that happened in our portfolio, which was an unfortunate incident. An incident of a fatal accident of one of our subcontractors on account of a very rare occupational hazard of bee swarming, it is one of the very rare biohazards; however, we are ensuring that adequate preventive measures are implemented for not repeating it. We have experienced three COVID-19 incidents in a pool of approximately 600 people including partners on our operations. This was zero till last quarter; however, all the people have recovered and we are ensuring that the COVID-19 test is mandatory prior to joining as new members on our worksite and ensuring compliance for all the other social and security requirement by the Government.

On the left hand side, the key indicator of number of trips per line, we are investing substantial amount of effort to ensure that our corresponding trips per line comes down and as you can see we are at 0.27 versus 0.46, which is a substantial reduction in terms of trips per line and

we have focused on ensuring that this remains there goes down by adequate preventive maintenance measures taking place.

On slide #11 is the financial highlights of Q2FY21. You can see our revenue for this quarter or consolidated revenue for this quarter is Rs.384 Crores, our EBITDA for the quarter is at Rs.346 Crores and which has resulted into DPU of about Rs.3 per unit, which will translate into about Rs.175 Crores of distribution that we are doing. Our revenue is up 17% on a y-o-y basis on account of acquisitions that we did this year. EBITDA is up 14% and in all since listing now we have distributed Rs.39.56 per unit, which amounting approximately Rs.1,600 Crores to investors.

Going to slide #12, which explains the consolidated EBITDA to NDCF waterfall, starting from income Rs.384 Crores going back to SPV level expenses of Rs.33 Crores with EBITDA of SPV coming at Rs.351 Crores, interest that we have paid in SPV is Rs.45 Crores, working capital is about Rs.12.3 Crores, reserve that we created at SPV to ensure that we utilized the additional liquidity for stabilizing a DPU is about Rs.10 Crores, which leaves the NDCF at Rs.284 Crores. At the IGT level the interest that we paid is Rs.91 Crores, expenses at the IGT level is Rs.5 Crores, tax about Rs.4 Crores, which is largely on the interest income that we earn from treasury investments and therefore NDCF at IGT consolidated is Rs.187.5 Crores, they are creating a reserve of Rs.12.5 Crores and effectively paying Rs.175 Crores, which is corresponding to Rs.3 per unit.

Going to the next slide and slide #13 is snapshot of a balance sheet. As we have discussed we are AAA entity, our weighted average cost of debt today is at 8.5% owing to the fact that we have locked in interest rate at different point in time. Our cash balance at the end of the quarter was about Rs.697 Crores, which includes a distribution of Rs.175 Crores and we have a fairly healthy EBITDA to interest cover in the portfolio. We can look at on the right side on the sources of borrowing we have a good mix of market borrowing, which includes debentures in MLD as well as we have a good mix of bank loan and ECB, which are longer term and we believe that we will continue to maintain this balance between sources of borrowing and utilize that in the new environment where possible refinancing would result into better interest cost.

Slide #14 is about the total return that we have delivered. This includes the DPU that we have paid since listing and also the price change that has taken place this is price as on September 30, 2020, which is about Rs.106, it includes total about 42% of total return and if one was to annualize this return it is 11.2% since listing in June 2017. We also compare with different investable products starting from GSEC to transmission utility to power indices, utility indices and overall wider stock markets and we clearly see that because of the higher payout

ratios as well as stable performance we have on total return basis delivered a superior return especially keeping in mind BETA is closer to GSEC in comparison to any other indices.

On slide #15 is just a comparison about how IndiGrid is placed vis-à-vis global yield platforms. I would say we are significant in terms of size in India; however, there are much larger global yield platforms and therefore as we achieve our size aspiration, we believe overall liquidity would improve and overall trading spread that we see for most of the large good performing yield company with respect to their domestic yields will converge. Looking ahead the outlook for full year FY21 - we are focused on portfolio growth, we are going to evaluate two projects on which we have signed framework agreements, which are NER and KTL, which are owned by Sterlite Power. We are focusing on the diligence and ensuring that we are ready as and when the assets are completed to acquire them. We are also evaluating selected opportunities in solar sector with central counterparties at this point in time we have not signed any agreements and we also committed to create a pipeline of transmission projects besides the existing pipeline projects that we have.

Second priority for us remains maintaining a strong balance sheet. We are maintaining adequate liquidity to mitigate any current uncertainties that may pan out further on account of COVID-19, we are maintaining sufficient cash balance and working capital lines for ensuring our operations remains healthy and business does not suffer. In addition to that we are looking to diversify our debt sources to elongate our tenures and incremental facilities and also reduce the cost opportunistic. Third section is about asset management. We believe this is a significant pillar of our business and utility. We will continue to strive to maintain highest availability of our portfolio. We are also choosing to make investment in technology in terms of digital asset management and predictive analytics and emergency preparedness, which includes investment in digital tools, includes emergency restoration systems, which enables us to restore lines faster, which ensure the overall reliability is superior. Our focus on ESG and ESMS is increasing and we have finalized our ESMS framework and we will be publishing the details around that in subsequent quarters.

The last one is about industry sponsorship I think we recognized InvIT as a significant infrastructure investment opportunity for the country and we are investing both time and bandwidth to ensure that the increased awareness about IndiGrid as well as InvIT in general, which will result in increased participation as well as improved liquidity and understanding about the process. There have been policy initiatives, which we are pursuing with the government with respect to enabling IRDA and PFRDA to subscribe to debt securities issue bandwidth. We are also engaging actively with regulators to reduce the trading lot size to single unit, which we believe will eventually result in better diversification as well as liquidity. In all what we are looking at is towards delivering superior returns, maintaining stable DPU and growing NDCF. I would conclude over here. There is a detailed section about

the overview of our assets and IndiGrid journey, which we have shared in the presentation. I would be happy to address any questions now that may come regarding performance as well as business in general. Thank you.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar from DN Capital. Please go ahead.

**Mohit Kumar:** Good evening Sir. Congratulations on a good set of results. My first question is on the guidance part. Are we giving any guidance for FY21 on the DPU and do we expect the guidance as the DPU to increase going forward because you already have healthy cash on the balance sheet, I think we have around Rs.350 Crores odd additional cash flow, am I right in saying that?

**Harsh Shah:** Yes. Two questions I think one is on the guidance and second is sub question on about increase in guidance. We decided earlier in the year that this year we will not give guidance due to uncertainties on account of COVID-19 and I would say from the business or the company perspective the risk premiums have come down and COVID-19 uncertainties have reduced or rather gone away; however, as a country and as a business that still remains, so I am considering that we are mid of the year, we have already delivered 50% of what could be the potential guidance. We would give a guidance for FY22 in Q4FY21 instead of giving guidance for next two quarters. So we are formally still not giving any guidance for the next two quarters. Yes, the collections have come back, the performance is good, business is fine, but considering we already mid of the year we would look to give guidance in Q4FY21 along with the results then for the entire next year instead of giving it for just two quarters.

**Mohit Kumar:** Can you quantify the receivables for the last three quarters in the sense at the end of FY20 and what it was at the end of June 2020 and what it is now?

**Harsh Shah:** If I get your question correctly, you want to know what was the receivable days outstanding for each quarter?

**Mohit Kumar:** Yes.

**Harsh Shah:** I have two data points at this point in time with me, which is at June 2020 we were about 101 DSO days, in September 2020 we are 83 DSO days and if I am not wrong and again because I do not have that in the presentation right now I think it was approximately 60 days in March 2020

**Mohit Kumar:** Lastly, on the debt side of course we have now Rs 80 billion debt and we will further add Rs 30 billion odd debt going forward, what is the strategy to reduce the interest cost and elongate

the repayment I believe Rs 26 billion repayment is due in FY23, which is also not very far away and what is the scope to reduce the interest cost from going forward?

**Harsh Shah:** No, I think there is a significant scope to reduce interest rate cost; however, it comes as a trade up to the tenure, but our interest is to elongate the tenure. Having said that, incremental cost has substantially come down; however, most of our balance sheet is fixed so overall weighted average cost of borrowing may not really go down in a year's time because a lot of that is fixed market instrument, so we remain where we are. Our incremental cost of borrowing has substantially come down. Coming to the FY23 number -it is not one repayment but it is paid across full year and we believe considering the entire size it will not be materially large for FY23. However, we are cognizant about that and we will be making a plan somewhere closer to FY22 to ensure that refinancing takes place. Considering the market instrument even if we want to it is just not possible for us to repay it right now and therefore, we will have to strategically just keep liquidity available and start early as and when we are closer to FY23..

**Mohit Kumar:** That sounds Good Sir. Thank you and best of luck.

**Moderator:** Thank you. The next question is from the line of Swarnim Maheshwari from Edelweiss Securities. Please go ahead.

**Swarnim Maheshwari:** Once again stable set of performance congratulations for that. Couple of questions, first one on the collection side, now you did mention that the collections have bounced back to 113% in Q2FY21, but I think that still implies that there is some amount of Q1FY21 data, which still needs to be recouped, if yes, what is the quantum and is there some devolvement of the factoring also, so any updates over there?

**Harsh Shah:** Thank you Swarnim Sir. To give you a colour on that we have on a YTD basis collected approximately 85% - 90% of our revenue so that gives a figure of another 10-15% is to be collected in a simpler way. We are focused on this in Q3FY21 as we are monitoring the trend closely and we feel that by end of Q3FY21, 90% may uptick to be around 95%- 97% as well and that number is a fairly healthy number - we will come back to almost normal with that. To answer your second question that you asked on factoring we did use factoring in Q1FY21 when the receivable days were higher; however, in Q2FY21 the 113% collection does not come from factoring, so rather we have repaid the factoring that we did in Q1FY21 of receivables to ensure that we are not running factoring led recovery, so this is right now what we see approximately 85%-90% is without factoring, so we actually repay approximately Rs.86 Crores of factoring in Q2FY21, which was factored in Q1FY21, now the catch-up has already taken place.



- Swarnim Maheshwari:** That is really good, so there is no outstanding factoring right now?
- Harsh Shah:** There is Rs.54 Crores of outstanding factoring right now.
- Swarnim Maheshwari:** Rs.54 Crores?
- Harsh Shah:** Rs.54 Crores, we repaid Rs.86 Crores of factoring in Q2FY21, there is still Rs.54 Crores of factoring balance in Q3FY21 which was paid in October.
- Swarnim Maheshwari:** Secondly, you would see that there is a reserve that we have created at both the SPV level and the trust level, is this DSRA or is there something else, if you can highlight something over there?
- Harsh Shah:** This is not DSRA, DSRA is a reserve created for the benefit of debt. This reserve is 10% flexibility that IndiGrid has, in terms of its NDCF, which enable us to smoothen the volatility on a Q-o-Q basis. By doing this on a Q-o-Q basis there is no volatility - in some quarter there is 3.2 to the next quarter 2.8- we believe that is slightly more confusing and complicated for investors, so we manage this 10% buffer or reserve to ensure that we can smoothen on a Q-o-Q basis.
- Swarnim Maheshwari:** I was just looking at you have created that at the SPV level also, but yes, the rules provide for maybe that 90% distribution, so 10% is within the limit, got it. Sir, the third question really is on the renewable, now if you see KKR recently had set up a renewable in the platform and we are also eyeing the renewable assets, is there some sort of conflict of interest over here and how will this work, you are both eyeing the same assets, so it can be acquired by you or by KKR, so how does this work really?
- Harsh Shah:** We will not be able to describe about their plan, but you see from the press release from KKR - their intention is to acquire portfolio of assets, which includes SECI and non-SECI or NTPC, so basically a mixed set of assets, which includes solar, wind, central counterparty, state counterparty, all put together whereas our strategy is to only focus on operational solar projects with a track record with central counterparties such as SECI, NTPC and therefore we are I would say targeting a very limited universe of assets. Now coming to in terms of competitiveness I believe we being a AAA rated as well as having only focus on operating assets, we may be able to offer a better value proposition and therefore if there is a bid we believe we are likely more competitive. So where the developers want a total solution for under-construction and operational projects together and they want to monetize the entire portfolio probably the other platform may be more suitable, and we will stay out of it, so probably they can compete on that. Therefore, there is a natural segregation of business and our business models do not overlap. Having said so to give you clarity in cases where there

is or there may be a conflict of interest, KKR as per the agreed shareholder agreement with the manager, KKR will not be voting in terms of the decision making. KKR will refrain to vote as there is a conflict of interest on the item. I believe that addresses if at all there is any conflict of interest that may arise.

**Swarnim Maheshwari:** So that implies that for example if you are looking for asset, which is secured into whichever is counterparty, so for that acquisition we will not be voting for the acquisition of those assets, if KKR like in the platform is also buying or eyeing for those assets is it?

**Harsh Shah:** Not just really that platform as per the corporate governance is at a much different level, if there is any conflict of interest by KKR invested entity not just this platform if there is, they are privy to such information then they will refrain from voting.

**Swarnim Maheshwari:** Got it Sir. I will get back in the queue. Thank you.

**Moderator:** Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

**Sarvesh Gupta:** Thank you Harsh for the opportunity and congratulations on another set of stable number. First question is I think we have been making DPU accretive acquisitions, so if you can keep the number of what is the total buffer right now that we have which could have been paid but has not been paid and of that how much has come through new acquisitions?

**Harsh Shah:** The number that you ask specifically is a net number I may not have right now will need to sum up all the past financials because it is not a balance sheet reserve per se that gets created, so the indicative reserve if I were to say over and above DSRA we have approximately Rs.64 Crores of the reserve, but this is an approximate number, this is not statutory.

**Sarvesh Gupta:** But including at SPV level?

**Harsh Shah:** Yes, including total reserve.

**Sarvesh Gupta:** It is only Rs.64 Crores, which we could have paid, but have not been able to

**Harsh Shah:** Exactly, it is not that we have maintained a lot of capital on account of that.

**Sarvesh Gupta:** But right now, what can be the run rate of this quarter?

**Harsh Shah:** If you look at the last two quarters where the acquisitions have taken place again some of them are mid quarter acquisitions, etc., but the run rate with the existing assets without or

with normalized receivables no surprise on that front is approximately Rs.200 Crores, so if I were to calculate on a Q-o-Q basis there is about Rs.25 Crores addition that happens on account of this. Again, the numbers can go up and down because of different assumptions and working capital, etc., but on a run rate basis Rs.200 Crores is the NDCF run rate that one can see in Q1FY21 and Q2FY21.

**Sarvesh Gupta:** Okay and secondly while we performed very well in all the metrics, but one metric which where we have sort of not been able to take advantage of is on the cost of debt, so even in FY19 if I recall it was close to 8.45% and now we are at 8.5%, in a time when even retail home loans are below 7% now, so I think we should find a way to optimize it because there is an opportunity to make a DPU accretive reduction in cost of debt right now and if we wait for long then we may lose this opportunity, although our DPU does not changes, but when we have given an opportunity to make a DPU accretive sort of reduction in the debt why not go for it and even if we can utilize some of these excess reserves to do that one time activity probably it is worth doing it to sustain higher DPU for the longer time to take a onetime expense?

**Harsh Shah:** I think a very important point that you made. One needs to look at it as a test match. For example in FY17-FY18 our focus is to ensure that there is less unpredictability and less volatility and therefore we have done fixed rated instruments. The moment you do fixed rate instruments there is a downside to it, there is a market rate to go down too low, you feel that you have lost the spread, but on the other end if the market rate was to go too high you would be protective, so there is a tradeoff of that and what you said next is important in terms of can you pay the breakage cost and premium cost and refinances. I would say the reserves at the end of the day if we use the reserve to be a breakage cost we keep evaluating if it in the end becomes a more accretive for investors. At the moment our focus is to ensure refinancing loans and bonds where there is no breakage cost as well right, so as I said we are opportunistically looking at it, but it is a large book Rs.7,000 Crores - Rs.8,000 Crores borrowing you cannot really go one day and refinance the entire book. Even if you do that, it would be a substantially higher cost at a market instrument level, but directionally as you said we are focusing on it and we are evaluating ways and means to monetize different instruments as and when either the maturity comes or the tradeoff is in favour.

**Sarvesh Gupta:** Is there some way to get a long-term financing at a much lower rate given the interest rate scenario and lock it in and given that we have locked up revenue profile it would be amazing for us?

**Harsh Shah:** Correct.

**Sarvesh Gupta:** If DPU increases then your market price increases then maybe you can acquire more assets then those can be DPU accretive, so there can be second order impact on DPU as well because of that step?

**Harsh Shah:** I agree with you Sarvesh, I think our decisions are more to do with risk management than necessarily work on the share price, but I think directionally you are right, we are monitoring it very closely and as and when we do something, some unique refinancing you will see the output. For example, one of the assets which was OGPTL we had a borrowing, which was at around 9%, which we have reduced to 7.7%, now this is Rs.600 Crores loan we have reduced it without refinancing just by bilateral discussing with the investors in banks and they reduced it without breakage cost, so it is a slow process, but we are on it and as I said one of the loans we have refinanced, which went down for about 1.25% cost of interest right for that loans, so as and when it moves on we will keep doing it, but Rs.600 Crores reduction may not reflect directly on Rs.7,000 Crores book, so you will see it is happening over a period of 6 months to 12 months incrementally.

**Sarvesh Gupta:** The outstanding value on your collections in H1FY21 can you just tell me the rough number?

**Harsh Shah:** Rough number for H1 FY20 revenue would be Rs.750 Crores, I would say O/s are 10-15% of that so a number of about Rs.75-115 Crores.

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

**Moderator:** Thank you. The next question is from the line of Hitesh Arora from Unifi Capital. Please go ahead.

**Hitesh Arora:** Congratulations, on a good set of numbers. Just on the NER asset I understand the scheduled completion date was this month, what is the status on that has it been commissioned or how is it look like?

**Harsh Shah:** It is done by Sterlite power, but we are evaluating it. At the moment what we understand is that a few of the elements are at the commissioning stage and that asset has several elements, but the full asset is not commissioned, but a few of the elements are planning to get commissioned by November itself that is what we believe.

**Hitesh Arora:** One of the elements is not commissioned?

**Harsh Shah:** No, one of the elements is getting commissioned in November now; a few of the elements are getting commissioned now.

- Hitesh Arora:** You would only acquire one servicing is commissioned?
- Harsh Shah:** Yes, we can acquire even if a few elements are not completed, it depends on the size, etc., because we do have a 10% limit that we can lean on, but if the project is at a last stage with small element pending probably we can acquire with adequate mitigations, but it is too early to say right now, right now it is just commissioning its first few elements there are more, so we will have to see and goes in, as and when we acquire we will obviously come for announcement and get approval for that as well.
- Hitesh Arora:** But what has been the commentary from Sterlite around the time of completion of the project?
- Harsh Shah:** Commentary has been that I think by Q3FY21 or Q4FY21 it will be completed.
- Hitesh Arora:** Q4FY21 of this year?
- Harsh Shah:** Yes.
- Hitesh Arora:** Okay fine. There is another asset as well the KTL I believe that will be before that or after NER?
- Harsh Shah:** We believe that will be after NER. Some elements at KTL are already commissioned, about 55% of revenue is already started and that commission utilized. The other part of the asset is delayed on account of some clearances and we are seeking both relief as well as clearances so we believe there is a delay on that and we have also extended the framework agreement on account of that belief. So the framework agreement on long stop date of December 2020 for KTL, which is now extended to COD + 12 months.
- Hitesh Arora:** Once you acquire KTL and NER I would presume you take your leverage limit. Any thoughts around capital raise if you think it will start now or give guidance now?
- Harsh Shah:** Yes, I think this is slightly too early for discussion on guidance on capital we have not even acquired NER, which is the larger one so as and when we are closer to reaching the debt limit should be the right time and it is too early for that at this point.
- Hitesh Arora:** Okay fair enough.
- Moderator:** Thank you. The next question is from the line of Nimesh Rathod, an Individual Investor. Please go ahead.

**Nimesh Rathod:** Congratulations as always good numbers. Just couple of questions, one I noticed that we have taken a slight hit in the EBITDA margin by 0.3% or so would like to know if there are any specific reasons for this and second is you spoke about in the opening remarks about the fatality that happened it probably has shot up a red flag on the risk management process that we follow at the operational level, would want to know what exactly are we going to make sure that the risk management processes are in place?

**Harsh Shah:** The first question that you have asked on the expense I think there is an accounting adjustment that has taken place there was certain amount that we were to pay to Sterlite Power as and when we receive cash on account of certain tax refunds or certain other cash recoveries from the past activities so we have received cash for that, which was already a current asset in the book, but we have paid them as an expense and therefore you see a marginal increase on account of onetime items, which reduces the EBITDA in a small manner so that is just a onetime impact that has taken place. Secondly, I think what you made is a very, very important point most of our work is to monitor our tower and don't need to work at heights or in jungles, but as and when we do it, we do put adequate precautions. However, this is an incident which actually surprised us since it's a very rare event and we are taking it seriously. There is lot of diligence evaluations, investigations already done on it and we are on it to ensure that this does not repeat and also not just there are any other incidents, which potentially we have thought of can also be prevented, beyond it at the end of day it is a loss of life, so we are cognizant of that and I would say we are doing our best to ensure that we will improve from here.

**Nimesh Rathod:** Thank you.

**Moderator:** Thank you. The next question is from the line of Abhilasha Satale from Dalal & Broacha. Please go ahead.

**Abhilasha Satale:** Sir just a couple of questions the interest paid at IGT level during the quarter has increased from Rs.80.7 Crores in Q1FY21 to Rs.91.1 Crores in Q2FY21 so what is the reason for this and my second question is on the solar asset what kind of pipeline we have for solar asset over the next two to three years?

**Harsh Shah:** I think first question it is just that after Q1FY21 we acquired GPTL about end of Q1FY21 so the interest cost of GPTL and other acquisitions are coming in Q2FY21 in P&L so that is something one interest expense at IGT level and the assets have increased in Q2FY21. The second was on solar pipeline, I think we have not even acquired the first asset yet, so the better question is when will we acquire first asset. We are working on it first and I think pipeline is the next level. The focus is to go slow and go steady but go sure and pipeline is when we know we have developed a far bigger business plan to grow so as we have

communicated in earlier call we will grow slowly, but surely, so at the moment our focus is to ensuring that the assets that we are looking at bidding for are right assets, we have taken adequate precautions for that and are adding substantial amount of accretion to investors and post that we will really work on the pipeline so I would say our focus is to ensuring what we have at our hand to conclude that consummate that in a safe way.

**Abhilasha Satale:** I just mean to say that do we have any numbers the current projects in the pipeline or so many bids we are looking to some visibility?

**Harsh Shah:** We do not bid for projects on solar so we are depending on as and when people want to monetize the portfolio, we are evaluating several transactions, we know some people want to monetize, some people want to monetize early, but in general what I can guide you towards this that the overall market is growing, overall number of bids that we have seen are very encouraging, there are a lot more projects coming to auction, lot more project coming to commissioning and which results into larger pipeline for us in the next two to three years. Now if we were to remain to a cap of maximum about 20% to 25% of AUM, over a two-year period our overall goal is to reach at Rs.30,000 Crores, about 20% to 25% of that would be about Rs.5,000 Crores to Rs.6,000 Crores of total of solar in the overall portfolio. Now as we have said before we do not work for size, we are not necessarily going to acquire a gigawatt we do not have that aspiration, but if I were to give you a size maximum what we can do in Rs.30,000 Crores portfolio maximum we will do is about Rs.5,000 Crores to Rs.6,000 Crores of solar, which would turn out to be approximately a 20%-25%.

**Abhilasha Satale:** Okay thank you.

**Moderator:** Thank you. The next question is from the line of Dhwanit Savla Individual Investor. Please go ahead.

**Dhwanit Savla:** Sir, my question is two part, firstly there is a political crisis arising out of power issues in Punjab I see that we have some connection over there is it going to impact our revenues in some way and secondly I wanted to know is there any plan of reduction in our debt or it is not refinancing I know that people have asked about refinancing, but are we planning to pay off and reduce our debt going forward?

**Harsh Shah:** First question is I think we do not have exposure of the particular crisis in Punjab that is taking place. Our assets in Punjab is a TBCB asset or interstate transmission connection asset so therefore we are not directly linked to that and we do not have impact of that. The second one on reduction yes we would eventually reduce the debt, our goal is to in 30 years to repay all the debt and our debt reduction strategies start when we reach 65% - 70% of overall debt to AUM and we will start amortizing that so if one were to look at a full lifecycle we are

growing right now so we are increasing debt. When we reach 65%-70% of debt will start amortizing that and before the concession agreement and let us say in 25<sup>th</sup> or 30<sup>th</sup> year we would have amortized full debt, so I think debt reduction one must look at in the entire tenure instead of the first few years.

**Dhwanit Savla:** Thank you Sir and congratulations on amazing quarter.

**Moderator:** Thank you. The next question is from the line of Rushabh Sharedalal from Pravin Ratilal Share and Broker. Please go ahead.

**Rushabh Sharedalal:** Thank you, for the opportunity and congratulations on good set of numbers. Just wanted to understand regarding the component of DPU that is a reduction in the face value the company has actually distributed that portion just two times in whole listing history, so any particular reason as to why reduction in face value is not being distributed given the fact that it is a tax-free component and hence more beneficial to investors?

**Harsh Shah:** I would correct two inaccuracies, first there is no face value of the unit, units do not have face value like a share so there is no face value that we are reducing because the exchanges portal requires to put a particular number and therefore started at 100, otherwise unlike shares there is no face value of Rs.10 and splitting units, etc. In terms of capital repayment and interest it is only to do with what we receive from subsidiary and a pass on to investors so that is just a reflection of the collected interest on subsidiary and therefore there is inter-shield that is created at subsidiary and therefore that is passed on as interest. The last point is it is tax free in the shorter-term? Not really tax free in a practical way because when let us say for example you acquired it for 100 units and you have received Rs.100 per unit and you receive Rs.5 as capital reduction if you go and sell the same unit at Rs.110 or let us say Rs.100 itself you will have to pay a capital gains tax on Rs.5 that may be exempted for three years, etc., but essentially that reduces your cost of acquisition so it is not a tax free in a real technical term manner. Yes, you do not have to pay tax there and then we will not deduct TDS, but will reduce your cost of acquisition, but if you were to sell it in before three years period you will end up taking a long-term capital gains tax on that component also, but that is for individual investor, but the point is that it is just a reflection of what we received from subsidiary and we are passing it to the investors.

**Rushabh Sharedalal:** Okay and also wanted to understand in your results on page number 16 the actual results that you have shared financial results one line item that I could find was purchase of loan to GPTL, so GPTL is the new asset that you have acquired this quarter so what is exactly this Rs.225 Crores?



- Harsh Shah:** Let us say, the seller own shares of the SPV as well as loans to the SPV so we purchase the loan itself, so instead of investing and repaying the purchase loan it is a typical transaction we have just purchased the loan or the instrument.
- Rushabh Sharedalal:** So, have we not actually purchased the shares in the GPTL because in the presentation you mentioned that we have purchased some 49% in GPTL?
- Harsh Shah:** We have purchased shares as well as loan both, essentially our goal is to acquire the entire economic interest, several sellers and promoters invest promoter loan as well as equity shares on the capital structure so we acquired both shares as well as promoter loans to ensure that we have 100% economic interest of that project.
- Rushabh Sharedalal:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Swarnim Maheshwari from Edelweiss. Please go ahead.
- Swarnim Maheshwari:** My question is specifically with respect to the AUM of Rs.30,000 Crores that we are targeting maybe FY22 now the reason why I am asking is that M&A opportunities in the PND sector and renewable will perhaps take us to something like Rs.25,000 Crores since our articles restrict us to 25% over a year, so what is the thought process over here I think because after GPTL after KTL and NER we will be at about \$180 billion and \$190 billion so how do we look to take this forward?
- Harsh Shah:** We see a very active and attractive bidding market for transmission assets today and also fresh bids so we have seen substantial amount of fresh bids in the sector and as we speak today in this November there is approximately Rs.10 Crores to Rs.15 Crores of bids that are going to take place, depending on who is the winner is we believe eventually those assets would come for sale in the market and next three years it will create that growth for us. Besides that while we do not have a specific framework on let us say developers assets, Sterlite Power is Rs.5,000 Crores - Rs.6,000 Crores of assets, other developers also have sizable assets, so we believe at the right time all of them will also like to monetize those assets, so there would be a significant market of assets that one can buy from so I would say we are not playing in a 6 months to 1 year kind of a game right as I earlier said. We are in a marathon, so we look at three to five years of horizon so at the moment we say that we will be playing in a Rs 30,000 crore – Rs 40,000 crores market that people will build and bid projects and eventually monetize. So, I would say if at all Rs 30,000 crores for hard number we are just looking at Rs.5,000 Crores for that, so it is a small number. The second point is that it is not really a hard-quoted number if at all we do not reach Rs.30,000 crores we are at Rs.25,000 Crores and we have met all other promises I believe it is a significant size and

growth in value. We will still be equally happy so neither mine nor by team or Board's incentives are linked to reaching to Rs.30,000 Crores and it is just a number, which indicates the size so that we work towards that, but if we do not achieve Rs.30,000 crores we are at Rs.25000 Crores, as we are focused on stability, risk management, value creation, visibility of DPU, I think we are good.

**Swarnim Maheshwari:** Rs.25,000 Crores is also a big feat coming from Rs.5000 Crores to Rs.25000 Crores that is 5x, so that is certainly a big amount clearly, so a related question over here any word on the renewable acquisition we have been eyeing some of the assets so any word over there?

**Harsh Shah:** Nothing really as we just looking at assets, as and when we make something meaningful progress we will definitely come and announce, but at the moment I think there is nothing incremental, we are evaluating several assets once we are close to it we will come back and announce that.

**Swarnim Maheshwari:** Sir, just wanted to understand this better now suppose we acquire say 100 megawatt of assets and this is before KTL induction then does that mean that we might have to go for capital raising as we will be very close to hitting that 70% mark?

**Harsh Shah:** Even if we do a theoretical mathematics, we will be approximately 68% so we have a sizable gap about Rs.1,000 Crores of debt cushion so just because we are doing solar of 100 megawatts, we do not necessarily need to raise capital.

**Swarnim Maheshwari:** Anything of dollar bonds or ECB bonds on our mind because if we have to really increase tenure of the loans that is the only way forward it looks like that because buying from insurance company are a still bit hesitant about investing in our debt products so what we plan really over there?

**Harsh Shah:** We are working on it. Till now there is no dollar bond by InvITs. I think we need to work with RBI to get an approval for that we are working on that. As and when it happens, I think yields are low and as and when it opens up, we are certainly looking at that.

**Swarnim Maheshwari:** Perfectly fine. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Omkar Hadkar from Mirabilis Investment Trust. Please go ahead.

**Omkar Hadkar:** Sir my question is on the one of the assets that you have acquired recently where the state is the counterparty the Jhajjar KTL I just wanted to know in terms of the risk is it different from

some of the other transmission assets where Power Grid is probably the counterparty from risk perspective is it similar?

**Harsh Shah:** I think if I were to give you an analysis in the way what we have done the valuation as well. We believe it is slightly higher risk asset in comparison to central sector because it is a state counterparty risk; however, it has got six to seven years of track record of payment and phenomenal track record and after we have acquired we have also experienced it now, the payment cycle is 15 days not even 60 days cycle, which Power Grid cycle follows. We are getting paid at 15 days period, so I would say one needs to look deeper to make the asset so as and when we look at state asset certainly we look at it with a magnifying lens, but considering our experience over here it seems like same for us.

**Omkar Hadkar:** But you are open to such kind of acquisitions where you feel that the rest is not?

**Harsh Shah:** Exactly you put the right thing it depends on the risk, if it is not a risky asset, we should be open to that.

**Omkar Hadkar:** Just on the renewables portion you want to take 20%-25% kind of exposure over the next couple of years just wanted to know what are the sort of investments you are building in terms of the team skill that would we require to such assets and what type of assets would you be looking at whether these are connected to the grid or not so any color on that will help?

**Harsh Shah:** We have already addressed in the earlier calls we have focused on specific set of assets, which are central counterparty, we are connected with good substation and all those things and in terms of capability we have a sizable team in place. In terms of capability our Chief Operating Officer was managing a large renewable energy portfolio before joining us. We have also built a team of people specifically for solar asset even before we acquire a solar asset, so we have a head of solar asset management who has joined us from a reputed solar asset owner with a decade of experience who only does solar operations and maintenance, he has got a team, so I would say we have built the team already in place before we acquired the first asset, so I think we have been in good shape to acquire the first few assets.

**Omkar Hadkar:** Just one more question on the earlier followup on what Swarnim had asked on the KKR thing and you have given elaborate answer just wanted to know let us say KKR as an asset and then for the next 2-3 years after 2-3 years probably they are trying to monetize it then would you be looking at such kind of assets or it will be a no-go area for you even that the KKR is a sponsor?

**Harsh Shah:** That is an important question, but I do not have an answer to that. I do not think it is a no-go area we are already acquiring some solar power transmission assets, so it is not a no-go area

for sure. However, we need to give up thought about it to be honest and we have not even had such discussions with KKR and if at all this should happen and KKR is in a conflict position they would not be voting so I think that will be a neutral decision making.

**Omkar Hadkar:** One more question on the distribution so when you do the distribution is there any TDS that you deduct or is it the entire distribution that you declare is?

**Harsh Shah:** We declare the interest and therefore there is a TDS component. We do deduct TDS, as applicable, on the distribution announced.

**Omkar Hadkar:** Okay and from my understanding in H1FY21 you have given distribution of around Rs.6 per unit whereas the EPS is roughly around Rs.3 per unit so probably the remaining Rs.3 per unit, why it is not called as a distribution of capital because for an investor this becomes second interest and probably the tax incidence is high also?

**Harsh Shah:** The simple way to look at the question is that we are actually distributing depreciation then why not keep it as capital repayment. The reason is that if you try to do that you will end up paying tax so it is at one place you will have to pay tax at the project level or at the investor level. Right now to keep its similarity for our investors we distribute a pre-tax income and therefore each investor pays his own tax slab, otherwise everybody is contained to the SPV tax slab so that is the difference.

**Omkar Hadkar:** Okay fair enough that is it from my end. Thank you.

**Moderator:** Thank you. The next question is from the line of Hansal Thakkar from Lalkar Securities. Please go ahead.

**Hansal Thakkar:** Congratulations to you and the team on amazing come back from the whole COVID-19 crisis. I just had two questions, first question is any update on that Power Grid InvIT and secondly, I just directionally wanted to know with the entry of so many people looking to kind of raise capital through InvIT would asset acquisition for us start becoming challenging with respect to IRR, etc.?

**Harsh Shah:** I think the first question is I know as much as you know, we know they want to do it we have heard about it, we see some actions on the ground, but I think when it is going to happen is something nobody knows, so I think that is what I can say on Power Grid InvIT, but I think they have been talking about this very actively and I am sure they will work on that and come out with disclosures. On the other question, I think at IndiGrid we have got a scale on head start, so there is a clear sponsor, clear ownership, there is a team of players for the critical sort of assets I think we do have a head start. Having said so interest rates are low when that

happens our asset prices goes up, a lot of people want to buy yield assets so I will certainly see there is going to be competition, people want to buy good assets so I would say we are better placed because of ongoing platform, but it is no reason for being complacent. I would say as there are enough assets to be monetized, there is enough capital coming to India so the competition would remain. Having said so the market is just too large today Indian asset market let us say if I have to say buying and selling assets it is too trivial in comparison to the size of the country and the requirement that is that we are discussing right now so I do not think we will struggle that it makes it tough or it is unmanageable because there is so much of supply, but India needs so much of capital and so much of asset supply that I do not think on the investment side you will end up having really lower returns.

**Hansal Thakkar:** Got it. Great. Thank you so much and all the best.

**Moderator:** Thank you. The next question is from the line of Ravish Chandra, an Individual Investor. Please go ahead.

**Ravish Chandra:** Congratulations once again for your consistent growth and sharing always with tracks and figures, it gives a lot of confidence, in fact I am attending quarterly call almost for the last two years it is very good. Sir I got one small doubt Harsh asset what we are acquiring some Rs.5,000 Crores to Rs.30,000 Crores we are planning, the longevity of this asset is this every time it is 35 years for each asset or from 2017 it is 35 years?

**Harsh Shah:** It is different for different assets to be honest some assets will have 35 years, some will be 25 years, some may be 18 years left so if you look at quarterly presentation in the initial we provide a weighted average that something, which is easy to see, which is approximately 32 years of residual contract on slide #6 and if you look at the investor presentation or even our annual report subsequently we disclose each asset what is the turnover outstanding so for example, the COD availability up till September 2020, is there on Slide # 21, there are COD of different assets and typically from there it is 25 years so you will have specific a asset by asset detail over there in slide 21, but at a portfolio level we are at 32 years average.

**Ravish Chandra:** Okay, so basically my question is to know how that they too impact on increasing the effect so looks like every quarter presentation I think reducing our rate of interest on that debt, but that asking about the direct how we can interpret what is the increased effect we can see on the long-term on each asset adding maybe let us say Rs.5,000 Crores we are going to add in FY22 - FY23 that Rs.5,000 Crores by 10 years how we can reach that?

**Harsh Shah:** I think what will be best is we cannot guide directly on which asset will lead how much but for example the asset that we have acquired right over these two years we have given how much approximately NDCF that will add to our books and on a year-end basis we will

evaluate on the total NDCF and we will be able to give better guidance for that year for those assets. For example, we acquired this year GPTL and ENICL for both we have provided guidance that we will add approximately Rs 30 Crores – Rs.40 Crores of NDCF, which would be approximately Rs.70 Crores or Rs.80 Crores for the full year in terms of the cash earned. How much of that transition to DPU is largely dependent on change in working capital and reserves, so because of the COVID-19 the working capital was stressed and therefore this increase that we earned on account of acquisition, but temporarily going into working capital, but as and when things get normalize when we will come back and then may translate to DPU.

**Ravish Chandra:** Okay that is fine. The one more suggestion in the slide #12 in fact in the last meeting also we discussed is it possible to show separately what is the cumulative reserve we are having that will give lot of confidence to investors.

**Harsh Shah:** Yes, sure that is a fair assessment.

**Ravish Chandra:** You told me today Rs.65 Crores roughly but may be ballpark figure also fine because that gives a lot of confidence to us

**Harsh Shah:** Sure, fair enough understood.

**Ravish Chandra:** Thank you and best wishes.

**Moderator:** Thank you. The next question is from the line of Ruchit Puri, an Individual Investor. Please go ahead.

**Ruchit Puri:** I think on the books I could see something close to Rs.8,000 Crores of debt on a quarterly basis the interest payout at 8.5% comes to Rs.170 Crores, but on the NDCF it shows Rs.90 Crores I guess that would be the actual payout, but can I assume that Rs.60 Crores on an accrual basis it will be something like Rs.170 Crores is my calculation approximately correct based on Rs.8000 Crores and 8.5%?

**Harsh Shah:** Your calculation is correct. There are two gaps over here one is you need to look at SPV level as well so the interest calculation if you go to slide #12 will be Rs.91 Crores plus Rs.45 Crores so the interest will be approximately Rs.136 Crores. If you add the two columns, last it is a net interest so income that we earned on cash balance also get net off of that, so most of the interest gets accrued also goes into the NDCF calculation as well so it cannot be such a large gap, so if you add these two you will be able to reconcile plus the timing of borrowing that not all the data is for full quarter.

- Ruchit Puri:** Okay, understood SPV and probably explains the whole picture understood. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Gopal an Individual Investor. Please go ahead.
- Gopal :** Congratulations and the patience you are showing to answer all the questions probably some are very deep, and some are very inspiring. Even though being COVID situation I think the kind of performance Ingrid has shown I think is a commendable job. One of the doubts, which I have in my mind always when I saw the earlier presentations, which I was actually going through, which showed the projection of DPU over a period of time and it was actually mentioned if we do not add assets in the sense AUM does not increase actually DPU will start falling and it goes down to probably around Rs.8 or so in a year that is how it shows, I really did not understand why such a thing should happen probably if you could throw some light on that?
- Harsh Shah:** Some of our projects are when we did IPO- had a different kind of tariff curve, which had flatter tariff or a larger tariff in the first few years and then going down so that was on account of the tariff curve; however subsequent to that in the initial presentation we have acquired a lot many more assets so today we speak today the DPU even if we do not acquire new assets other than what is there in the pipeline would remain stable for at least 10 years
- Gopal :** Okay that means it is mainly because of the tariff curve?
- Harsh Shah:** Yes, it is because of the tariff curve.
- Gopal F:** Okay in the sense now the current policy or the current working method that you are considering is the tariffs are straight or straight-line tariff?
- Harsh Shah:** Yes.
- Gopal F:** Okay thanks a lot and best wishes.
- Moderator:** Thank you. The next question is from the line of Kunal Arora, individual Investor. Please go ahead.
- Kunal Arora:** I just have two quick questions first one was we have about Rs.33 Crores in SPV expenses that we account for every quarter, could you just give me a sense of what those expenses are?

- Harsh Shah:** Most part of our expenses I would say that there are two to three large buckets of these expenses, one of the large expense is insurance, so we pay approximately Rs.23 Crores - Rs.24 Crores of insurance for our entire portfolio on annual basis, so this is about Rs.6 Crores - Rs.7 Crores on quarterly basis and the second one largest one is AMC or rather if I say manpower cost or supervision cost or O&M cost this is another sizeable component, which is approximately Rs.10 Crores- Rs.12 Crores. There are in-house teams as well so of 600 people the in-house team will be 400-500 people are outsourced. If I look at 600 people on operations about 60 people from Sterlite, 40 people from IndiGrid and the rest all are non-Sterlite, non-IndiGrid basically partners so let us say we were maintaining contractors' different lines and different parts of the country.
- Kunal Arora:** Alright.
- Harsh Shah:** The third one is largely investment management fee, so it is 1.75% of the EBITDA so which on a quarterly basis will be about Rs.6 odd Crores so, these three, four are the largest ones, largely are people cost and insurance cost.
- Kunal Arora:** Insurance as a percentage of our big asset base would be roughly what?
- Harsh Shah:** Roughly it will be at 0.18%.
- Kunal Arora:** That is comparable with when you think about the benchmark that is something we hope to reduce?
- Harsh Shah:** I would say it is not directly comparable because a lot of historically most of the utilities were owned by state government and they never took comprehensive insurance, they took self insurance and typically self insurance works if you have 50,000 crores, Rs 1 lakh Crores of assets as well as we do not have earnings pressure or risk management dependent on what you earn so they did not think a comprehensive covers, whereas our covers are far more comprehensive it includes loss of profit, revenue loss for any kind of damages across the portfolio, so our covers are little bit more specific to our risk needs and therefore we will be slightly expensive to the competitor if at all other people are taking insurance.
- Kunal Arora:** Understood and the second question I had was we have certain payments, which have been delayed over the last 5 - 6 months, do we get the delayed interest?
- Harsh Shah:** Yes. So, this quarter itself, for example we received about Rs.5 Crores or Rs.5.3 Crores of late payment surcharge.
- Kunal Arora:** Okay, and no dispute or anything?



**Harsh Shah:** We recognized based on cash especially for late payment surcharge, so we received Rs 5.7 Crores this quarter, the same number last year in Q2FY20 was Rs.4 Crores so basically, we received compensation on account of that.

**Kunal Arora:** Last question on my side is so I understand now that Sterlite does not really have any formal sort of management or steering presence with IndiGrid, it is now mostly KKR that should be driving things, I was just wondering Mr. Pratik Aggarwal is still on the Board, is that something you have to change or are we keeping him on as an independent non-executive director?

**Harsh Shah:** Mr. Pratik Aggarwal is on the Board of the manager because of the shareholding of Sterlite in the manager. They own 40% today and even after one year when KKR will acquire 74% of the manager they will own 26% of the manager so it is not independent position it is the position as own 26% shareholder of the manager, but not really as an independent so I think the presence would remain considering the shareholding of the manager, but with 76% KKR controls the Board and all the affirmatives I think it is well covered.

**Kunal Arora:** Thank you.

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

**Harsh Shah:** Thank you. So thank you all for participating in this call and it is like always a lot of questions and we are very happy to address maximum questions because we want to ensure that our investors understand the business and understand the complexities of business and assets, so we appreciate the questions and I would just as an outlook say we are focused on stable DPU, stable business and the market is good for us considering the yield positions and we will focus on continuing to add assets to our portfolio and ensure that our NDCF increases over a period of time. We are also adding a lot more people in our team, so as I discussed earlier, we added a head of solar asset management. In the leadership team we have added Mr. Jyoti Kumar Agarwal who has joined as a CFO of IndiGrid and who would also be joining with me the call from next quarter and with his hiring I think our entire management team is complete and we are committed to ensure stable returns to individual investors. Thank you.

**Abhishek Puri:** Thank you Sir. On behalf of Axis Capital, Thanks a lot for giving us this opportunity. Over to you Rituja!

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