



“IndiGrid Trust  
Q2 FY2022 Earnings Conference Call”

October 28, 2021



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

**MANAGEMENT: MR. HARSH SHAH – CHIEF EXECUTIVE OFFICER – INDIA GRID TRUST**  
**MR. JYOTI KUMAR AGARWAL – 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 the India Grid Trust Q2FY22 Earnings Conference Call hosted by Edelweiss Securities Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during conference call, please signal an operator by pressing "\*" then "0" on your touchtone phone. I now hand the conference over to Mr. Swarnim Maheshwari from Edelweiss Securities. Thank you and over to you Sir!

**Swarnim Maheshwari:** Thank you Mallika. On behalf of Edelweiss, I welcome you all to IndiGrid Trust Q2FY22 Earnings Results. From the management today, we have with us Mr. Harsh Shah- CEO, Mr. Jyoti Kumar Agarwal - CFO and Ms. Meghana Pandit, CIO and Mr. Satish Talmale – COO who will represent India Grid Trust on the call. I will hand over the call to Harsh for his opening remarks post which we will have the Q&A session. Thanks and over to you Harsh!

**Harsh Shah:** Thank you Swarnim and thanks everyone for joining on this 18<sup>th</sup> quarterly conference call.

To start with on slide # 3 reiterate our vision to become the most admired yield vehicle in Asia. This has been the 18<sup>th</sup> quarter since listing and we have been consistently followed this vision, which is mentioned on the slide which is a focused business model value accretive growth, predictable distribution and optimal capital structure. Based on this strategy over the last 18 quarters we have reached as India's first and one of the largest power transmission yield platforms today. This is on slide # 5 wherein the total assets under management stands today at Rs.21,400 Crores across 18 states and one Union Territory put together. We have 52 revenue generating elements so 52 different revenue generating elements, which have distinct revenues attached to it and have their own availability and generation carriage. We have approximately 7,500 circuit kilometers on 40 lines and 11 substations transforming about 13,550 megawatt of transformation. We will speak about solar that we have as of now 100 megawatt of solar generation also which we acquired during the Q2FY22. Average residual contract life of our asset is about 30 years ; however the assets are on BOOM basis so we continue to work there on perpetuity and in simpler terms we have approximately 11,550 towers, which includes approximately 4,35,000 metric tonne of steel and aluminum.

Before we jump into the Q2FY22 performance I will just speak a little bit about the key power sector trends that we are seeing and feeling in the market. The demand trend since COVID-19, has moved, I would say in a very buoyant trajectory and we are very bullish about it in general the consumption patterns of the country and it will continue to grow considerably over the next decade to come. Now transmission is something which provides for very strong requirement for a robust backbone to deliver the electricity in time wherever

it is required in a reliable manner. On the supply side, I would say the coal crisis that I am sure all of you would have read about or heard about is in a transient phase and it would pass and we do not think that is a sectoral or a material sectoral issue which will impact our business in any manner. However, what this would or this is already started enabling within the regulatory circles as well as the Ministry is to have a robust grid which will enable diverse source of power to deliver the electricity at different points of time in the country and that is something which is already shown very well by the intent of Ministry in terms of implementation of GNA, ie General Network Access - which we think would be able to be a successful one only if there is substantial increase of spend in transmission. The last one is the technological disruptions that are taking place in the sector whether it is cost of solar and storage, we believe that is going to have a substantial impact on both consumption as well as where electricity it is consumed and where it is sourced from and we as a provider are ready to deliver from generation to the consumer, we think there is going to be substantially more investment in transmission which will take place over the next entire decade.

Coming to the key Q2FY22 highlights for IndiGrid our Revenue and EBITDA both has grown 43% year-on-year and 49% year-on-year respectively and DPU has increased 6% year-on-year to ~Rs.3.19 per unit versus Rs.3 per unit which was there last year. We declared the increase in DPU earlier this year and we are on track to deliver the Rs.12.75 per unit which we had guided the market towards. We could achieve this because the Q2FY22 collections were really healthy and we had 105% collections in this Q2FY22, which is in line with the seasonal trend that we have seen. We continue to maintain a well capitalized balance sheet. At the end of this quarter our balance sheet size is about Rs.21,400 Crores as we added about Rs.660 Crores of solar assets. Our net debt to AUM remains at 57% which is significantly below the 70% cap and provides us sufficient headroom to grow. We are rated 'AAA' by the three rating agencies and continue to maintain that. In terms of asset management we have invested considerable amount of time and effort over the last year or so and we have seen that coming to fruition in the form of higher availability, lowest trips since inception, which showcases a higher reliability of our asset portfolio and in addition to that we have invested into DigiGrid as we spoke about in detail which is transforming portfolio management the way we are managing our assets and tracking it. We have also purchased an emergency restoration system, which adds to our reliability because it allows us to restore towers in case of any force majeure events in a substantially faster manner. In line with our ESG goals earlier this year we launched a program called IndiGreen and planted 50,000 trees at one of our substations and many of them are fruit bearing trees, which we believe will create both employment as well as economic value for the communities that we, operate in. On the policy side InvIT regulations over the last four-and-a-half years has been consistently evolved over different aspects for better and the first one that has happened this quarter is about the FPIs have been

enabled to invest in debt securities issued by InvITs and REITs. We have been working with regulators over the last couple of years on this and this has come up recently, which will further diversify our sources of borrowing. Trading lot size, which has reduced to ONE since August 2021 which I am sure all of you are aware about that has taken place in Q2FY22 and PFRDA has enabled NPS backed pension funds to invest in debt securities, so in all in general liquidity to both units as well as debt securities, which have been increasing. I would have Mr.Satish Talmale who is our Chief Operating Officer to run you through our operating performance on slide # 9. Satish over to you!

**Satish Talmale:**

Thank you Harsh. Good afternoon everyone. Q2FY22 operating performance was one of the best records what we had in terms of overall performance in availability and reliability. We have been able to maintain availability of 99.8% across the portfolio against our normal availability target of 98% and achieved incentive up to 99.75% so this was one of the best performance. We also achieved the lowest trips per line as overall reliability indicated across the portfolio, which is 0.10 and as you can see on slide# 10 the year-on-year performance results at 0.27 last year and this quarter we achieved 0.10 against that. With the digitization of the two projects with DigiGrid and a couple of other technologies, we are trying to sustain our performance by digitizing our operating activities. We have already implemented DigiGrid across 25% of the portfolio with wide variety of assets with GIS substation and transmission lines and by the end of this fiscal year we will be completing across all the other assets. As Harsh said emergency restoration system (ERS) procurement is key objective to get ready for any unplanned situation so ERS has been invested into the portfolio so that has enhanced our confidence to take care of any force majeure events and restore the power in the shortest possible time. On HSE we had a very good quarter 100% safe man hours with continuous focus on training and other niche programs and as you can see on the chart the number of unsafe conditions reporting has dramatically increased so which means that it is very proactively things are identified, all the concerns are reported and closed proactively. That will definitely help us to achieve and execute the deliverables. On COVID-19, Q2FY22 was mainly focused on making sure that all the operating teams on the field are vaccinated and at the same time not to be complacent with the situation and appropriate behaviors and preventive measures continued across sites and offices from COVID-19 perspective so overall had a great operating performance. Quickly on the solar generation we have one of the best generating plant in the area where the best solar parts are there and we have one of the high power generating plants located in our solar asset, so that CUF was 22.7% for the last quarter with a generation of 50.1 million units. With that it's back to Harsh.

**Harsh Shah:**

I think Jyoti will take the subsequent financial performance.

**Jyoti Kumar Agarwal:** Thanks Harsh. Good afternoon everybody. I am on slide# 10, which talks about the financial performance for the Q2FY22. We clocked revenue of about Rs.548 Crores this quarter and an EBITDA of Rs.504 Crores which was a handsome increase on a year-on-year basis on the back of acquisitions and in line with the longer-term trend. The NDCF generated this quarter was Rs.224 Crores and as mentioned by Harsh earlier, we declared a dividend of DPU of Rs.3.1875 per unit which is in line with what we have guided at the beginning of the year for the full year. This quarter saw healthy collections at 105% which is in line with the longer term Q2FY22 trend. The average for the Q2FY22 for the last five years was about 100% so this particular year it was a little bit higher than the longer-term average, but a little bit lower than what happened in the preceding year. The collections saw an uneven trend - it was a bit slower at the beginning of the quarter but more than caught up in the month of September which saw the highest monthly collection over the last four years. Due to the healthy collections, we saw a significant decrease in the DSO days down to 52 days compared to 81 days in the corresponding quarter of the last year.

I will move to the next slide where we give the details of the DPU so as mentioned the DPU for this quarter is Rs.3.1875 per unit and we are on track to meet the increased DPU guidance of Rs.12.75 per unit for FY2022. The DPU comprises of all the three components this quarter - interest amount of Rs.1.86, capital repayment of Rs.1.28 and Rs.0.05 as dividend. The record date for the DPU is November 2, 2021 and the likely distribution date would be November 10, 2021 or before. The NAV this quarter was higher than the last quarter by almost Rs.4-5 and this was primarily because of the acquisition of solar asset. Combined with the Rs.223 Crores gross distribution for this quarter we have distributed in excess of Rs.2,500 Crores since listing and we are on track to sort of continue to increase the DPU on a 3% to 4% year-on-year growth.

The next slide is a bridge between the EBITDA and the distribution so we had an EBITDA at SPV level of little bit higher than Rs.507 Crores which translated to an NDCF at SPV of about Rs.511 Crores and a distribution of Rs.223 Crores. Other than the usual items of finance cost both at the SPV level as well as at IGT level the debt repayment primarily at the SPV level, capex and some expenses and tax, the two highlight items are working capital movement and the reserve. So on the back of robust collection this quarter we saw a positive movement of working capital of almost Rs.33 Crores. This is after accounting for Rs.25 Crores of net repayment due to factoring. We did about Rs.50 Crores factoring in the Q1FY22 while the factoring in the Q2FY22 is only Rs.25 Crores so despite Rs.25 Crores decrease we had about Rs.7 Crores to Rs.8 Crores higher than the net increase due to factoring in this particular quarter. We also were able to add to the reserve marginally by Rs.1 Crores and we started the quarter with Rs.115 Crores reserve and a little less than Rs.1 Crores and we ended the quarter at about Rs.116 Crores of reserve.

I will move to the next slide. This is slide# 13, which talks about our debt situation so we have a gross borrowing of about Rs.12,700 Crores as of September 30, 2021. It's a very well diversified book across NCDs as well as loans- slightly higher skewed towards NCDs at 54%, balance coming from bank loans and it is well diversified across a wide variety of investors like banks and all types of banks private as well as public, corporate, insurance companies, retails HNI, a very well diversified book. We raised about Rs.850 Crores of NCDs in the Q2FY22 at a marginal cost of 6.72% which brought down our average cost of borrowing to 7.81% so over the last one year we have been able to bring down our average cost by almost 75 basis points and given the marginal cost is still lower than the average cost there is still some room to go before we sort of hit the bottom of the average cost of debt. We are carrying a very robust cash balance in excess of Rs.800 Crores which comprises of the DSRA as well as the NDCF reserve and the DPU for this particular quarter of Rs.223 Crores. Our net debt to AUM as mentioned earlier is 57% so there is a fair bit of headroom before we come anywhere close to this 70% regulatory cap. We have more than 70% of our borrowing as fixed rate borrowing. To that extent we are insulated against the interest rate movements and have a healthy EBITDA to interest ratio of over 1.9 times. In terms of our repayment schedule, we have been able to even out the repayment profile and we have repayments less than Rs.1,500 Crores in all the years except for FY2023 for which we have had advanced discussions with a handful of lenders for tying up the refinancing much ahead of time. I will now hand it over to Meghana to take through the next section of the presentation.

**Meghana Pandit:**

Thanks Jyoti. I am on slide# 14 where we compare ourselves now with respect on the total return basis, total return as is reflected is in terms of the distribution plus the capital appreciation which is reflected through price range. On the graph, we are comparing ourselves with pure debt instruments, which is reflected through the 10-year G-Sec bond as well as the 30 -year G-Sec bond as well as on the right-hand side of the bar you can see that pure play equity indices like NSE 500, NSE Infra, etc. All put together if you look at the total returns as well as the annualized returns since listing, IndiGrid has outperformed on a risk adjusted basis. The bottom table talks about the Beta which is a metric which reflects volatility in the price so while we have significant run up in the stock markets recently, which is reflected in all the indices increasing on the total return basis - If you look at the volatility and look at the risk adjusted basis IndiGrid has significantly outperformed all of them. Moving on to the next section we will take you in terms of how are we looking at FY2022 and beyond, I will request Harsh to give his comments on slide # 16.

**Harsh Shah:**

Thank you Meghana. Coming to the outlook that we see for the rest of the financial year and beyond, we have divided into four buckets the first one being portfolio growth. From the trend of industry that I spoke earlier we believe there is going to be a tremendous amount of investment that is going to take place in the transmission space and we are seeing

over Rs.50,000 Crores of interstate and Rs.40,000 Crores to Rs.45,000 Crores of intrastate bids coming over the next three to four years, which is going to create a healthy pipeline for acquisition we believe. We are focused on acquiring the assets that we have tied up for including KTL which is a framework asset. As and when it gets commissioned, we will then conduct due diligence and look to acquire that asset. The third is we have also started evaluating bidding opportunities in power transmission with partners to ensure that we have an early entry into some of these bidding that is taking place which then adds to our pipeline. We are focused for the rest of the year we are pretty much confident to deliver the Rs.12.75 a unit that we had guided in the market.

On the balance sheet we will continue to improve the balance sheet strength because now we have raised the rights issue in early part of this year and most of the restrictions that existed on raising debt have pretty much been mitigated by different regulatory bodies and which is enabling us to diversify our sources of borrowing in the longer tenure, so the priority for us would remain for next year or next half year to reduce the interest cost in the longer tenure for the upcoming repayments that are coming and we see it not as a risk but as an opportunity to refinance these loans which are refinancing in FY2022 and FY2023 and take advantage of the lower interest cost. In terms of asset management, I think as we have focused on, we will continue to invest in technology with regard to ERS or other technologies in place. We are keeping in mind to ensuring our availability to the maximum and to maximize incentive as well as ensure our world class EHS and ESG practices across our portfolio. In terms of the few policy initiatives which remain outstanding with respect to the tax anomalies between equity and InvIT especially with respect to long term capital gains tax for InvIT, which is applicable for three years. Also, we are working with regulators and exchanges to ensure that index inclusion happens for InvITs and REITs and we will continue to invest more time and effort to ensure increasing awareness about IndiGrid and InvITs in general. We are on a path to deliver superior total returns, sustainable increase in DPU and stable operations. With that I would just take a pause and Swarnim we can open for questions.

**Moderator:** Thank you Sir. Ladies and gentlemen, we will now begin the question and answer session. We will wait for a moment while the question queue assembles. We have the first question from the line of Rushabh Shredalal from Pravin Ratilal Share & Stock Brokers Limited. Please go ahead.

**Rushabh Shredalal:** Thanks for the opportunity and congratulations. Just one question just to understand the business better so we have multiple assets in our portfolio and you do mention that the average residual contract for the asset is 30 years so I basically just wanted to understand that basically our economic ownership in most of our assets is close to 100% most of them

not all so what really happens after 30 years, do we renew the contract or the asset goes out of the portfolio what exactly happens to it just wanted to understand that?

**Harsh Shah:** Sure, I think economic ownership is 100% to be honest in all assets. All assets we have 100% economic ownership. All assets that we own today other than solar and one small asset which is in Jhajjar which is a state transport project the contract is perpetual in nature so what that means is that when the contract gets over after 35 years subsequently if the transmission lines are required which we believe will be required to transmit power there would be a renewal of contract under some mechanism. Whether it is going to be a cost-plus mechanism or it is going to be a freshly discovered pricing mechanism there would be some consideration for us to operate those lines because in the absence of that we would be better off selling all the metal that we spoke about in the first slide. We believe most likely there is going to be a regulated return cost plus model beyond the original concession period that will continue however we have to wait and see what takes place but considering the amount of asset that exists and the replacement value of those assets at that point in time will be multifold. We are confident that this will continue beyond the original contract. I am just correcting myself I think you are right one asset which is Parbati is the only exception because that is a joint venture with Power Grid and we own 74% and not 100%.

**Rushabh Sharedalal:** Basically, just correct me if my understanding is wrong so the assets are owned by us and the average period of those assets where they will be in our portfolio is 30 years but after that if the contract is not renewed then the asset will go out of the portfolio and you will be able to sell the metal and recover the cost is that understanding correct right?

**Harsh Shah:** The understanding is correct. I will just rephrase that asset will not go out of the balance sheet asset is still in the balance sheet but instead of being as a transmission line it will become a 4,35,000 tonne worth of metal, right because we are not using that asset anymore as a transmission line so you will monetize that, you will have cash in the balance sheet after monetizing that, but essentially the asset remains in the balance sheet just a nature of our asset may get transferred.

**Rushabh Sharedalal:** Got it and just a small request from our end actually we have been communicating to the exchanges for a long time so to include InvITs into the fact that they can also be used as margins so if you can also at least drop a small kind of a communication to the exchanges I think it would be very helpful for our investors as well that is a request.

**Harsh Shah:** We will surely put it across.

**Rushabh Sharedalal:** Thanks a lot, and all the best.



**Moderator:** Thank you. The next question is from the line of Sagar Sanghvi from ADD Capital. Please go ahead.

**Sagar Sanghvi:** Congrats on a good set of numbers. Only one question on the DPU front so how do you arrive at a mix of the DPU whether it is interest or dividend or capital repayment that is it from my side?

**Harsh Shah:** Jyoti would you like to answer that question?

**Jyoti Kumar Agarwal:** Yes, based on the operating profits and cash flows that the company's individual SPVs are generating they arrive at the NDCF at each entity level. Based on the nature of the way to upstream of that cash from the SPV to IGT, the nature for distribution from IGT is decided. There are two or three avenues that are available for upstreaming - one is of course the interest avenue, which is a function of the debt that the IGT or the parent trust has as a loan into the SPV; the other is dividend, which is a function of whether there is profit in the SPV or not and the third is repayment of the loan. Now it is a function of how much the operating cash flow has been generated and what are the avenues available for upstreaming that to the trust at the top for distribution in the DPU. So based on these two factors we try to optimize the distribution towards interest and dividend first and to whatever extent it is not possible because the cash flow is higher than what the interest can be charged based on the outstanding loan, we upstream as the repayment of the loan and that upstreaming of the repayment of the loan is onward distributed to the investors as capital repayment, so that is how the mechanics work. In this particular quarter there were collections which were higher towards September-21 and because it was not possible to distribute or upstream those high collections entirely by way of interest or by dividend, we had to sort of repay the loan which IGT had given to the SPVs and which got distributed as capital repayment.

**Sagar Sanghvi:** We will have some visibility on the interest repayment as well, right so in particular quarters you have interest for dividend and some quarters you have capital repayment as well so the question is how as an investor should we look at going forward for next two quarters and FY2023 as well?

**Jyoti Kumar Agarwal:** In this particular quarter there is a steady dividend upstreaming in one of our asset which is PrKTCL and there was a true up petition that was filed which led to a provision because of which the dividend upstreaming part was not possible to be done in this quarter, probably it will continue even in the next quarter, thereafter the steady state dividend upstreaming which will flow as dividend will be maintained, reinstated. I think based on current projections we feel that about Rs.0.70 to Rs.0.75 out of the Rs.3.19 in every quarter could come as capital repayment. Now what we try and do every quarter is optimize it, to skew it towards the interest and dividend portion as much as possible, so it is not going to be you

know hard fixed for Rs.0.70 to Rs.0.75 but based on current outlook and subject to any further acquisitions, etc., it looks like a steady state Rs.0.70 to Rs.0.75 may continue to come back as capital repayment.

**Sagar Sanghvi:** If there is any volatility in the mix can you assume it as cash flow adjustment in the respective SPVs?

**Jyoti Kumar Agarwal:** The P&L performance or the pure accounting performance volatility is not that high. These are all availabilities based on revenues as you know very, very marginal volatility but yes the collection based volatility could be there at individual SPV level; may be higher or not depending upon how the overall collections are behaving, so revenue volatility not that much, but collection volatility could be there.

**Sagar Sanghvi:** Got it. Thanks. That is it.

**Moderator:** Thank you. The next question is from the line of Pratik Kothari from Unique PMS. Please go ahead.

**Pratik Kothari:** Hi good evening and thank you for the opportunity. Sir this is continuation to earlier response this excess cash that we generate at the operating level, which we had to upstream, so as per regulation even 90% of this has to be paid back to unit holder or can this be used for something else also?

**Jyoti Kumar Agarwal:** So as per regulation 90% of the cash flow, the NDCF which is generated at each individual SPV necessarily has to be upstreamed to the trust level and 90% of that has to be necessarily distributed as DPU. So, from a pure regulatory requirement point of view any cash that is getting generated and this year getting generated at a SPV level net 81% minimum has to be distributed as DPU to the unit holder.

**Pratik Kothari:** In this quarter this excess cash which got generated this should have been over and above the Rs.3 interest which we had earlier alluded to right why is this compensating for interest and not over and above that?

**Jyoti Kumar Agarwal:** It is not like that Sir. There are about 14-15 SPVs so depending upon which SPV got more cash to the extent possible we would be upstreaming it as interest, but if let us say based on the outstanding loan and the outstanding interest if there is more cash than what you can upstream as interest then we will have to upstream it through other ways. It could be either dividend which is not possible because most of our SPVs are at least from an accounting point of view are loss making so we have no option but to upstream as principal and based

on current visibility that may continue at least in the foreseeable future, somewhere around Rs.0.70 out of Rs.3.20 might come as a principal repayment.

**Pratik Kothari:** Based on interest IGT would have given some loan to the SPV based on certain interest and you would be getting that money on operating basis which you upstream to the unit holders, so what the loan which has been given to the SPV has come down with an interest has come down against excess cash collection because this was not expected at least a quarter or two back, so why has this composition changed now?

**Jyoti Kumar Agarwal:** To be honest the cash flow which has been collected at the operating level at some point of time would need to be distributed as capital repayment for sure. This particular quarter the one anomaly is that the dividend which comes from one of our entity which is PrKTCL that has not been upstreamed because of provision that was made, where there is no accounting profits to upstream as dividend and that amount had to be substituted by more cash flow coming from some of the other entities and because the interest amount is only fixed that amount came in the form of extra repayment through capital repayment. On a steady state basis, the dividend that we were paying was around Rs.0.15 to Rs.0.20 and if you can see that in this particular quarter only about Rs.0.05 paisa has come back and that is another reason why you know we had to distribute more as capital repayment. I think based on overall composition of the cash flow, overall amount of debt which has been infused into the SPVs, interest caused on that, etc., we believe that steady state Rs.0.65- Rs.0.70 might continue at least for the foreseeable future.

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

**Moderator:** Thank you. The next question is from the line of Nimesh Rathod from SSR Charitable Foundation. Please go ahead. As there is no response, we will move to the next question from the line of Dinesh Kothari from Shree Infrastructure. Please go ahead.

**Dinesh Kothari:** I am just asking that IndiGrid had purchased one of the solar assets they have started acquiring solar asset so what are the future plans with the solar plants and like how it will be useful for IndiGrid?

**Harsh Shah:** I think future plan is that we will likely do the transmission projects; we will evaluate solar projects, operating solar projects, with track record of operations and has a strong counter party that is the plan. We do not have a particular number that we want to become 1 gigawatt or 2 gigawatt or 5,000 Crores we do not have such specific numbers as a goal. We believe solar projects have very strong correlation and very similar to transmission projects in terms of asset management practices being a similar regulator and when you had predictability of solar generation because of that if we choose the contracts, strong

counterparty contracts then we believe they are as good as solar transmission projects and all the projects that we will purchase will eventually result into a better distribution for individual investor that is the end goal for IndiGrid.

**Dinesh Kothari:** If you can think of getting more than Rs.3.19 per unit if the acquisition takes place going forward?

**Harsh Shah:** It depends on size of acquisition, timing of acquisition but I can talk about the past right when we came to listing, we had Rs.2.75 a unit per quarter right now we are at Rs.3.19 per unit a quarter which translates into approximately 4% to 5% growth every year so that has been our focus and yes if we are able to achieve value accretive growth by acquiring more projects, we believe there is a possibility of increasing DPU as well.

**Dinesh Kothari:** Okay. That is all from my side. Thank you.

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

**Sarvesh Gupta:** Just one question as you said this Rs.0.70 to Rs.0.75 which has come through capital repayment is expected to continue for a few more quarters, so is there any medium -erm guidance that you can give in terms of split of DPU between the three modes of payment?

**Harsh Shah:** I would say we would refrain from giving guidance on this side; the reason being that there are already two guidances given by the management one is the total number on a yearly basis at Rs.12.75 per unit and second one is on quarterly basis of Rs.3.19 per unit. On the breakup of that is theoretically possible because it is not going to be in control of management to really deliver because if your cash flow moves by one month in September the subsequent cash comes in October the ratio changes materially for that quarter and investors will get confused that whether it is important to us. To be honest the ratio is going to remain unpredictable over a longer period of time because it is dependent on the capital structure of specific SPV and the collection in the specific SPV and this is something which makes it a little more complex when projecting it that this is going to be the percentage for a medium term and longer term and to be honest practically other than the tax impact which is that on the capital repayment there is no TDS we believe there is no difference as long as Rs.12.75 per unit that is our focus. Our focus is not to really maximize a particular component which we need to focus on. So, a guidance would rather confuse investors and would not really help because it is not going to be a straight line and quarter-on-quarter changes will make it more confused.

**Sarvesh Gupta:** But this ratio of non-interest form of payment has certainly increased I think in the last few quarters in some way or other, so are there some trends in your financial structure which is contributing and are those trends are going to continue going forward?

**Harsh Shah:** So, I think one is structural trend which is going to continue. We have acquired a cost plus asset which is an asset which is giving tax free dividend that is PrKTCL asset so as and when that asset which I believe it was approximately Rs.35 to Rs.40 Crores of dividend comes on a per unit basis that translates to around half a rupees Rs.0.40 to Rs.0.50 so about Rs.0.40 of distribution will come anywhere from Rs.0.30 to Rs.0.50 distribution will come from dividend because of that acquisition with your structural change right which was not there last year, so that is one change which will continue from a dividend perspective and only the exception like it happened in this quarter or the next the dividend will go down whether dividend of that size will continue in that asset, but for principal there is no structural trend that is just a quarter-on-quarter movement of cash versus interest liabilities so there is no long term trend on that.

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

**Moderator:** Thank you. We have the next question from the line of Nimesh Rathod from SSR Charitable Foundation. Please go ahead.

**Nimesh Rathod:** Harsh and team as usual the numbers look very good. One line which picked up my attention and that was 100% safe man hours achieved in Q2FY22, so heartiest congratulations because this line should actually be printed in gold I would like to bring in appreciation for the fact that EHS has been added which simply means there is more focus or at least more reporting on risk management which is appreciative. I would like to point out or rather bring in an element of thought here in terms of what is our thinking as far as the balance sheet is concerned one observation and Harsh would request you to take this to the Board as well is that there is an inclination of keeping the debt element alive in the balance sheet, given these circumstances where there is excess liquidity I would look at what major companies around us are doing and I think most of them are trying to leverage the excess liquidity and converting the debt to more serviceable equity in our language more unit holders, I wonder the upcoming repayment of FY2023 which is I think a close to about Rs.23 billion or Rs.24 billion would it still be refinanced with debt or would there be at least attempt to refinance it through some QIP or some other means of raising funds?

**Harsh Shah:** Thanks, Nimesh. I take your appreciation on the risk management, on EHS, I think Satish and team is putting a phenomenal job on ground to ensure that reliability remains high as well as people working on ground are safe on our assets. On a very interesting question that you have asked on debt and rather equitization of debt I think it is very interesting one I

would address it in two buckets, first is InvIT is a very unique business and I would say they are equity in nature that is much more predictable and better in actual delivery. Let us say for example you pick up any high dividend yielding business or any let us say consumer business also which is a high dividend delivering business right, they trade at particular multiple right and let us say they are trading at 20 times or 25 times or whatever right some multiple they are trading at PAT or dividends. Now investors are okay and comfortable trading in multiple on those stocks because fundamentally they believe that next year also somebody is going to purchase a tooth paste or somebody is going to purchase something else or there is going to be EPC contract coming way of the company even though there is no announcement, there is no predictability but still there is an underlying belief that this is a need of the country and the market and therefore it will continue, but otherwise no company would have more than a year or two years of order book right and predictability therefore whereas in a business like let us say IndiGrid we have a visibility of 30 years that we exactly can say what we are going to earn in second year from now and 15th year from now, but we are still being traded or looked upon as instead of business an asset this is what we are going to earn from this investment and now what is happening because of that is that instead of trading like a business where market appreciating what has been created over last 4 to 5 years but this is not a bunch of 13-14 assets, this is a business which is created and therefore this is going to continue to add more projects and continue to run like a growing concern. People are valuing it as fixed number of asset and therefore question around IRR and different things coming. How many people ask what is the IRR of a consumer company or an EPC company not many so that underlying shift has happened but not happened in a way we would have envisaged or expected or the way it happened globally right. If it takes place then what would happen is that the multiples that we will trade at would be to be honest better than borrowing and continuing with that. For example, as Jyoti mentioned today the cost of borrowing is at let us say the incremental one that we did at 6.7% and if you look at 6.7% borrowing it is fairly attractive from our portfolio because we are coming down the cost curve but if one was to look at and if I want to replace 6.72 with an equity let us say 6.72 would mean about 14 times price to earnings in some manner or dividend, let us say price dividend in some manner. If we were trading at even 12 - 13 times it would make sense to raise equity and do it. We are trading today at let us say at Rs.140 or Rs.130 somewhere around 9%, somewhere around 11 times price right for what we distribute to Rs.12.75 per unit, now if that number really comes to 13 -14 times absolutely agree with you it will make sense to raise equity and there are investors who are willing to invest, there is enough liquidity, etc., which would make mathematical sense to raise equity and replace debt at that point in time because you are now recognized as a growing concern business you do not really need to keep borrowing. Now this is a case in which the entire perception of the business needs to change from the market. It is a process, lot has changed over the last four years in terms of IndiGrid and business per se, but it is still a journey, but to be honest the mathematical answer is if we are trading at 14 times our DPU, it makes absolute

sense to raise equity and repay our debt that is one question. Second aspect that comes into play is that we need to balance between the equity that we raise and the debt that we have and the new assets that we will acquire right, so three things need to be triangulated. For example, we did raise rights issue, so exactly what we did is Rs.1,200 Crores of rights that we did in April-21 now that rights issue has obviously allowed the leverage to be lower and cash is fungible whether we used it to keep it as acquired asset again balance sheet where there is additional equity that is created in April this year, but that equity raised at Rs 110, so if we were look at 12.4 the one we raised at 10- 11 times multiple. So, the 10-11 times multiple we raised it does not say mathematical terms, mathematically it will be better if you borrow, but we wanted to keep ourselves ready if there is a larger acquisition comes and therefore keep the headroom ready to go and therefore we sized it accordingly, now in the same manner if we are raising equity and we are trading at 14 times and raising equity, certainly we would prefer to raise equity over there. That is what I am talking about, but I think with evolution of the product and the business and the understanding I think we will reach there eventually.

**Nimesh Rathod:** Maybe one of the things or one of the expectations we could start by saying is that there is need at times to let go of the incremental DPU in case we want a leaner balance sheet?

**Harsh Shah:** True, I think that is exactly the reason why we raised the equity right of the Rs.1,100 Crores to Rs.1,200 Crores but I think we need to strike a balance that is exactly what we are doing. We are doing a balance right now. See 57% of the debt we are already very lean versus the infra projects in general and most of the corporate.

**Nimesh Rathod:** Point taken. All the best.

**Moderator:** Thank you. We have the next question from the line of Sunil Kothari from Unique Investments. Please go ahead.

**Sunil Kothari:** Thanks for opportunity. My question is to Mr. Harsh Sir basically as an investor up to now we were able to understand from whatever commitment or language or the promise as IndiGrid was making or we would like to grow as organization so that is why we are raising capital first initial offering and then again right and now slowly we are talking about giving capital back maybe for a foreseeable future Rs.0.65 Rs.0.75 per quarter I am little really confused please do not reply in regulatory language but make me understand why this is happening we have lesser opportunity now to grow that is the reason we are giving capital back or is just some temporary phenomena?

**Harsh Shah:** So, let me answer it in a very simple language. While English language we are saying this is the capital repayment practically this is no capital repayment. InvIT is the case of equity

product there is no promise of capital repayment - company cannot repay any capital to you, you have bought it at a particular price it will trade in a different price you can transact on an exchange. There is no concept of giving your capital back in your hands it is not that easy. Now it has nothing to do with what we did at IPO, what we did at preference issue, what we did at rights issue. We can very well do a preference issue today and next day provide Rs.100 Crores of capital repayment as per what is done. It does not mean that we have raised money and given it back to you. In language it comes because the tax is drafted like that, English language is drafted like that, but for the same reason given, capital repayment - you are not getting your capital what have you invested in., you have invested in a business which owns transmission lines and solar projects. It earns income by only that and it gives that income back to you after paying for expenses and financing cost. Now the nature in which it is given back to you is in the hands of tax authorities of how the tax laws are drafted. It has nothing to do with that your capital came in the business and came out on its own there is no such concept, so the confusion that you may have it on account of the wordings that are used for income tax and otherwise that we are repaying capital. In reality this is not a capital repayment to you.

**Sunil Kothari:**

In my account that will be counted as capital repayment I will reduce my cost I cannot get it as a income right we very well know that this was when we came with InvIT it is also now same so my question is whatever language it was used and previously we were very sure or very confident about not giving much capital back and growing the organization what I understand you have raised this rights issue because you want to increase your balance sheet you can borrow more now you are reducing whatever you called it as capital or equity

**Harsh Shah:**

Sorry to interrupt. I am sorry. Let me interrupt you over there. These two are not linked this is exactly my point. You are linking the two points which are not linked to each other. We can grow, growth has nothing to do with what happens in your tax accounts, but what you are linking is, these two are not linked. They are completely different points. On one side what you are saying is accounting and tax books, but that has nothing to do with the growth opportunity and capital available with the company.

**Sunil Kothari:**

So just to clarify this thing you mean to say this repayment of capital will it reduce our borrowing capability?

**Harsh Shah:**

No, let us absolutely separate the reality and the tax for a second. The reality is what we said that you want to grow we have capital available we have raised capital, we are going to deploy that capital and we are going to earn income right that is the reality. Now what you are getting back in your tax books is tax reality that has nothing to do with our wanting to grow, SEBI limits, etc., right. Now the way the income tax and SEBI has drafted this InvIT is a passthrough vehicle and therefore being a passthrough vehicle whatever nature in which



you receive cash flow or subsidiary you need to repay it back to the same in the same manner to your investors. If we receive it in form of interest we give interest, we receive it in form of dividend we give dividend, we receive in form of principal repayment we give it back in form of capital repayment; now this does not reduce our ability to acquire. Please understand what we are drawing from SPV right is the operating cash flow. If I have Rs.100 Crores of EBITDA in the SPV after paying Rs.70 Crores as interest or 80 Crores interest and Rs.20 Crores as principal my SPV is still going to earn next year another Rs.100 Crores. SPV is not repaying me capital; SPV is generating cashflows of around Rs.20 Crores so it needs to upstream the money. In a normal company you would get stuck because depreciation gets struck in the company right. To change this concept, they have said look we are going to allow you to upstream your depreciation by paying your principal to our parent this is InvIT but they also need to give it to investors in form of capital repayment unless it reduces your cost of acquisition because the tax authorities did not want this completely tax -free right. This is reducing so they have transferred, so this is moving from your tax account to your capital tax account which is better for you as individual assessee or anyone for that matter from a tax perspective. So what comfort I can give you is that this has nothing to do with our ability to acquire the projects or it has nothing to do with avenues that we have available to acquire projects, this is just given to you as capital repayment because the way income tax draft is and you should be happy because you are not directly paying but deferring your capital gains tax and you are not paying tax on this account, so it is beneficial to retail investors to be honest because as when you understand from us that the company's opportunity has nothing to do with this these two are different things.

**Sunil Kothari:**

To just make me a little bit more clarity. What I am trying to now understand from you is the language which we were understanding, your meaning may be different we were understanding there will be, majority means always it will be an interest sometime some dividend and sometime some fraction of some paisa as a principal so now the language Mr. Jyoti has spoken is that there is Rs.0.65 to Rs.0.75 for foreseeable future. So now we are foreseeing the future which will now make it a DPU distribution or whatever Rs.12.75 per unit will increase every year 3 to 4%, but out of that between Rs.2.5 to Rs.3 will be capital and that is for how many years if you can tell me that will be a great help?

**Harsh Shah:**

I think there are two points one as I said earlier also, we would not be able to guide on what would be the capital repayment, it will still remain a minimal amount of capital repayment because it is leading to the cash flow that comes in a particular SPV in a particular quarter. What we can guide towards is that majority as we have said before will remain interest, about Rs.0.30 to Rs0.50 will remain as dividend because these two things are firm right, we have lent X amount of loans to subsidiary on which we are charging Y amount of interest predictable number. Second, we have acquired a cost - plus asset which gives a predictable

dividend, predictable number for us to communicate. The third number is the balance of what we collect every year or every quarter that balance we cannot predict right. What we can predict is line one and line two, so based on the cash flow variations that happened, based on let us say we acquire an asset with readymade cash, based on capital repayment in between it is impossible for us to guide for a midterm that we continue to have Rs.2 or Rs.1 per unit or whatever the amount of principal we kept there it is not possible for us to calculate. What we can guide is on Rs.12.75 per unit which we have guided and we can very well guide on the majority of that would remain as interest on dividend because both of them are the exact numbers that we are charging the SPVs. Third part is the balance part that was very difficult to predict, but the total remains same.

**Sunil Kothari:** So just from minutes back the prediction our CFO has made either Rs.0.65 or Rs.0.70 for some quarters

**Harsh Shah:** In some quarters it will happen.

**Sunil Kothari:** Some quarters or foreseeable future these are the different languages we are using.

**Harsh Shah:** Sure Sir. No problem. Assume that couple of quarters that will happen and the reason that was provided by Jyoti because we have filed a true up petition for one of the regulatory assets so the dividend over there is changing and therefore the part of the component of principal is increasing.

**Sunil Kothari:** After few quarters or maybe reasonable timeframe, should we expect that there should not be or there will not be any major capital redemption, in terms of major in my opinion Rs.2, Rs.3 capital return is major Rs.11, Rs.12 interest or maybe Rs.0.50 capital is fine?

**Harsh Shah:** We cannot say anything on this Sunil. What if tomorrow we receive Rs.200 Crores upside from some cash.

**Sunil Kothari:** So those repayments from the SPV are very unpredictable this additional whatever we are receiving?

**Harsh Shah:** Yes, the additional ones are unpredictable that is exactly what our point is. See you cannot have a daily prediction or monthly prediction of cash flows right. We have an annual prediction therefore we give annual guidance right. Then we give a quarterly guidance within the quarterly guidance to give further guidance is not possible. There will be ups and downs and that is one of the reasons that we maintain Rs.110 -Rs.115 Crores of cash reserves and within that cash reserve also there is interest and principal breakup. Now in one quarter we want to use the cash reserve, use the interest cash reserve, in other quarter

the interest cash reserve is finished and principal cash reserve is used right, so it is just impossible for us to guide on that and I am not sure why should we guide on that. We are guiding on the total DPU beyond the point and if at all there is higher capital repayment it should be helping investors but it is not possible for us to guide.

- Sunil Kothari:** I totally understand. Previously we were guiding on this that is why I am asking you?
- Harsh Shah:** We are still guiding the same.
- Sunil Kothari:** Fine thanks a lot. Thank you.
- Moderator:** Thank you. The next question is from the line of Kayur Asher from PNB Metlife. Please go ahead.
- Kayur Asher:** Thank you for the opportunity and congratulations Harsh and team for yet another stable quarter. So just a few queries I just want to get your thoughts on this possibility of that is let us say the overseas market do you think there is a scope for further compression in our existing cost of fund, if we were to borrow via this route and are there any regulatory hurdles in this regard?
- Jyoti Kumar Agarwal:** Obviously, the more avenues of raising capital the better both in terms of an ability to raise capital as well as the competitive intensity leading to better pricing for us, so this is definitely a very welcome step by the regulators RBI in particular for allowing FPIs to invest in the debt papers issued by InvIT. We believe there is room further for further compression on like-to-like basis for our paper book in the domestic as well as the international market. We have seen over the last let us say 3 or 4 quarters significant compression in terms of our pricing vis-à-vis let us say our peers. Overall, about 70-80 bps compression has happened and this is coming along with an increase in the tenure and generally the term structure is upward sloping to that extent on a like-to-like tenure basis the compression has been even higher. We believe there is some more room to go, maybe another 20-30 bps on a like-to-like basis but we are also mindful of the fact that the interest rate environment is looking a little bit towards hardening, so while there could be a reduction on a same store basis on a like-to-like basis on an actual basis because of the likely hardening of rate between now and the next 2 or 3 quarters whatever compression that might happen may get nullified by the hardening, so maybe we will see similar rates at least for the next 2 or 3 quarters for our fund raising. FPI is definitely a very good avenue there is a deep market out there we are 'AAA' rated InvIT, we have KKR internationally very well understood sponsor so that will help us in getting adequate participation from our key investors and also potentially extended tenure of our NCD issuance so that will definitely help. Probably from avenues of raising capital there is one more avenue from

international market which is not available right now which is ECB market which also there is proactive effort done by IndiGrid as well as some of the other InvITs and we hope that in the near term maybe two or three quarters from now, that avenue will also be available for us that will help us raise dollar capital and let us say the cost of that capital on hedged basis is comparable or lower than that further augments your tool kit from a variety of fund raising options are concerned.

**Kayur Asher:** I think in our presentation mentioned that we have close to Rs.2,400 Crores of debt maturity in FY2023, so just trying to understand here what would be the average cost of this specific debt fees what could be refinanced?

**Jyoti Kumar Agarwal:** The average cost is significantly higher than the marginal cost. On an average I think debt would be more than 8.5%, one of the papers upwards of 8% another one is more than 9% so like I mentioned during the presentation given our marginal cost is still significantly lower we are doing fund raise of 7% whereas our average cost is 7.8% right, so there is significant headroom for the average cost to go down as and when we refinance some of the older papers which are coming for maturity.

**Kayur Asher:** I understood sure. Thanks, and maybe one last book-keeping question from my side could you help quantify the cash reserve that we would be holding at both level?

**Jyoti Kumar Agarwal:** So, the overall cash that we hold right now is about Rs.800 Crores but this includes the NDCF reserve of about Rs.116 Crores we have about Rs.335 Crores of DSRA reserve. This also includes the Rs.223 Crores of DPU which will get paid middle of November-21. If you adjust all of this, we would have Rs.130-Rs.140 Crores of extra cash beyond the three things that I talked about.

**Kayur Asher:** Okay understood. Thanks a lot.

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

**Abhilasha:** Thank you for taking my question. Sir you mentioned Rs.50,000 Crores worth interstate and around 45,000 Crores of interest rate which are expected to be tendered over the next 3 to 4 years we just wanted to take a clarity on which bids are this whether it also includes the solar bids which would be tendered out over next 3 to 4 years and where are we placed in terms of the strike rate where do we want to take AUM from current level, what is our visibility in that as far as the market movement is concerned?

**Harsh Shah:** I think the first point is this is only transmission project, there is no solar project and second is we do not predict strike rate, we do not have a particular target in mind that we want to become a Rs.30,000 or Rs.50,000 Crores even if it is Rs.30,000 Crores we started with that is just a vision it is not a target or a goal. Our focus is more on acquiring targets which are value accretive and if you find projects which are accretive basically in better returns, we will not acquire, so we will have to see we will try for the project but eventually the success is in the hands of what happens in the marketplace as well, but considering that there is significant pipeline and there are limited players we see a good success in this business as well.

**Abhilasha:** Solar then would be on and above that what we have spoken, so that will be another interest which we will pursue going forward right?

**Harsh Shah:** That is correct.

**Abhilasha:** Thank you.

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

**Sarvesh Gupta:** One follow-up question on this interest rate environment like you said maybe hardening in the coming quarters so, you are expected to replace some of the debt in your balance sheet and which will be at a lower cost, but at the same time the interest rates as you said might also increase a bit so net, net do we see your like-to-like interest cost component is increasing thereby any chance of overall getting impacted because of that or you see that net-net it should be a likely positive impact because of the refinancing?

**Jyoti Kumar Agarwal:** Positive impact because the rates which are at which these instruments are locked in are way higher than our marginal cost so even after accounting for marginal uptick due to a hardening environment net-net the benefit would be there in refinancing this whenever that happens. Second what we are also doing in anticipation of a sort of hardening cycle is that we are discussing with some of the investors in these papers and hopefully there will be traction there, over the coming couple of months to sort of prepay some of the papers and locking the existing rates. It is a function of whether investors are comfortable in prepaying, etc., but we are proactively working and we hope that such portion of these repayments we will be able to prepay and locking the current rate environment rather than confront or slightly harden the environment in the coming year.

**Sarvesh Gupta:** Harsh, if you can answer this in terms of slightly liquidity that we are all seeing do you see a meaningful in case you are having a sort of cut off project IRR at which you would want

to acquire do you see that opportunity significantly diminishing now because of the gush of liquidity and maybe the projects available have much lower IRR there by not letting you acquire too many assets in this environment?

**Harsh Shah:**

That is an interesting and important question. I think we have not lost out the bids because of price until now. I think there is certainly gush of liquidity, there are many players who want to enter the business for the second place. However, I think we have not materially lost our projects because we could not meet the IRRs and make it accretive, but at the end of the day the business is not a year-on-year basis or quarter-on-quarter where you need to acquire projects. We need to take an outlook of 3 to 4 years and between those periods there are always gushes of liquidity that happens, exuberance happens, developers make mistakes - bid aggressively, stress the asset and eventually want to monetize, so it is a cycle. So IndiGrid's business or the strategy is much more long term and therefore we are going to wait for the right opportunity when the market is not so pioneering for large projects and those projects will eventually be built and eventually come to market to monetize and that is certainly a better time to acquire assets. I would not say that what you call we are not able to acquire asset right now because we are not able to meet the price but it is an exuberant market and because of that what happens is people feel sometimes is monetization decision right and they feel like should we be selling, should we be keeping where am I getting a better value and that is when the processes of sales gets postponed or delayed because it is a cycle, eventually cycle turns around and then there are better opportunities to acquire assets then people are more than willing to sell. We just wait for the cycle and that is how the business should be looked at.

**Sarvesh Gupta:**

But on the reverse side are you also thinking because of again the environment to sell down any of the assets that we already owned?

**Harsh Shah:**

I think if we sell down there will be good mark to market positive in some of the asset in a big way, but we are not in the business of trading. We are the eventual owner of the asset. However SEBI has envisaged the scenario for this entity and there are certain guidelines that are put in place, so if we sell the asset let us say for example we pick up an asset which in today's book let us say Rs.500 Crores in our NAV calculation and we are able to sell this asset at let us say Rs.600 Crores so the Rs.100 Crores extra that we will receive which is over and above the NAV that we have published let us say Rs.1 to Rs.2 will be an upside that will happen if we sell it, but what will happen is that as per SEBI regulation point one we can only do this if we have owned the asset for minimum 3 years we cannot do it before that. Second if we decide to do that, we need to refund entire Rs.600 Crores to investors as return of capital. Now what is the advantage in doing that and the complication is Rs.0.70 DPU capital repayment kind of makes people confuse so much, imagine suddenly Rs.50

capital coming so it does not make sense both from a regulatory strategic and simplicity perspective it just does not make sense.

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

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

**Swarnim Maheshwari:** The TBCB assets that is there in the bidding pipeline so we are exploring the option to partner out and bid for these assets so whether there will be any balance sheet exposure or how is that we are looking to bid it?

**Harsh Shah:** It depends on the size and scale of the projects to be honest. I think we plan to do; there are two levels of strategy over here. Strategy one is that we want to partner with developers and we would partner with developers for projects which are larger in nature and there we will look for partners to complete the project prior to acquiring. The second type of partnership that we are looking at is there we might invest the minority component early on to ensure that we have sufficient rights on the project to monitor the progress, quality, and eventually acquire that and the third would be that we instead of partnering with developer for smaller projects we might look to partner with large contractors who gives us lump sum kind of project and finish it ourselves because we do have capability to execute small projects and in terms of capital we have edge also in terms of financing this project and if we partner with large EPC players and eventually execution also gets de-risked substantially so between all these three, four options depending on which option or which one we will succeed that is where it will impact on the balance sheet, but we would be keeping any such exposure to a very, very small percentage of the balance sheet.

**Swarnim Maheshwari:** The last question is for Jyoti now this Rs.2400 Crores of repayment is for refinancing rather it has actually been FY2022 so is it in Q1FY23 or Q3FY23 which quarter is it actually due in and also have we already started considering or exploring the refinancing options for that?

**Jyoti Kumar Agarwal:** Yes, Swarnim we have already started the discussions. I mentioned that earlier but we are already in active discussions with a variety of lenders and we should be able to refinance some of it ahead of time as well. Prepay some of the amount before the stated maturity and in terms of your first question I think about Rs.700 Crores is coming for maturity in the first quarter of the next financial year and Rs.1,400 in the second quarter and rest of it is evenly spread out over the year.

**Swarnim Maheshwari:** Thank you Jyoti. Thank you for this. So Harsh we do not have any further questions so can we close the call now. I would just like to thank the IndiGrid management for once again

giving us the opportunity to host the call and Harsh would you add any closing comments over here?

**Harsh Shah:** Thanks Swarnim. I think my closing comments in line with our outlook. We are focused on delivering superior total returns, which means sustainable predictable DPU and growing it by way of acquiring and building more projects and we are focused on that. I think some of the smaller quarter-on-quarter changes on distribution mix, etc., does not matter. As when as our focus remains on delivering the total return that we have promised and we are pretty much on track of that and overall IndiGrid in general built a large utility with a strong management team and very good credible track record and we are focused on continue to operating on similar lines and deliver a superior risk adjusted total returns to the investors. With that I would just close my comments.

**Swarnim Maheshwari:** Thank you Sir! Wish you all a very Happy Diwali.

**Moderator:** Thank you very much members of the management. Ladies and gentlemen on behalf of Edelweiss Securities that concludes this conference call. Thank you for joining us and you may now disconnect your lines.