



“IndiGrid Trust Q3 FY18 Earnings Conference Call”

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MODERATOR: **MR. SWARNIM MAHESHWARI – EDELWEISS SECURITIES**

Moderator: Ladies and Gentlemen, Good Day, and Welcome to the IndiGrid Trust Q3 FY18 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 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. Swarnim Maheshwari from Edelweiss Securities. Thank you and over to you.

Swarnim Maheshwari: Thank you so much. On behalf of Edelweiss, I welcome you all to IndiaGrid Trust Q3 FY18 Earnings Conference Call. From the management we have with us Mr. Pratik Agarwal – CEO and Mr. Harsh Shah – CFO of Sterlite Investment Managers who will represent IndiGrid Trust on the call.

We will have opening remarks from the management, post which we will have a question-and-answer session. Over to you, sir. Thank you.

Harsh Shah: Thanks for joining us today to discuss our Results for the Third Quarter of FY18. We will be referring to the presentation that is available on our website. Some of the information on today's call may be forward-looking statements in nature and will be covered by the disclaimer on Page #2 of the presentation.

Pratik Agarwal: Thank you, Harsh. This is Pratik Agarwal. I will take you through, once again, our strategy, a quick industry update and quick highlights of the quarter gone by, and then hand over to Harsh to take you through some of the detailed numbers; and of course, take questions after that.

So, I am starting with Page #5 of the presentation:

Just to reiterate, IndiGrid is India's first power sector InvIT and owns a portfolio of stable interstate power transmission assets which are fully operating and have a strong track record. The current AUM is around Rs. 38 billion, just under 2,000 circuit kilometers on assets and AAA rated by rating agencies with perpetual ownership of these assets. IndiGrid also has a strong growth pipeline with ROFO on another eight of the sponsor assets, thereby allowing roughly 4x growth in the top-line of IndiGrid in the coming few years

Moving on to Page #6:

The vision of IndiGrid is to have Rs. 300 billion of assets under management in the next four years to deliver consistent and predictable distribution as well as growth of that distribution. And to be known for best-in-class corporate governance within the yield securities space of India and beyond.

Our strategy, as stated on Page #7, stands on clear four pillars:

1. A very focused business model to be a pure play power transmission with long-term contracts in stable cash flows, possibly amongst the lowest risk of the infrastructure category.
2. To pursue number two value accretive growth through acquisitions of assets, both under the ROFO agreement from the sponsor as well as the third-party assets.
3. To optimize capital structure and maintain a reasonable level of risk as well as equity return for the investors.
4. And to maximize distribution which is an integral part of our core story and the value proposition that is being offered to investors, like all of you.

Moving to Slide #9:

I will once again reestablish and elaborate on our growth strategy. As all of you know the power transmission story in India is extremely compelling with a very strong vision, both on the generating side as well as on the consumption side of our current government. There is an inherent need to invest and create an unprecedented amount of new transmission assets in the country. Our sponsor, Sterlite Power, has by far the highest market share of projects awarded under the (TBCBs) tariff based competitive regime, and integrates benefits from this portfolio by having a right of first offer on eight of their assets.

So, on Slide #9 – you are seeing the assets that are currently owned by the sponsor, three of which, which are colored in green are the ones which are commissioned and are proposed to be acquired in to IndiGrid within the current quarter, which is Q4 of this year. We have a few more assets which are either commissioned or partly commissioned, which are the ones shaded in blue. Then we have got three assets shaded in pink which are currently under construction and are in early or advance stages of construction. And finally, we have got two more assets which are very new and have been acquired by a sponsor post the IPO of IndiGrid, and of course it is the intention of the sponsor based on mutual agreement to offer these assets as and when they become ready.

So, this provides an unprecedented growth for IndiGrid as a platform, allowing it to, A) remain in only operating assets and thereby not taking any Greenfield risk, at the same time taking advantage of the big portfolio that the sponsor has which there hence provides asset growth and DPU growth to integral investors.

Moving on, on Slide #10 is a simple illustration of what all of this growth will mean for IndiGrid. And as we can see, there is a more than 4x revenue growth possible in the next four years just from acquisition of the sponsor assets. And as I mentioned earlier, there continues to be other opportunities of third party assets which could add to this top-line as well.

I will just step back and give you some color on how we see the industry landscape. As I mentioned, there is unprecedented reforms both on the distribution side of the electricity value chain as well as the generation side. On distribution side you have got a lot of reforms which are

aimed at making the distribution sector healthier, spurring demand, creating incentives for reduction in losses by use of technology. Some of the schemes are mentioned on this. I think some of the early signs of these schemes are positive and we are seeing a small year-on-year growth in power consumption in the current fiscal as compared to the last fiscal. I believe that towards the end of calendar year 2018 or the second half of calendar year 2018 is when we will see many of these schemes actually give tangible results which will convert into real power consumption growth. As all of you know India is a third of the global average of power consumption at a mere 1200 units per capita, and I personally believe that will jump by an order of magnitude in the coming few years based on some of these schemes.

Of course, all of you know about the aggressive plans of electric vehicles that the country has and that will be another very big consumption driver of electricity and probably India will take a non-linear growth in consumption of electricity and electricity is believed to substitute fuel and other carbon-based fossil fuels in our country's energy mix.

Moving towards generation side of things:

We all know about very aggressive renewable mission that the country has, close to 200 gigawatts that has been announced and then reconfirmed by the government in the past few weeks and months. We, believe that this will require again an unprecedented build out of transmission because it requires strengthening of existing grid as well as creation of completely new grids to accelerate all this power. And our sponsor Sterlite is again very well placed to benefit from that entire expansion, and hence IndiGrid will have an unprecedented growth opportunity based on this.

And of course, the big policy shift which is point number three is that it is now abundantly clear that the country will adopt PPP and tariff based competitive bidding as a primary source of procurement for transmission, both at the interstate level and at the intrastate level, and we are seeing clear signs of that in the last few months. So, one can expect that as much as 80% to 100% of the entire market will be available for private sector participation, and that again will grow the pie for transmission in the coming years.

So, all in all, as the country grows its electricity sector on the back of various reforms, we expect a direct impact on the transmission projects that get awarded, and hence a direct impact on IndiGrid's growth prospects in times to come.

On Page #12 we have just a quick snapshot of projects that are currently under works amounting to Rs. 82 billion of projects which are in various stages of award. And each month we keep adding projects to this list and that story continues.

So that is all on the industry update. I will now move to Page #14 which gives you a quick snapshot of how IndiGrid has done in the last quarter, and then I will hand over to Harsh to take you through the details. So, once again this is our third quarter since this is our quarter three of

results this year and we are very proud and happy to announce strong financial as well as operational performance. We are happy to announce a DPU of Rs. 2.89 for the current quarter, and this takes our nine months PPU up YTD to Rs. 6.56. We are very comfortably on track to deliver on our full year guidance of Rs. 9.20.

I am also happy to state that in our last meeting we had announced three further acquisitions that IndiGrid would like to make of assets belonging to the sponsor. We remain on track to deliver these acquisitions in the current quarter, and which will therefore deliver a 40% growth in AUM and a roughly 4% growth in distribution per unit to the current investors. And overall, we remain very well positioned to capitalize on the strong fundamentals of the Indian power transmission sector as I just elaborated.

So, at this point I will hand over to Harsh to take you through some of the details and then open up for questions.

Harsh Shah:

Thank you, Pratik. As you can see we have provided quarter-on-quarter movement of our financials, the key parameters of revenue, EBITDA and NDCF on Slide #15. Our revenue, we have closed with Rs. 126.7 crores in this quarter, EBITDA at Rs. 117.3 crores this quarter and NDCF at Rs. 101.3 crores. The difference between the revenue and the EBITDA number quarter-on-quarter is primarily on account of the JTCL project's one-time tariffs which were received in quarter one and quarter two which we have entirely received by quarter two, and therefore got on to a run-rate from quarter three onwards and therefore you do not see an incremental change in NDCF materially on that account. We will be at the end of the quarter 3 22% of net debt-to-AUM, the ratio which we are supposed to maintain 49%. This is based on 31st December, 2017, financials and does not include any debt which we will undertake or the acquisition which will still be below 49%.

On Slide #16 is record of our operating performance, considering that we are availability-based tariff, this is single most important operating performance for us. As you can see our availability is 99.9% in BDCTCL and 100% in JPCL on the quarter three which allows us to capture maximum incentives for this financial year or this period, and we continue to focus on strong operating performance for quarter four as well.

On Page #17 we have given a waterfall diagram of how our net distributable cash flow is computed at a consolidated level which we have started with EBITDA of Rs. 117.3 crores. The interest outflow of Rs. 19.7 crores for the period to any external lenders and financing entities. We have amortized the external debt of about Rs. 3.7 crores in this quarter. We have reversed the provision of 0.6 crores which we made earlier this year based on the projects for the year which we have reversed based on the revised actuals for quarter three. And we have uptick on the working capital, we have improved our working capital by Rs. 6.8 crores because we have received cash flow of 2014-2015 which is pending as one-time payment, that leaves our NDCF at Rs. 101.3 crores for the quarter ending.

Going to the M&A update as a process on Slide #19:

We have completed most of the action steps which we presented on the expected timeline and we are looking for closure on this transaction of acquisition of three assets in quarter four of this year itself.

On Slide #20 which is our acquisition financing structure, we intent to raise senior non-convertible debentures to finance this acquisition and the tenure will be long-term tenure and amount will be exactly equivalent to the acquisition price that we will pay. As an update, SEBI has recently issued NCD guidelines for trust at end of December 2017, which enables us to take this route and raise non-convertible debentures, and therefore we are going ahead with that. The debentures will be rated AAA.

So, with that I would end the operating performance of quarter three of IndiGrid. And I would give it back to Swarnim for opening of question-and-answers.

Moderator: Sure. Thank you very much. We will now begin with the question-and-answer session. We have the first question from the line of Hardik Shah from Max Life Insurance. Please go ahead.

Hardik Shah: One question, what is the breakup of the capital and dividend, capital return?

Harsh Shah: This will be only interest payment, there is no capital repayment on the Rs. 2.89.

Hardik Shah: Okay. How is it decided when the capital is returned or not?

Harsh Shah: So, we at IndiGrid have invested in loan instruments to its subsidiaries. When the amount of up-streaming at NDFC is equivalent to interest, that is it is sufficient to distribute we do not distribute capital. Only when the interests are charged to the subsidiary is not sufficient to meet the distribution of investors we use towards capital repayment.

Hardik Shah: Since last time higher payout was there because of that one-time revenue, that could be possible?

Harsh Shah: That is correct. Last time we had one quarter of excess cash coming from JTCL which compelled us to distribute the capital.

Hardik Shah: Yes. And the second question is, once the acquisition is completed your debt will be more or less close to this 49%. So, subsequent acquisitions, for that you will require to do dilution?

Harsh Shah: So, we will be lower than 49%, we will be about 47%. Yes, it would leave us a headroom to acquire another asset of about Rs. 250 crores. Having said so, for any larger transaction, yes we will need to raise capital.

Hardik Shah: Just one final question, on the debt being proposed what is the tentative coupon that is expected and will it be fixed or floating?

- Harsh Shah:** We are talking to the rating agencies who have recently confirmed our AAA rating. We are talking to the market participants for raising this, therefore it is difficult for us to reply on the coupon right now. And we are attempting for only a fixed coupon issuance.
- Moderator:** Thank you. We have the next question from the line of Dhiren Mehta from Mehta Advisors. Please go ahead.
- Dhirem Mehta:** So, my question was regarding the almost 6x AUM that we are targeting in another four or five years, from a long-term perspective and of course these are just projections, right. So, do you see any attractive yields that we are giving? Do you see any challenges in fund raising?
- Pratik Agarwal:** I think what you are asking is that do we see any challenges in raising money to grow the AUM to our vision. The short answer is, no, we believe that operating transmission assets continue to be one of the favorite asset classes for investors around the world who invest in infrastructure, and especially when they are operational and they have long-term cash flows and are rated the way they are. So, we do not see any fundamental challenge in attracting investors. On top of that, we are committed to ensure that each of these acquisitions are DPU accretive, so in a way the dilution risk does not matter anymore because every time you are making a transaction existing shareholders who are getting diluted are still benefitting by a DPU growth, and hence we do not see any risk in that area.
- Moderator:** Thank you. We have the next question from the line of Mr. Swarnim Maheshwari from Edelweiss Securities. Please go ahead.
- Swarnim Maheshwari:** Sir, my question is more from the industry perspective. We have seen that in the last six months the TDCB tendering has kind of slowed down a bit, and in fact the PGCIL is kind of performing JVs with state Transcos for getting the new orders. So, how do you see this overall industry for the next 1 to 1.5 years?
- Harsh Shah:** I will just go back to Slide #12 for a second. I think for IndiGrid there is already ROFO of nine assets which itself assures a 4x to 5x growth over next three to five years. In addition to that, on Slide #12 as you can see there is already a visible pipeline of about Rs. 8,300 crores in the market. Having said so, transmission orders or rather let's say transmission planning works on a longer cycle and therefore the new bids that come to award does not come on a quarter-on-quarter basis but comes on an annual basis. And there is annually two empowered committees that takes place to award new projects and we see substantial amount of requirement of transmission based on demand growth, second, the revival of the sector that we are seeing on the ground which eventually will ensure that the planners will take into account the requirement of transmission and on a bi-annually basis issue new orders. And therefore, one needs to look at on a bi-annual basis interact power committee minutes for newer pipeline. So we are confident that what you see right now is also I would not say very high order backlog, however it is reasonable amount of orders in the market and we see it growing over a period of next 1 to 1.5 years.

- Swarnim Maheshwari:** Sir, are we also looking for some sort of inorganic growth in the last six to nine months we have seen a lot of M&A happening in the sector.
- Harsh Shah:** So, M&A is part of our core strategy to grow the portfolio, while assets on sponsor provides as a ROFO and greater certainty, we continue to evaluate attractive M&A opportunities in the sector to grow the DPU.
- Moderator:** Thank you. We have the next question from the line of Ritesh Poladia from Giric Capital. Please go ahead.
- Ritesh Poladia:** Sir, this distribution of Rs. 2.89, it is in the form of interest only, is that correct?
- Pratik Agarwal:** Yes, that is correct.
- Ritesh Poladia:** Okay. Sir, I believe that distribution happens in three forms, interest, dividend and return of capital.
- Pratik Agarwal:** That is correct.
- Ritesh Poladia:** So, how one can predict each of the three segments?
- Pratik Agarwal:** So, we attempt to give a guidance on that when we give guidance in quarter one for the entire year for Rs. 9.2. We did state that we intend to do most part of it as interest and that would be our attempt to do for the next year as well. So we will provide that projection to investors.
- Ritesh Poladia:** Okay, I got that. I just want to know like interest is earned, means which factors determine which segment, like dividend would be from the profits as I understand?
- Pratik Agarwal:** Correct. So, now IndiGrid has invested the amount it raised in SPV as loans and it charges interest on that. And therefore the first payment whatever the SPVs below the IndiGrid collects gets paid to IndiGrid and therefore unit holders as interest. If there is additional cash over and above the interest that is charged, it gets paid as distribution of capital repayment. And only if after that if capital is left and the reserves are there we go for dividend, in that order.
- Ritesh Poladia:** Okay. So this return of capital and the dividend is in the hands of the trust, they would determine what to return at what time? Or is there any formula for that?
- Pratik Agarwal:** Yes. So the trust is governed by the Trust Act and the CBDT Act which requires the trust to distribute whatever income it receives from the subsidiary, be it interest of principle to be distributed in the same form and manner. So if you receive, if the trust receives capital repayment from the subsidiary it needs to be distributing as a capital repayment to the investors, if it is interest than the same form as interest. There is no discretion in the hands of the trust to decide that.

- Ritesh Poladia:** Sure. So, say if the subsidiary gives the capital receipt to the trust so subsidiary should raise, means they should have sold some assets then only they can raise the capital, is that correct?
- Pratik Agarwal:** No, that is not correct. When subsidiary repays the capital it is only a loan repayment to the IndiGrid who is parent of subsidiary, it is not a capital reduction process, that is just a repayment of loan.
- Moderator:** Thank you. We have the next question from the line of Mohit Kumar from IDFC Securities. Please go ahead.
- Mohit Kumar:** Sir, you spoke about some clarification in SEBI regulations for listing of non-convertible debentures, but we have already issued our NCD earlier so what is the new case that comes from the SEBI, is it the regulation about listing of NCDs?
- Harsh Shah:** We have not issued any securities at IndiGrid as a legal entity level, we already have issued NCDs at BDTCL which is a subsidiary. SEBI has now allowed IndiGrid, or any other InvIT or a trust to raise bonds on their own as a issuer which allows greater flexibility and efficiency in acquiring assets and distributing to unit holders. So that is the change which SEBI has brought in which in the past was not there and therefore we had borrowed at BDTCL level in the past.
- Mohit Kumar:** So, how do you change, how does it benefit us in terms of whether we should have BDTCL or JDCL or in the trust?
- Harsh Shah:** Correct. So, if we are able to raise the NCDs at a trust level it allows pooling of cash flows and therefore giving a better stability to rating agencies and investors of bonds which in-turn will allow us to reduce our cost of debt and a simpler structure. In addition to that, this also provides tax efficiency because we will be able to invest this capital in the subsidiary as a loan and interest on that. And therefore, ensure that our cash subsidiary is maximized.
- Mohit Kumar:** Okay. And sir are you looking to increase, say expand your mandate from investment in transmission to a larger space so that you have better chance of acquiring portfolio across let's say distribution or some other assets? And does anything hold you to acquire the intrastate transmission assets?
- Pratik Agarwal:** So, based on our interaction with investors we believe that investors like pure play platforms within the electricity sector there are various parts of the value chain and each part of a value chain has a unique risk and reward attached to it. We think that investors are better off in allocating the capital at their level in whichever part of the value chain they want to allocate, whereas we want to remain a premier power transmission platform which is amongst the best not only in India but around the world. So that is our focus and our strategy. From a volume perspective, India will create anywhere from \$5 billion to \$10 billion in new assets every year and hence I think our vision is very much achievable just from being a transmission focused business and providing stable yield as well as distribution. The regulations do not prevent us

from doing anything, but of course we will look at all opportunities including as and when other opportunities come, for example intrastate, and of course keep in mind the risks attached to such opportunities, we will take a call as and when those show up.

- Mohit Kumar:** Sir, is there any thought of acquiring renewable assets?
- Pratik Agarwal:** At this point of time there are no live thoughts of acquiring renewable assets within IndiGrid.
- Moderator:** Thank you. We have the next question from the line of Ravi Kumar who is an individual investor. Please go ahead.
- Ravi Kumar:** First of all, I would like to congratulate the board for beating the last quarter results which was 2.75, we are giving 2.89 as of now. My query goes to, one of the earlier member raised a question on dividend, is there any chance we get a dividend at least in five years' timeframe, is there any possibility on that? I am not able to understand the answer which is given by Harsh, but would like to know when will we get a chance to get a dividend because that is going to be tax free. So, if you could provide some light on the timeline, it helps.
- Harsh Shah:** I think see we are going to continue to acquire assets on the vehicle. As of now it is difficult for us to give a projection of five years on dividend. Having said so, as and when we acquire assets we will be able to give a precise guidance if an incremental asset is resulting in a dividend payout.
- Ravi Kumar:** What about the existing assets we have, the JDTL, we have existing assets the IPA assets, right? Is there any chances of dividends there?
- Pratik Agarwal:** In the initial portfolio assets the way we have kept our capital structure we would not be paying dividend from those assets and we feel it is even beneficial for investors, the reason being even if there is a dividend payout it will be restricted by first the reserve creation in the SPV which will be after paying taxes or corporate taxes at SPV level and there is no material differentiation within the corporate taxation at SPV or at an individual level, which will result in same amount of reduction in payout. Giving an example, if you were to be paid out Rs. 10 as interest or Rs. 6.7 as dividend, the post tax income in your hand will be similar because the company will have to pay corporate tax on the amount and the same amount can be distributed as dividend, because that will create reserves.
- Ravi Kumar:** Okay. And my second question is, I understand most of the investors worry about this, still we are giving good results quarter-on-quarter but the basic price of the unit is not crossing even the IPO level. Can Pratik or somebody throw some light on that so that we get some kind of a confidence?
- Harsh Shah:** I think as a policy we cannot comment on the price of the unit, our focus remains on delivering our operating performance and quarter-on-quarter providing the NDCF and distribution per unit

what we guide for. And growing that DPU quarter-on-quarter based on our strategy of acquiring more assets.

Moderator: Thank you. We have the next question from the line of Rahul Kumar from B&K Securities. Please go ahead.

Rahul Kuamr: Sir, my question actually pertains to InvIT as a product which is very new in the infrastructure space and the budget is also falling next month. So just wanted to know like what are our expectations from the budget for InvIT, just to push the InvIT in a more better way?

Pratik Agarwal: Rahul, so your question is that what does the InvIT as a product need from the budget to I guess get a flip?

Rahul Kuamr: Yes.

Pratik Agarwal: So, let me step back, as you know there are two issuances out there and our understanding from talking to investors who are around the world is that the Indian infrastructure investment trust guidelines and their entire structure is perhaps one of the best in the world as far as yield securities go. And many countries took between two to five years ever since they launched the product for there to be sufficiency amount of issuers in the market, simply because it takes time for people to move ahead. So, at this point of time we do not see anything fundamental that we require from the budget or from any of the regulatory body. Just think that it is a matter of time, we remain focused on delivering on our promise and where possible outperform. And we think that for the infrastructure sector to grow in our country and for there to be a revival in the PPP space, there is no option but for people to pursue this route and for them to raise more and more equity type financing through this route. So we believe it is just a matter of time.

Moderator: Thank you. We have the next question from the line of Mohit Kumar from IDFC Securities. Please go ahead.

Mohit Kumar: Sir, is there any update which you can share in terms of any progress on the compensatory tariff case for BDTCL?

Harsh Shah: So, we had filed for BDTCL tariff the additional details which the commission has asked for from BDTCL, and the final filing has been made with CERC. We have not received the final order, but that is the update that we have. CERC had asked a few more details about our claims and documentary evidences which we have provided. So therefore, we are just awaiting the final claim order.

Mohit Kumar: And sir second question pertains to when can we expect the second set of acquisition from our portfolio?

Harsh Shah: Can you repeat that question, please?

- Mohit Kumar:** When can we expect next set of acquisition of portfolio, timeline?
- Harsh Shah:** Okay. I think our focus right now is in closing the acquisitions which we have already announced in Q4 itself, and we continue to evaluate several investment opportunity, including third party and sponsor opportunity. It is difficult for us to provide right now a timeline, as and when it reaches a stage where we have greater confirmation on the timeline we will come back and announce.
- Mohit Kumar:** Just one clarity because the ENICL inter-connection is already operating, right, and it has already completed its entire 18 months of operation, am I right in saying that?
- Harsh Shah:** Yes, that is correct. ENICL is definitely completed and qualifies to be part of IndiGrid. And therefore as I said, we continue to evaluate sponsor asset and third party assets. Considering that any new large acquisition would require a capital raise, we need to plan for that as well as we look for the third party or the sponsor assets.
- Pratik Agarwal:** And just to add to that, our original story is to deliver growth every year, so we will continue to pursue that and hope to deliver that of course in the next financial year.
- Moderator:** Thank you. We have the next question from the line of Sunil Kothari from Unique Investment Consultancy. Please go ahead.
- Sunil Kothari:** My first question is regarding your finance cost, it has come down from Rs. 25 crores to Rs. 20 crores this year, if you can throw some light on that?
- Harsh Shah:** Sorry, is that a question on quarter-on-quarter or year-on-year?
- Sunil Kothari:** Quarter-on-quarter, sir. Last quarter our finance cost was about Rs. 25 crores, it is Rs. 20 crores this year. So, what has changed because there is no substantial change?
- Harsh Shah:** That is correct. So, now if one were to compare versus last quarter we have not disclosed, we need to compare with the earlier quarter presentation. The finance cost that you see in the P&L includes the non-cash item as well. We have a ECB which is fully hedged, however on the P&L the MTM comes and impacts in the finance cost. And as you know the rupee has appreciated against dollar this quarter and last quarter it was depreciated, so we saw increase in finance cost at a non-cash level. And this quarter that has gone down because of strengthening of Rupee. Again, none of this have an impact on the cash outflow of interest on the company and therefore our finance cost does not change between the two quarters.
- Sunil Kothari:** Okay. So my second question is at the DPU of 2.89 for this quarter comes out to be somewhere around Rs. 82-odd crores. So, this is below 90%. So, how do we work this math out?
- Harsh Shah:** Sure. So, as per the SEBI regulations IndiGrid is required to distribute 90% of the NDCF from the subsidiaries and the other 90% of that at IndiGrid level. So, effectively the mandatory

requirement at a consolidated level comes to 81%, so that is how one can calculate. In addition to that, this requirement is only to be tested on a half yearly basis and not on a quarter-on-quarter basis.

Sunil Kothari: The Rs 101 crores that you have shown for quarter three is at IndiGrid level, right?

Harsh Shah: No, that is the total consolidated cash collected, that is not at IndiGrid level. We have disclosed even a standalone financial statement along with our results. So the Rs. 101 crores that you see is at a consolidated level and not at IndiGrid level.

Sunil Kothari: And sir my last question, any chance of capital repayment next quarter or the coming years?

Harsh Shah: It is difficult for us to project that going forward for coming years, so therefore we will come back and give a specific guidance for next quarter. Having said so, as we said, we started the year with Rs 9.2 prediction and clearly saying that large part of it remains interest, and therefore it will be paid last part of distribution will be as interest. In addition to that I would just like to clarify that when there is a capital repayment it is not to be misunderstood with capital reduction in comparison to a company or any other legal entity. This is a trust, it does not have a face value and therefore there is no capital reduction happening, there is only a capital which is returned or a loan which is returned to IndiGrid which it is returning to its investors, and therefore there is no capital reduction technically speaking. So that is just for the sake of clarification.

Moderator: Thank you. We have the next question from the line of Divyesh Shah who is an individual investor. Please go ahead.

Divyesh Shah: Sir, I have attended our last extraordinary general meeting where we had a conversation with Mr. Harsh and it was regarding reducing the market load from Rs. 5,100 as per, it was told that we are pursuing to reduce the load from 5 lakhs to 2 lakhs. So is there any development, because since both the InvITs are now listed as discount to face value so is there any progress in that effort to reduce to around 2 lakhs from SEBI side?

Harsh Shah: I think you are right, we spoke about this in the AGM. See, the lot is 5,108 because the SEBI required the lot size to be minimum 5 lakhs, therefore it is not the decision in the hands of IndiGrid or investment manager to reduce the lot size. It would be great if there is a representation made by investor like yours to SEBI as well. We are making representations to SEBI in the interest of the product and investors to make this change which will offer greater liquidity to the product. Would also appreciate if investors also make representations to SEBI which will help move on the path.

Divyesh Shah: Sir, we will do on our path, but let us make effort on your part also so we both can make efforts and let us see that it comes down to reasonable level from 5 lakhs to 2 lakhs, something around that.

- Harsh Shah:** Sure, we will continue to make efforts on that.
- Divyesh Shah:** And sir my second question is regarding our Slide #10. Since our vision is to revenue growth of 4x, suppose with God's will everything goes right and we achieve that type of expectation what we are expecting, 4x by financial year 2022, what type of return at that time we can expect?
- Harsh Shah:** See, our focus is on increasing the distribution per unit to investors and what return will it happen is not possible for us to predict. Having said so, we will continue to go for accretions which will be DPU accretive for investors and look for approval from you. So, that will be the focus from our side.
- Divyesh Shah:** But sir maximum what type of return can you expect after fulfilling everything?
- Harsh Shah:** Divesh, it is not possible for us to comment or provide guidance as a policy on what return one can make on the product.
- Moderator:** Thank you very much. That was the last question. I would now like to hand the conference back to the management for any closing comments.
- Harsh Shah:** Thank you. So, thank you all once again for taking time to join this. We have had once again a lot of interest in this and several of you have taken the time out. As a management team we remain focused and committed to creating a very attractive platform for investments in this important infrastructure sector. And we will continue to work hard to deliver on all our promises, both on operating performance as well as growth. Thank you very much.
- Moderator:** Thank you very much. On behalf of Edelweiss Securities, that concludes this conference call. Thank you for joining us, Ladies and Gentlemen. You may now disconnect your lines. Thank you.