

**Date:** May 19, 2023

**B S E Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai — 400 001

Security Code- 540565

**National Stock Exchange of India Ltd**

Exchange Plaza, C/1, Block G,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai — 400 051

Symbol- INDIGRID

**Subject: Transcript of Earning Conference Call of India Grid Trust held on Monday, May 15, 2023**

Dear Sir/ Madam,

With reference to our earlier intimation dated May 10, 2023, we hereby provide the Text Transcript of the Earning Conference Call on the Financial Performance of India Grid Trust for the period ended on March 31, 2023, held on Monday, May 15, 2023, at 04:00 PM IST.

The transcript can also be accessed on the website of India Grid Trust using the below link:

**[Text Transcript Link](#)**

**(Path: Financial Results - Quarterly Results - 2022-23 - Q4 - Call Transcript Text)**

You are requested to take the same on record.

Thanking you,

**For and on behalf of the IndiGrid Investment Managers Limited**

(Representing India Grid Trust as its Investment Manager)

**Urmil Shah**

Company Secretary & Compliance Officer  
ACS-23423

**CC to-**

**Axis Trustee Services Limited**

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“IndiGrid Limited  
Q4 FY '23 Earnings Conference Call”  
May 15, 2023



**MANAGEMENT:** **MR. HARSH SHAH – CHIEF EXECUTIVE OFFICER AND  
WHOLE TIME DIRECTOR – INDIGRID LIMITED**  
**MR. NAVIN SHARMA – CHIEF FINANCIAL OFFICER –  
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**MS. MEGHANA PANDIT – CHIEF INVESTMENT OFFICER  
– INDIGRID LIMITED**  
**MR. SATISH TALMALE – CHIEF OPERATING OFFICER –  
INDIGRID LIMITED**

**MODERATOR:** **MR. SUBHADIP MITRA – NUVAMA WEALTH  
MANAGEMENT**

**Moderator:** Ladies and gentlemen, good day, and welcome to the India Grid Trust Limited Q4 FY '23 Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Subhadip Mitra from Nuvama Wealth Management. Thank you, and over to you, sir.

**Subhadip Mitra:** Good afternoon, friends. On behalf of Nuvama Wealth Management, welcome you all to the IndiGrid InvIT Fourth Quarter FY '23 Conference Call. We are joined today by the senior management of IndiGrid, represented by; Mr. Harsh Shah, CEO and Whole Time Director; Mr. Navin Sharma, Chief Financial Officer; Ms. Meghana Pandit, Chief Investment Officer; Mr. Satish Talmale, Chief Operating Officer. We will start with opening remarks by the management followed by a Q&A session.

I will now like to hand the call to Harsh for his opening remarks. Over to you, Harsh.

**Harsh Shah:** Thank you, Subhadip and thank you, everyone, for joining the call. A very warm welcome to our annual investor presentation as well as the quarter 4 results. As we have done in the earlier presentation, I will take you through the part of the presentation, and I'll invite my colleagues to discuss about the rest of the segment and eventually do the question and answer.

To start with, I am on Slide number 3, which talks about what is the vision and vision is to become the most admired yield vehicle in Asia, which is going to be based on our focused business model, value accretive growth, predictable distribution and an optimal capital structure. While focusing on these 4 pillars and the vision on Slide 4, what we stand today is with AUM is about INR23,000-odd crores, INR22,800 crores to be specific, spread across 20 states and UT, 61 different revenue-generating elements between transmission lines and substations, 100 megawatts solar generation as on date about 27 years of average residual contract life and a sizable amount of residual value in terms of amount of metal that we carry with us.

On Slide 5, considering this annual presentation just taking through the evolution over the years, since inception the first couple of years, middle ages, I would say, 2019 to '20 and 2021 to '23 over the last couple of years. As this portfolio is just to showcase how our portfolio has grown in terms of starting from 10 revenue-generating elements, and now 61, and is going further to 75, 77 next year.

Unitholder base diversification from a developer owned InvIT to financial sponsor owned and financially sponsor owned managed professionally Invit to, a variety of investors getting introduced starting from insurance company, NPS, pension funds over the last 6 years. And in general, proliferation of market and liquidity increase with reducing lot size and diversified ownership. Along with that, our revenue, asset base, EBITDA and NDCF has also grown.

That's been the evolution of us over the last 6 years, coming to exactly the quarter 4 quarterly update on Slide 7. There's been significant activity in quarter 4 until the board meeting in portfolio growth. We have signed definitive agreements to acquire Virescent Renewable Energy Trust, which is a AAA rated InvIT with operational renewable assets of about INR4,000 crores in size, subject to closing adjustments and customary approvals. IndiGrid AUM will increase by 18%, almost to INR27,000 crores after acquiring this and the renewable energy portfolio will stand at 674 megawatts peak.

In the quarter, we also completed acquisition of Khargone Transmission Limited from Sterlite Power, an ISTS TBCB project is approximately 626 kilometres of transmission line and 765 kV substations for about INR1,500 crores.

Financial performance, augmented by KhTL and the other acquisitions which were done earlier in the year and last year, our quarter 4 FY '23 revenue and EBITDA witnessed 9% and 6% growth, respectively. Quarter 4 collections were healthy at 114%, the trend which we have seen in the past. DPU was bumped up, I would say, ahead of the schedule in quarter 4, '23 itself at INR3.45 versus INR3.19, which was in quarter 4 of FY '22. This year, we have increased it a quarter early, and we have increased it by a significant amount for this year and the next year. So next year, the DPU guidance is at INR13.8 a unit, which is approximately again a 4.5% growth over the last year of guidance of INR13.2.

During the quarter, we also raised one of the long, I would say, one of the longest infrastructure bonds with 18 years of tenure with IFC at very competitive terms and a stringent ESG and governance norms. And we are pretty excited about having IFC on board and also you will see that this is a testament of the ESG work IndiGrid is pursuing. Our AUM stands at INR22,800 crores, net debt to AUM at 59.5%, which left substantial headroom for growth, considering the cap of 70%.

Operating performance remains to be robust. We are at 99.6% availability at the end of quarter 4 FY '23, 2.5 million safe manhours achieved till now. And we commissioned our first Battery Energy Storage System coupled with solar installation in one of our substation, which allowed us to offset substation's auxiliary power consumption with green power as well as it allows us to experiment with BESS at the working level to get our hands dirty and to provide us more insights and understanding to work on larger projects. All in all, this is kind of standing up well with our strategy of delivering superior returns, sustainable increase in DPU and stable operations.

Turning to Slide 8 on quarter 4 FY '23 update. While there is a lot of details, the top 3 points captures the summary is we do see accelerated additional generation capacity to meet the rising demand. And that's something I'm sure many of us have read in the newspaper in general, the demand has been growing consistently, and this is relating to the fact that government is focused a lot on rural electrification over the last five years, which is resulting into increased demand. And there are a lot of latent demand which earlier was not served to get them on the grade. And

we think this is just the beginning. And overall, consumption growth on electricity side will continue to grow sustainably.

What this would require is additional transmission networks, which will facilitate evacuation both for renewable as well as stability products and we do see adding a lot of opportunities on that account on our business. In addition to that, the heightened focus on renewable generation and energy storage infra is also going to be used in both investment in renewable energy storage as well as in transmission sector. So we believe we are playing in a sweet spot of electricity growth that's going to pan out over the next 10 years.

On Slide number 9, a quarter 4 FY '23 operational performance, I'll invite my colleague, Satish Talmale, to join and take you through the quarterly highlights.

**Satish Talmale:**

Thanks, Harsh. Good afternoon, everyone. So starting with safety, we achieved our zero-harm milestone for the quarter as well, 2.5 million safe manhours have been achieved. We had zero fatalities, zero recordable Loss Time Incident, and zero first aid cases. Overall, on asset performance, we achieved 99.60% quarterly average availability for the portfolio, whereas from annual performance point of view, we are standing at 99.7%. Solar generation with 100-megawatt plant, we achieved 61.20 million units, which has generated at 28.38% CUF.

On reliability, typically, quarter 4 has a lot of scheduled outages, for the correction of any identified issues or defects in the system, so which we take to clean up those defects. Our grid performance is one of the best compared to our peers, and we achieved 0.12 Trips/Line and 0.067 Trips/Element in our Transmission Lines and Substations respectively. On digital asset management platform, I think all our assets are operational on the platform since last 8 to 10 months. Now we are heading towards advanced business intelligence platform, which would help us to take analytical decisions and enable faster decision making to improve reliability and safety of the assets.

As Harsh already mentioned, the battery energy storage system is already commissioned, and this will help us to scale up for any large battery energy storage projects. On the right-hand side, the availability performance, we achieved our normative availability. And as a portfolio, we are at 99.7% at average level for the financial year performance. Again, on the key indicators point of view, quarterly comparison, the number of trips per line has slightly increased because of some weather-related events, but otherwise, we are on track as far as our annual targets are concerned. There is an increased focus again on training manpower, reporting culture on EHS, which is helping us to achieve over safety goals.

Yes, that's it. We'll hand over back to Harsh.

**Harsh Shah:**

Yes. Thanks, Satish. So that brings us to our financial performance on the Slide number 10 on quarter 4. As you can see on earnings table, our revenue and EBITDA stands at 9% and 6% year-on-year growth, our NDCF generated at substantially higher at 18% at INR347 crores for the quarter versus INR293 crores last quarter year-on-year.

On collections, that was mentioned earlier, it's been a good quarter with about 114% collection, and that's been a trend that we have seen quarter 4 typically plays out in a higher collection. However, this is even higher than what we experienced last year. Our DSO stands at 54 as of March '23, which is -- while it's 4 days higher than March '22, but it's pretty much similar in line that we see of our usual DSO of 60 days.

On the next slide, I'll just take you through the DPU growth journey that we've gone through and our management objective is to ensure: Superior Return; Sustainable DPU; and Stable Operations. FY '23, we did 3 acquisitions, which enable us to grow DPU. First of that was Raichur Sholapur, which we acquired at about INR240 crores. Second was Khargone Transmission is around INR1,500 crores. Third was we signed a framework agreement GR Infra, which is still not kicked in, in terms of our acquisition, but as and when it takes on, it will add to the FY '24 DPUs. Also, FY '22 acquisitions, which were the first solar projects, yielded the first full year cash flows in FY '23, which in the FY '22 were only for part year.

In addition to that, we do see a pipeline of -- strong pipeline with respect to Virescent coming to closure for early H1 FY '24. GR Infra assets -- Rajgarh Transmission coming to acquisition and a strong pipeline on greenfield transmission and BESS. So we are pretty confident of the pipeline that's converting -- that might convert into the overall asset base.

With that in mind, we increased the DPU by 4.5% to INR 3.45 per unit this quarter. And we believe that there can be an additional DPU increase by 2% to 3% once some of the pipeline acquisitions fructify in FY '24 and stabilize. On the right-hand side, you can clearly see our overall chart of growth of DPU that's taken place over the period of years.

The next slide is with respect to the details on DPU, INR3.45 consists of INR2.53 of interest. INR0.03 of dividend taxable. INR0.026 for non-taxable. Again, I would urge all of you to check the respective income tax sections and your individual tax treatments, including capital repayment, another income of INR0.05. Net-net, we have distributed INR241.5 crores for this quarter. Record Date stands at May 18, 2023, and tentative distribution date would be around 27 May, 2023. NAV has remained pretty much stable at INR131.62 versus last year, while there have been asset addition, there has also been risk-rate increase, and therefore, that is something which is balancing out.

Going down the next slide is in consolidated EBITDA to NDCF Waterfall for the quarter. We have generated INR525.8 crores of EBITDA at SPV. There were total working capital, capex movement and tax at SPV which made the NDCF at SPV at INR607 crores, considering all the finance cost is at IGT, the INR251 crores is at IGT, which is the finance cost getting reduced.

And effective NDCF generated was INR347 crores, the third blue bar. We distributed INR241.5 crores, and we added to the reserve about INR105 crores. And as on the year-end, we would have reserves of approximately INR322 crores, which is nothing but the 10% NDCF over the period of years. We tried to save and create balance for steady performance.

On Slide number 14, I would invite Meghana to take care of balance sheet on that. Meghana, can you please.

**Meghana Pandit:**

I'm on Slide number 14 on the balance sheet of IndiGrid. We continue to be AAA rated by all the 3 rating agencies, and we ended the year with an average cost of debt of about 7.53%. With a cash balance of about INR1,160-odd crores, which includes about INR400-odd crores for DSRA and about INR240-odd crores of distribution for quarter 4.

The mix between the floating and the fixed rate borrowings continues to be skewed on the fixed rate borrowings, more than 3/4 of our borrowing book is fixed rate borrowing. We ended the year -- fiscal year with a net debt to AUM of about 59.5% and again, a very robust interest coverage ratio of about 2.16x. The gross borrowing ended being about INR14,600-odd crores, which is spread between bank loans and NCDs, which is also diversified amongst various classes of investors on NCD, we have mutual funds, corporates, retail, insurance companies, domestic pension funds and on the loans as well subscribed by private banks as well as public sector banks.

The average cost of incremental borrowing for the quarter in line with the way the market -- debt markets have moved, was slightly higher at around 7.86%, wherein we borrowed for closing the Khargone transaction. Harsh has already mentioned about the raising about INR1,140 odd crores of NCDs from World Bank funded IFC, International Finance Corporation, with a tenure of 18 odd years. The chart at the bottom of the slide provides the repayment or refinancing schedule.

So we are looking at the refinancing plan of about INR930 odd crores for FY '24, 50% of which is coming up in the next quarter for which we already have the funding and balance 50% is coming at the end of the fiscal. So we will be raising funds to refinance this facility as well. Rest of the years, as you can see, we have tried to ensure that our refinancing amounts don't cross more than 12% to 13% of the gross borrowing.

Moving on to Slide number 15. This talks about the total return, risk-adjusted total returns to investors, both on the annualized part as well as the total returns part since the time we got listed. As you can see, we are again outperforming compared to all the pure-play debt indices, which is the GSEC, 10 year GSEC Bond and the 30 year GSEC Bond as well as on the right-hand side, you can see we've compared ourselves to the indices -- equity indices, both on the Infra Utilities as well as pure-play transmission entities. And as you can see, we are providing a superior risk adjusted return, risk being monitored through Beta, which remains at the lower end of about 0.08x.

Moving ahead on the business outlook part. Harsh, you want to come-in?

**Harsh Shah:**

Sure. So on the business outlook, again, following the same principle on the portfolio strategy, we will continue to look and identify and acquire value accretive assets, which ensure consistent DPU and stable DPU growth. We will work towards consummating the pipeline deals that are existing, which is the Virescent acquisition, framework with GR and some of the other bids that we are seeing. We're also actively looking to explore some of the specific Greenfield bidding

opportunities in power transmission and utility scale. And I think focus is to deliver on the increased DPU guidance that we have provided, and we are confident doing that.

On the balance sheet front, as we have continued to maintain, we will continue to maintain adequate liquidity and optimize our interest cost and elongate tenures, which is allowing us to keep a robust balance sheet and not impacted by a change in interest rate scenario. And we do plan to raise equity capital up to INR1,500 crores to ensure that we use that to fund partly the Virescent acquisition and also keep adequate headroom for growth.

On the asset management side, we will continue to work towards the resiliency and which mean that we are able to ensure that our operations remain stable and predictable, and we maintain more than 99.5% availability across portfolio. We also migrated to self-reliant O&M practices across the portfolio. So a sizable part of our portfolio is managed by IndiGrid's own teams and not by contractors, which allows us to ensure our costs are in the check. Our control on the asset remains better. And we needed to do that by utilizing the right set of digital tools that we have invested over the last few years. Additionally, we continue to ensure world-class EHS and ESG practices across our portfolio.

On the industry stewardship, I think there are 2 points which we continue to work consistently first being maximizing private sector participation in electricity sector, both in greenfield, where bids are, which should come for tariff-based competitive bidding as well as national monetization pipeline, where we do believe that the right way of monetizing public asset is to call for an auction. And these two are our strategic objectives, which we pursue in the industry. And on the InvIT and REIT side, I think we continue to work towards increasing awareness on broader subsegment as well as stakeholders about what InvITs are and maybe by that virtue, what IndiGrid is.

That's been the business outlook that we see for next year and key priorities. On the next slide, while our EGM notice has not yet issued but many of the activities that we have described above, requires approval of unit holders. And therefore, we plan to call for an extraordinary general meeting soon, and that would be in the first week of June, which will be a physical plus e-voting. And the first item on that which requires approval of unitholders is the acquisition of Virescent Renewable Energy Trust and units of Virescent's. Along with that, acquisition of shares of Virescent's Investment Manager and Project Manager. These 2 items are linked to acquisition of Virescent. There have been many slides that we have published on the Virescent. Besides that, along with this presentation, we will be publishing valuation report as well, which will provide a great amount of detail for unitholders to evaluate before voting.

On item number three, we have proposed to consider an approved amendment in Investment Management Agreement to add for provision of success fee linked to enterprise value, which again, the details and the description and rationale is provided for in the presentation and we would be addressing any question answer relating to that also in the call today. Item number 4 is linked to the capital raising approval of up to INR1,500 crores by institutional placement, which I have mentioned above in the presentation. And the point number 5, is to consider and



approve declassification of status of Sterlite Power as a sponsor of IndiGrid considering that they own 0 or nil shares at IndiGrid or the managers of IndiGrid.

So these are the decisions for the EGM that will be scheduled in first week of June, we should soon be issuing the EGM notice, which will carry the requisite detail for unitholders to consider. However, the purpose of considering in today's call was to address any prima facie questions or clarifications our investors might have.

With that, I would take a pause and we'll open for question and answer. So there is adequate time for question and answer for this time.

**Moderator:** Thank you very much. First question is from the line of Mohit Kumar from ICICI Securities.

**Mohit Kumar:** Congratulations on the good year and this is very heartening to see the consistent increase in DPU over last few years. First question is, can you just clarify the leverage now and leverage post price issue and the leverage post-acquisition of Virescent? Can you give these 3 numbers would be helpful, yes.

**Harsh Shah:** Sure. So the leverage now is approximately 59.5% as of year-end, which is FY '23. After acquisition of Virescent, it will be -- and again, valuation report will get published, the closing adjustment might happen. But effectively, it will be approximately 65% on closure of the Virescent transaction. Subsequent to depending on how much capital we raise, right, INR1,000 crores or INR1,500 crores. It will come back to somewhere around 60%, right? So it will be in the same range, but the exact numbers are difficult to project in the future. But it is 59.5% now, it will grow to approximately 65% and it will come back to 60% to 62% depending on the size of the capital raise we do.

**Mohit Kumar:** Sir, the broader question is there -- is then that what is the future of the trust are you looking to -- because this is only 60%, we don't have enough headroom. So are you looking -- should we expect more future raises in the coming years?

**Harsh Shah:** I think that's -- I mean, we keep debating the question. We need to strike the balance because when we raise capital, we need to be able to see that we are still able to meet our DPU growth, right? So there is an optimal debt to equity that is needed in infra to be able to, I would say, use of the projects and really provide the right yield. On the other hand, if we over-lever we run the risk of being susceptible to impact on the balance sheet. So we try to strike a balance between the 2, even at, let's say, 60%, today, we had about INR6,000, INR7,000 crores of headroom from a purely regulatory perspective to acquire assets.

But we are showing our inclination to raise capital pre-emptively after closing Virescent, which will take us to 65%. And the reason why we are raising capital is to be able to keep enough fire power to close further acquisitions. So I think we have enough headroom to grow after Virescent and capital raise as we will have INR7,000 crores, INR8,000 crores of headroom to grow without raising capital. That is sufficient, and that allows us to balance the DPU growth and the right

DPU yield versus the growth potential. So I think it's a balance that we are looking to strike and I think it's the right balance between INR1,000 crores to INR1,500 crores capital.

**Mohit Kumar:** Understood, sir. Sir, my second question is that you've introduced the fees, which you're looking to get the approval from the unitholders, this is -- can you explain how does it work? This works for us, because the -- you need to -- if you acquire an asset, let's say, INR100 crores, I mean, with the guidance for this fiscal, can they get paid? Or is it based on the 2, 3 years of DPU guidance?

**Harsh Shah:** Yes. So I think the further details will be there in the EGM, but the base we went about this was to run a benchmark of IndiGrid with, I would say, a wide variety of stakeholders in terms of asset managers. And today, IndiGrid fees are about 0.25% of AUM and subject to a cap of 1.75% of EBITDA. If you look at it, it's one of the lowest if not the lowest fee that any asset managers will be charging. And I'm not comparing with the InvIT, whether it's mutual funds or AIF or other platforms.

We also compared with other yield cos in Singapore, Hong Kong, Australia, elsewhere. And we are still among the lowest in terms of fees. Now what that does is to really hamper the -- I would say, managers' capability to incentivize and attract the right talent. But so what we wanted to do is to create a fee structure, which is globally accepted is an incentivize employees and manager for growth. And the way we have structured it is to have and introduce a success fee or an incentive fee on acquisitions. But payable after the financial year ends and when the financial year guidance has been met. Now many other times, we acquire assets in quarter 4, sometimes we acquire assets in quarter 1. So instead of every asset we pay a fee, which becomes difficult to judge as well as won't allow opportunity for full-year of operations. So we have put a simplistic structure. So let's say, for example, in FY '23, the company has acquired X crores of assets. We will say 0.5% of one time fee on that, subject to FY '23 guidance being met, right? So it will be a decision the management Board will be able to exercise at the end of the financial year looking back for the last financial. That is how it is designed at the moment. And I think it is still one of the lowest success fee if we compare with the global fund. So we again tried to strike the balance between that and investment manager as a company has also committed that majority of this one time fee will be going towards employee incentives towards growth. So I think it's kind of directly linked with the employees.

**Moderator:** Thank you. The next question is from the line of Shalini Vasanta from DSP Mutual Fund. Please go ahead.

**Kunal:** This is Kunal from DSP Mutual Fund. So my question is in terms of leverage, again, like you mentioned occasionally for this VRET acquisition, you would reach a 65% mark and post the capital raise, you will be again back to sub-60%. So what kind of peak level of leverage you are comfortable with and also in order to maintain a AAA rating, yes? So that was the only question.

**Harsh Shah:** I think it's an interesting question. I think the -- we have been saying that consistently from a comfort perspective, we are comfortable with around 65% of peak leverage, but that's peak, and that's comfort. So from a covenant perspective, we continue to maintain 70% threshold which

SEBI allows us. So if let's say Virescent was a little bigger, it might have been 67%, and we would have been fine, right? But anything above 65%, we are -- it's out of our comfort zone, and therefore, we would start looking to raise capital. So it's not like a covenant, but it is, I would say, business strategy to ensure that we remain below 65% for both risk as well as agility in terms of further growth opportunity.

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

**Sagar Sanghvi:** First, 2 types of questions. On the recent acquisition that has been announced, one, intensity in the renewable space, you bought the asset at about 8x EV by EBITDA. So what is the IRR that you are looking for all these kind of acquisitions? And what is the hurdle rate for IRR? That is one.

And two, you mentioned that the DPU will increase by 2% to 3% once the acquisitions fructify. Where is the asset that you're adding is about 18% of the total asset base right now, and the NDCF that will be generated, that is INR200 crores would be about 20% of the current NDCF. So that should give a bump up of about INR2.75 on the existing DPU of INR13.8, about 20% odd kind of thing.

**Harsh Shah:** Yes. So I'll address your second question first, and you're absolutely right. Let's say, if IndiGrid was comfortable managing at a higher leverage, right, let's say, 65%, 67%, that means the entire INR200 crores of additional NDCF that we would earn can translate into direct accretion to unitholders and therefore, INR2, INR3 of DPU accretion, right? But we think that, that is not the right way to run a platform because we do want to grow further, and that means we are going to raise more capital. So when you raise more capital, we are going to receive more units. And therefore, when you issue more units, the INR200 crores, depending on what is the size of the capital raise and other things will get divided on a wider unitholder base, right?

And that would leave not INR2.75 but maybe INR0.50 or a Rupee of accretion, right? Yes, it is still not 2% to 3%. It can be more. But I would say if we give a guidance, we want to be 100% sure instead of giving an optimistic guidance and not deliver on it. So yes, can it be more than 2%, 3%. The 2%, 3% is approximately INR0.40. Yes, it can be. But we would like to see integration, cash flow, how much valuation at what price, INR1,000 crores or INR1,500 crores, depending on that, we will give further guidance, right? But INR200 crores directly adding to the 70 crores units right now is not appropriate because we are going to receive more units. So that is the right way to look at it.

Because we think that's the right way to run the business. See if anything more we were to say this is the only projects that we're going to have, it might be comfortable with 65%, 67%. And if you can grow and eventually, we can run the business like that. But we have chosen to always keep a headroom on DPU growth, both for risk and opportunities. And therefore, the DPU growth immediately that you may see may not be like 10%, it maybe 2%, 3%. That's the answer for question number 2.

Can you repeat your question one, please?

**Sagar Sanghvi:** So the kind of competitive intensity in the renewable space with you acquiring asset at 8 times EV by EBITDA, so what is the hurdle IRR for this? And what is the IRR that you are paying to acquire this asset?

**Harsh Shah:** Okay. So I would, to be honest, refrain from using heuristics like EV EBITDA, and I'll give you why. One is 8 times EV EBITDA, maybe higher, maybe lower depending on how much cash we are acquiring the company with, right? That is one. Second, it is also a function of how much is a residual tenure. This company has around 18 years of PPA left. So accordingly gets valued. Again, all these numbers will be public in valuation report. So one can actually run the financial model exactly. Third is the EBITDA numbers that get published are kind of accounting EBITDA numbers. And what is the difference between that number and the practical number is straight lining. So under IndAS, many of the EBITDA which are higher now, lower tomorrow, get straight lined and therefore reduced. In some cases, it will be increased. So the one needs to tie up to the actual cash generation and not just the accounting EBITDA in some of the renewable energy projects. So it is not -- I mean, you might end up with a wrong conclusion either on the higher side on the lower side in terms of both EBITDA multiple and profitability. So I would urge you to look at the valuation report that gets published, which will talk about the exact projections for each asset of Virescent that's going to be acquired to create a model.

To answer the second question on that was what is the return rate that we acquire at. We do look at acquiring renewable energy projects at least 100 to 200 bps higher than what we make on transmission projects. I think the specific return or IRRs, I would refrain from communicating on that because there are a variety of assumptions that goes into that, starting from cost of debt, tax, repayment structure, all of it. So what looks like a, let's say, 13.5% IRR to us might look like 11% to somebody else, right? So it's a nuanced working, but again, all the information that is required to make the right judgment on that is available in public domain in the valuation report, in our incremental cost of debt. In-short information is made available. But to give a threshold return that we make won't do justice on the call, both for inaccuracies as well as competitive intelligence.

**Sagar Sanghvi:** Got it. Okay. And the last one is, you mentioned you'll be reaching about INR27,000 crores of AUM with a recent acquisition. So -- and with the incremental capital, should ideally be INR33,000-odd crores of AUM that should suffice the capital need. So any asset in pipeline that you identified and looking to add for next 1, 1.5 years, sir?

**Harsh Shah:** Yes. There are many, many assets in pipeline, but we can't comment on that in the time we signed something, right? So we got a wait for that.

**Moderator:** Thank you. The next question is from the line of KP Kabra, an individual investor. Please go ahead.

**K P Kabra:** Thanks for the good set of numbers. My question is the distribution of the income per unit. There are several parts interest, dividend taxable, dividend non-taxable. As the Indian investor, we are confused that which part is taxable, which is not taxable. So if you can help with the guideline or some share certificate. I know that it would be difficult, in earlier concepts was it maybe differ

from individual to individual. For the individual like, me, with 1,000 units and earning INR 12,000 a year. It's difficult for me to receive a CA certificate paying INR5,000. So with that disclaimer, can you please provide a certificate or any guidelines or any suggestion this part is taxable and this is not taxable, in my opinion?

**Harsh Shah:**

No. I think, as we are completely understand your concern and issue, we do provide that. So if you look at our distribution advice, which is called Form 64B, if I am not wrong, that captures pretty much in exact manner component which will be, what is given as what under what tax provision, right? Whether it's under 115 UA or 194 LBA or other provision. So we do provide that distribution advice. I would suggest you to look at that.

Second, we do provide something called FAQs. Right now our FAQs are already available on our website. They are yet to be updated for the latest amendment that has taken place in March. We would be updating that. Between these two, I believe it will give you the right amount of guidance to make that judgment yourself. I don't think you need a CA certificate for that. However, I think eventually the way, as you know, India functions is that the liability of right filing of taxation is the individual's responsibility, right? Even if the government knows what is the tax susceptibility, its responsibility lies with the individual.

We as a company cannot take that liability, unfortunately, but we are providing every disclosure required for you to file that return and also FAQ. But the FAQ will come up with a disclosure that please take the advice of a CA, right? Because we cannot take the liability of guiding people on tax, right? It is a specific subject matter. And we won't know what other incomes you have. So I think there is enough disclosure. If you look at Form 64B, which we are providing annually, plus our distribution advice, which is that, and our FAQs, which will be updated. So we will have an adequate amount of information to make that judgment.

**K P Kabra:**

I just want to say, I provided these FAQs and all the details of my Chartered Accountant, but they are not clear. They say that for the individual investment, you have to take care. Say, for example, capital repayment. Everybody is confused whether this capital repayment is taxable or not. Because it is not covered under this 115 UA or 194 LBA. Can you please suggest which particular component is taxable or not, in my sense?

**Harsh Shah:**

So, if you look at this budget, the announcement has come, it is part of the Income Tax Act now, since 31st of March. 1st April onwards. We are not supposed to deduct TDS from capital repayment. As long as capital repayment is issued to the level of issue price of units, for our case it is 100, we are not deducting TDS. But cost of acquisition for you will be reduced. And therefore, when you actually sell the unit, if you sell the unit, your cost of acquisition will stand reduced to the extent of capital repayment you have received.

Now, that is what I am exactly replicating what is said in the Income Tax Act. But beyond that, I think, you will have to interpret your financials in terms of how the tax gets computed.

**K P Kabra:**

My financials are okay. But my financials so far concern are related to these units. For that only. Because I have talked to many Indian friends also, who have invested in these units. And

everybody is confused. Every Chartered Accountant is also confused almost. Because see, for a particular unit, they are not going to study so many sections. But anyway, it is quite helpful. It is okay for that, sir. Thank you.

**Harsh Shah:** Thank you. Thanks a lot.

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

**Pratik Kothari:** Hi. Good afternoon and congratulations. My first question is on the transmission assets. One, if you can just throw some light about the availability which is out there in the market, the kind of pipeline that we are witnessing. And also in the context of the NMP, the Power Grid was supposed to sell some assets. Is there any movement on that side? We are tied up with GR Infra to bid for certain projects. So just some color comments on how things are operating there?

**Harsh Shah:** Sure. No, so we have a good pipeline as I mentioned earlier. First, on GR Infra, I believe the project is moving on well. And as and when it is ready, we would look to acquire that project. On other INR 5,000 crores of bids that we tied up, we bid for two projects. We could not win. Because as I said earlier, for us, profitability and returns are most important. We don't need to acquire projects if they don't yield accretion to us. And therefore, we stayed out of those bids. But there are still some, many of the bids which are left on transmission greenfield. We are looking at that, including battery energy storage. And we'll see how many of those bids convert into pipeline. But it is subject to it meeting our risk-return threshold. But the pipeline looks to be healthy. And we will see which part of the pipeline eventually gets converted into.

The next question is on Power Grid. We cannot comment on behalf of Power Grid. But I believe that, I think the sale has not taken place. And as I said earlier, we seriously hope that such sale as and when takes place goes through a public auction process. Because it is a public asset built with taxpayers' money. And therefore, any monetization should go through a proper auction process. And I can only hope that Government of India will follow that as and when it gets done.

**Pratik Kothari:** So even the process to build or auction has not started?

**Harsh Shah:** Yes, the public process has not started. I don't know if there is anything else. I am not aware of any such process.

**Pratik Kothari:** My second question is on VRET. The INR200 crores of NDCF which we have mentioned, one, is that what VRET Trust used to generate or this is what we expect to accrue to IndiGrid? And second, I think we had mentioned somewhere that it went through a bidding process and if we can just highlight what the other bidders were at. And the reason I come to this, I ask you this is in context of one, it seems a bit expensive, just prima facie and I am sure you did mention that you will come out with a valuation report. And also it is a related party and hence the questions.

**Harsh Shah:** Sure. So I think, it is an extremely valid question. I will address that question first. We don't know who the second or third bidder was because it is not that we have access to it. The process

was run by one of the bulge bracket top banks and we were asked to participate. We participated in that. It went through a professional diligence process and all the bids were compared by the bank and shared with Terra which is the seller over here. So it has been an independently run auction process where we have participated from Indigrid side.

In our board meetings or investment committee meetings or in EGM, KKR who is an affiliate of Terra as well as Indigrid would be refraining from voting. They did not participate in any of the board meetings or investment committee meetings or did not have access to any of the diligence or terms that were shared at Indigrid board. So that is kept at complete absence from participation from KKR who can be potentially conflicted and therefore we have completely kept away from them.

In addition to that as I said they would not be voting either on Indigrid side where they are the shareholders or on Virescent side where they are shareholders. So this will be voted on both Indigrid and Virescent side completely by minority shareholders other than KKR. So that is to kind of give you a perspective on that they had zero participation at board, they will have zero participation in voting and therefore it is kind of run as a truly arm's length but by that logic it also means that I don't know who is the second or third bidder because the banker does not have obligation to tell us who the second bidder was. So we are not aware of the exact name. So that is on question number two.

On question number one, I think you referred to on can you rephrase that because it seemed expensive but we will disclose valuation reports but if you can clarify.

**Pratik Kothari:**

So just from the context of EV EBITDA or the amount you are paying on per megawatt. It depends on what we paid last year to FRV or in general what happens in the market?

**Harsh Shah:**

Got it. Perfect. So, I'll differentiate again, I would urge you to do a little bit of more work because we don't pay based on per megawatt. We pay based on what tariff we earned. The last acquisition we did had a much lower tariff than the tariff that is over here and therefore price per megawatt may not be the right comparison.

Second, I just answered in detail about the EV EBITDA multiple. I would urge again not to look at EV EBITDA, pick up the model and probably do discounting. You will get better answers on that after the valuation reports are public soon.

And third question was INR200 crores NDCF. I think that is for us. That is not what VRET was generating. That is for us because we are going to finance it differently, run it differently so this INR200 crores estimation is based on IndiGrid's estimates not on Virescent's history.

**Pratik Kothari:**

Okay. And what's the tariff this year?

**Harsh Shah:**

I think, 16 projects but I believe the weighted average tariff is approximately INR5, but again let the numbers get published. Approximately INR5.

- Pratik Kothari:** Fair enough. And this last clarification, earlier we have stated that non-transmission assets be it batteries, solar, anything else. We will cap it at 25%-30% of our AUM. That still holds?
- Harsh Shah:** That still holds but I would not put utility, energy storage into solar. It will be transmission even Government of India classifies it as transmission but anyway we don't have anything in BESS so that is a secondary question, but your primary question, yes we would cap it at 25%-30%.
- Pratik Kothari:** Great. Thank you so much and all the best.
- Harsh Shah:** Thank you.
- Moderator:** Thank you. The next question is from the line of Kayur Asher from PNB MetLife. Please go ahead.
- Kayur Asher:** Yes. Firstly, congratulations for a stable set of numbers. So I guess most of my questions have been answered but just one thing, I mean if you could provide some more color on the underlying assets that are being acquired in terms of quality of those assets, how does it fit into the criteria that you had earlier guided on in terms of PPAs, counterparties, operations, tax etc.?
- Harsh Shah:** Yes. So what we like about the assets that they have got on an average approximately seven years of operating history. Now what that provides us is that it provides us exactly how the generation track record of assets were and therefore we don't need to necessarily depend on future guesses on how generation will pan out. So we have fairly good estimate of how generation will take place because seven year operating history is fairly sizable.
- Second, majority of them are still with extremely good counterparties like NTPC, SECI, NVVN. Even beyond that overall receivable cycles over the last years have improved so much and all states assets also have under 90 days receivable. So we look at receivable in a pretty healthy shape that we have seen. So good operating history, good quality of assets, good access to track record of generation and lesser receivable days. So pretty much it kind of ticks almost all boxes for us.
- Kayur Asher:** Sure. Just one follow up on the counterparties. So I think you mentioned about central counterparties. So if you could quantify as to what would be the share of central counterparties in the portfolio?
- Harsh Shah:** In our overall portfolio, let me do the other way round. The total solar portfolio will be approximately 17% to 18% of our AUM, of IndiGrid. And out of that approximately 12% will be SECI, NTPC, NVVN or approximately 6%-7% will be state, which includes UP, Punjab.
- Kayur Asher:** Right. Understood. And just one thing, I think you partly answered this question earlier, but just want to understand that till now we have been very conservative and let's say gradual in addition of solar assets. But now we have this rather large acquisition that is being planned. So could you also talk about the thought process, whether the share of solar will go up from here, will it reduce? What looks like an optimum level for us?



**Harsh Shah:** Sure. We are still conservative and will remain conservative. But conservative doesn't mean we don't do transactions. Conservative means we wait for the right opportunity, where we find good quality assets and at the right price. I don't think there is any change in our strategy. We do not follow a particular optimum mix of solar we want to reach. There is a cap that we will follow, but we do not have a particular percentage we want to reach. We would remain neutral between transmission, solar, battery energy storage, in terms of which particular segment offers the best risk reward.

While transmission assets are good, but if the bidding at the price for it is so high that it results in lesser return than what we think is reasonable, we will not acquire those assets. Same exists for solar as well. Whether we acquire solar, transmission or battery energy storage is not a function of what sector we like. We like all three, but what sector or subsector offers the right risk return at that particular point in time. I think that is what our focus is on, to do micro-level analysis, not a macro decision. It might happen that we remain at 18%, and it might happen that we reach 30%, but none of it is going to be by design. It is going to be decided by opportunities that come to us.

**Kayur Asher:** Understood. But subject to a cap, let's say, about 30% or so within that range. Understood. Thank you.

**Moderator:** Thank you. The next question is from the line of Pradyumna Dalmia from Lansdowne Investments. Please go ahead.

**Pradyumna Dalmia:** I'll try to keep it brief. A couple of questions. One on the capital raise and one on the management fee. On the capital raise front, if you could give us some idea as to what is the time line of the capital raise? And how are you intending to raise the capital? I mean you've mentioned all various instruments, including rights issue, preferential issue, etcetera, and issue of debt security. So if you could give us some more clarity on that and also the time line.

And on the management fee that the 0.5% additional that you're proposing to charge on everything we require. So just wanted to understand the cash flow of that -- impact of that? And where is that going to come from? Is that going to come from the EBITDA? And I mean, how are we going to account for that in the cash flow.

**Harsh Shah:** Perfect. So answering your first question, see, we are going to fund by debt to start with and then subsequently raise equity, which is either institutional placement, preference issue or rights issue. At the moment, I can tell you that we, or the Board of IndiGrid, do not have a specific answer to what methods we are going to raise that upto INR1,500 crores amount. We might do INR1,000 crores either. But I can tell you the criteria that are other considerations that are there on our mind.

Consideration on institutional placement is that it requires EGM approval, and therefore, we are taking it right now. So it can be subsequently issued in next 12 months. Rights issue does not require EGM approval, but on the other hand, it requires filing up the prospectus. So when we do a rights issue and last time we did a rights issue at a discount, 98% of our unit holder

subscribed, which was a great sign for us. But also there is a slight downside to that is because the liquidity does not increase because the new investors do not get introduced, right, in the rights issue format. On the other hand, if you do an institutional placement, it allows us an opportunity for getting good quality investors added to the register, which adds to liquidity, positioning all of it and which also helps current investors. But the balance between the two is dependent on at what price we do be it right, or preference or institutional. And we do not have those answers at this point in time.

But the reason why we published it today is to give you guidance that we will do it. We will do it in outer time line 12 months. We might do it in three or six months as well, depending on the market conditions. But its to give a guidance that we are not planning to run the platform at a peak leverage, we would raise capital and keep growth appetite. That's the guidance. At this point in time, I do not have more specific answers on exact pricing or the method that we will use. As and when we do it, certainly, investors will kind of announce that.

On the second question on fees, consider it as a kind of -- and again, as you rightly asked, it's not an accounting treatment, it's a cash flow impact. It will be considered as part of the acquisition cost and therefore funded like that. So it will be like if we are acquiring something for INR4,000 crores, let's say, give or take, there will be a INR20 crores provision that will be made payable next year after seeing the performance. But the provisioning will be done for INR20 crores now, but the cash flow will happen a year after. So that is how we look at the impact.

**Moderator:** The next question is from the line of Tanveer Sure, an Individual Investor. Please go ahead.

**Tanveer Sure:** The question was you already addressed this question right now regarding the taxation part. But for individual investors, it's really difficult because if I'm buying shares from the open market, I'm buying it any -- at random times, where I see the opportunity I buy. So I may not have bought all the share at INR100. I might have bought it at INR120, INR110. It's not that simple for us to keep a track. So, what is your advice?

How do we keep this track of how much tax we should be paying? Because even the other guy also said that even the CAs are confused and honestly, we cannot keep a track of, because some shares come at a particular price, some come at a particular price, the others come at a particular. It's almost next to impossible to daily sit and just keep a track. I don't know how that's going to work?

**Harsh Shah:** So, I suggest, as I said, it is my advice. And this issue has been dealt by -- and we have discussed this with ministry and CBDT and with the right amount of data available. So let me put it like that. In our 64B, it will completely communicate the history of all capital repayment that is made and what date it has made. So, let's say you acquire 100 units at INR130, 100 units at INR135, 100 units at INR140, 100 units at INR100, okay, at different times you have acquired.

Now what happens is the dates of those units are anyways important to calculate your capital gains. When did we acquire that units. Now, what will be available to you from us as IndiGrid

an obligation of assets to describe on what date, how much of capital repayment is done. So you have 4 tranches, 100 units each bought on different days. You will know after that date, how much capital repayment is done per unit from IndiGrid side. So when you sell it, you will know how much to reduce your cost of acquisition for which tranche of purchase that you did. So that's when that information will be available to you from the company side on 64B.

Second is, as and when IndiGrid is keeping track that it has issued INR100, as and when, IndiGrid already paid out its INR100 of capital repayment, it will start deducting TDS. So you will know that from now on it is going to be charged at a maximum rate. So you'll know that. But actually I can tell you for IndiGrid, it is at least a decade ago. Meanwhile, the computation is only if you sell the unit, you need to compute, when did you purchase those many units. After that, how much of capital repayment had happened, reduced that from your cost of acquisition.

**Tanveer Sure:** Correct. So your price of acquisition probably becomes slightly lower, I guess?

**Harsh Shah:** Yes. Yes, exactly.

**Tanveer Sure:** So, just a second question I had is that I know that now there is a REITS and InvITs index which the NSE has already brought out. Any timeline as to when REITS and InvITs will actually be included in the top-line indices like NIFTY? Because, right now also, if you see, the liquidity is not as much when you go to buy from the open market. I mean, sometimes the spreads are slightly larger. I guess that might be resolved by itself once they are included in indices and large institutions are then buying them. So, any idea about that?

**Harsh Shah:** To be honest, I am also waiting for that. So, what I would urge you to do is to write to SEBI, write to NSE, write to Ministry. Because, we have been at every door that we should be included. We meet the criteria. For whatever reason, it's been getting held up. At the end of the day, we are considered interested parties. If it comes from unit holders like yourself, it will carry more weight. I would urge all the people to write letters to SEBI and Ministry on this. That's the only way to make it happen, I think.

**Moderator:** The next question is from the line of Sunil Shah from Turtle Star. Please go ahead.

**Sunil Shah:** Congratulations, Harsh, and entire team for this wonderful performance. Thank you very much on behalf of all the unitholders. My question is in context with the IFC fundraise, the NCD issue which is mentioned in the presentation on slide 14, which is INR11.4 billion.

So my question is with the IFC NCD issue, is the cost, the rate -- the interest rate at which we are raising that thing for 18 years, that is one. Second, are we exposing our ourselves to any kind of currency risk because it's an international offering? Is that the case?

And the third point is whether the refinancing schedule, which is just mentioned on slide 14, is IFC, the NCD issue, which is there, are we connecting the 2 that in future also, whenever this refinancing thing comes in, will have some kind of support from IFC on the fundraise that could be required? Could you please give us some clarity on that, please?

**Harsh Shah:** Sure. So, point one, it is 7.7% which is available on the, because it's a listed NCD, on the BSE page it will be available. It's 7.7%. Two, on the, is it FX? No. This is an INR-denominated bond. So, FX risk lies with IFC, not with the company, right? Even though it's an international investor, it's a rupee-denominated issued instrument. So, we are not taking FX over here.

And three, IFC did not provide further commitment and IFC is an 18-year facility. So, what will happen is what you see on that slide is without IFC maturity schedule. As we publish in quarter one, you will see a revised schedule which will be including IFC, which will be a little more elongated, right? But IFC is just INR1100 crores out of INR14,000 crores of balance sheet.

So, we do not see that getting materially changed. Rather, if you look at that slide, there is a part of refinancing that is already planned in this year, right? If you look at slide, first chart that you see in that table, right, which is for repayment of loan, which is FY24 INR 930 crores and refinancing, this is getting addressed by the IFC fund. Rather, it is already addressed, right? So, that is what is getting refinanced for an 18-year facility.

**Moderator:** Next question is from the line of Rajan Kapadia, an Individual Investor. Please go ahead.

**Rajan Kapadia:** Just on the Board itself gives a distribution guidance. And then that also will be having impact on additional acquisitions. So will not that be conflict of interest? That's the first question.

**Harsh Shah:** Yes, it is -- see, it is conflict of interest. And therefore, there are two things which are done. The Board has communicated clearly that whatever income that is generated, a majority of that as an incentive will be paid to employees of the managers. Second, Board is not the final authority. That is why it has come to unitholder vote.

**Rajan Kapadia:** Yes, yes, yes, definitely. Yes.

**Harsh Shah:** It is voting for unitholders where, the Board will not -- I mean, KKR is not voting, who is owner of the managers.

**Rajan Kapadia:** Now the second thing is, is it -- I mean this is the alternate part? I mean when we reach 65% and all, and maybe we go with that equity issue also. After that, why should we acquire more? Because I am unitholder since maybe I think 5 -- 4 years. So the prime motive when we did acquisitions was that it would directly make sure that our DPU is increasing. That was the main issue. At that time, we were having very less -- I mean, leverage. We were having very less leverage. Now when we actually reach at 65%, should it not be like that we just stay there and let it run like that.

**Harsh Shah:** You're absolutely right. I can see. If there is one way to run the business with says that we keep the debt equity at, let's say, 65%, 70% and not acquiring more projects. What happens is when we see an opportunity to acquire which will grow DPU further. What we have to do at that time is raise capital. Raising capital takes time, right, whether it's preference issue or rights issue and it's subject to market conditions. And just be honest but...

**Rajan Kapadia:** No, no, no. My question is not that let say, we assume that we will not move beyond 65%. The question is every unitholder knows that beyond a certain point, there cannot be possible DPU increase. That's the thing because at the end, we are not business like thing, it's just an annuity kind of thing. So that's what I was referring, okay, because...

**Harsh Shah:** That is the right thing. I think you need to look at it as like a business rather than just the annuity. We are not a set of 10 projects alone. We are a Yield Co. or InvIT, which is growing. That is part of our theme. Yes, 80% to 90% of our returns will come as an annuity alone, but 10% to 15%, which will come as growth. So for example, we started with INR11 DPU. Now we are at INR13.8. That's a INR2.8 jump, which is about 20-odd percent. It happened because we have acquired projects.

So we are a business. We are in the business of annuity, I can tell you, we are not an annuity. We are not a fixed-term bond that you have bought, and there will be looking after that will happen. We are a business and we are in the business of annuity. That is the right way to look at us or any other probably InvIT or REIT. That is our structure.

**Rajan Kapadia:** No, that I understand, but most of that increase in DPU or increase in NAV was mainly because we were having low leverage and now it's very high leverage. That's the thing okay, kind of my concern.

**Harsh Shah:** Let's say now we want to grow from here. Let's say we are at 65% and you cannot grow anymore.

**Rajan Kapadia:** No, no, no. What I am saying is if we grow from here on, we need to dilute. That's what the thing.

**Harsh Shah:** Correct. And we need to dilute in a way so the DPU still grows.

**Rajan Kapadia:** Yes. Yes. We are trading above NAV. So it's not a big issue, yes.

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

**Chandra Mouli:** My question is also pertaining to the same. See, now we are planning to raise equity of about INR1,000, INR1,500 to, whatever way. But do you fairly think that -- is it the right time? It's trading at 139-140. The yield is close to 10% at current DPU. Approximately whatever I am saying. Is it fair to raise equity at this level? My question again going to the previous participants. Maybe if it is the right time, it is okay. If it is 160-170 or whatever.

**Harsh Shah:** Sir, I will come with our preference issue capital with you put in INR1,000 crores at INR160. And I can tell you we will go ahead with it. So I think whether it's the right time or not, is a very important question. I think it is the right time because we do see other pipeline assets for growth and therefore, we will look to acquire. Whether it's fair or not, I think is subject to pricing and if we are doing a rights issue at whatever price. I mean I think it's fair because every investor will get a chance to participate.

If we are doing a preference issue, I understand that we need to do it in a way that it adds value to unitholders who are not subscribing. So it's a balance between the two. But I would say quoting numbers like at 165, 170 it becomes fair, is unfair and unreasonable. But I mean if you are happy to put in money at that price, we will definitely make sure that we can raise capital at that price.

**Chandra Mouli:** Why I meant to say 160, 170 does not, but you have to fix it at by price. What I meant to say is that the yield value will be in the range of 8%. So that could be the fair assumption I said. I'm not saying that you have to put...

**Harsh Shah:** I understand. I was just trying to -- and I get it what you're saying, I think, as I said, if we are able to raise capital at 160, we will certainly do it. But at the end of the day, there is a difference between -- I mean, the price of any issue, whether it is an asset, whether it's a security is whether there are adequate buyers at that price. And if there are no adequate buyers at 160, 170, should IndiGrid stop growing. My answer will be no to that. As long as we are doing acquisitions which are accretive to that particular unit price at which capital is raised, we do feel that IndiGrid should raise capital and acquire.

If it is the rights issue, it can be at a discount because everyone is getting to participate. So it's a balance between the two. As I said, I do not have any specific number, both on capital raise, price or methods today. We take note of the suggestion for sure, but we do not have that guidance as of now. It's a guidance that we are going to raise capital, how, method, pricing will come back to when we actually do it.

**Moderator:** The next question is from the line of Malav Sharedalal from Pravin Ratilal Share And Stock Brokers. Please go ahead.

**Malav Sharedalal:** Congratulations for a good set of numbers. My question is related to as a unitholder, we are not eligible to pledge the securities to the bank or any NBFCs whereas promoter KKR is able to pledge and take the loan on it. Because we want to pledge it for some days for the requirement. We don't want to sell the units. So what's your view on that? Have you communicated to SEBI or RBI?

**Harsh Shah:** So point one, as of now, to clarify factually, KKR has not pledged the units of IndiGrid. Just a correction of factual stats. Second, the treatment of securities is not different between unitholders in any regulation, whether it's SEBI or RBI regulatory. So if KKR or any promoter can pledge units, legally speaking, you can also pledge it.

Technically, I understand that banks and NBFC are not accepting from retail shareholders because of classification, but they are waiving that off for corporate sponsors, right. I understand the anomaly. But as I said, even this question has come up earlier, I would urge you to write to SEBI and RBI directly.

We, as a company or as InvITs going to SEBI saying, allow our units to be pledged will receive a tremendous pushback because I don't think that is a purpose which regulators would encourage

InvITs to go and propose. So I would urge, as an individual unitholder, you have rights to do so, you have powers to do so. Please write to SEBI if you require which department, we can help you on that. But please write to them. Coming from unitholders themselves, it carries a lot of weight for regulators. Coming from InvIT or the company, it becomes extremely biased.

So we -- while we have spoken about it. We have always given who has raised this issue. We ask them to write to us. So I would suggest you to write to them because it is not that IndiGrid can do something different. At the end of the day, it is in the regulatory process between SEBI and RBI, largely RBI and SEBI. So I would urge to write to them. We can help you and our compliance office can help you to write. But what to write is up to you, but we cannot write this to regulators as an InvIT.

**Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Subhadip Mitra for closing comments.

**Subhadip Mitra:** Yes. I would like to thank the management for giving us this opportunity to host the call. Harsh, would you have any closing comments?

**Harsh Shah:** Yes. Thank you. And I would say thank you, everyone, for being present on the call. I really appreciate your questions. We try to address them to the best of our abilities. And I would hope that we have been able to do it. Our EGM notice for the key decisions will be issued soon. Look forward for the support and to the resolutions that are there. Thank you very much.

**Moderator:** Ladies and gentlemen, on behalf of Nuvama Wealth Management, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.