

BUY

Target Price: Rs 105

CMP : Rs 98
 Potential Upside : 8%
 Dividend yield : 12%
 Total return : 20%

MARKET DATA

No. of Shares : Rs 270 mn
 Market Cap : Rs 26 bn
 52-w High / Low : Rs 100 / Rs 91
 Bloomberg : INDIGRID IB Equity

India Grid Trust

INFRASTRUCTURE

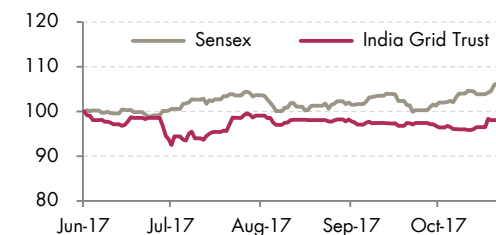
Attractive yield with low risk

Financial summary (consolidated)

Y/E	Sales	EBITDA	NDFC	DPU
March	(Rs mn)	(Rs mn)	(Rs mn)	(Rs/unit)
FY18E	4,741	4,383	2,871	11.0
FY19E	6,525	6,013	3,205	11.4
FY20E	12,350	11,515	6,189	12.2

Source: Company, Axis Capital

Price performance



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Glossary of abbreviations

- ♦ IPA - Initial Portfolio Assets
- ♦ ROFO - Right on First Order
- ♦ TBCB - Tariff Based Competitive Bidding
- ♦ POC – Point of Connection
- ♦ BDTCL - Bhopal Dhule Transmission Company Limited
- ♦ JTCL - Jabalpur Transmission Company Limited
- ♦ NTL - NRSS XXIX Transmission Limited
- ♦ ENICL - East-North Interconnection Company Limited
- ♦ MTL - Maheshwaram Transmission Limited
- ♦ RAPP - RAPP Transmission Company Limited
- ♦ PKTCL - Purulia & Kharagpur Transmission Company Limited
- ♦ OGTPCL - Odisha Generation Phase II Transmission Limited
- ♦ GPTL - Gurgaon Palwal Transmission Limited
- ♦ KTL - Khargone Transmission Limited
- ♦ NER - NER – II Transmission Limited

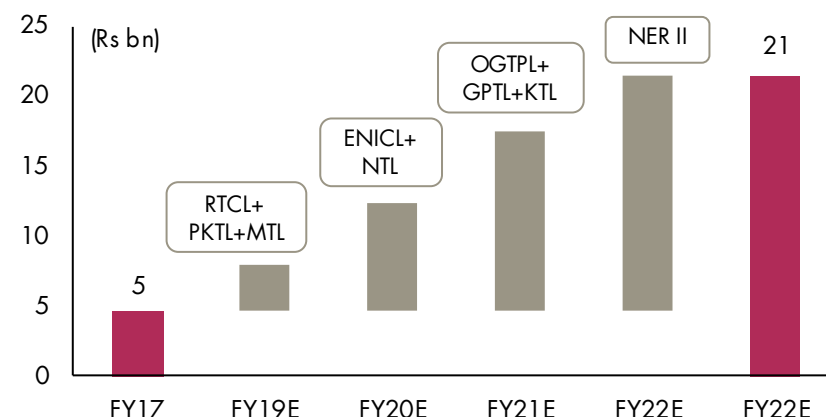
BUY on low risk profile, high earnings predictability...

- ♦ We Initiate coverage on India Grid Trust (IndiGrid), India's first power transmission sector InvIT, with BUY rating, as it offers potential returns of 15% CAGR over FY18-20
- ♦ Sponsor's strong track record – Sterlite Power Grid Ventures Ltd
 - Sterlite Power has 29% share in tariff-based competitive bidding market in power transmission. It owns 40 power transmission lines of ~7,764 ckms, 13 substations of 14,891 MVA transformation capacity across two countries
- ♦ Low risk profile – focused business model, minimal risk vis-à-vis other infra assets
 - Owns power transmission assets with long term contracts of 35 years, which means lower risk vis-à-vis other infra assets
 - Power transmission has low operating risks due to take-or-pay contracts and payments based on availability
 - Low counter-party risks, as payments are from Power Grid Corp (PGCIL) that pays from pool of transmission charges
 - Stable cash flows driven by annuity payments fixed for 35 years and, unlike PGCIL tariffs not open to review every 5 years
- ♦ High predictability of earnings – >32 yrs of concession life of projects; 5 transmission lines incl. 3 under acquisition
 - Initial Portfolio Assets (IPA) has 2 transmission lines – BDTCL and JTCL – with revenue/ EBITDA of Rs 4.9 bn/ Rs 4.3 bn
 - Recently announced acquisition of 3 assets (MTL, RAPP and PKTCL) held by sponsor at an EV of Rs 14.9 bn. These 3 assets have revenue/ EBITDA of Rs 1.77 bn/ Rs 1.68 bn
- ♦ Value-accretive growth – strong pipeline of ROFO assets
 - IndiGrid has Right Of First Offer (ROFO) to acquire other assets from the sponsor. ROFO assets has potential EBITDA of ~Rs 20 bn as against current EBITDA of ~Rs 6 bn (inclusive of recent M&A)
 - IndiGrid is also looking at potential acquisition of third party transmission assets

...and robust returns

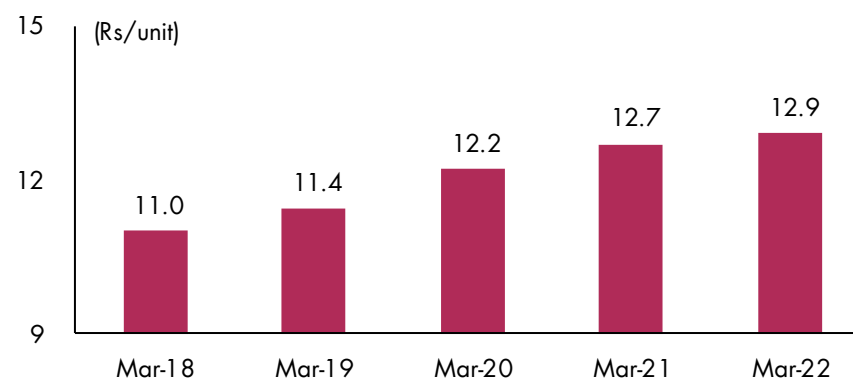
- ♦ **Strong returns – DPU growth guidance of 3-5% YoY**
 - IndiGrid has undertaken Distribution Per Unit (DPU) of Rs 3.6/unit for H1FY18 and guided Rs 5.6/unit for H2FY18E
 - DPU will increase to Rs 11.44/unit from Rs 11/unit after completion of acquisition of 3 assets
 - Quarterly DPU to enhance investor's yield by ~25 bps
- ♦ **Downside protected – optimal capital structure under InvIT**
 - At least 90% Net Distributable Cash Flows (NDCF) shall be distributed to unit holders
 - Cap of 49% consolidated leverage of total asset value
 - Cap of 10% value of assets in under-construction projects and 80% to be invested in complete revenue-generating projects
- ♦ **Key positives vs. IRB InvIT and PGCIL**
 - vs. PGCIL: Annuity nature of tariff unlike PGCIL that is open to review by the regulator (CERC) every 5 years
 - vs. IRB InvIT: No traffic or inflation risk
- ♦ **Key risks**
 - Interest rate risk, operational risks (availability & O&M costs), regulatory risks, conflicts of interest (sponsor is the project manager), inability to fund future acquisitions & related party transactions for acquisition of ROFO assets

4x growth in revenue after injection of ROFO



Source: Company, Axis Capital

Sustained growth in DPU; yield of 12% on CMP of Rs 98



Source: Company, Axis Capital

Strong returns for unit holders

- ♦ IRR of Initial Portfolio Asset is currently 8.2% at CMP. Upon acquisition of 3 ROFO assets (MTL, PKTCL and RTCL), at EV of Rs14.9 bn, DPU will increase by 5% in FY19 to Rs11.44/ unit. This in turn will increase IRR by 100 bps to 9.2% – making these acquisitions IRR and yield accretive
- ♦ Next round of acquisition of ROFO assets (ENICL+ NRSS), assumed at EV of Rs 51.4bn, will grow DPU by 5% to Rs12.2 in FY20 and boost IRR by ~100 bps expansion to 10.2% – which is in line with management's guidance
- ♦ Given the low risk profile and expected DPU growth of 3-5% p.a., we expect IndiGrid to trade at implied yield of 11% over next 2 years after having demonstrated track record of value accretive acquisitions
- ♦ DPU growth of 5% plus stock price appreciation to Rs 105 implies InvIT holder return of ~15% CAGR over FY18-20

Stock price to track DPU growth

	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
DPU Quarterly run rate	2.75	2.75	2.75	2.9	2.9	2.9	2.9	3.10	3.10	3.10	3.10
Stock price	98	98	98	105	105	105	105	113	113	113	113
Annualised Yield (%)	11.3%	11.3%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%

Source: Company, Axis Capital

Potential returns to unit holder at 15% CAGR

	2HFY18E	FY18E*	FY19E	FY20E	CAGR (FY18-20E)
DPU (Rs)	5.5	11.0	11.4	12.2	5%
IndiGrid target price	98	97.6	105.0	112.9	
Accumulated DPU (Rs)		11.0	22.5	34.7	
Total shareholders return (pre tax)		108.7	127.5	147.6	15.0%

Source: Company, Axis Capital

Note: * Annualized

India Grid Trust

INFRASTRUCTURE

Comparison with global Yieldcos

	Fully diluted	Performance			Yield (%)	
	Enterprise value (USD mn)	3 Month (%)	6 Month (%)	1 Year (%)	CY17	CY18
Singapore listed business trust						
Hutchison Port Holdings Trust	9,752	(10.8)	0.6	(18.9)	6.1	6.3
Keppel Infrastructure Trust	3,076	(0.7)	(0.1)	(8.8)	7.0	7.0
CDL Hospitality Trusts	2,087	0.3	3.0	5.5	5.6	6.0
OUE Hospitality Trust	1,681	4.9	5.3	(1.9)	6.2	6.2
Frasers Hospitality Trust	1,639	5.8	1.3	(5.7)	6.6	6.6
Far East Hospitality Trust	1,556	4.3	11.6	(1.1)	5.5	5.7
Ascendas India Trust	1,133	(2.0)	(6.8)	(11.2)	5.4	5.7
Mean					6.0	6.2
US yield company						
TransAlta Renewables	3,490	(9.6)	(13.5)	(20.1)	6.6	6.9
Abengoa Yield	7,918	(0.2)	1.1	3.4	4.6	7.0
Pattern Energy group	5,046	(12.0)	(2.7)	(13.6)	7.3	7.6
Nextera Energy Partners	6,703	1.7	8.1	1.0	2.5	2.9
TerraForm Power	6,752	16.7	18.2	11.4	2.3	5.5
NRG Yield	9,611	(3.6)	(0.0)	(1.0)	5.9	6.8
Mean					4.9	6.1
Global mean					5.5	6.2
Indian regulated power companies*						
NTPC	38,086	6.1	(2.2)	(3.3)	7.6	9.0
PGCIL	34,721	(9.1)	(10.0)	(1.3)	8.1	9.6
NHPC	7,490	(6.9)	(19.2)	(10.0)	9.4	10.1
Mean					8.4	9.6

Source: Bloomberg, Axis Capital

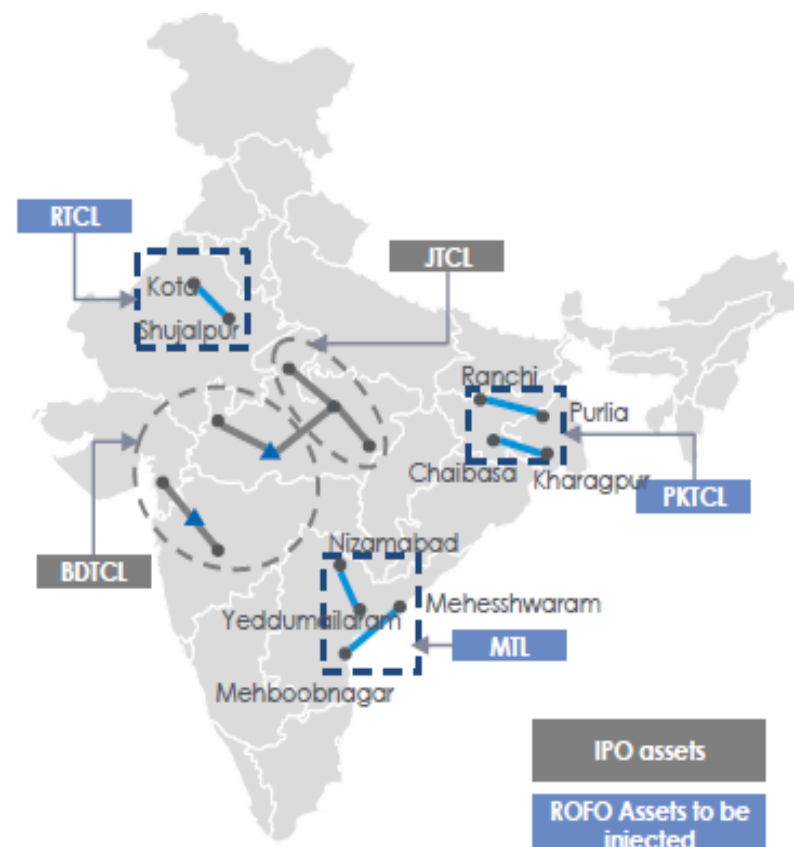
* for Indian regulated companies yield is calculated as inverse of P/E

- ♦ At CMP (Rs 98), implied yield on FY19E DPU of Rs 11.44 works out to ~12%. On a comparable basis, yield Cos in Singapore trade at median yield of ~ 7% and US yield Co at ~5%. Regulated utilities like PGCIL and NTPC are trading at P/E of 10x and 13x, but face risk of lower RoE from FY20 onwards

IndiGrid – strong profile

- ♦ Owns inter-state high voltage power transmission assets
 - Perpetual assets with ~ 33 years of residual concession period
 - Two transmission lines under Initial Portfolio Assets (IPA) with 1,936 ckms
 - Additional three lines under acquisition from sponsor – Sterlite Power – assets worth Rs14.9 bn
- ♦ Fully operational and revenue generating portfolio
 - IPA assets fully operational
 - Proposed 3 ROFO assets are also operational
- ♦ Annuity assets i.e. no traffic or inflation risk unlike road BOT players. Also, no risk of tariff revision every 5 years like PGCIL
- ♦ Focus on stable and sustainable distribution
 - 90% distribution is mandatory
- ♦ AAA rated and Perpetual Ownership
- ♦ Strong growth pipeline with ROFO on sponsor's assets

Strong pipeline of sponsor's ROFO assets



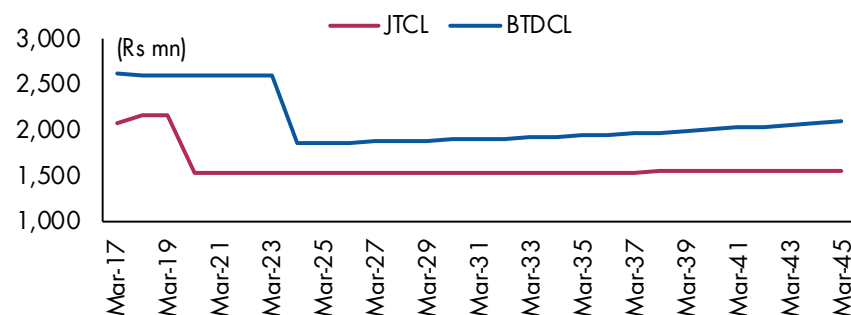
Source: Company, Axis Capital

High predictability on earnings – take-or-pay contracts

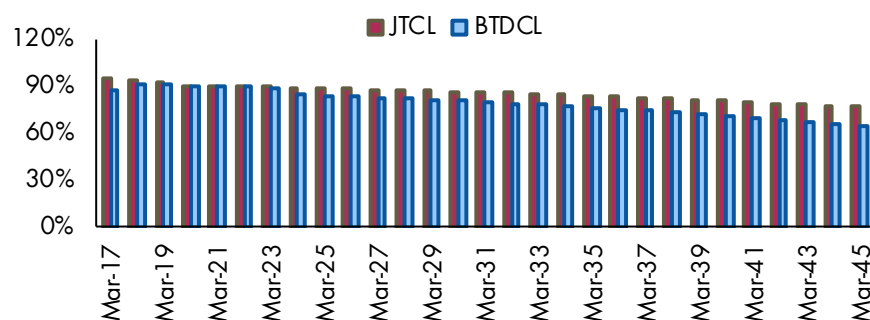
IndiGrid owns 2 inter-state power transmission assets in India (BDTCL and JTCL), each with 35 years of TSA and 33 years of residual contract life – which indicate stable cash flows

Strong operational performance by BDTCL and JTCL since inception

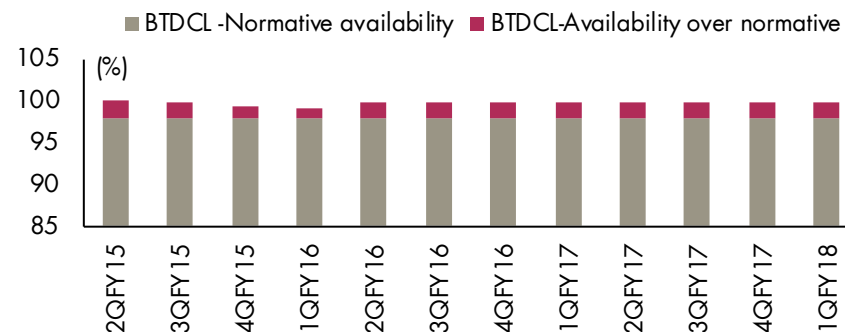
Drop in revenue largely due to tariff revision in TSA



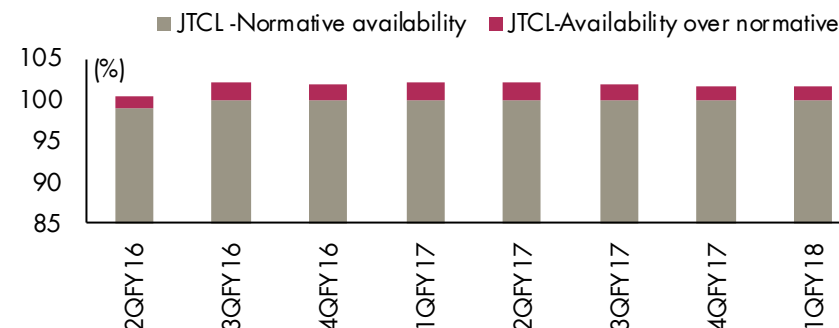
Lower operating expenses boost EBITDAM



Above normative availability = higher incentive income



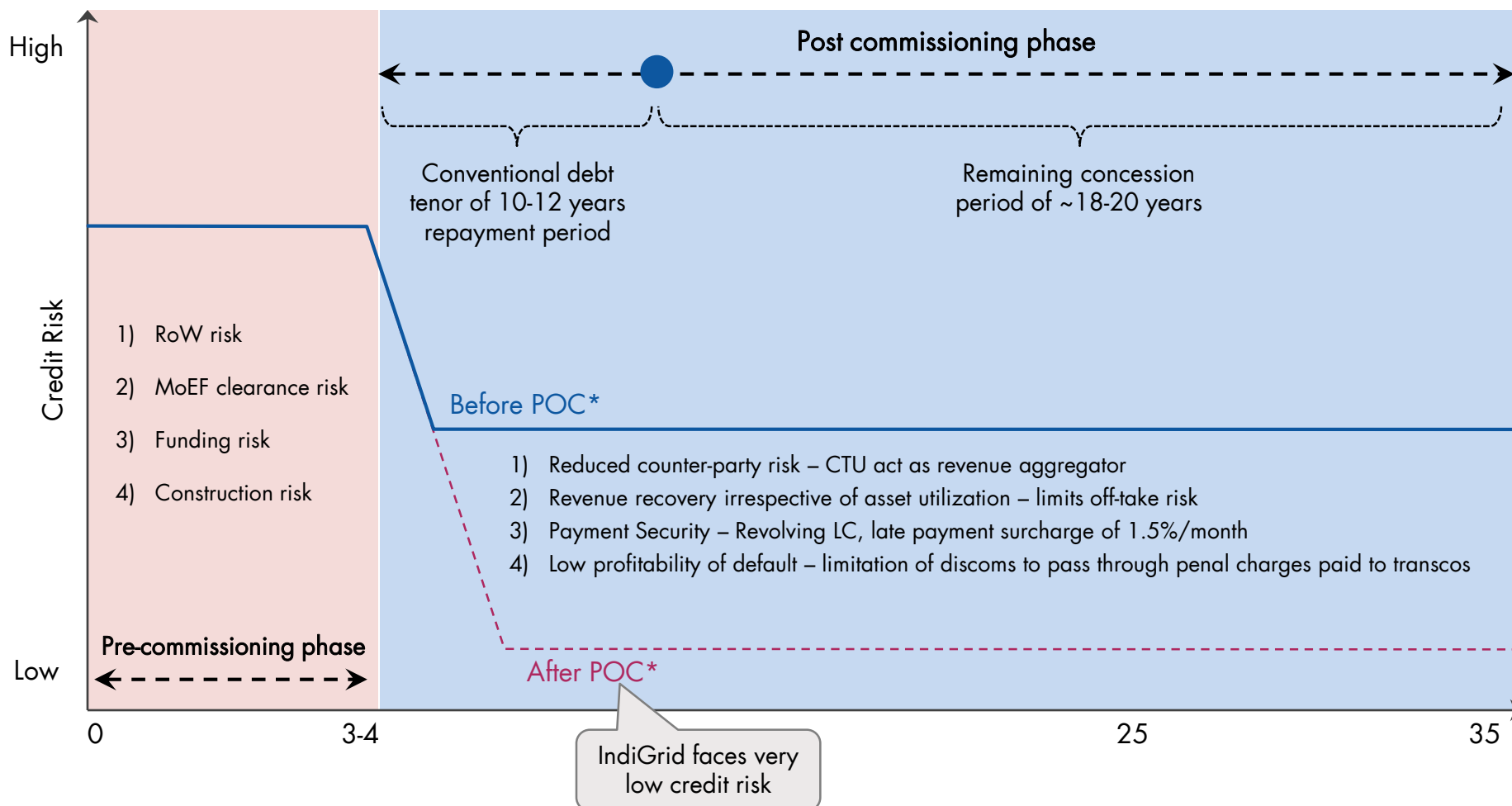
Since inception JTCL has operated above normative availability



Bulk of revenue is annuity in nature and independent of quantum of power transmitted.
Incentives linked to availability are icing on the cake

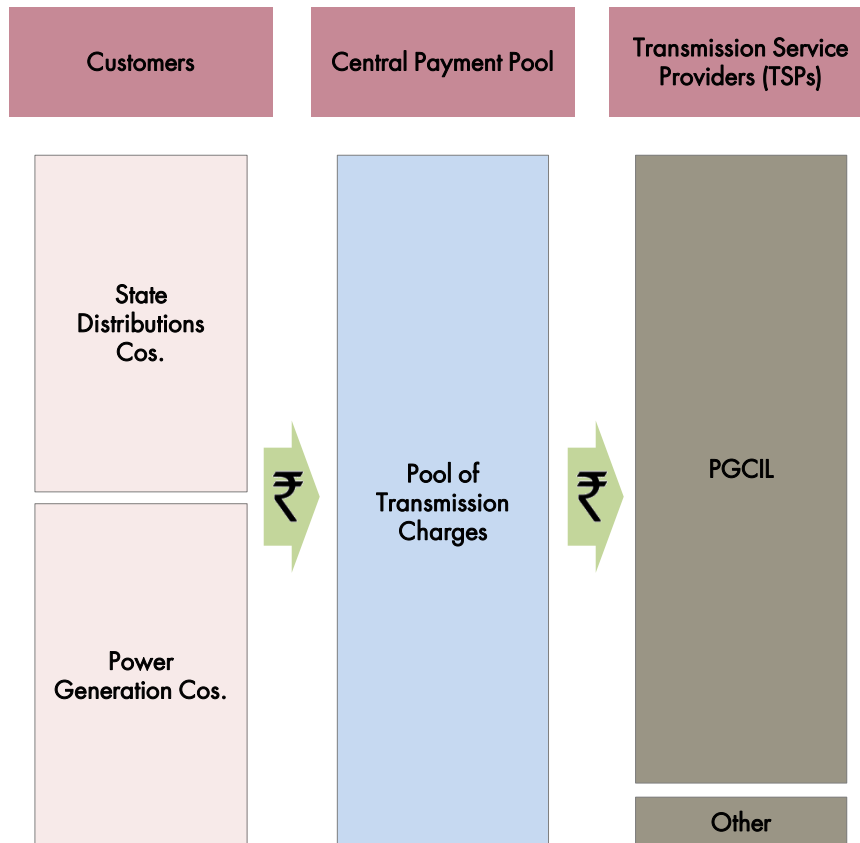
At very low credit risk

Risk highest during pre-commissioning phase, moderates during pre-POC phase, and lowest post POC



Minimal counter-party risk – PGCIL as aggregator

POC—an efficient mechanism—Payments managed by PGCIL minimizes counter-party risk substantially



Source: Company, Axis Capital

Power transmission assets = low risk + stable cash flows

	Inter State Power Transmission	Power Generation	Roads	Ports
Certainty of Cash Flows	Driven by long-term agreements	Offtake and cost of fuel key risk	Traffic risk in BOT projects	End-user industry risk
Counter Party Risk	Exposure limited to systemic risk	Direct exposure to debt-laden SEBs	Cost over-runs, toll collection	Exposure to multiple end users
Operational Risk	Limited O&M requirements	High periodic maintenance	High O&M required	Limited O&M requirements
Future Growth Potential	High deficit in capacity	High potential given power deficit	High growth potential	Good potential, feasible locations
Competitive Environment	Few credible private players	Highly competitive	Highly competitive	Few private players
Summary				

Source: Company, Axis Capital

PGCIL functions as a single point of contact between transmission licensees and users

InvIT framework in India is minority friendly

IndiGrid InvIT Fund

Regulations lower project development risk

- ♦ Cannot invest more than 10% value of assets in under-construction projects
- ♦ 80% value of assets to be invested in complete revenue-generating projects

Tax expense under regulatory provisions

- ♦ Pass-through nature of InvIT wherein no tax (including DDT) on income from SPVs by interest/dividend
- ♦ Interest paid by SPVs to InvIT will be tax deductible by SPVs

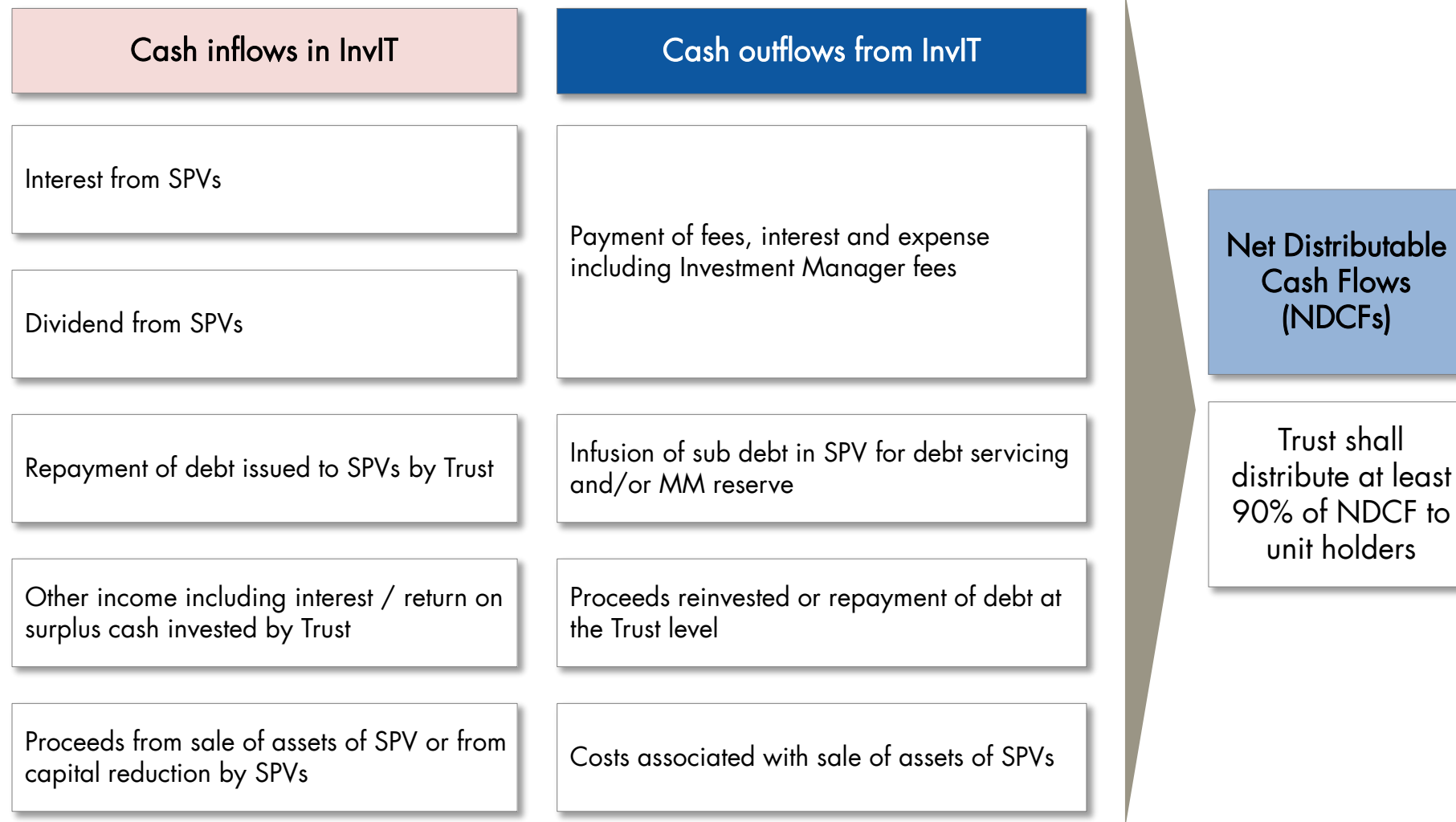
Tax incidence on income distributed to unit holders

- ♦ Dividend income distributed by InvIT exempt in hands of unit-holders
- ♦ Interest income distributed by InvIT subject to withholding tax: 10% for individual resident unit holders, 5% for foreign unit holders

Regulations require distribution of significant portion of Net Distributable Cash Flow (NDCF)

- ♦ Not less than 90% NDCF of each SPV required to be distributed to InvIT in proportion of holding in SPVs
- ♦ Not less than 90% of NDCF of Trust shall be distributed to unit-holders

Potential cash flow for unit holders



Low InvIT related expenses – advantage unit holders

- ♦ IndiGrid has a prudent structure, which is reflected in low InvIT-related expenses
- ♦ Project Manager fee
 - 10% of gross expenditure incurred by each IPA in relation to operation and maintenance costs
- ♦ Investment Manager fee
 - The Investment Manager shall be entitled to fees of 1.75% of the difference between revenue from operations and operating expenses (other than the fee of the Investment Manager) of each IPA, per annum. For this purpose, operating expenses will not include depreciation, finance cost and income tax expense
- ♦ Trustee fee
 - Initial acceptance fee of Rs 0.30 mn. Annual fees of Rs 0.40 mn and any out-of-pocket expenses. The annual fee is subject to revision every two years, subject to a cap of 10%

Structure of IndiGrid'

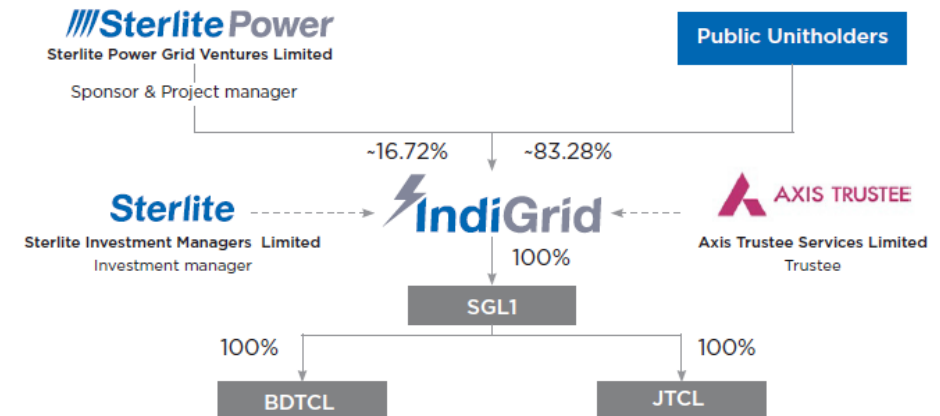


Illustration of Net Distribution of Cash Flow from IPA

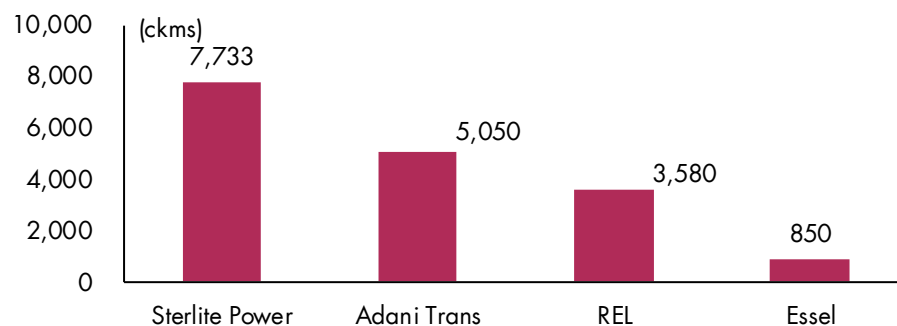
(Rs mn)	FY19E	FY20E
Cash From Operation:		
EBITDA	4,353	3,723
(less) increase in WC	(2.5)	155.9
(less) tax	0.0	0.0
(less) Trustee fee	(0.4)	(0.4)
(less) Other invit expenses	(4.4)	(4.6)
add Other Income	43.8	38.1
Total CFO	4,390	3,912
less: external interest payments	725.0	(10.8)
less: external principal payments	62.0	20.7
Net NDCF	3,603	3,902

Source: Company, Axis Capital

Sterlite Power – strong track record as sponsor

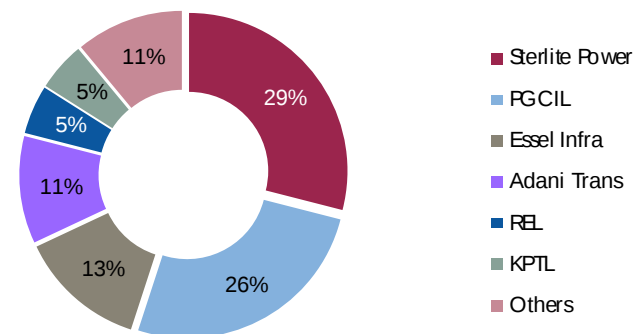
Sterlite Power is one of the largest independent power transmission companies– owns 40 power transmission lines of ~7,764 ckms, 13 substations of 14,891 MVA transformation capacity across two countries

Highest share in length of transmission lines (ckms)



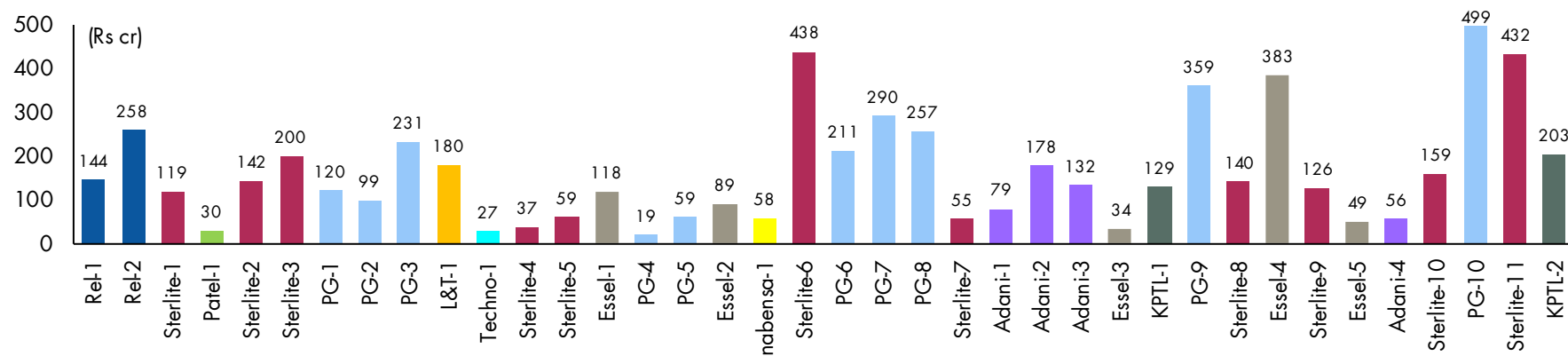
Source: Company, Axis Capital

29% market share in TBCB



Source: Company, Axis Capital

Sterlite Power has strong track record in tariff based competitive bidding in transmission asset



Source: Company, Axis Capital

...with strong pipeline of assets

Proposed Acquisition									
	Purulia & Kharagpur Transmission Company Ltd (PKTCL)	RAPP Transmission Company Ltd (RTCL)	Maheshwaram Transmission Ltd (MTL)	East North Interconnecti on Ltd (ENICL)	NRSS XXIX Transmission Ltd (NTL)	Odisha Generation Phase Transmission Ltd (OGPTL)	Gurgaon-Palwal Transmission Ltd (GPTL)	Khargone Transmission Ltd (KTL)	NER-II Transmission limited
									
Overview	2 x 400 kV D/C lines	1x400/220 kV D/C line	2 x 400 kV D/C lines	2 x 400 kV D/C lines	3x400 kV D/C lines, 1x400/220 kV D/C GIS sub-station	1x765 kV D/C line, 1x400 kV D/C line	5x400kV D/C lines and 3x400/220 kV substations	2x765 kV D/C lines, 1x400 kV D/C line and 1x765/400 kV substation	2x400 kV D/C lines, 2x132 kV D/C lines and 2x400/132 kV substations
Scheduled COD	Commissioned	Commissioned	June 2018*	Commissioned	Oct 2018	Aug 2019	Sep 2019	Jul 2019	Nov 2020
Length	546 ckms	403 ckms	477 ckms	909 ckms	887 ckms	715 ckms	271 ckms	624 ckms	900 ckms
Revenues (5 yr. avg.)	INR 750 Mn	INR 460 Mn	INR 580 Mn	INR 1,420 Mn	INR 5,030 Mn	INR 1,590 Mn	INR 1,440 Mn	INR 1,860 Mn	INR 4,520 Mn
EV (Rs bn)	6.01	3.79	5.19	10.64	40.78	12.43	11.37	15.05	40.98

Source: Company, Axis Capital

Structural growth in power sector...

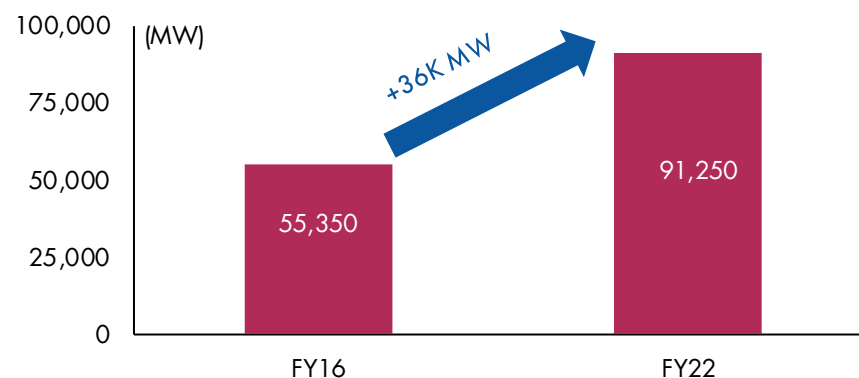
♦ Key growth drivers

- Significant part of investments in transmission vis-à-vis generation
- Widening gap between load centres and generation centres across regions
- Improving financial health of Discoms (Distribution companies) through UDAY (financial revival package scheme for Discoms) and other schemes
- Staggering growth in renewable energy: 175 GW capacity by 2022
- Strong government focus through initiatives such as 'Power for All'

♦ Increased private participation

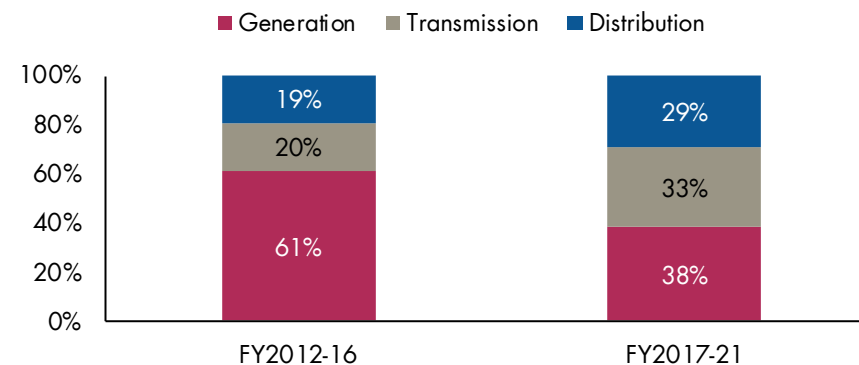
- All bids routed through TBCB process
- In 13th Five Year Plan (2017-2021), share of private players investments in new bids for transmission lines to be more than 50%

Inter-regional transmission capacity to increase significantly



Source: Company, Axis Capital

Share of transmission segment to grow 1.7x of power sector investment



Source: Company, Axis Capital

..and near-term bid pipeline

Further growth potential from near-term bids

Name of the tender	Stage of the tender	Location	Estimated Cost (Rs bn)
WR-NR Interconnection	RFP	UP,MP	9.1
GTPL Goa	Bids results awaited	Goa, Karnatak, Chattisgarh	11.0
Ultra Mega Solar Park in Fetahgarh	RFQ	Rajasthan	5.4
Connectivity and LTA to HPPCL	RFQ	Himachal Pradesh	3.2
Strengthening in Jharkhand-1	RFQ	Jharkhand	9.8
Strengthening in Jharkhand-2	RFQ	Jharkhand	10.8
Strengthening in Jharkhand-3	RFQ	Jharkhand	9.5
Strengthening in Jharkhand-4	RFQ	Jharkhand	10.3
Strengthening in Jharkhand-5	RFQ	Jharkhand	11.4
Connectivity system for LVTPPL + SS	RFQ	Maharashtra,MP	7.4
ISTS Feed to Navi Mumbai	Pipeline	Maharashtra,MP	5.4
New substation to Vapi area	Pipeline	Gujarat	3.6

Source: Company, Axis Capital

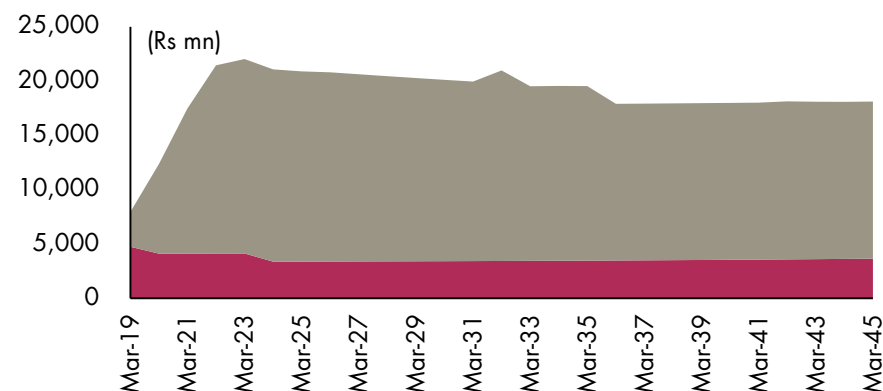
ROFO assets to create value-accretive growth

♦ Key triggers for value-accretive growth

Acquisition of sponsor's assets under ROFO:

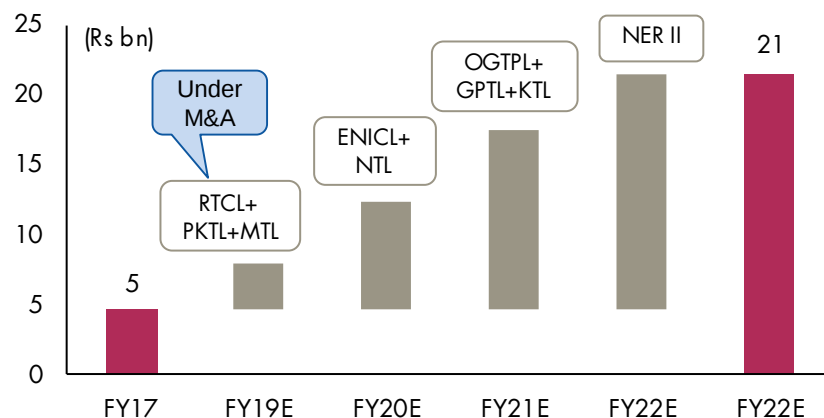
- ROFO assets have potential revenue of ~Rs 21 bn as against revenue of ~Rs 7.9 bn (inclusive of recent M&A)
- Management guided for DPU growth of 3-5% YoY
- Potential acquisition of third party transmission assets

ROFO assets to propel growth



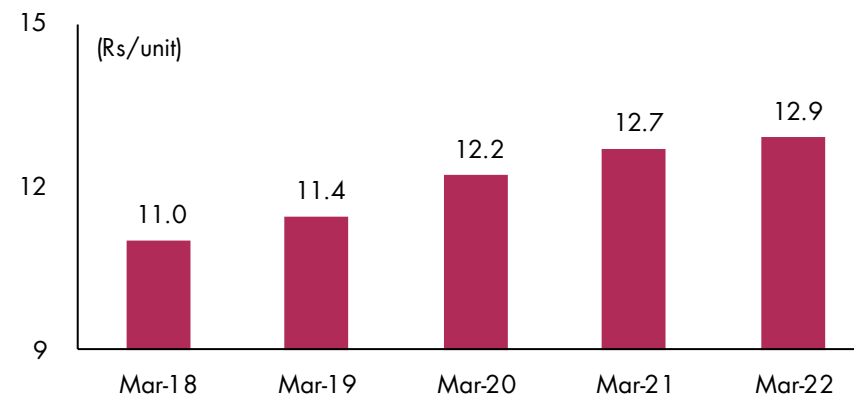
Source: Company, Axis Capital

4X growth in revenue after injection of ROFO assets



Source: Company, Axis Capital

DPU after acquisition of ROFO assets



Source: Company, Axis Capital

Initial portfolio assets offer attractive IRR of 8.27%...

IPA generates IRR of 8.3%

IRR on IPA

(Rs mn)	FY19E	FY20E	FY21E	FY22E	FY23E	FY24E	...	...	FY50E
Revenue	4,745	4,115	4,120	4,124	4,129	3,377			3,773
Operating cost	392	393	408	424	440	442			1,322
EBITDA	4,353	3,723	3,712	3,700	3,688	2,935			2,450
less: Cash Outflow									
less: increase in working cap	(3)	156	1	1	(3)	186			(48)
less: tax	0	0	(7)	(10)	(38)	0			(262)
less: Trustee fee	(0)	(0)	(0)	(0)	(0)	(0)			(0)
less: Other InVIT expense	(4)	(5)	(5)	(5)	(5)	(6)			(19)
add: Other income	44	38	36	9	37	31			27
Total Cash From Operation	4,390	3,912	3,737	3,694	3,679	3,146			2,148
less: interest payments	725	692	677	698	672	643			6
less: principal payments	620	207	288	2,450	368	368			0
NDCF	3,045	3,014	2,772	546	2,640	2,135			2,142
Distribution ratio (%)	94%	95%	100%	100%	100%	100%			100%
Distribution made	2,863	2,854	2,772	546	2,640	2,135			2,142
Cumulative NDCF at the year end	199	175	0	0	0	0			0
No. of units	284	284	284	284	284	284			284
DPU	11.0	11.0	11.0	9.5	9.3	7.5			7.0
IRR	8.3%								

Source: Axis Capital

- BTDCCL and JTCL form the IPA for IndiGrid
- As part funding from IPO, IndiGrid bought these IPA assets worth Rs 40 bn from the sponsor
- IPA generates an IRR of 8.3%

...to improve to 9.2% on acquisition of ROFO assets...

Acquisition of 3 ROFO assets (MTL+RAPP+PKTCL) in FY19 to enhance IRR to 9.2%

Acquisition of MRP in FY19

	FY19E	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E	...	...	FY53E
Cash Inflow	1,625	1,618	1,610	1,601	1,591	1,581	1,569	1,556			4,190
Cash Outflow:											
Interest	1,195	1,173	1,150	1,125	1,101	1,077	1,053	1,029			0
Repayment	270	283	298	298	298	298	298	298			0
Net Cash Flow	160	162	163	178	192	206	218	229			4,190
No. of units	284	284	284	284	284	284	284	284			0
Revised DPU	11.6	11.6	11.5	10.1	10.0	8.2	7.7	7.8			15
Annualised IRR	9.2%										

Source: Axis Capital

- ♦ IndiGrid is under process to acquire Sponsor's 3 ROFO assets with an EV of ~Rs14.9bn.
- ♦ Acquisition to be undertaken entirely through debt. Post which IndiGrid's Debt/Asset is likely to rise from 26% (1QFY18) to 46% in FY19E
- ♦ Post acquisition, IndiGrid's presence would expand from 4 states to 8 states along with ~75% rise in ckms (from 1,936 ckms to 3,360 ckms)
- ♦ MTL,RAPP and PKTCL have an residual TSA term of 35,34 and 34 years respectively
- ♦ RTCL and PKTCL have an average line of availability of 99.79% and 99.92% since COD
- ♦ Annualized DPU is expected to grow from Rs11 to Rs11.44/unit

...and further on acquisition of more ROFO assets

IRR to expand to 10.8% on acquisition of NRSS+ENICL in FY20

Annualised IRR with acquisition of NRSS and ENICL in FY20

Rs mn	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	...	...	FY54E
Cash Inflow	4,796	4,774	4,780	4,758	4,729	4,698	4,646	4,623	4,600	4,580	4,533			1,532
Cash Outflow:														
Interest	1,279	1,259	1,243	1,236	1,229	1,217	1,205	1,192	1,179	1,166	1,153			6
Repayment	239	239	159	32	127	159	159	159	159	159	159			159
Net Cash Flow	3,279	3,276	3,377	3,490	3,372	3,322	3,283	3,273	3,262	3,255	3,221			1,366
No. of units	528	528	528	528	528	528	528	528	528	528	528			528
Revised DPU	12	12	12	12	11	10	10	10	10	10	10			42
Annualised IRR	10.8%													

Source: Axis Capital

IRR to increase to 11.4% on acquisition of OGTP+KPTL+GPTL in FY21

Annualised IRR with acquisition of OGTP+KPTL+GPTL in FY21

Rs mn	FY20E	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	...	...	FY55E
Cash Inflow		4,789	4,665	4,544	4,425	4,308	4,194	4,082	3,971	3,863	3,757			2,828
Cash Outflow:														
Interest		1,546	1,511	1,495	1,469	1,444	1,428	1,420	1,420	1,404	1,373			43
Repayment		680	194	194	437	194	194	0	0	389	389			389
Net Cash Flow		2,563	2,960	2,855	2,518	2,670	2,572	2,661	2,551	2,070	1,995			2,396
No. of units		700	700	700	700	700	700	700	700	700	700			700
Revised DPU		13	13	13	12	12	12	11	11	11	10			37
Annualised IRR		11.4%												

Source: Axis Capital

Management



Mr. Pratik Agrawal, CEO & Executive Director

- ◆ Over 10 years of experience in building core infrastructure businesses in ports, power transmission and broadband
- ◆ MBA from London Business School and Bachelor's from Wharton Business School



Mr. Tarun Kataria, Additional Non-Executive Director

- ◆ ~30 years of experience in banking and capital markets in New York, Hong Kong, Singapore, Mumbai
- ◆ Independent non-Executive Director of Mapletree Logistics Trust Management
- ◆ MBA (Finance) from Wharton School of the University of Pennsylvania



Mr. Kuldip Kaura, Additional Non-Executive Director

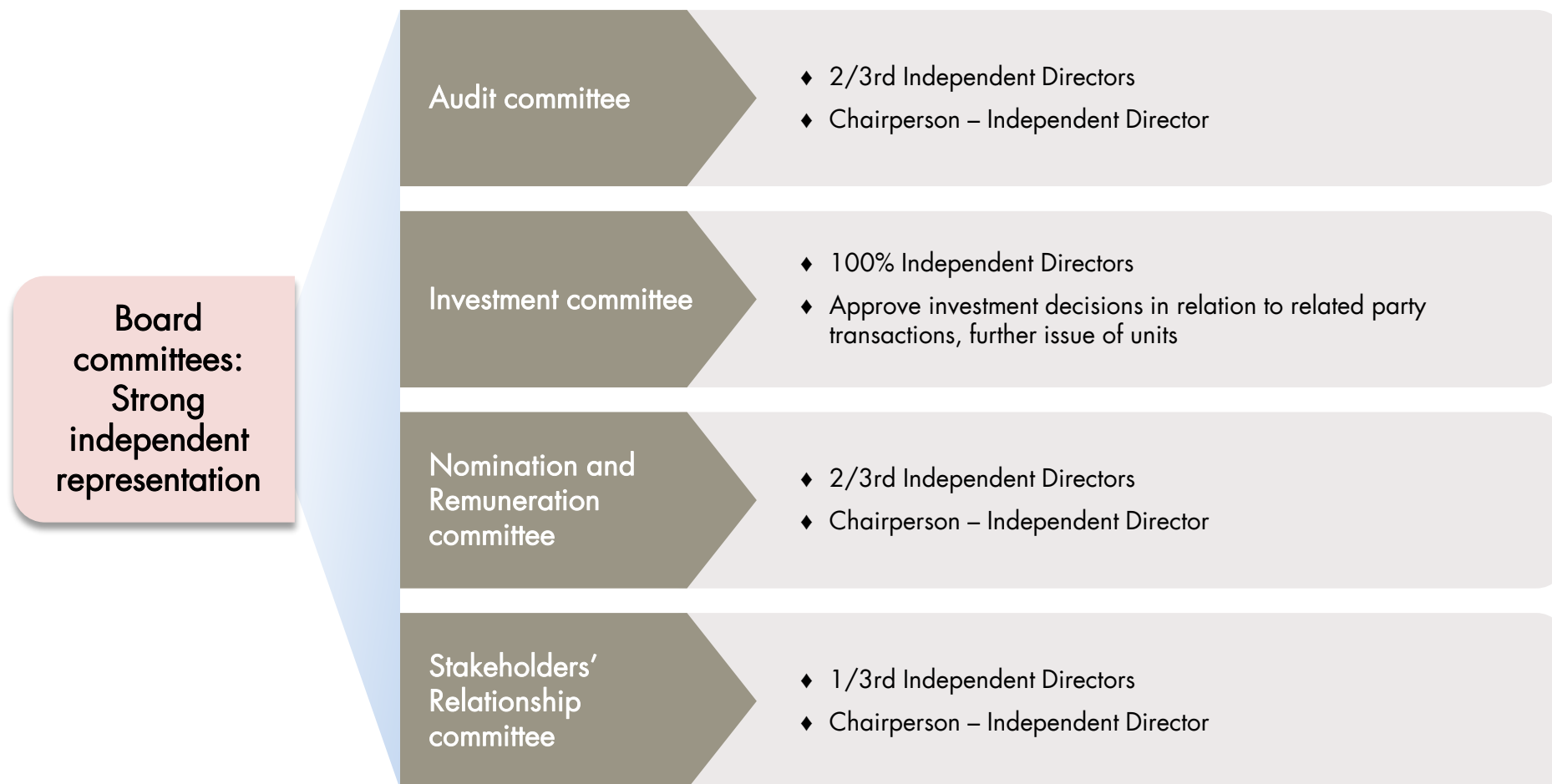
- ◆ Rich experience in cement, natural resources and power
- ◆ Previously, CEO and MD of ACC, CEO of Vedanta, COO of Vedanta Resource, MD of ABB Ltd
- ◆ Served as a member of the National Council of Confederation of Indian Industries



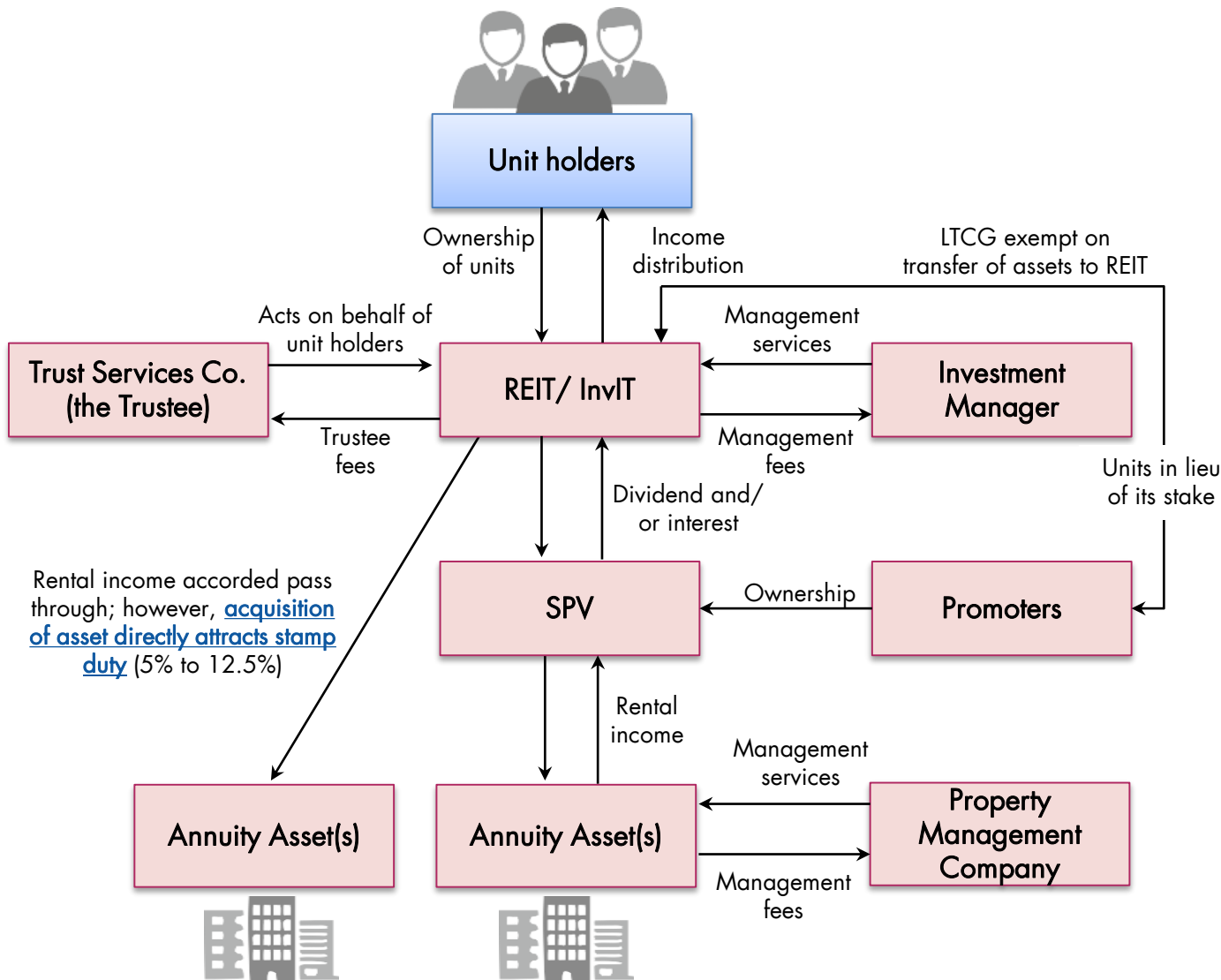
Mr. Shashikant Bhojani, Additional Non-Executive Director

- ◆ 20 years of experience with ICICI Ltd, started as a law officer and reaching Board of Directors
- ◆ Independent director on the board of directors of L&T Infra Finance company
- ◆ Partner at Cyril Amarchand Mangaldas since 2001

Board committees – Independent representation strong



Structure of InvIT



- ♦ Trustee: Independent 3rd party to protect rights and interest of unit holders
- ♦ Sponsor(s), collectively hold at least 25%* in REIT/InvIT for at least 3 years and 15% thereafter. Responsible to set up REIT/InvIT and appoint Trustee
- ♦ Manager assumes operational responsibilities pertaining to REIT/InvIT
- ♦ Property Management Company/ O&M Contractor acts as a facility management company/ contractor

Company financials (Consolidated)...

Profit & loss (Rs mn)

March	FY18E	FY19E	FY20E
Net sales	4,741	6,525	12,350
Other operating income	0	0	0
Total operating income	4,741	6,525	12,350
Cost of goods sold	0	0	0
Gross profit	4,741	6,525	12,350
Gross margin (%)	100	100	100
Total operating expenses	(358)	(512)	(835)
EBITDA	4,383	6,013	11,515
EBITDA margin (%)	92	92	93
Depreciation	(1,329)	(1,687)	(3,132)
EBIT	3,054	4,325	8,383
Net interest	(650)	(1,920)	(3,275)
Other income	37	44	38
Profit before tax	2,441	2,449	5,146
Total taxation	0	0	97
Tax rate (%)	0	0	(2)
Profit after tax	2,441	2,449	5,244
Minorities	0	0	0
Profit/ Loss associate co(s)	0	0	0
Adjusted net profit	2,441	2,449	5,244
Adj. PAT margin (%)	51	38	42
Net non-recurring items	0	0	0
Reported net profit	2,441	2,449	5,244

Balance sheet (Rs mn)

March	FY18E	FY19E	FY20E
Paid-up capital	28,380	28,380	54,092
Reserves & surplus	273	465	811
Net worth	28,653	28,845	54,903
Borrowing	10,491	24,819	48,342
Other non-current liabilities	0	0	0
Total liabilities	39,335	53,928	1,03,741
Gross fixed assets	38,921	53,815	1,05,239
Less: Depreciation	-1,329	-3,016	-6,148
Net fixed assets	37,592	50,799	99,091
Add: Capital WIP	0	0	0
Total fixed assets	37,592	50,799	99,091
Total Investment	257	257	257
Inventory	0	0	0
Debtors	1,039	1,430	2,707
Cash & bank	174	1,067	976
Loans & advances	0	0	0
Total current assets	1,330	2,658	3,988
Current liabilities	192	264	497
Net current assets	1,139	2,394	3,491
Other non-current assets	156	215	406
Total assets	39,335	53,928	1,03,741

Source: Company, Axis Capital

India Grid Trust

INFRASTRUCTURE

...Company financials (Consolidated)

Cash flow (Rs mn)

March	FY18E	FY19E	FY20E
Profit before tax	2,441	2,449	5,146
Depreciation & Amortisation	(1,329)	(1,687)	(3,132)
Chg in working capital	(1,520)	(734)	(1,800)
CF from operations	1,636	1,526	3,145
Capital expenditure	(39,785)	(12,476)	(47,285)
CF from investing	(39,528)	(12,476)	(47,285)
Equity raised/ (repaid)	28,653	192	26,050
Debt raised/ (repaid)	0	0	0
Dividend paid	0	0	0
CF from financing	38,346	12,210	45,984
Net chg in cash	454	1,259	1,845

Valuation ratios

Y/E March	FY18E	FY19E	FY20E
PE (x)	11.3	11.3	5.2
EV/ EBITDA (x)	8.7	8.6	6.5
EV/ Net sales (x)	8.0	7.9	6.1
PB (x)	1.0	1.0	0.5
Dividend yield (%)	11%	12%	13%

Source: Company, Axis Capital

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