"IndiGrid Infrastructure Trust Q4 FY-25 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to IndiGrid Infrastructure Trust Q4 FY '25 Earnings Conference Call, hosted by Nuvama Wealth Management.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

Vikram Datwani: Thank you. Good evening, everyone. On behalf of Nuvama Institutional Equities, I welcome you all to the 4th Quarter FY '25 Results Conference Call of IndiGrid Infrastructure Trust. We are joined today by Mr. Harsh Shah – Managing Director, and the rest of the Senior Management Team.

I would now like to hand over the call to Mr. Harsh Shah for his opening remarks. Over to you, sir.

Harsh Shah: Hi. Good evening, and thank you, everyone, for joining the call today. As we have followed in the past, what we will go through is the flow of the presentation where me and the team will go through the highlights of the quarter. And subsequently, we will get into the question-and-answer session.

If we start from Slide #3, our vision is to become the most admired yield vehicle in Asia. And we believe that if we are able to focus on business model, focus on value-accretive growth, predictable distribution and optimal capital structure, we will be able to achieve that.

On Slide #4 is just a snapshot of our portfolio as on date:

We have approximately INR 296 billion of assets under management across 20 states and 2 union territories. We own about 87 different distinct revenue-generating elements across transmission lines, substation and battery storage.

Our transmission lines, 52 in number spread across 9,000 circuit kilometers. Our substation assets, 15 in number sizes about 22,550 MVA of capacity, solar generation for a gigawatt peak, and our BESS projects, which many of them are under development is 3 projects and about 900 megawatt hours.

Going to Slide #6 is to start with highlights for the quarter:

So in this quarter, one of the most interesting thing that's happened is we have commissioned our first utility scale battery energy project. This is named the Kilokari BESS. This is India's first regulated utility scale standalone project in Delhi. And we have commissioned it exactly on time and in extremely difficult circumstances, because we are working in a very, very dense area in Delhi, in a very short time period.

The IndiGrid teams delivered this project in record time, superior quality and first-time right approach. This project was supported by BRPL, who was the bidding authority, which is Delhi DISCOM and supported by GEAPP, which is Global Energy Alliance for People and Planet, who provided concessional financing for this project.

During the quarter, we also successfully commissioned our augmentation projects, PTCL, Kallam-I, Kallam-II, which are awarded on RTM basis.

With these commissioning and commissioning of KBPL, IndiGrid has commissioned 6 projects under TBCB and RTM till now. And there is an important parameter to keep track of because 3 years ago, when we started our first TBCB project, we had communicated that we have sufficient capability to build, and now we are proving that we have consistently delivered projects for growth, and we have built a sizable pipeline, that takes me to the next point.

We won Ratle Kiru power transmission project through TBCB route in this quarter, which will be evacuating power from Ratle HEP and Kiru HEP on BOOT basis. I think both these names came in the news recently owing to the conflict that we have seen and India's renewed focus on building and operationalizing hydropower projects. This project will be constructed over a period of 24 months and will have an annual transmission charge of approximately INR 195 crores post commissioning.

In terms of financial performance:

Quarter 4 reported revenue and EBITDA growth of 11.3% and 11.2% year-on-year, respectively. While my colleagues will communicate about the difference between reported revenue and operational revenue. The operational revenue has grown by 1.6% and 9.9% year-on-year, respectively.

The AUM and net debt to AUM at the end of the quarter stood at INR 29,600 crores, the AUM and net debt to AUM at 59.1%, leaving significant headroom for us to grow further and invest in projects.

Collections for Quarter 4 '25 were unprecedented. We run at 115% collections for transmission assets and 89% for solar. And that's something which has given boost to our NDCF for the quarter. And therefore, you are seeing that Quarter 4 distribution has been up at INR 4.1, which is approximately 9.3% higher than the guidance that we provided.

The DPU guidance further has been increased to INR 16 a unit from earlier INR 15 a unit, which is almost 6.7% growth over last guidance. In terms of operating performance, our average quarterly transmission availability is 98.4%, which is slightly lower. And we will see that the reasons in the operating slides. The solar availability factor is also at 98.2%.

On Slide #7, we are just describing the showcase of KBPL event where we had done the inauguration as well as showcasing of the project, where many regulatories participated, our partners participated, and was hosted by GEAPP, BRPL and us, where Chairman of CEA graced the occasion and spoke highly about the vision of battery energy storage in India.

On Slide #8 is a very important update about future and management team changes at IndiGrid. As we have communicated earlier, EnerGrid is a strategic initiative for IndiGrid to grow our assets, where we are being a minority investor. And with our partners like BII and Norfund, EnerGrid will create new pipelines and new growth assets which will be sold to IndiGrid.

And therefore, two of the senior leaders from the IndiGrid side, Satish Talmale, who was COO at IndiGrid; and Navin Sharma, who was CFO of IndiGrid, are transitioning to newer roles at EnerGrid as CEO and CFO of EnerGrid.

And we are very confident that with this enhanced role and leveraging their expertise, this will end up delivering sizable growth for EnerGrid, and therefore, for IndiGrid. Meghana Pandit, who has been here for a very long time, is also taking a senior role as Chief Financial Officer.

In this large portfolio, she will be looking after the entire finance and compliance function, in addition to our current role as CIO. And I would like to congratulate Meghana for her leadership and steadfast belief in IndiGrid and its vision. I am very sure that this, I would say, reshuffle in the management team has provided further focus in growth areas, where we are seeing growth and efficiency for IndiGrid in the coming years.

Coming to Slide #9, the industry update:

The power demand has consistently grown, and we're seeing an upward momentum this quarter as well. The installed capacity grew at 475 gigawatt at the end of March '25, and about 46% was renewable energy of that.

The key development in the T&D space that we are seeing is that almost INR 9 lakh crores of opportunity is getting created in NEP in the next 7 to 8 years, and we are very confident that many of these projects would come up due to the demand growth that we are seeing on account of EV adoption, data centers and sector-wise electrification. So we are very sure that many of this pipeline will really materialize over the next decade. And we have been in the middle of this sizable investment happening in the country, we hope that we will be able to capitalize a reasonable chunk of that.

Slide #10 is just showcasing the current immediate opportunities and availabilities for pipeline on both the transmission and BESS sector, which we are targeting.

Coming to Slide #11, the Quarter 4 FY '25 operating performance:

We have seen 0 incidents on medical treatment and first-aid cases and LTI. The performance has been at 98.4%, owing to 2 assets, GPTL and JKPTL, which are facing some disruptions, and we are in the process of restoring that. And in a quarter or so, they will be back to their original levels.

On the solar generation side, we have generated 439.6 million units, which is about 23.8% CUF. The reliability of our lines has been consistent with the trips per line at 0.06 per substation, trips per element of 0.01. And in terms of our availability and plant availability on solar, we are at 98.2%.

In terms of our Quarter 4 '25 Financial Performance, I would like to invite Navin to take through that, please.

Navin Sharma: Thank you, Harsh, and good evening, everyone.

We are on Slide #12. In Q4 FY '25, we recorded revenue and EBITDA of INR 874 crores and INR 729 crores, reflecting 11% Y-o-Y growth. The reported revenue and EBITDA consist of INR 76 crores and INR 8 crores, respectively, corresponding to construction revenue for 2 under-construction assets, in line with the IndAS 115. Cost of INR 68 crores incurred towards construction of these service concession assets is disclosed separately in financial results.

After adjustments, operational revenue and EBITDA stood at INR 799 crores and INR 721 crores, reflecting 1.6% and 9.9% Y-o-Y growth. The EBITDA margin for the quarter and full year is in the range of 90%. NDCF for the quarter was INR 434 crores, and the Board has approved a distribution of INR 4.1 per unit. This represents a 9.3% increase over the previously guided amount of INR 3.75 per unit, and this represents a 15.5% year-on-year increase in DPU.

For quarterly collections, we achieved 115% for the transmission business and 89% for solar. Over the trailing 12 months, collection performance at the entity level remained at 103%, with both business segments showing similar strength. The DSO as of March 31 stood at 38 days for transmission and 48 days for solar. This marks a substantial year-on-year improvement across both segments.

Moving to the next slide, #13. The DPU for the quarter stands at INR 4.1 per unit. This will be distributed as interest, dividend, capital repayment and other income amounting to INR 2.63, INR 0.14, INR 1.27 and INR 0.06, respectively.

With outstanding units totaling INR 83.45 crores as on the record date, the gross distribution to all unitholders comes to INR 342 crores. The record date for the distribution is May 20, and unitholders are expected to receive the distribution by May 27.

As of March 31, the NAV per unit was INR 144.11. Following this quarter's distribution, IndiGrid will have distributed INR 101.32 per unit. This totals to INR 6,208 crores.

On the right, you can see the year-on-year distribution trends, reflecting stable and scalable growth of 6% over the years.

Moving to the next slide, #14. Here, we have a waterfall chart detailing the progression from EBITDA to NDCF generation and distribution. At the SPV level, we recorded a consolidated EBITDA of INR 728 crores. After accounting for finance income, working capital changes, CAPEX and taxes at SPV level, the NDCF generation comes to INR 783 crores.

After adjusting for trust level expenses, finance costs, DSRA, working capital changes, taxes and debt repayment, the NDCF is INR 434 crores. In Q4 FY '25, we added INR 92 crores to reserves, bringing the closing results to INR 602 crores, which exceeds 1 quarter's DPU based on current guidance.

That's all from my side. I will now hand it over to Meghana to continue with the next slides. Over to you, Meghana.

Meghana Pandit: Thanks, Navin. Hi. Good evening, everyone. I am on Slide #15, which gives a snapshot of the balance sheet of IndiGrid. We continue to remain AAA rated by all the 3 rating agencies, and we ended the year with an average cost of debt of about 7.67% on a gross borrowing of around INR 19,900-odd crores.

The cash balance recorded on 31st March was about INR 2,595-odd crores, which includes about INR 340-odd crores for distribution, about INR 470-odd crores in DSRA. Almost about INR 1,200-odd crores of debt, which was raised in March and was utilized for repayment in April, is seen in the cash balance. So that gets adjusted immediately after the year-end. And the balance continues to be the free cash balance on the balance sheet.

Almost 90% of the INR 19,900-odd crores of the gross borrowing is fixed rate borrowing. The net debt to AUM or leverage ratio for IndiGrid stood at 59.1%, and a very robust interest coverage ratio of about 2.01x.

During the quarter, we also tied up with International Finance Corporation for debt funding of Gujarat BESS Private Limited of almost INR 460 crores. In terms of the gross borrowing split between NCDs and bank loans, it's almost 54% and 46%, respectively.

On the NCD side, it is a healthy mix of various classes of investors across mutual funds, banks, financial institutions, retail HNI. And on the loan side also, they have been provided by almost all the reputed private and public sector banks.

The chart at the bottom talks about our repayment or refinancing schedule. For FY '26, around INR 2,570-odd crores is the refinancing, which is coming up, of which partial refinancing has already happened. Almost about INR 978-odd crores of ECB at one of the SPVs will also get refinanced in the next quarter, and the balance is spread across the remaining quarters for this financial year. Over the next few years, you can see that the refinancing schedule is pretty much balanced and talks about 11% to 12% of the gross borrowing, not more than that.

Moving to the next slide, slide #16. This talks about the total returns that we have been providing to the investors since the time we got listed in 2017. So that's almost about 9 years of time period. And the total returns comprise of the distribution, the DPU plus the price change that has happened.

As you can see, we have delivered a total return of about 143%, translating into a CAGR of 12%. And we compare ourselves with pure-play debt securities, that is the GSEC Bond, 10 and 30 year, and also with pure-play equity securities in terms of indices. And compared with both pure debt and pure equity on a risk-adjusted basis, which is depicted by beta, we can see that IndiGrid has delivered superior returns compared to both the debt as well as the pure equity indices.

Moving to slide #17 on the business outlook for FY '26. On a portfolio strategy level, I think our focus continues to be on ensuring that stable operations for the existing assets, which will allow us to go for a predictable and sustainable distribution, and at the same time, look at value-accretive acquisitions with the debt headroom that we already have. The greenfield development that we have undertaken, we are focusing towards execution of the augmentation work that has already been won by the projects plus new ones that will come out, plus the execution of the battery storage projects in Gujarat and Rajasthan.

In addition to that, through EnerGrid, which is the development platform formed, idea is to participate in synergistic greenfield opportunities across power transmission and battery energy projects. And the DPU guidance of INR 16 for FY '26 is something that we continue to focus on and ensure that we deliver it along with disciplined capital deployment.

With this balance sheet strength, continues to be another focus area to ensure that interest costs remain optimized, both whether it comes for refinancing or for funding future acquisitions, and ensure that the tenure for these refinancing are as elongated as possible, and at the same time, maintain prudent leverage with adequate headroom to enable organic and inorganic growth.

Asset management resilience is another very critical area that we are looking at with the enlarged portfolio that we have to look at sustaining at least a 99.5% availability across the portfolio. And in addition to that, while we already have self-reliant O&M capabilities, we are now focusing on implementation of an AI-powered image analyzer to ensure how we can further improve on predictive asset maintenance.

Improving and further upholding world-class EHS and ESG practices again remains a focus area. And on the industry stewardship, we have been participating and been leading across various policy advocacy measures on the InvIT side through Bharat InvITs Association plus in the power sector through various other forums, which continues to remain a focus area.

Moving to slide #18. It talks about our foray and the way we have gone about the DPU-accretive acquisitions. Every color that you see on the chart essentially talks about the DPU that we have been increasing on the back of value-accretive acquisitions that we have done. And as you can see that the guidance provided for FY '26 of INR 16 also has a life of minimum 5 years, which can be maintained without any additional asset acquisitions, in case that does not happen. So with that, I will just take a pause on the presentation, and we can move to the question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. (Operator Instructions) The first question is from the line of Sunil, individual investor. Please go ahead.

Sunil: Hi. Good afternoon. First of all, congratulations on another excellent quarter. And I have been an investor. Actually, I had starting…

Moderator: Sunil, I am sorry to interrupt you, but we are losing your audio. Can you check if you have proper reception at your end?

Sunil: So congratulations on another excellent quarter. So I have been your investor since '18, '19. nobody wanted it. It's by far the best decision probably I have made. Even though I probably got better returns in equities, this is the most satisfying risk-adjusted return I have got. So congratulations to your entire team. So I don't have a question, but more of a couple of things. You had recently like maybe 1 year or 2 ago, like changed the senior management compensation thing.

So I just wanted to ask like, is that compensation entirely in cash? Or is there a deferred unit payments, so that the management is aware of the future performance of IndiGrid? And the second question is about one of the things that is mentioned in your valuation report on Page #107. I don't know if you can answer it, but I would be happy if you can. It's a note on financial projections on solar assets wherein in the revenue section, tariff upside you have given a para on tariff. If you can just elaborate on that one, that would be helpful.

Harsh Shah: Sure. So thanks a lot for your wishes. I think on the first point, a sizable part of our long-term incentives as well as acquisition-linked incentive payments are deferred, and many of us have ended up investing that amounts in unit ownership. And I think you might have seen certain disclosures that's happened over a period of time around that, in terms of unit ownership from more senior team members.

We haven't implemented the current UBEB (unit-based employee benefit) framework, which is unit-based incentive framework that is approved by SEBI, because it is a little bit difficult to implement because it's not yet enabling in a way that it's sufficient to implement.

So however, there is sizable ownership with the senior management team that's taken place over a period of time. In terms of the valuation on tariff upside, I would request that Navin, if you can just share the perspective of what we are trying to indicate.

Navin Sharma: Yes. Hi, it is on the valuation report that you've given. It's on the slide. sorry, Page #107.

Harsh Shah: Yes. So there are 3, 4 specific things. Many of the acquisitions that we do have potential to acquire future, which is not captured. For example, one of the assets of SolarEdge, there is a GST annuity conversion that will take place, based on GST change in law. So as and when it comes, that could be an upside. For GGL also, there is similar small upside of about INR 4, because there's an outstanding matter with the regulators over there.

In TANGEDCO asset, there are certain penalties which were levied earlier with respect to PLF before we acquired. If we are winning those matters, there could be an upside on that. So there could be some upside on account of CER valuation as and when it gets tradable and sizable in price. So it's 1 or 2 of factors, right, that may add to the upside on this one.

Sunil: Thank you very much, and congratulations again on a phenomenal quarter. Thank you very much

Moderator: Thank you. (Operator Instructions) Next question is from the line of Amit Shingi, individual investor. Please go ahead.

Amit Shingi: Congratulations for the fantastic result. So I have one question. In case of tariff-based competitive bidding project, is there any provision of escalation or increase of transmission fees in case of extraordinary increase in operating expenses of transmission due to inflation, maybe because of war or extraordinary depreciation of rupee. That is my question.

Harsh Shah: Yes and no. There is change in law clauses which are available in model concession agreement, which are public. You can just download from the website of Ministry of Power, which is reflecting to change in laws, and change in law is defined as certain specific language around that. So inflation is not considered change in law. I don't think even dollar change, dollar-rupee foreign exchange considered change in law. So I think you need to apply it to specific items, but it is not that our operating expenses have gone up is a change in law. But if GST is changed and which impacts materially, it is a change in law.

Moderator: Next question is from the line of Sahil, individual investor. Please go ahead.

Sahil: So my question is about taxes. So I was looking through the valuation report, and on Page 135, it shows tax rates for different SPVs, which is around 15% to 20%. But when I see your reports, I think you are only paying about 6% to 7% taxes. So why is this gap here?

Harsh Shah: So I would take that what you are reading is individual SPV tax rate versus comparing at a consolidated level which is the tax that is paid. So whereas there could be 2 different points. I hope you're talking about the financials, right, or not financials, right? Yes, so average tax rates versus what actually tax gets paid in each SPV is different. So I don't think one can reconcile that directly because...

Sahil: Wouldn't that then affect the valuation, because while doing valuation, the multiplying factor is being decided by the tax rate given on this slide.

Harsh Shah: Okay. So in the valuation report and the actual tax are different because valuation report is prepared based on this asset being owned by anybody else other than InvIT also. So the method that is used for valuation is called FCFF method. And in FCFF method, what happens is that there is a theoretical tax computation that gets prepared, based on a particular leverage and that formula is already provided in the value report.

Based on that, if this asset was owned by anybody else also, what should have been the value of this asset? That is how the valuation is computed. Whereas what you really see in the financials is what really is InvIT financials. And therefore, under InvIT, the financial structuring is different, and therefore, the actual cash flow could be different, right? So these 2 are different things.

Sahil: Okay. So what would be the average tax we end up paying in each SPV, any estimate?

Harsh Shah: No, I don't think I can give an estimate. In some SPV, it will be 0, in some SPV, it will be 2%, some will be 15% because every SPV has its own depreciation schedule, carryforward losses. So life of asset is different. So it's difficult to give an average. But fundamentally, you can assume if you look at the cash outflow on account of tax over the last 5, 6, 7-year period, it will be in a very small amount, right? In terms of our revenue percent, if you calculate, it will be single percentage of our revenue or less than that.

Sahil: Yes, exactly.

Navin Sharma: Thank you. And just to add, Sahil, average rate for IndiGrid it is appearing in IndiGrid's consolidated financials also. So what you are saying that we pay marginal tax or let's say, minimum tax for IndiGrid, that fact is right. And as Harsh mentioned that since the enterprise value for each SPV, regardless of their capital structure was required to be calculated, that's the reason these tax rates are considered in these SPVs.

Sahil: Thank you.

Moderator: Thank you. Next question is from the line of Dhiraj Dave from Samvad Financial. Please go ahead.

Dhiraj Dave: So congratulation, Harsh and team IndiGrid for supporting investors with a fabulous distribution, and I am a happy investor. So first of all, congratulations.

Second point, which I had a question, is basically, we are distributing INR 4.10 for current quarter. And we have reserved almost equivalent, if I heard conference call correctly, in Management comment, we said that we have almost 1 quarter distribution in hand. So if I assume, say, approximately INR 4 being as a reserve, then why we are not able to give a guidance of INR 4.10 or something, aren't we conservative kind of it, because we are guiding INR 16 distribution when 1 quarter reserve is already available.

Harsh Shah: Yes. No, I think to answer your question, simply, we are conservative, right? IndiGrid is a conservative management.

Dhiraj Dave: Yes, I know I..

Harsh Shah: So we want to do that. So...

Dhiraj Dave: It's better to be surprised on the positive side. Yes. But yes, isn't it too much conservatism? That's what I am saying.

Harsh Shah: No every person is different in decision. I think our view is that it's a long-term business. And there are upsides, there are downsides, there are things that can go wrong. And therefore, a quarter, 1.5 quarters of distribution is a sufficient requirement for ensuring that our DPU is not impacted on account of short-term volatility of any kind, right, be it war, be it COVID, be it capital market freeze, refinancing, variety of risks can pan out, right, in a large portfolio.

A quarter and a half of distribution is a very small number in relative scheme of things. So I think we do keep that in, if I can say, in the firepower to deal with any volatility that may arise, right? Because obviously, I can't predict what's going to go wrong in the next 4, 8, 10 quarters, but we can only be prepared.

Dhiraj Dave: Yes. Only one part which I wanted to know, we are not aware about basically the collection being 110% or kind of it. So is there any onetime element, and if it is, let's say, INR 0.10, INR 0.15, which we should this time, probably everything has worked well for us and touchwood we wish that remains in the way. But is there any onetime impact in this distribution? The collection has been very high.

Harsh Shah: So there is a onetime impact. I think, see, what's happened is over the last 2 years, our collection has been very high. We have seen 103% or more than 100% collection in the last 2 years, right? So what that reflecting is that also...

Dhiraj Dave: So if that is there, Harsh, how it happened? So you bill INR 100, you should receive maximum 100. Like if previous year, you are collecting or you are getting something in advance...

Harsh Shah: What happens is there is a receivable date, right? Let's say, you run the business on 60-day receivable. If people have more money they will take rebate and pay you faster, so your receivable days become 40. It's not that you've got more than 100. You got 100, but some advance also for next quarter. So what that results in, and that's one of the parameters, can somebody pay you always more than 100%? No. Next quarter, maybe it will be lesser, right? So we need to factor in a little bit up and down because of that.

Dhiraj Dave: Okay. So I was just trying to understand that. So that's 60 days or whatever is the working capital cycle that gets squeezed, because of incentive. Thanks a lots for answering the question and wish you all the best. Looking forward to great time ahead for all us.

Harsh Shah: Thank you.

Moderator: Thank you. Next question is from the line of Arun from ABDS Capital. Please go ahead.

Arun Kharbanda: Great. So as I understood, as far as EnerGrid is concerned, it will identify and develop new projects and then sell them to IndiGrid. Is that correct?

Harsh Shah: Yes.

Arun Kharbanda: Okay. In that case, why do we need to create this as a separate entity when IndiGrid could have done it and is doing it itself?

Harsh Shah: Yes, good question. So IndiGrid is an InvIT. And as I just said to an earlier investor, we are relatively conservative. So we have a lesser risk appetite in terms of size of projects and amount of money that we can invest in under construction projects. One, we have statutory limits of what we can do, which is 10% of our AUM. And second is that we do not want to take large risk on under construction on the balance sheet of IndiGrid, because we are conservative.

And therefore, by doing it in EnerGrid, we are restricting the amount of money that we will invest in under construction projects. But EnerGrid can still do large projects, because it has suitable investors who are okay to invest in large projects. And therefore, IndiGrid will get benefit in the end by buying those large projects when it gets commissioned, without taking the risk that it is not suitable to take.

Arun Kharbanda: Okay. And then all of these projects are supposed to be sold to IndiGrid or they could be sold to others as well?

Harsh Shah: No. All the projects that EnerGrid is doing is in partnership with IndiGrid. So it will be sold to IndiGrid.

Arun Kharbanda: Okay. And the last question is, how would we, as IndiGrid, make sure that we are not leaving too much money for EnerGrid on the table and getting a fair value?

Harsh Shah: I think it's a perpetual discussion, right? I think the point is IndiGrid and EnerGrid are working together to win the project. And therefore, there is an enough amount of healthy tension between both IndiGrid and EnerGrid investors, if IndiGrid tries to buy at too lesser value, overall cost of capital of the bid becomes higher, and we will lose the bid and vice versa. If EnerGrid investors become too conservative, then also we lose the bid.

So I think eventually, as a partner, we treat this relationship as a partnership to win the project. And the day we win the project; the numbers are already frozen. So there is no negotiation after the day of the bid, we already know at what return we are going to buy the project at.

Arun Kharbanda: Okay. That's a fair point. And congratulations for a fantastic set of quarter. Thank you so much.

Harsh Shah: Thank you.

Moderator: Thank you. Next question is from the line of Harshita from Indra Singh & Sons Limited. Please go ahead.

Harshita: Hi. Congratulations to the entire team for the amazing results for another quarter. And my question would be that do you expect any equity dilution? If yes, how will you manage to impact on the existing shareholders?

Harsh Shah: Sir at this point in time, there is nothing on dilution that we are thinking of. So I think that we are not considering anything at this point in time. If we end up doing it in future, it is largely to do it, to ensure that we are either introducing a long-term investor via either a preference or QIP route in the business or alternatively choose a rights issue on it. And if we choose the rights issue anyways, the dilution would not impact, because all investors will have equal right to participate. But as I said, at the moment, no capital raising is in the plan on the equity side. So no dilution as we plan.

Harshita: Okay. Thank you and congratulations for the amazing results.

Harsh Shah: Thank you.

Moderator: Thank you. Next question is from the line of Rushabh from Pravin Ratilal Share and Stocks. Please go ahead.

Rushabh Sharedalal: Congratulations on a great quarter. Just a couple of questions. So the first one is, I am sorry, I missed out on the difference between the reported revenue and the operational revenue. So if you can just elaborate that?

Harsh Shah: Navin, do you want to do that, please?

Navin Sharma: Sure. See, in transmission BOOT projects, so basically, till last quarter, we have been recognizing transmission revenue. In this quarter, we have construction of 2 under-construction BOOT projects. And in transmission BOOT projects, asset at the end of the concession period, which normally is 35 years are required to be transferred to CTU. And accordingly, in this case, there is certain accounting requirement under IND AS, which suggests to divide the revenue in 3 streams.

Since in this case, assets are required to be constructed for transfer at the end of concession period, during construction phase, whatever under construction revenue is required to be accounted, we have accounted that revenue and associated margins. And accordingly, a revenue of INR 76 crores and margin of INR 8 crores has been accounted.

And hence, just to show operational performance, we have removed this revenue and EBITDA and shown adjusted revenue. And largely for your understanding, in the past, we have been delivering 90% EBITDA margin. And if we adjust these two line items, our adjusted margin for the quarter and full year is in that range.

Rushabh Sharedalal: Okay. Okay. One more question on the debt profile. So if I just look at the current debt profile, we have closer to INR 199 billion of debt and our fixed borrowing is 90%. But just a quarter back, there was this borrowing of INR 193 billion, with a fixed borrowing of 75%. So I just want to understand why is there a staggering 15% difference in the fixed borrowing? What caused that?

Meghana Pandit: So basically, whichever debt comes up for refinancing, with depending on what are the opportunities available either we go for a fixed rate borrowing, whether it is 3-year fixed, 5-year, 7-year fixed on NCD or bank borrowings. As and when those opportunities present, we try and optimize, on the tenor bit; and second, on the interest rate bit.

And that is why you will see that in terms of the refinancing schedule also given, as and when it comes up for refinancing, our preference, of course, is to go for fixed rate borrowing. But of course, there is some part of the debt that we also look at tying up on the floating rate. So the difference that you see within the quarters is basically the refinancing, which has come up, which we have tied up in fixed rate borrowing.

Rushabh Sharedalal: Okay. And one specific question again on EnerGrid. So I am still not able to understand the rationale, because we have created a lot of assets in IndiGrid only. So what is the need to actually have a completely different entity? I am still not able to get that rationale?

Harsh Shah: So let me describe that. I think see, at this point in time, IndiGrid size is INR 29,600 crores, right? So about, let's say, INR 30,000 crores of assets under management, right? Under InvIT regulations, we cannot have more than 10% of our assets under management as under-construction projects, right? So this means that we can do INR 3,000 crores of construction projects, right? Typical projects takes around 2 to 3 years, which means that if we utilize this INR 3,000 crores, probably every year, we will grow by INR 1,000 crores, which is to 3% size, right, on a run rate basis.

So this is the maximum that we can do within IndiGrid. So we believe that it is too less, looking at the opportunity that we see. And therefore, if we are able to create a development partnership like we have created for EnerGrid, the limit is much higher. So for example, EnerGrid today has committed capital of $300 million, which can be more, which is, give or take, INR 2,500 crores. So they can do INR 10,000 crores projects.

So by doing EnerGrid, currently, we have made our ability to do projects almost 3x, right? And we're also talking to other investors to expand this USD 300 million number more. So by doing it outside IndiGrid, the limit that under construction projects, let's say it's under IndiGrid is removed. And therefore, it allows us to do much larger size of development projects, not just per size, but total projects, which means that IndiGrid have a better growth profile going forward, which we could not have done it within IndiGrid.

Rushabh Sharedalal: Okay. So just a couple of follow-ups on this. So what would be the size of under-construction projects currently? And how do you see that number maybe standing in March '26? And one more question on who are the current investors in IndiGrid in the newer entity.

Harsh Shah: Who are the investors in your entity, right? That's the question?

Rushabh Sharedalal: Yes.

Harsh Shah: Yes. So to answer your first question, I think we don't have exact projections, but it will be less than 10%, that I can tell you in March '26. So that number will in March '26 increase. probably today, it is low single digit, maybe it will cross 5%, but it will remain less than 10% in March '26 from the projects that we have already won.

In terms of investors at EnerGrid, there are 2 investors. One is Norfund, which manages money for government and pension funds of Norway. And the other is BII, which is British Investment International, which is basically government of U.K.'s arm to invest in infrastructure assets. So these 2 are the funds which are, I would say, long-term development institutions who are partnering us at EnerGrid.

Rushabh Sharedalal: Okay. So just the under construction, maybe in FY '26, we will be seeing closer to 6%, 7%, which will be well below that 10% statutory limit that we need to adhere to. But maybe in March '27 or '28, you think that it will be substantially higher. Is that understanding correct?

Harsh Shah: No, I don't think it's correct because it changes, right? The projects which are under-construction today will be completed, let's say, in the next financial year. So in March '27, it might come down also, right? So you need to really have exact projections of projects in your hand to be able to predict that. So it's not that those always only go up. It will come down also. For example, we have just commissioned a project in Kilokari BESS, which got commissioned now. So it will change, right? So it changes the profile based on each project and its time line.

Rushabh Sharedalal: Okay. So I have a couple of more questions. Maybe I will take it offline with the Management. Thank you so much and once again congratulations and best wishes.

Moderator: Thank you. Next question is from the line of Mahir Moondra from Nuvama. Please go ahead.

Mahir Moondra: Congratulations on a good set of numbers, first of all. So I had a couple of questions. The first is out of all the projects that we have under development, what would be the overall CAPEX spend on all of them, if you could quantify that? And second, regarding the capital structure. So do we see more debt borrowing that we might have on the books in the future like apart from what we have already had?

Harsh Shah: Yes. I think to answer your second question, yes, we will see borrowing to go up in the future, either by way of acquisition of assets that we will do or by way of investment in the projects that we are developing right now. So yes, we will have borrowings. In terms of the exact capex, each press release will have a number. But give or take, will be around INR 3,000 crores of overall CAPEX that are the projects that we have currently won.

Mahir Moondra: Okay. Got it. Got it. Thank you. That's it from my side.

Moderator: Thank you. Next question is from the line of Saieswari Vedula from Value Partners Group. Please go ahead.

Saieswari Vedula: Thank you for taking the question. Of the under-construction asset portfolio, which projects do we expect to commission in FY '26 and '27?

Harsh Shah: FY '26 and '27, which is March '27.

Saieswari Vedula: So basically next year, March '26, so basically...

Harsh Shah: All the projects that we currently own as the SCODs by March to May '27. So, this would mean I am taking liberty to expand to June '27. By June '27, all projects will be commissioned that we currently have.

Saieswari Vedula: Understood. And INR 3,000 crores CAPEX number is for all the 6 up till '27?

Harsh Shah: No, some of them are commissioned already. So we have outstanding 4 transmissions and 2 BESS, yes, 6 projects, you're right.

Saieswari Vedula: Yes. Understood. And for the BESS project, so the battery procurement has already started?

Harsh Shah: Yes. battery procurement is already done. I am sorry, if I can correct my details. I think it will be more than INR 3,000 crores. The total CAPEX that is being envisaged is closer to INR 4,000 crores.

Saieswari Vedula: Understood.

Moderator: Saieswari, do you have any follow-up question?

Saieswari Vedula: No, that's it from my side. Thank you.

Moderator: Thank you. Next follow-up question is from the line of Sahil, individual investor. Please go ahead.

Sahil: I think first of all, I would like to thank Management for taking questions from individual investors and answer them patiently. So again, I was looking at the tax of Power Grid Corporation, not the InvIT, the Power Grid Corporation, and they are paying taxes around 20%. So I wanted to...

Moderator: The line for the participant dropped. We move on to the next participant. Next follow-up question is from the line of Sunil, individual investor. Please go ahead.

Sunil: I just wanted to ask the question about how many and what's the worth of projects that EnerGrid has currently won in the pipeline?

Harsh Shah: So the INR 4,000 crore projects that IndiGrid has won, EnerGrid is investing into those projects. So incrementally, EnerGrid is yet to win any projects on its own at this point in time, because we have just signed the agreements last quarter. So EnerGrid will go and bid for the new projects from this quarter on.

Sunil: Thank you very much, that's all from my side.

Moderator: Thank you very much. (Operator Instructions) As there are no further questions, I will now hand the conference over to the Management for closing comments.

Harsh Shah: Thank you. So I would like to thank all the investors who have joined the call today, and thank you for your participation and support to IndiGrid Management team. I would like to congratulate Satish, Navin and Meghana for a long-standing career at IndiGrid, and taking over new roles as CEO of EnerGrid, CFO of EnerGrid, and CFO of IndiGrid, respectively. And we are confident that with this new focus on each business, we will look forward for greater future, and have greater growth for IndiGrid going forward.

So thank you all, and looking forward to connect with you in next quarter. Thank you.

Moderator: Thank you very much. On behalf of Nuvama Wealth Management, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.