"IndiGrid Infrastructure Trust

Q2 FY27 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to IndiGrid Infrastructure Trust Q2 FY27 Earnings Conference Call hosted by Spark Institutional Equities Private Limited. 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 touchtone phone. Please note, this conference is being recorded.

I now hand the conference over to Mr. Dheeraj. Thank you, and over to you, sir.

Dheeraj Kripalani: Yeah, thank you. Hello, everyone. On behalf of Avendus Spark Institutional Equities, I welcome you all to the Q2 FY27 conference call of IndiGrid Infrastructure Trust. From management side, we have Mr. Harsh Shah, Managing Director, Ms. Meghana Pandit, Chief Financial Officer, and Mr. Sanil, Chief Operating Officer.

Now, without taking much of your time, I would like to hand over call to management for opening remarks, followed by Q&A session. Thank you all, and over to you, sir.

Harsh Shah: Thank you. Thank you, Dheeraj, and a very warm welcome to all of you on the result call today, on the day of Dhanteras. Wishing you all a very happy Dhanteras. As we have done before, we are going to run through the presentation between me, Meghna, and Sanil, and in the end, we will keep some time for quick Q&A.

To start with, on slide number 3, we reiterate our vision to become the most admired yield vehicle in Asia. We believe that the pillars that we have mentioned above, that with a focused business model, value-accretive growth, predictable distribution, and optimal capital structure, we are on a path to achieve our vision.

On Slide number 4, just a size for the representation, we are about INR33,600 crores in AUM today, spread across 22 states and two UTs, with 94 different revenue-generating elements across 10,000 circuit kilometers of lines, 34,000 MVA substation capacity, around 1.5 gigawatt of solar generation, and about 2.5 gigawatt of projects in different stages of development.

Coming to the quarterly result update, in terms of the quarterly highlights, in this quarter, we have commissioned two projects. First one being Rajasthan BESS Private Limited, a 250 megawatt by 500 gigawatt hour BESS projects in Rajasthan. It takes our standalone capacity to closer to 1 gigawatt hour of operating BESS in India. I think it is one of the largest in India.

We have now three different utility-scale BESS plants operating, and the first one having longer than one-year track record, the second one closer to nine months, and this is the third one. We believe that we have a very strong track record of having bid and successfully executed profitable BESS projects.

The second one is our first 765 kV project that we have commissioned. This is Ishanagar Power Transmission Limited, a project in Madhya Pradesh with additional 4,000 MVA transformation capacity and about 33 circuit kilometers of 765 kV lines.

These two projects put together were executed in partnership with EnerGrid, and as per our share purchase agreement, we will look to acquire them as per the terms of that in the coming few weeks and months. In addition to these commissioning, we signed definitive agreement with EnerGrid to acquire two transmission projects post-commissioning.

These two projects have a cumulative enterprise value of approximately INR6,650 crores. The first being Shongtong Power Transmission Limited, about 400 circuit kilometer of line, 630 MVA substation focused on evacuating hydro projects in Himachal. It is a larger project for about INR5,300 crores, whose commissioning is expected pretty much about three years from now.

Luhri Power Transmission Limited is another smaller project with about INR1,350 crores of value, again in Himachal, whose commissioning is in quarter three of 2030, so about 36 months, or 40 months from now.

On the financial performance side, quarter two FY27, operating revenue was up by about 8.4% to INR872 crores. Revenue growth resulted into an operational EBITDA growth to 7.9% year-on-year at INR782 crores. Our AUM and net debt to AUM at the end of the fiscal is INR33,667 crores and 60.4% debt.

Quarter two 2027 collections are 103% for transmission assets and 94% for solar assets. Based on the financial performance, we are maintaining our distribution track record and declaring a DPU of INR4.12, which is in line with the full year guidance which we gave of INR16.48.

On the operational performance front, our weighted average quarterly transmission availability is approximately 99.4%. Solar capacity utilization factor is at 20.9%, and BESS RTE is at 88.6% versus the standard 85%. We think that we have been able to deliver the superior total returns and maintain our DPUs with our stable operations.

On the next slide, it just describes that we have captured the first utility-scale battery storage project that we commissioned in Gujarat. We partnered with National Geographic to create the story in the documentary of Extreme Tech and launch it at ET Energy Leadership Summit earlier this year.

The documentary is launched and available for publication and viewing in India. I would urge you to really scan the QR code, which will take you to the documentary, and then it will tell you the story about how we achieved our first large project, about 360 gigawatt hour in IndiGrid.

On the industry update on next slide, we are seeing power demand peaking year quarter-on-quarter now, and we think that with the long-term trajectory that the government has expected both for power peak demand as well as power consumption growth, we are going to see that panning out over next 10 years.

With that in mind, different segments of the government are working to ensure that there is sufficient infrastructure projects that get built around that, largely around transmission and BESS.

We are seeing, I think last month itself, there are at least two cabinet proposals that have gone up for green energy corridors as well as new battery capacities. It is certainly the top priority of the government to really launch these projects, and we believe that we are in a good spot to really target and win some of these projects profitably.

As the next slide talks about, what is driving this demand is grid is becoming the binding constraint. While we, as a country, mastered the art of building renewable projects and building more, I think grid today has become the binding constraint, and therefore incremental investment in grid is an imperative, which the government has recognized, and different projects are being announced with that. Second imperative is storage, which used to be optional.

If I know, we were experimenting three years ago, whereas now it is mainstream, and therefore there are different efforts made by the government, starting from standalone battery storage where we operate, also RE projects, as well as ensuring that all renewable projects have a couple of hours storage, including DISCOM.

That's, we are clearly seeing BESS becoming the one big shift to ensure that we are able to mitigate the intermittency of the renewables. On the demand growth, I think demand growth is structured, it's not seasonal. We are seeing demand growth quarter- on- quarter, and as the rising electrification gives people more access to electricity as well as affordability, we think that this demand is going to continue to grow for at least 10 years.

With that, RE growth is increasing, become imperative, but on the other hand, there are many risks that are coming out, including the grid curtailments and storage issues. So, that is something which is the priority of the government, and we do see that opportunities coming up for that.

The last one, I think, is going relatively slower than what we would have expected, but capital recycling, it still should be one of the priorities of the government to really release capital available around the stock and already built-in assets. We do see that as a big market opportunity for us to participate.

In the next slide, as we're done, we're just showcasing the bidding activity. As we speak today, we have about INR124,000 crores of active bids in transmission and BESS sector, and this number has remained consistently high over last 12-18 months.

We do see that there is significant amount of opportunities playing out in the market. On the operating performance, I would invite my colleague Sanil to really take you through that.

Sanil: Thanks, Harsh. Good afternoon, everyone. Slide number 11 talks about the operational performance. With respect to the safety updates, we had zero medical treatment case, first aid case, and lost time incidents. However, there was a fire incident at one of our substations, that is Sohna substation at Gurgaon-Palwal project, which affected the availability of the transformers there.

These transformers are being replaced, and the full operations are expected by May 2027. The cost impact has been factored into the latest valuation. The insurance claims for the same have also been filed.

That's why you can see on the right side, the availability of GPTL is low. However, all the other assets of the transmission business are well above our targets. Coming to the performance for Q2 FY27, the solar generation was good at 562.3 million units at a 22% CUF.

The transmission network weighted average revenue basis availability was 99.37%. Battery storage projects, the two operating projects, KBPL and GBPL, the weighted average availability was 97.71%, well above the 95% requirement. And the round trip efficiency was 88.56%, above the requirement of 85%, like Harsh was explaining to you.

The reliability trends, trips per element was 0.18, and most of the trips happened due to bad weather, lightning, thunderstorm, and some insulator failures, and a couple of relay maloperations. Otherwise, equipments are performing healthy.

The solar average availability was around 96.7%. This got pulled down a little bit because of some breakdowns in inverters in our Maharashtra projects. Coming to the right side, if you look at the table, comparison between Q2 of FY 2026 and FY27. The number of trips per element has reduced.

The training man-hours are almost same, continuing with the trend of our good training practices across our assets. The lost time incidents, last year we had one incident, whereas this year we did not have any incident in the quarter. Unsafe condition reporting and rectification and the corrective and preventive actions are in place.

Near miss reporting also similarly is in place and is being acted upon. Coming to the solar generation, you can see that the generation for this year has improved versus last year, and the plant availability has remained almost the same compared with the last year.

Over to you, Meghana, for the next slide.

Meghana Pandit: Sure. Thanks, Sanil. The next slide talks about the ESG update, which is in terms of the sustainability report that we started working on almost two years back. The report for fiscal year 2025/2026 got released in the second quarter. Basically, the sustainability report covers the ESG performance across the entire portfolio of IndiGrid, and it is prepared in reference with the GRI Standards 2021 and also aligned with the IFC Performance Standards and the UN SDGs.

In terms of the environment, social governance, all the relevant disclosures in terms of what kind of renewable energy generated, what kind of fatalities, what kind of governance norms and disclosures do we make, that is captured in this report. We've also given the link in this particular slide for any of you to access it. Moving ahead, slide number 13 talks about our Q2 FY27 financial performance.

The reported revenue for Q2 FY27 grew at 59% and stood at INR1,315 crores compared to INR827 crores corresponding to Q2 FY 2026. The EBITDA grew at 18.3% and stood at INR858 crores compared to INR725 crores in Q2 of last year.

This increase was on the back of the acquisitions that we did over the past one year across both transmission and solar businesses. The operational revenue and EBITDA in the corresponding

quarters grew at 8.4% and 7.9% respectively. The NDCF generated for quarter two stood at INR380 odd crores, a growth of 4.7% over Q2 of FY26 with INR363 crores.

The distribution per unit for Q2 stands at INR4.12 per unit, a 3% growth over INR4 in the corresponding quarter last year. Collection and receivable days across the business units of transmission assets stood at 103% compared to 108% on a y-o-y basis.

The DSO days, that is days sales outstanding, stands at 37 days as on September 30 compared to 35 days, more or less in the same range. On the solar assets, the collections stood at about 94% compared to 89% in Q2 FY 2026. The DSO days improved substantially at about 35 days as of September 26 compared to 51 days in September 25.

Coming to slide number 14 on the distribution update. As mentioned earlier, the distribution for the quarter per unit stands at INR4.12, which is divided into interest and capital repayment of INR3.19 and INR0.93 per unit. The outstanding units stand at 95.26 on the back of the fundraise that we did earlier this year, compared to 83 crores units which we had last year. The gross distribution translates into INR396 odd crores.

Record date for the same is November 11, 2026, and the tentative distribution date will be largely on or before November 18. The net asset value per unit stood at about INR138.5. This has been impacted in the second quarter largely on account of the upward revision of the risk-free rate, as well as there has been a change in the corporate tax rate at the SPV levels, which has impacted largely.

It is a non-cash impact affecting the deferred tax implication. Totally about INR125.56 per unit, and amounting to INR8,433 crores stands distributed to the investors since listing, including the Q2 FY27 distribution, which translates into an annual distribution trend of about 5.4% CAGR over the last five years. INR4.12 again in line with the annual DPU guidance of INR16.48 per unit for FY27.

Slide number 15 talks about the consolidated EBITDA to NDCF net distributable cash flow waterfall. The EBITDA at SPV level aggregated to INR880, which was adjusted for the working capital movements, capex-related movements, and tax to aggregate NDCF at SPV to the extent of INR810 crores.

From NDCF at SPV to NDCF generated at the trust level, adjusting for the expenses, largely the finance cost and working capital movements, the NDCF generated during the quarter stands at INR380 crores, and the distribution for the quarter at INR4.12 translates into INR392. So, we have sort of dipped into the reserves to the extent of INR12 crores during the quarter.

After this, the NDCF reserve balance stands at about INR510 crores, which again covers for almost one and a half quarters of distribution, which stands as a healthy reserve, ensuring stable and sustainable DPU.

Moving on to slide number 16 on the balance sheet. IndiGrid continues to be AAA rated by CRISIL, ICRA, and India Ratings. The average cost of debt as on September 30th stands at about 7.46%, and the net debt to AUM leverage ratio is at 60.4%. Almost 86% of the total gross

borrowing of INR215 billion is fixed-rate borrowing, and the cash balance again stands at a healthy level of INR15.68 billion, with a very healthy interest coverage ratio of 1.99x.

The gross borrowing again comprises of NCDs to the extent of 69%, and term loans and ECB of 31%, all largely diversified and subscribed by various investors. The bottom chart on the slide talks about the refinancing schedule, which for FY27 stands at a very low number of INR8.5 billion.

Rest of it, again, is a very well-diversified and termed-out borrowing profile to ensure we don't bunch up any large part of refinancing in any particular year. Moving on to slide number 17, continuing with the superior risk-adjusted total return to investors. Total returns, which is a summation of the distribution plus the price change, which for IndiGrid stands at 203% on an absolute number and 13% on an annualized basis since the time we got listed.

Against that, the beta, the risk metric, stands at 0.09, which is very close to zero compared to both pure-play debt as well as pure-play equity indices. We can see that IndiGrid continues to deliver risk-adjusted total return. Moving on to slide number 18 on the business outlook.

I think on the portfolio strategy, with the kind of healthy pipeline on the projects which are won by IndiGrid, we continue to focus on the greenfield development and looking to add assets worth almost INR2,000 crores during this fiscal from EnerGrid. Besides that, proactively participate in greenfield opportunities as well as brownfield acquisitions from the market, both across power transmission, battery energy, as well as renewable portfolio.

We continue to focus on delivering the DPU guidance of INR16.48 for FY27 on the back of disciplined capital deployment. Balance sheet strength continues to be another important pillar of focus for us, wherein we need to be very mindful of the interest costs given the interest rate cycle in the market, as well as ensuring that how we elongate the tenor profile. Similarly, maintain a prudent leverage with sufficient headroom to fund the future growth.

Resilient asset management, again, the third pillar, ensuring we maintain the highest availability, 99.5% across the operational transmission portfolio, as well as on the CUF side for solar portfolio. Looking at continuously strengthening our O&M capabilities, figuring out how to apply digital as well as predictive analytics in maintaining and sustaining the portfolio, as well as upholding the world-class EHS and ESG practices.

Industry stewardship, again, proactively we participate in policy shaping and industry dialogues across the electricity sector as well as the InvIT sector, and ensuring that we build broader visibility for IndiGrid and InvITs as platforms.

With that, we'll take a pause here, and we can move to the question-answer session, please.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Deep from Bandhan AMC. Please go ahead.

Deep: Thank you. Thank you, team. Congratulations on good set of numbers. Am I audible?

Harsh Shah: Yes.

Deep: Sir, our net debt by AUM is around 60% odd. So, any plans to hit the capital market soon? Any guideline on that?

Harsh Shah: As I mentioned, I don't think there is any plan to immediately hit the capital markets. I think typically we have gone to markets to raise capital when we are in the range of 64%-65%. So yeah, at the moment, there is no other plan to really go and preemptively do that. We'll wait for some more assets and more growth, and then we will think about that.

Deep: Okay. And sir, I think our NAV has decreased from INR148 to INR138, as Meghana ma'am mentioned. It is mentioned in your PPT, it is due to increase in the risk-free rate from 6.8% to 7.2%, largely because of that. Do we have some breakup that the decrease of INR10, INR8 is because of risk-free or some breakup between increase in risk-free rate and the effective tax rate change at SPV level?

Harsh Shah: Sure. I think we have disclosed the valuation report and the assumptions of that. One needs to analyze that and then come to that. But I would say approximately 50% impact is on account of the rate increase or rather G-sec increase, as the risk rate going up. And about 25%- 30% is on account of the most real tax rate changing.

So, all of these are non-cash items, but we have set a standard that we are following for valuation, and as the assumption change, whether it is tax or something else, we are going to reflect that, and that is what is getting reflected in the valuation numbers.

Deep: Sure. And so the balance 10%, I mean, 10%, 20% will be due to the distribution that has been paid, right?

Harsh Shah: Yeah, there will be a little bit of distribution, some proximity of future value of assets will come closer to, so it is a net of impact, yes.

Deep: Okay. And sir, I think any plans to change the distribution structure, as in we are very high on interest, and I think we are very light on capital repayment and dividends, but now since dividends have become tax-free for unit holders, are we planning, I mean, if we can kind of make it more taxation efficient for unit holders?

Harsh Shah: I mean, see, we don't control that, honestly. I think the rule under which we distribute income is more rule-driven or the tax-driven, tax law-driven. So, if there is an X amount of interest that is received from subsidiary, it needs to be passed on as interest to unit holders. If it is capital repayment, we need to replicate that as a capital repayment to unit holders.

So, we just follow what is mentioned in the CBDT Act. So, we have limited flexibility to play around with that, right? I don't think we can change. Again, each investor has a different tax jurisdiction, right? So somebody pays a marginal tax, somebody pays zero tax, somebody pays 5%.

So, for us to figure out for each shareholder what will work out is very difficult. Each of the decision that we take will have impact on cash outflow and tax at the SPV level as well. So, we try to stick to what we are doing and keep it neutral.

Deep: Sure, sir. Congratulations and all the best.

Harsh Shah: Thank you.

Moderator: Thank you. Next question is from the line of Amit, an individual investor. Please go ahead.

Amit Chakraborty: Thanks for taking my call. This is Amit Chakraborty. I am calling from Kolkata. Congratulations on getting good results and being pioneer in BESS. My question is regarding BESS only, that as we see that because of the renewable energy, the BESS requirement is going up and up.

Since IndiGrid got the knowledge and know-how for supporting BESS projects, can we expand it as a separate line of business? Any thought on that? Like supporting factories with BESS or say, EV charging station. Anything other than transmission line supporting BESS as a separate line of business?

Harsh Shah: Thank you, Amit. I think we are. One, we only do businesses which are classified as infrastructure by harmonized list by DEA and Ministry of Finance. I am not sure many of the other businesses are really classified as infrastructure, so whether they can fall into our ambit. Besides that, honestly, we need to really do things which are scalable.

Today, in our view, the opportunities that you mentioned, whether it is EV chargers or others, we think there is quite a bit of risk on development, technology dependency, obsolescence. Plus, the returns are not really that attractive unless you are ready to take a merchant risk, which is on the consumer risk. As you see, our entire business, we have very limited or pretty much nil merchant risk where we have dependent on what is the price a consumer pays.

We like long-term contracted cash flow, which the models have not evolved in many of those parts. There are some parts where it is evolved, but then the scale is not there. We would not like to do a INR100 crores investment or a INR200 crores investment. It would not be economical for us to really focus on that in relation to our size.

Because of the size, we need to do something which is scalable, large, as well as having a long-term operating cash flow. At the moment, we are not seeing anything of that sort in battery storage projects. Rather, we have seen super aggressive bidding in utility-scale battery projects where we have stopped bidding and we have stayed out, because eventually we would like to do business at a reasonable return.

If there are people who want to do at an aggressive return, I think they are happy to step out. It depends on scale, return, and opportunity set that is available.

Amit Chakraborty: Okay. Thanks, and happy Diwali.

Harsh Shah: Thank you. Happy Diwali.

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

Pankaj: Yeah, good evening, and thanks for the opportunity. I do have a question on BESS, alongside the earlier participants. What is typically the revenue model we have in the BESS side? Is it very similar to the way we do in solar, all the transmission projects?

Other related question is that what is the typical ROI we actually work on BESS? I think as layman understanding suggests that it has a very lesser residual value. Does it commercially make a lot of sense for us, or is it very different from the other businesses we are into?

Harsh Shah: Sure. Okay, let me answer your questions in kind of two, three layers. The first one is that, is it similar to our business? The current portfolio of BESS that we have is very similar to our current businesses. These are take-or-pay annuity contracts that we assign with different utilities, with BRPL, GUVNL, and now NVVN.

These contracts are such that we need to deliver RTE efficiency, as well as have been available to do a single cycle for four hours or two cycle, two hours, depending on what the concession agreement is. Let's say, for example, our customers don't utilize that. Today, they only use one cycle instead of two cycle or four cycle, or rather zero cycle instead of one cycle. The way our contract is structured is that we still get paid what we plan for.

So, it's like a take-or-pay fixed contract, annuity contract that we get paid as long as we are maintaining our availability and efficiency. So, this is pretty much similar to the business that we do in transmission or solar, rather a bit closer to transmission, so it's very easy. Yes, there is limited residual value.

I would not say zero because there is a lot of metal recycling value, a lot of instruments that is there that comes at the end of 12th or 15th year, depending on what is the concession agreement, and how much is the battery used over a period of time. But it is still a relatively smaller value. We look at our return thresholds haven't changed if we do battery or transmission. We would like to still make 12%-13% IRR on battery project.

I mean, if it is under construction, probably it will be more than 13%. So, our return threshold remains similar to that. In our projects that we have won, we have made much more than that, partly because we got lucky. We had bid projects earlier, and subsequently battery prices reduced.

Now it has gone back up again. We did a disciplined execution by hedging our cost, dollar, everything. So, we have made little more than 13%, but effectively, we target somewhere in the range of that number.

Pankaj: Okay. Thanks a lot. Very helpful, and all the best.

Harsh Shah: Thank you.

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

Raj Kadam: Hi, sir. Thank you for the opportunity, and congratulations on great set of numbers. Just a couple of questions from my side. Historically, IndiGrid has never traded at such a premium to its reported NAV. Going forward, what factors could drive NAV growth from here, and how do you see distribution tax efficiency going forward?

Harsh Shah: Okay. Thank you. I think in terms of NAV growth, I think the NAV growth happens with practically two or three factors. The first one is passive factor, which we do not control, which is the event that has happened. For example, risk rate goes up, NAV comes down, right? Simple. It is a representation of fair value of assets today.

So that is one impact, the market factor is changing NAV. But, and if it comes down, then the NAV goes up. But I would say that is not true growth on NAV. It is just a representation of what the current value assets are. The true growth of NAV takes place when we acquire projects, or we build projects and acquire projects at a better cost of capital. So, with accretive projects, the NAV goes up.

As we speak today, we have about INR12,000 crores of projects that EnerGrid is executing for which we have signed agreements, and we are going to acquire over the next three, four years. We do not factor in any NAV increase on account of that in current NAV. It is practically only value of current assets.

So, as those INR12,000 crores of projects gets added, right, in the balance sheet over next, whatever, three to four years, there will be accretion on NAV. How much will it be obviously depends on when we add and while the value is fixed, but what is going to be the risk-free rate at that time, etcetera.

But one can do a fairly intelligent analysis to come to a conclusion of what is going to be the NAV four years forward if we add just these INR12,000 crores projects. Because the cash flows are disclosed. So I think that is, one can run that number, but the only way the NAV grows is we add projects at good returns.

Raj Kadam: Okay. As you said, that most of the assets are going to get acquired maybe in three to four years. In the near term, on the distribution part, do you think there will be an upward revision in the distribution guidance that you have for next few years?

Harsh Shah: Sure. I think one, when I said three to four year, it is the longest project that is going to take three to four years. There are some projects which we are acquiring this year, some projects next year, some projects a year after. It is a sequencing. The total number is 12,000, but it will be acquired over a period of time.

We may win new projects which get added. We may acquire new projects which may be added. It is a very dynamic scenario. Distribution growth, I think distribution growth is a question we only answer in quarter four, looking at all the projects that we have acquired, what is the forecast, what is the cost of capital looking like.

All the analysis is done before making that decision at the end of the year by the board. This year will be no different. We will decide in quarter four whether we are increasing the DPU or not. I think that is something which will be out in quarter four Board meeting.

Raj Kadam: Okay, thank you. This was helpful, and happy Diwali in advance.

Harsh Shah: Thank you. Happy Diwali.

Moderator: Thank you. Next question is from the line of Rashmika from Rashmika Enterprises. Please go ahead.

Rashmika: Hi. I have two questions for you. My first question is, in one of the previous conference calls, you spoke about maintaining the distribution of INR16.48 per unit. Is that our aim now, to just maintain the INR16.48 and not to increase it? What is the outlook for the next one year? Will the distribution remain at INR16.48, or will it increase? If it increases, by how much do you anticipate increasing it?

Harsh Shah: Thanks. As I answered, we do distribution forecast or other distribution guidance every year on our last board meeting of the year and disclose that. This year, in quarter four, or the last year, quarter four, we gave a guidance for INR16.48 for this year, which we are kind of working on.

Next year, will it be increasing? It is something which only quarter four board meeting will decide. At this point in time, there is no discussion on that. Will it remain INR16.48? Yes, most likely it will remain at least INR16.48. Will it go up or not? That decision will come in the quarter four results.

But once we have increased the DPU, we have a fairly good confidence that we will be able to maintain it for a few years, otherwise we do not increase. I think we can take it for now assuming that 16.48 should continue, but will it grow or not will only be answered to end of the year.

Rashmika: I know that you will decide later how much to increase it by. That is not important to me. I just want to know whether it is going to increase or not in the future?

Harsh Shah: I cannot answer that question, right. That's based on a decision of the Board. Whether we will increase or not is the decision. That is a decision which is only made in end of the year. It cannot be answered right now.

Rashmika: My next question is, in the latest quarter, we have increased our revenues very significantly from the previous quarter, but profit after tax has reduced deeply. What is the reason for the dichotomy, increasing revenue and falling profit after tax. What is the reason for the falling profit after tax, and when will we go back to the old levels of taxes, old levels of PAT margin?

Harsh Shah: We do not track PAT as a number. We think it is not critical for IndiGrid to track PAT. We track something called net distributable cash flow, NDCF number that we announced, and because all our distribution is not linked to PAT, unlike a normal listed company where the dividends are made out of PAT, where they can only distribute PAT profits.

In case of IndiGrid, we can distribute NDCF, right? Because net distributable cash flow. That is the important number for us. Now, one of the reason the PAT goes down is that as we acquire more projects, higher interest hits the balance sheet because we have diluted and raised capital early. Then when we acquire a project, the interest comes for that acquisition against the additional revenue, and therefore PAT goes down.

The NDCF goes up because the difference between the EBITDA that you earn from the project minus the interest cost gives you the additional NDCF. But the PAT can go down. So, the key number to look at for us and what we actively look at is net distributable cash flows.

Honestly, that net distributable cash flow number has gone up on a year-on-year basis as well as on a quarter-on-quarter basis. So, I think that is the right way to look at it. PAT is always going to be changing depending on when we raise capital, when we acquire projects, the number can be up or down.

Rashmika: Okay. My last question to you. If I take a five-year view, will I see that the distribution of INR16.48 increasing or remaining the same? If I take a five-year view, will it increase or will it remain the same?

Harsh Shah: Hopefully it will increase, but I can only hope, right? Because there is a lot of thing needs to happen. We have last seven years increased the DPU, or rather more than seven years actually, we have increased the DPU, as you can see the track record. So, I think our focus, our effort, our approach and intention is to work to increase DPU.

Will it increase or not? Obviously, we will have to wait because we cannot give a five-year guidance. But historically, starting from INR11.75 when we started to INR16.48, we have consistently increased DPU on a year-on-year basis. So, we are almost 5% of CAGR DPU increase that we have done. Unfortunately, we will have to rely on our past track record and assume that in next five years what will happen. We can't give a five-year guidance.

But as I said, our intention is to clearly increase the DPU. Whether we can do or not depends on the business performance, acquisition, markets, interest rate, everything. But we are working to increase. I hope that I can answer that question to you.

Rashmika: Okay, thank you. Continue with the good job. That is it from me. Thank you very much and keep up the good job.

Harsh Shah: Thank you.

Moderator: Thank you. That was the last question for today. I now hand the conference over to Mr. Harsh Shah for closing comments.

Harsh Shah: Thank you. Thank you, everyone, for joining the call today. I wish you all a happy Dhanteras. As I mentioned earlier, our focus is to continue to pursue our strategy of winning projects, executing them, delivering them, acquiring them, and delivering superior risk-adjusted returns by focusing on the distribution yield and a possible increase in that.

We have done it for many years. Hopefully, we can do it consistently, especially when at least the electricity market is very exciting. We are seeing a lot of developments, capex opportunities coming in. On the other side, we are also seeing a lot of competition as well as cost of debt has increasing or risk rate is increasing, which adds more challenges for us. Overall, we do see a great positive picture because we are seeing a lot of opportunities coming.

Thank you for all your support and supporting IndiGrid. We look forward to see you in next call, and happy Dhanteras to all of you.

Moderator: Thank you. On behalf of Spark Institutional Equities Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.