

August 16, 2023^(Revised)

India Grid Trust: Rating assigned for proposed NCD programme and ratings reaffirmed for existing instruments

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Non-convertible debentures (NCD)	4,430.00	4,430.00	[ICRA]AAA (Stable); reaffirmed
Non-convertible debentures (NCD)	0.00	1610.0	[ICRA]AAA (Stable); assigned
Term Loan	1,000.00	1,000.00	[ICRA]AAA (Stable); reaffirmed
Commercial paper (CP)	250.00	250.00	[ICRA]A1+; reaffirmed
Working capital facility – Long-term/short-term fund based	10.00	10.00	[ICRA]AAA (Stable)/ [ICRA]A1+; reaffirmed
Working capital facility – Short-term non-fund based	40.00	40.00	[ICRA]A1+; reaffirmed
Total	5,730.00	7,340.00	
Issuer rating	-	-	[ICRA]AAA (Stable); reaffirmed

*Instrument details are provided in Annexure-1

Rationale

The ratings favourably reflect the stability in the revenue profile of India Grid Trust (IndiGrid/IGT/the Trust), driven by a healthy operating performance of its transmission assets with the average line availability remaining above 99% since commissioning against the normative level of 98% stipulated in the transmission service agreement (TSA). The ratings further favourably factor in the low counterparty credit risk due to the significant diversification and strong payment security mechanism for the underlying inter-state power transmission assets of IndiGrid. The Central Transmission Utility (CTU) is responsible for collecting the transmission charges from the beneficiary users and disbursing the same to inter-state transmission licensees. The CTU function has been carved out from Power Grid Corporation of India Limited (PGCIL) to its 100% subsidiary, Central Transmission Utility of India Limited. The collection efficiency has remained above 95% over the years.

The ratings are also supported by the healthy financial risk profile of the Trust, evident from the strong debt coverage indicators. Further, the ratings draw comfort from the structural features of the debt programme of IndiGrid, including a debt service reserve account (DSRA) equivalent to one quarter of debt servicing, cash trap triggers in case of the debt service coverage ratio falling below 1.11x and a structured payment mechanism designed to ensure timely payment of the rated NCDs, as per the terms of the transaction. Also, if the rating of the NCDs falls to or below AA-, the debenture holders are entitled to ask the issuer for redemption of NCDs within 30 days.

The Trust's asset under management (AUM) stood at ~Rs. 22,854¹ crore as on June 30, 2023, consisting of 17 diversified power projects (14 operational and one under-construction inter-state transmission assets, one operational intra-state transmission asset and two operational solar power projects of 100 MW) with 46 transmission lines of ~8,468 cKM and 13 sub-stations of

¹Valuation as per the independent valuation report as on December 31, 2022 and including the acquisition value of KTL

17,550 MVA across 19 states and one Union Territory (UT). IGT's net debt/AUM is at ~60%, as on June 30, 2023 well below the regulatory cap of 70%. Also, the share of solar assets in the overall AUM stands at ~2.9%.

On May 12, 2023, India Grid Trust (IGT) announced acquisition of 100% stake in Virescent Renewable Energy Trust (VRET) along with its investment manager - Virescent Infrastructure Investment Manager Private Limited and project manager - Virescent Renewable Energy Project Manager Private Limited. VRET is a renewable energy Infrastructure Investment Trust (InvIT) comprising a portfolio of 16 operational solar projects through 14 SPVs across 7 states and with a cumulative capacity of 538 MWp. KKR, who is IGT's sponsor, is also the sponsor of VRET. The transaction followed a competitive bidding process and is expected to be completed by end of August 2023. Post the acquisition of VRET, the share of solar assets in IGT's AUM would increase to 17.4% from 2.9% currently. This would increase the revenue variability risk, given that the revenues from solar power assets remain exposed to generation and in turn to the weather conditions, module quality and O&M practices. However, comfort can be drawn from the satisfactory generation track record of the solar assets under VRET, with a weighted average track record ~7 years and the geographic diversity of the assets.

Further, VRET has a diversified counterparty profile, with about 58% of the capacity contracted with offtakers have a strong credit profile like Solar Energy Corporation of India Limited (SECI), NTPC Vidyut Vyapar Nigam Limited (NVVN) and Gujarat Urja Vikas Nigam Limited (GUVNL) and the remaining 42% spread across state distribution utilities (discoms) of Tamil Nadu, Uttar Pradesh, Madhya Pradesh and Punjab. While concerns emanate from the exposure to these state discoms having a modest credit profile, comfort can be drawn from the largely timely payments from these discoms over the past 12 months post the implementation of Late Payment Surcharge (LPS) rules. Also, the share of exposure to these discoms would remain low at 6% of IGT's asset under management (AUM) post the acquisition, enabling the trust to minimize the impact on cash flows in case of any payment delays from these discoms.

Post the acquisition of VRET with a valuation of ~Rs. 4000 crore (subject to final adjustments) funded through debt, the net debt/AUM would increase to 65-66%, reducing the buffer available against the regulatory cap. Nonetheless, the management has stated that they propose to raise fresh equity of up to Rs. 1500 crore, which has been approved by the board of the investment manager, which in turn will bring down the net debt/AUM of IGT to ~60%, thereby providing adequate buffer for future growth. In view of the satisfactory track record of operations of the solar portfolio being acquired, transmission assets retaining a major share of IGT's AUM, the trust is expected to maintain comfortable debt coverage metrics along with a strong liquidity position.

Further, IGT through its wholly-owned subsidiaries - IndiGrid 1 Limited and IndiGrid 2 Limited - has won a project to set up a transmission system to evacuate power from renewable (RE) projects in the Osmanabad area (1 GW) of Maharashtra on build, own, operate and maintain (BOOM) basis. This project is part of the inter-state transmission network, with an estimated cost of Rs. 170 crore and a levelised tariff of Rs. 16.74 crore. The project is housed under a separate SPV, Kallam Transmission Limited (KTL-II). Also, the trust has received additional work of ~Rs 160 crore on cost-plus model for construction additional substation. The overall cost of this project remains less than 1% of IGT's AUM and the tariff from this project would constitute about 1% of the Trust's estimated revenues in FY2025 (first full year of operations for KTL-II). Also, the execution risks for KTL-II remain limited, considering that the project involves the setting up of a substation and a transmission line length of only 66 ckm.

On December 21, 2022, the InvIT announced the signing of a framework agreement with GR Infraprojects Limited (GRIL) for the acquisition of Rajgarh Transmission Limited (RTL) upon its commissioning, which is expected by Q3 FY2024. RTL is constructing and operating an inter-state transmission project, comprising a 400/220kV substation at Rajgarh and a 400kV double circuit line in Madhya Pradesh. Also, IndiGrid has signed a memorandum of understanding (MoU) with GRIL to bid for identified transmission projects aggregating to ~Rs. 5,000 crore. This MoU is expected to provide IndiGrid with a project pipeline for future acquisitions. Further, IndiGrid has received additional scope of augmentation work across a few of its existing subsidiaries, aggregating to ~Rs. 230 crore, on regulated tariff mechanism (RTM).

ICRA will continue to monitor the impact of the acquisitions on the asset quality as and when they are completed. Going forward, ICRA expects the net debt/ AUM ratio of IndiGrid to be maintained at about 65% on a sustained basis to ensure adequate buffer against the regulatory cap. While an increase in the leveraging level is expected to moderate the debt coverage metrics of the Trust, the business risk profile of the proposed inter-state transmission assets is expected to remain low, supported by stability and certainty of cash flows over the TSA tenure of 35 years, with availability-linked revenues and low counterparty credit risk. However, the diversification into solar power projects will change IndiGrid's business risk profile, given that the revenues of such assets remain exposed to power generation, which in turn is sensitive to the weather conditions, module quality and O&M practices, along with the risks associated with counterparty credit. Also, the presence of under-construction projects in the portfolio exposes IndiGrid to execution risks. Hence, the share of the solar and under-construction assets and the fundamental quality of such assets in IndiGrid's portfolio will remain a key rating sensitivity.

ICRA also takes note of the refinancing risk for the various debt programmes of the Trust and its subsidiaries. As on June 30, 2023 IndiGrid's consolidated debt stood at Rs 14,611 crore, with majority of the debt having bullet repayments. At the Trust level, Rs. 750 crore is due for refinancing in FY2024, Rs. 550 crore in FY2025, Rs. 1200 crore in FY2026, Rs. 1,032 crore in FY2027, Rs. 1200 crore in FY2028, Rs. 839 crore in FY2029, Rs. 300 crore in FY2030, Rs. 500 crore in FY2031 and Rs 1,054 crore in FY2032. While this exposes the Trust to refinancing risk, the high certainty of cash flows for inter-state power transmission projects, an adequate tail period [average residue TSA tenure is ~29 years for all transmission assets, except East North Interconnection Company Limited (ENICL) and Jhajjar KT Transco Private Limited (JKTPL), wherein it is ~11-12 years, with a provision for further extension and average residual PPA tenure of ~21 years for solar assets], the long useful life of the assets and the increasing share of amortising loans in IndiGrid's overall debt mix act as strong risk mitigating factors. Nonetheless, ICRA will continue to monitor the Trust's ability to ensure timely refinancing of the maturing debt facilities. Also, the Trust remains exposed to interest rate risk.

Additionally, any lapse in operation and maintenance (O&M) may impact the line availability performance of transmission assets and the generation of solar assets. Also, variability in O&M expenses might impact the profitability of the transmission and solar assets. However, the experience of the Trust's project manager in the power transmission business and an experienced O&M contractor for the solar assets should ensure adequate resource allocation and cost-efficient execution of O&M activity.

The Stable outlook assigned by ICRA factors in the stability in IndiGrid's cash flows, supported by availability-linked payments, a healthy operating performance and a strong payment security mechanism for inter-state transmission assets.

Key rating drivers and their description

Credit strengths

Availability-linked payments under long-term TSAs for transmission assets and long-term PPAs for solar assets - All the transmission SPVs under IndiGrid have low revenue risk, with availability-linked payments under the TSAs signed with the customers. Also, the tariff agreed in the TSAs remains fixed, except for one asset, which has a regulated cost-plus tariff. The average residual tenure of the TSAs for the SPVs is ~29 years, except for ENICL and JKTP, where it is ~11-12 years, with a provision for further extension. Further, the 100 MW solar capacity has long-term PPAs of 25 years with the SECI at a fixed tariff rate, limiting the demand and tariff risks. The VRET solar portfolio being acquired has long-term PPAs with SECI, NVVN and discoms of Gujarat, Tamil Nadu, Uttar Pradesh, Madhya Pradesh and Punjab, with a weighted average residual tenure of ~18 years.

Stable performance of assets under IndiGrid - The assets under IndiGrid are fully operational (except one inter-transmission asset), comprising 16 power transmission assets and one solar project. The line availability for the transmission assets remains healthy at more than 99%. Also, the generation performance for the 100 MW solar assets under IndiGrid and the 538 MWp

solar portfolio being acquired has remained largely in line with the P-90 estimate. A stable operating performance translates into healthy cash flows in the form of monthly tariff as well as incentives.

Strong payment security for inter-state transmission assets; strong counterparty for majority of the solar portfolio - All the transmission projects (except JKTPL) are part of the inter-state transmission grid, which enjoys strong payment security; the Central Transmission Utility of India Limited (CTU) is responsible for raising bills and collecting payments from the transmission system consumers. Also, the collection track record of JKTPL from Haryana discoms remains satisfactory. With respect to the 100 MW solar asset, comfort can be derived from the presence of strong counterparty like SECI (rated [ICRA]AAA (Stable) / [ICRA]A1+) as the offtaker, with track record of timely payments. For the VRET portfolio being acquired, strong customers like SECI, NVVN and GUVNL account for 58% of the portfolio, with the balance accounted by the state discoms of Tamil Nadu, Punjab, Madhya Pradesh and Uttar Pradesh having a modest financial profile.

Healthy debt coverage metrics – IndiGrid’s financial risk profile remains healthy, evident from its robust debt service coverage metrics. While the net debt to AUM ratio would increase to ~65-66% post the acquisition of VRET, from ~60% as of June 2023, the same is expected to come down to ~60% post equity issuance of Rs 1500 crore. Going forward, ICRA expects the net debt/AUM ratio of the Trust to be maintained at about 65% on a sustained basis to ensure adequate buffer against the regulatory cap.

Structural features such as DSRA, cash-trap triggers and payment mechanism – The debt raised by IndiGrid and its subsidiaries have structural features such as DSRA (equivalent to one quarter debt servicing), cash-trap triggers and payment mechanism, which are designed to ensure timely payment to the investors.

Credit challenges

Moderate operations and maintenance (O&M) risk - As the cash flows from all transmission projects, and consequently IndiGrid, are closely linked to line availability, any lapse in O&M may impact line availability. However, the steady performance of all the commissioned projects and adequate resources by virtue of the large power transmission asset portfolio mitigate the risk to a large extent.

Diversification into solar assets and under-construction projects increase revenue and execution risks; however, share of solar assets would remain modest at ~17% in the overall AUM - The presence of solar power assets would increase the revenue variability risk for the trust, given that the revenues for such assets remain exposed to generation and in turn to the weather conditions, module quality and O&M practices. However, the share of solar power assets in IndiGrid’s AUM is expected to remain modest at ~17% post the acquisition of VRET portfolio. Also, comfort can be drawn from the satisfactory track record demonstrated by this portfolio. Also, the exposure to state discoms in VRET portfolio would increase the counterparty risk for IGT post the acquisition. Herein comfort can be drawn from the improved payment discipline over the past 12 months post the implementation of LPS rules and as they would constitute only 6% of overall AUM. Further, IGT has been awarded a project for setting up a transmission system to evacuate power from RE projects in the Osmanabad area (1 GW) of Maharashtra on BOOM basis. Also, IndiGrid has received additional scope of augmentation work across a few of its existing subsidiaries aggregating to ~Rs. 230 crore on RTM basis. While this exposes the Trust to execution risks, the share of these projects is very low in IGT’s AUM. The diversification into solar projects and under-construction projects and its impact on the Trust’s operating profile, leverage and cash flows would remain a key monitorable, going forward.

Debt refinancing risk as most debt has bullet repayments; comfort derived from long tail period of TSAs and certainty of cash flows - As on June 30, 2023, IndiGrid’s consolidated debt stood at Rs. 14,611 crore, with majority of the debt having bullet repayments. At the Trust level, Rs. 750 crore is due for refinancing in FY2024, Rs. 550 crore in FY2025, Rs. 1200 crore in FY2026, Rs. 1,032 crore in FY2027, Rs. 1,200 crore in FY2028, Rs. 839 crore in FY2029, Rs. 300 crore in FY2030, Rs. 500 crore in FY2031 and Rs 1,054 crore in FY2032. However, the high certainty of cash flows in power transmission projects, an adequate tail

period, the long useful life of the assets and the increasing share of amortising loans in IndiGrid’s overall debt mix act as strong risk mitigating factors. Nonetheless, ICRA will continue to monitor the Trust’s ability to ensure timely refinancing of the maturing debt facilities, going forward.

Liquidity position: Strong

The liquidity position of the Trust is expected to remain strong, supported by a healthy operating performance that ensures stable revenue generation and timely collection of transmission charges under the pooling mechanism of the CTU. In addition, the presence of a three-month DSRA for the debt facilities provides additional comfort. Also, the Trust has enabled a commercial paper programme of Rs. 250 crore as a liquidity back-up, in case of any cash flow mismatch. As on June 30, 2023, the cash balance (including DSRA) of the Trust stood at Rs. 1041 crore.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – Negative triggers for the ratings assigned to IndiGrid would be lower-than-stipulated availability of transmission assets and/or under-performance in generation by the solar assets, adversely impacting the cash accruals and debt service coverage indicators. Further, any delay in collecting payments for the transmission or solar assets adversely impacting the liquidity profile of the Trust would be a negative trigger. Also, any deterioration in the asset credit quality or a material decline in the share of operational inter-state transmission assets in IndiGrid’s AUM could be a negative trigger for the ratings.

Environmental and Social Risks

The power transmission and generation assets of IndiGrid are exposed to the risk of natural disasters and extreme weather conditions, which could damage the power transmission lines or generation equipment. Further, some of the transmission projects could be exposed to some degree of bushfire risk as the network spans through forest areas. If these risks materialise, IndiGrid would likely be able to recover the cost of replacing the damaged equipment through insurance coverage, and loss of revenues through the force majeure clause under the TSAs for transmission assets. Also, the generation performance of the solar assets remains exposed to adverse weather events.

IndiGrid is exposed to social risks arising from the challenges related to land acquisition for the under-construction transmission projects. Also, the projects could face delays in receiving statutory approvals owing to concerns over their impact on the flora and fauna. Nonetheless, ICRA notes that the share of under-construction projects is very low in IndiGrid’s AUM.

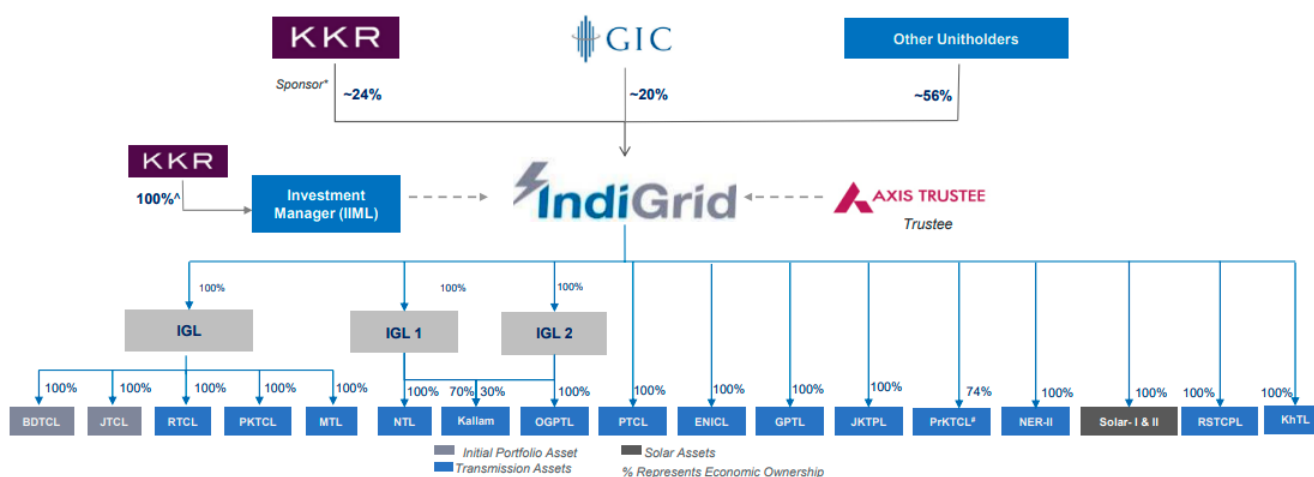
Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Infrastructure Investment Trusts Rating Methodology for Power Transmission Companies Rating Methodology for Solar Power Producers
Parent/Group Support	Not applicable
Consolidation/Standalone	ICRA has consolidated the business and financial risk profile of all SPVs under IndiGrid as the cash flows are fungible among various SPVs due to the direct control of IndiGrid. The regulatory debt cap of 70% on the consolidated asset valuation also supports the consolidation approach of the InvIT.

InvIT Structure

SEBI has introduced infrastructure investment trust (InvIT) regulations for infrastructure projects, keeping in mind the huge infrastructure needs of India. InvIT is a mechanism that enables infrastructure developers to monetise their assets by pooling multiple assets under a single entity (which would be a Trust structure). The key features of InvITs are—mandatory distribution of 90% of the net distributable cash flows (NDCF) to the unit investors, leverage cap of 70% on the net asset value and a cap on exposure to under construction assets for publicly placed InvITs. The sponsor of the InvIT shall be responsible for setting up the Trust and appointing the trustee. The sponsor shall hold minimum 15% of the units issued by the InvIT with a lock-in period of three years from the date of issuance of units.

India Grid Trust Profile



IGL = IndiGrid Limited, IGL 1 = IndiGrid 1 Limited, IGL 2 = IndiGrid 2 Limited, BDTCL = Bhopal Dhule Transmission Company Limited, JTCL = Jabalpur Transmission Company Limited, RTCL = RAPP Transmission Company Limited, PKTCL = Purulia & Kharagpur Transmission Company Limited, MTL = Maheshwaram Transmission Limited, PTCL = Patran Transmission Company Limited, NTL = NRSS XXIX Transmission Limited, Kallam = Kallam Transmission Limited, OGPTL = Odisha Generation Phase II Transmission Limited, ENICL = East-North Interconnection Company Limited, GPPL = Gurgaon Palwal Transmission Limited, JKTPL = Jhajar KT Transco Private Limited, PrKTCL = Parbati Koldam Transmission Company Limited, NER-II = NER II Transmission Limited, Solar I & II = IndiGrid Solar-I (AP) Private Limited and IndiGrid Solar-II (AP) Private Limited, RSTCPL = Raichur Sholapur Transmission Company Private Limited, KhTL = Khargone Transmission Limited

*Sterlite Power Transmission Ltd. has been de-classified as a Sponsor of IndiGrid
*KKR acquired 26% stake in IIML held earlier by Sterlite Power Transmission Ltd. in Jan 2022
#PrKTCL held in a Joint Venture with Power Grid holding 26% stake

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Source: IndiGrid

India Grid Trust was set up on October 21, 2016, as an irrevocable trust pursuant to the trust deed under the provisions of the Indian Trusts Act, 1882 and registered with the Securities and Exchange Board of India as an InvIT on November 28, 2016, under Regulation 3(1) of the InvIT Regulations. The Trust has assets under management of ~Rs. 22,854 crore (as per independent valuation as on June 30, 2023), consisting of 17 diversified power projects comprising 46 transmission lines of ~8,468 cKM and 13 sub-stations of 17,550 MVA across 19 states and one Union Territory (UT), including the under-construction project under Kallam Transmission Limited and 100-MW operational solar power projects. All these projects have been implemented on a BOOM basis and have TSAs in place for 35² years, except for two assets. IGT's net debt/AUM is at ~60% as of June 2023, below the 70% leverage threshold as per SEBI InvIT Regulations. KKR had invested INR 1,084 crore in IndiGrid in May 2019 and currently owns an approximate 24% stake in the platform. KKR is the sponsor for the trust. Earlier, Sterlite Power Transmission Limited (SPTL) was also the sponsor for the trust. SPTL has now been derecognized as the sponsor and does not hold any stake in IGT. Separately, KKR also owns 100% stake in Indigrid Investment Managers Limited (IIML), the investment manager of IndiGrid. Axis Trustee Services Limited is the trustee for the Trust.

Company Profile: Bhopal Dhule Transmission Company Limited

BDTCL is a power transmission project with 765 kV S/C transmission lines of 891 circuit km (ckm) and 400 kV D/C lines of 53 ckm in the Indore–Bhopal–Jabalpur region and the Vadodara–Dhule–Aurangabad region, along with two sub-stations at

² Except ENICL and JKTPL, which has a 25-year TSA period

Bhopal (Madhya Pradesh) and Dhule (Maharashtra). The project has six transmission line elements in total. BDTCL has constructed 944 ckm at a total project cost of Rs. 2,133 crore. The project was implemented on a BOOM basis and has a TSA for 35 years. The project was completely commissioned in June 2015 and has been operating at healthy average line availability of ~99.6%.

Company Profile: Jabalpur Transmission Company Limited

JTCL is a power transmission project with a 765 kV S/C quad line between Jabalpur (Madhya Pradesh) and Bina (Madhya Pradesh) of 235 ckm, and 765 kV D/C Hexa line between Daramjaygarh (Chhattisgarh) and Jabalpur of 757 ckm, as a part of the system strengthening scheme. The project has two transmission line elements. JTCL has constructed 992 ckm at a total project cost of Rs. 1,887.4 crore. The project was implemented on a BOOM basis and has a TSA for 35 years. The project was completely commissioned in September 2015 and has been operating at healthy average line availability of ~99.6%.

Company Profile: RAPP Transmission Company Limited

RTCL is a power transmission project with a 400 kV D/C quad line between Rajasthan and Shujalapur (Madhya Pradesh). The project has one transmission line element. RTCL has constructed 403 ckm at a total project cost of Rs. 260.1 crore. The project was implemented on a BOOM basis and has a TSA in place for 35 years. The project was completely commissioned in March 2016 and has been operating at healthy average line availability of ~99.8%.

Company Profile: Purulia and Kharagpur Transmission Company Limited

PKTCL is a power transmission project, with two 400 kV D/C quad lines between Kharagpur and Chaibasa and between Purulia and Ranchi, in West Bengal and Jharkhand. The project has two transmission line elements. PKTCL has constructed 546 ckm at a total project cost of Rs. 440.5 crore. The project was implemented on a BOOM basis and has a TSA for 35 years. The project was completely commissioned in January 2017 and has been operating at healthy average line availability of ~99.9%.

Company Profile: Maheshwaram Transmission Company Limited

MTL is a power transmission project, with two 400 kV D/C quad lines connecting Maheshwaram with Mehboob Nagar and Nizamabad with Yeddumailaram in Telangana. The project has two transmission line elements. MTL has constructed 477 ckm at a total project cost of Rs. 387.8 crore. The project was implemented on a BOOM basis and has a TSA in place for 35 years. The project was completely commissioned in December 2017 and has been operating at healthy average line availability of ~99.8%.

Company Profile: Patran Transmission Company Limited

PTCL is a power transmission project comprising of 400/ 220 kV substation with 14 bays in Patran, Punjab and LILO of both circuits of Patiala-Kaithal 400 kV double circuit triple snow bird line. The project was implemented on a BOOM basis and has a TSA in place for 35 years. The project was completely commissioned in June 2016 and has been operating at healthy average line availability of ~99.8%.

Company Profile: NRSS XXIX Transmission Limited

NRSS is a power transmission project comprising of 400-kV D/C 270 ckm line from Jalandhar to Samba, a 400-kV D/C 546-ckm line from Samba to Amargarh, a 400-kV LILO 14-ckm line from Uri to Wagoora, and a 400/220-kV 735 MVA pooling substation at Amargarh. The project was implemented on a BOOM basis and has a TSA in place for 35 years. The project was completely commissioned in August 2018 and has been operating at healthy average line availability of ~99.4%.

Company Profile: Odisha Generation Phase-II Transmission Limited

OGPTL is a power transmission project, comprising a 608-ckm 765-kilovolt double-circuit line from Jharsuguda to Raipur, and a 103-ckm 400-kilovolt double-circuit OPGC-Jharsuguda line. The project was implemented on a BOOM basis and has a TSA in

place for 35 years. The project was completely commissioned in April 2019 and has been operating at healthy average line availability of ~99.9%.

Company Profile: East North Interconnection Company Limited

ENICL is a power transmission project, comprising two 400 kV inter-state transmission lines with 909 ckm across Assam, Bihar and West Bengal. The two lines under ENICL are from Bongaigaon in Assam to Siliguri in West Bengal (443 ckm), and from Purnia to Biharsharif in Bihar (466 ckm). The project was implemented on a BOOM basis and has a TSA in place for 25 years. The Purnia-Biharsharif line has been operational since September 2013, while the Bongaigaon-Siliguri line has been operational since November 2014 and has been operating at a healthy average line availability of ~99.5%.

Company Profile: Gurgaon Palwal Transmission Limited

GPTL is a power transmission project, comprising four transmission lines of 143 km length, three substations, two bays and one LILO to cater to the power requirements of Gurgaon and Palwal areas. The first two elements of the project became operational in March 2019. The remaining seven elements were completed in a phased manner over the next 12 months, with the project attaining full completion in March 2020. The final approval related to the completion of successful trial run for the last element was obtained in April 2020. The project is implemented on a BOOM basis and has a TSA for 35 years and has been operating at a healthy average line availability of ~99.6%.

Company Profile: Jhajjar KT Transco Private Limited

JKTPL operates three 400 kv intra-state transmission lines with total line length of 103 km in Haryana. It has two substations with a transformation capacity of 830 MVA. It is a strategic asset for Haryana state distribution companies and the key evacuation transmission system from the 1,320 MW thermal power plant in Jhajjar, Haryana. The line has been operational since March 2012 and the company has a transmission service agreement with Haryana Vidyut Prasaran Nigam Limited (HVPNL/ authority), with availability-linked revenues payments. The balance TSA tenure is 15 years, with a provision for extension by another 10 years.

Company Profile: Parbati Koldam Transmission Company Limited

PKTCL-II operates ~458 circuit KM of inter-state transmission lines across Himachal Pradesh and Punjab for evacuating power from the hydel projects of NHPC and NTPC. The project, commissioned in June 2015, has a balance TSA tenure of 29.4 years and has been operating at healthy average line availability of ~99.8%.

Company Profile: NER II Transmission Limited

NER-II is an inter-state transmission project with a TSA tenure of 35 years, in the states of Tripura, Assam and Arunachal Pradesh and comprises two substation elements and four transmission line elements. The project was fully commissioning in March 2021 and has been operating at a healthy average line availability of ~99.4%.

Company Profile: IndiGrid Solar-I (AP) Private Limited and IndiGrid Solar-II (AP) Private Limited

Solar-I was incorporated on July 14, 2016 and Solar-II was incorporated on July 09, 2016. Both the companies operate 50-MW (AC) solar power plant each in Ananthapuramu Solar Park and have entered into a power purchase agreement (PPA) with SECI on October 5, 2016 for a tenor of 25 years at a tariff rate of Rs. 4.43 per unit. Solar-I was commissioned in July 2018 and Solar-II was commissioned in January 2019.

Company Profile: Kallam Transmission Limited

KTL-II was incorporated on May 28, 2020. KTL entered into a TSA dated September 30, 2021 with the long-term transmission customers. The letter of intent for the development of KTL-II was awarded to consortium of IGL1 and IGL2 by the REC Power Development and Consultancy Limited on November 30, 2021 for a 35-year period from the scheduled commercial operation date, on a BOOM model. The IndiGrid consortium acquired KTL-II on December 28, 2021. The project is currently under

development with scheduled commissioning in June 2023. Once developed, KTL-II will be a crucial project for the evacuation of renewable energy to the extent of 1 GW in the Osmanabad region of Maharashtra. The scope of work for KTL-II includes operation of a 1,000-MVA substation in the Kallam region with an interlinking multi-circuit transmission line of ~2 kilometers with a line in line out of both circuits from the 400 kV double circuit Pune- Parli transmission line.

Company Profile: Raichur Sholapur Transmission Company Private Limited

RSTCPL consists of 765 kV single circuit transmission line of ~208 ckm between Raichur (Karnataka) and Sholapur (Maharashtra) associated with the Krishnapattnam Ultra Mega Power Thermal Project. The project enables synchronous interconnection between the southern and western regions of the country and is a key transmission link to strengthen the power transmission network between these regions. The project was commissioned in July 2014 and has a residual TSA contract life of ~27 years.

Company Profile: Khargone Transmission Limited

KTL is an inter-state transmission project with a TSA tenure of 35 years, in the states of Maharashtra and Madhya Pradesh and comprises six elements, one substation element, three transmission line elements, one LILO element and one line bay. The project was fully commissioned in December 2021 and has a residual TSA contract life of ~32 years.

Key financial indicators (audited)

	FY2021	FY2022	FY2023
Operating income (Rs. crore)	1676.9	2225.1	2342.4
PAT (Rs. crore)	334.4	343.3	465.8
OPBDIT/OI (%)	90.7%	90.4%	89.6%
PAT/OI (%)	19.9%	15.4%	19.9%
Total outside liabilities/Tangible net worth (times)	3.1	2.6	3.0
Total debt/OPBDIT (times)	9.6	6.6	6.9
Interest coverage (times)	2.2	1.9	2.1

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Source: Company data, ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2024)				Chronology of rating history for the past 3 years															
	Type	Amount rated (Rs. crore)	Amount outstanding as on Feb 28, 2023 (Rs. crore)	Date & rating			Date & rating in FY2023				Date & rating in FY2022				Date & rating in FY2021					
				Aug 16, 2023	May 23, 2023	Apr 05, 2023	Feb 22, 2023	Dec 20, 2022	Jul 20, 2022	May 17, 2022	Jan 31, 2022	Oct 14, 2021	Sep 8, 2021	Jul 23, 2021	Mar 18, 2021	Jan 13, 2021	Dec 30, 2020	Dec 18, 2020	May 04, 2020	
1	NCD	Long-term	400.00	400.00	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	-	-	-	-	-	-	-	-
2	NCD	Long-term	1550.00	1550.00	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)
3	NCD	Long-term	250.00	250.00	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	-	-	-	-	-	-	-	-	-	-
4	NCD	Long-term	200.00	-	-	-	-	-	[ICRA]AA A (Stable); withdrawn	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)
5	NCD	Long-term	1000.00	1000.00	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)												
6	NCD	Long-term	1230.00	1140.00	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)													
7	NCD	Long-term	1610.00	-	[ICRA]AA A (Stable)															
8	MLD	Long-term	-	-	-	-	-	-	-	-	-	-	-	-	[ICRA]AA A (Stable); withdrawn	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)
9	Issuer rating	-	-	-	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)
10	CP	Short-term	250.00	-	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +

1 1	Term loan	Long - term	1000.00	987.50	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	-	-	-	-
1 2	Working capital facility	Long - term / Short - term	10.00	-	[ICRA]AA A (Stable)/ [ICRA]A1 +	[ICRA]AA A (Stable)/ [ICRA]A1 +	[ICRA]AA A (Stable)/ [ICRA]A1 +	[ICRA]AA A (Stable)/ [ICRA]A1 +	[ICRA]AA A (Stable)/ [ICRA]A1 +	-	-	-	-	-	-	-	-	-	-	-
1 3	Working capital facility	Short - term	40.00	-	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	-	-	-	-	-	-	-	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
NCD	Simple
CP	Very Simple
Term loan	Simple
Issuer rating	Not applicable
Working capital facility – Long-term/Short-term fund based	Simple
Working capital facility – Short-term non-fund based	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE219X07058	NCD-I	July 29, 2019	9.10%	July 29, 2024	300.00	[ICRA]AAA (Stable)
INE219X07298	NCD-II	June 28, 2021	7.32%	June 27, 2031	400.00	[ICRA]AAA (Stable)
INE219X07306	NCD-III	September 14, 2021	6.72%	September 14, 2026	850.00	[ICRA]AAA (Stable)
INE219X07330	NCD-IV	February 07, 2022	6.52%	April 07, 2025	400.00	[ICRA]AAA (Stable)
INE219X07348	NCD-V	July 27, 2022	7.53%	August 05, 2025	250.00	[ICRA]AAA (Stable)
INE219X07363	NCD-VI	February 28, 2023	7.85%	February 28, 2028	500.00	[ICRA]AAA (Stable)
INE219X07355	NCD-VII	February 28, 2023	7.917%	February 28, 2031	500.00	[ICRA]AAA (Stable)
INE219X07371	NCD-VIII	April 20, 2023	7.70%	March 31, 2041	1140.00	[ICRA]AAA (Stable)
-	NCD-IX*	-	-	-	1200.00	[ICRA]AAA (Stable)
-	NCD-X*	-	-	-	500.00	[ICRA]AAA (Stable)
-	Commercial Paper*	-	-	7-365 days	250.00	[ICRA]A1+
-	Term loan	March 2021	7.40%	March 31, 2036	500.00	[ICRA]AAA (Stable)
-	Term loan	May 13, 2022	7.00%	FY2037	500.00	[ICRA]AAA (Stable)
-	Fund-based working capital	-	-	-	10.00	[ICRA]AAA (Stable)/ [ICRA]A1+
-	Non-fund based working capital	-	-	-	40.00	[ICRA]A1+
-	Issuer rating	-	-	-	-	[ICRA]AAA (Stable)

Source: Company; *Yet to be issued

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Bhopal Dhule Transmission Company Limited	100.00%	Full Consolidation
Jabalpur Transmission Company Limited	100.00%	Full Consolidation
Purulia Kharagpur Transmission Company Limited	100.00%	Full Consolidation
RAPP Transmission Company Limited	100.00%	Full Consolidation
Maheshwaram Transmission Limited	100.00%	Full Consolidation
Patran Transmission Company Limited	100.00%	Full Consolidation
NRSS XXIX Transmission Limited	100.00%	Full Consolidation
Odisha Generation Phase-II Transmission Limited	100.00%	Full Consolidation
East North Interconnection Company Limited	100.00%	Full Consolidation
Gurgaon Palwal Transmission Limited	100.00%*	Full Consolidation
Jhajjar KT Transco Private Limited	100.00%	Full Consolidation
Parbati Koldam Transmission Company Limited	74.00%	Full Consolidation
NER II Transmission Limited	100.00%*	Full Consolidation
IndiGrid Solar-I (AP) Private Limited	100.00%	Full Consolidation
IndiGrid Solar-II (AP) Private Limited	100.00%	Full Consolidation
Kallam Transmission Limited	100.00%	Full Consolidation
Raichur Sholapur Transmission Company Private Limited	100.00%	Full Consolidation
Khargone Transmission Limited	100.00%*	Full Consolidation

*While shareholding acquired is 49% as on date, IndiGrid has 100% economic interest and management control of GPTL, NER-II and KTL; the balance shareholding will be acquired as per the agreement signed with SPTL and as allowed under the terms of the TSA

Corrigendum

The rationale document dated August 16, 2023 has been corrected with revision as detailed below:

There is a correction in the ISIN of a NCD from INE219X07322 to INE219X07330. The change has been made in the Instrument details table (Annexure 1)

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