

October 16, 2023 <sup>(Revised)</sup>

## India Grid Trust: Change in limits

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Non-convertible debentures (NCD)	6,040.00	6,040.00	[ICRA]AAA (Stable); outstanding
Term loan	1,000.00	950.00	[ICRA]AAA (Stable); outstanding
Commercial paper (CP)	250.00	250.00	[ICRA]A1+; outstanding
Working capital facility – Long-term/short-term fund based	10.00	10.00	[ICRA]AAA (Stable)/ [ICRA]A1+; outstanding
Working capital facility – Short-term non-fund based	40.00	40.00	[ICRA]A1+; outstanding
Long-term – Unallocated	-	50.00	[ICRA]AAA (Stable); outstanding
<b>Total</b>	<b>7,340.00</b>	<b>7,340.00</b>	
Issuer rating	-	-	[ICRA]AAA (Stable); outstanding

\*Instrument details are provided in Annexure-1

### Rationale

This rationale is being released to convey the change in the rated limits as depicted in the table above, based on the latest information received from the entity.

ICRA notes that India Grid Trust (IndiGrid/ IGT/ the trust) has acquired 100% stake in Virescent Renewable Energy Trust (VRET) on August 25, 2023 at an enterprise value of ~Rs 4200 crore, entirely funded through external debt. Subsequent to acquisition, the trust has raised equity of ~ Rs 403.5 crore by way of preferential issue on September 21, 2023 which is used to prepay the debt raised for the acquisition. While the acquisition increased the net debt/assets under management (AUM) of the trust to 65-66%, the subsequent equity raise has brought it down to ~64%. Further, the management has stated that they propose to raise additional fresh equity of up to Rs. 1,100 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.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position and rating sensitivities, and key financial indicators: [Click here](#)

### Analytical approach

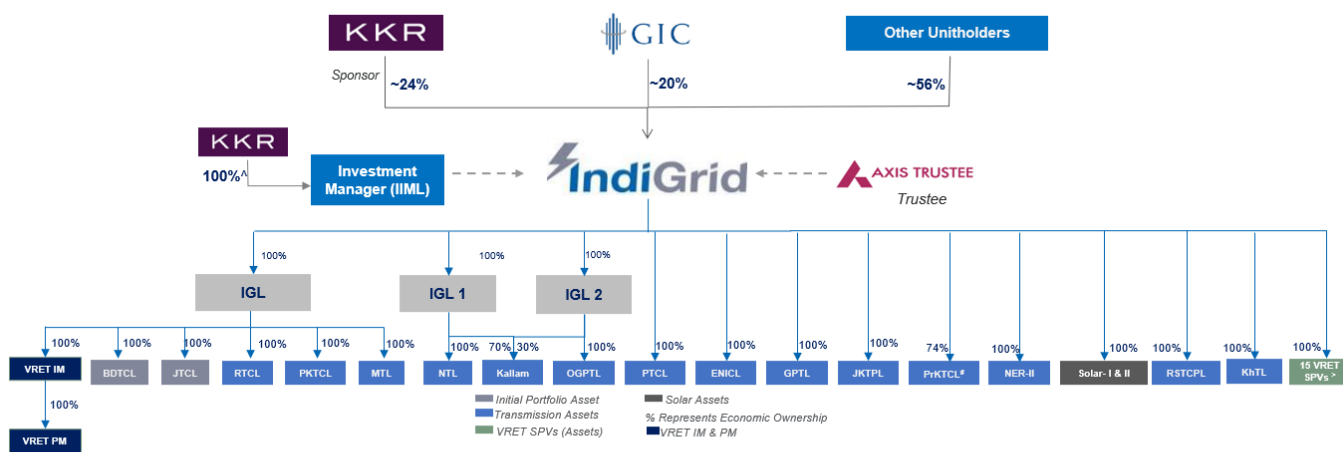
Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Infrastructure Investment Trusts</a> <a href="#">Rating Methodology for Power Transmission Companies</a> <a href="#">Rating Methodology for Solar Power Producers</a>
Parent/Group Support	Not applicable

<b>Consolidation/Standalone</b>	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.
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### 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, IGL1 = IndiGrid 1 Limited, IGL2 = 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 = NRSX XXIX Transmission Limited, Kallam = Kallam Transmission Limited, OGPTL = Odisha Generation Phase II Transmission Limited, ENICL = East-North Interconnection Company Limited, GPTL = Gurgaon Palwal Transmission Limited, JKTPL = Jhajar KT Transco Private Limited, PKTCL = 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, IIML = IndiGrid Investment Managers Limited, VRET IM = Virescent Infrastructure Investment Manager Private Limited, VRET PM = Virescent Renewable Energy Project Manager Private Limited

#PKTCL held in a Joint Venture with Power Grid holding 26% stake  
> Includes Terralight Solar Energy Sitamauss Private Limited, 33.33% each held by two VRET SPVs and balance held by Brookfield

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. 27,000 crore post-acquisition of VRET (as per independent valuation as on June 30, 2023 and acquisition value of VRET), consisting of 16 transmission assets 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 17 solar projects with 676-MW of operational capacity. All the transmission projects have been implemented on a BOOM basis and have TSAs in place for 35<sup>1</sup> years, except for two assets. IGT’s net debt/AUM is at ~64% post-acquisition of VRET and equity issuance, below the 70% leverage threshold as per SEBI InvIT Regulations. KKR is the sponsor for the Trust. Earlier, Sterlite Power Transmission Limited (SPTL) was also the sponsor for the Trust. SPTL has now been derecognised as the sponsor and does not hold any stake in IGT.

<sup>1</sup> Except ENICL and JKTPL, which has a 25-year TSA period

Separately, KKR also owns a 100% stake in Indigrid Investment Managers Limited (IIML), the investment manager of IndiGrid. Axis Trustee Services Limited is the trustee for the Trust.

**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 Aug 31, 2023 (Rs. crore)	Date & rating				Date & rating in FY2023				Date & rating in FY2022				Date & rating in FY2021						
				Oct 16, 2023	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)	[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)	[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)	[ICRA]AA A (Stable)	-	-	-	-	-	-	-	-	-	-	
4	NCD	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)	[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)	[ICRA]AA A (Stable)													
6	NCD	Long-term	1230.00	1230.00	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)	[ICRA]AA A (Stable)														
7	NCD	Long-term	1610.00	1610.00	[ICRA]AA A (Stable)	[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)	[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 +	-	-	-

1 1	<b>Term loan</b>	Long - term	950.00	945.00	[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)	-	-	-	-
1 2	<b>Working capital facility</b>	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 +	[ICRA]AA A (Stable)/ [ICRA]A1 +	-	-	-	-	-	-	-	-	-	-
1 3	<b>Working capital facility</b>	Short - term	40.00	-	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	[ICRA]A1 +	-	-	-	-	-	-	-	-	-	-
1 4	<b>Unallocated</b>	Long - term	50.00	-	[ICRA]AA A (Stable)															

## 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
Unallocated	NA

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)
INE219X07405	NCD-IX	August 24, 2023	7.50%	August 26, 2024	1110.00	[ICRA]AAA (Stable)
INE219X07397	NCD-X	August 24, 2023	7.50%	August 29, 2024	90.00	[ICRA]AAA (Stable)
INE219X07413	NCD-XI	August 24, 2023	7.84%	August 24, 2030	500.00	[ICRA]AAA (Stable)
-	Commercial Paper*	-	-	7-365 days	250.00	[ICRA]A1+
-	Term loan	August 07, 2023	7.45%	September 2028	450.00	[ICRA]AAA (Stable)
-	Term loan	April 25, 2022	7.00%	FY2037	500.00	[ICRA]AAA (Stable)
-	Unallocated	-	-	-	50.00	[ICRA]AAA (Stable)
-	Issuer rating	-	-	-	-	[ICRA]AAA (Stable)
-	Fund-based working capital	-	-	-	10.00	[ICRA]AAA (Stable)/
						[ICRA]A1+
	Non-fund based working capital	-	-	-	40.00	[ICRA]A1+

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

Company Name	Ownership	Consolidation Approach
Khargone Transmission Limited	100.00%*	Full Consolidation
TN Solar Power Energy Private Limited	100.00%	Full Consolidation
Universal Mine Developers & Service Providers Private Limited	100.00%	Full Consolidation
Terralight Kanji Solar Private Limited	100.00%	Full Consolidation
Terralight Rajapalayam Solar Private Limited	100.00%	Full Consolidation
Solar Edge Power and Energy Private Limited	100.00%	Full Consolidation
Terralight Solar Energy Charanka Private Limited	100.00%	Full Consolidation
PLG Photovoltaic Private Limited	100.00%	Full Consolidation
Terralight Solar Energy Tinwari Private Limited	100.00%	Full Consolidation
Universal Saur Urja Private Limited	100.00%	Full Consolidation
Globus Steel & Power Private Limited	100.00%	Full Consolidation
Terralight Solar Energy Patlasi Private Limited	100.00%	Full Consolidation
Terralight Solar Energy Nangla Private Limited	100.00%	Full Consolidation
Terralight Solar Energy Gadna Private 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 October 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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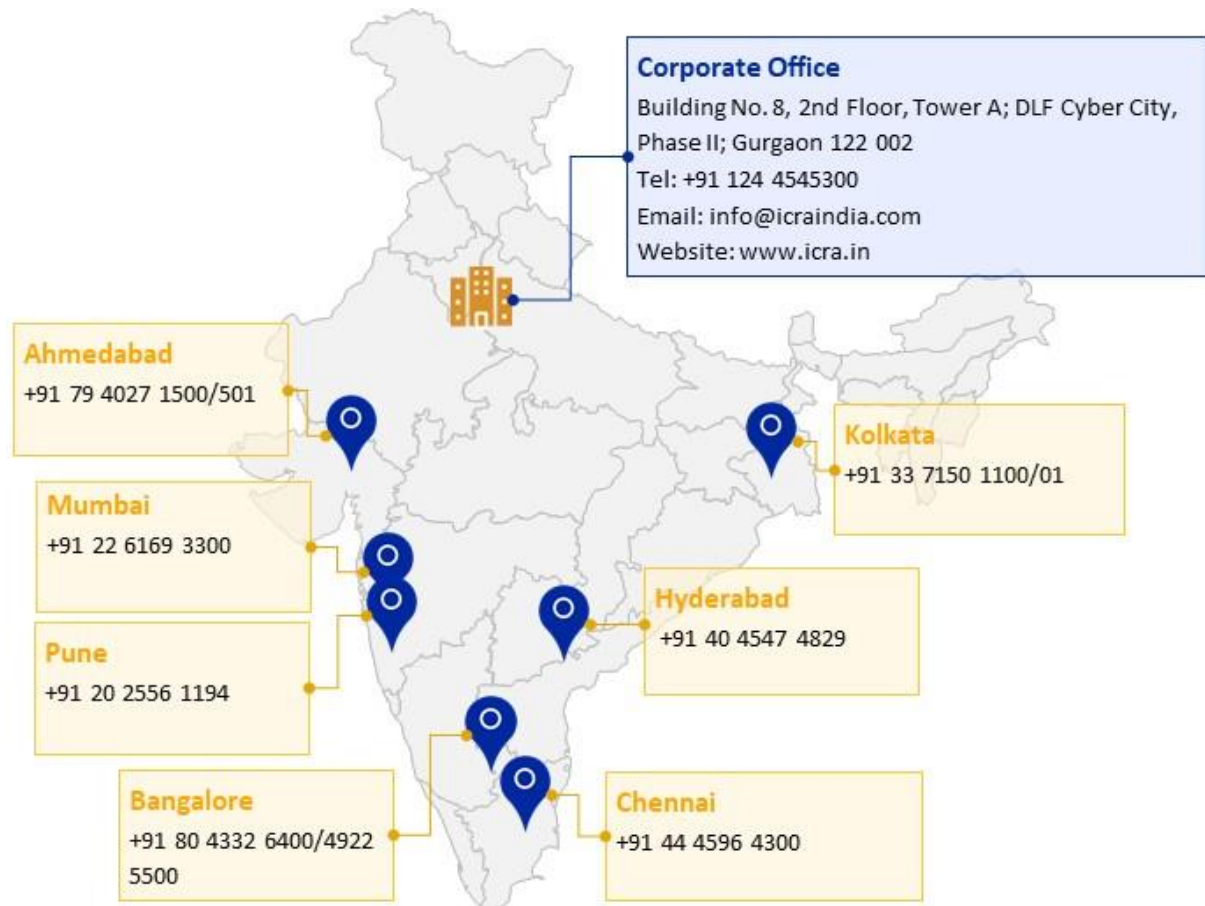
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