

January 17, 2024^(Revised)

India Grid Trust: Update on Material Event

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)
Term loan	950.00	950.00	[ICRA]AAA (Stable)
Commercial paper (CP)	250.00	250.00	[ICRA]A1+
Working capital facility – Long-term/short-term fund based	10.00	10.00	[ICRA]AAA (Stable)/ [ICRA]A1+
Working capital facility – Short-term non-fund based	40.00	40.00	[ICRA]A1+
Long-term – Unallocated	50.00	50.00	[ICRA]AAA (Stable)
Total	7,340.00	7,340.00	
Issuer rating	-	-	[ICRA]AAA (Stable)

*Instrument details are provided in Annexure-1

Material Event

On January 8, 2024, India Grid Trust (IndiGrid) has announced acquisition of ReNew Solar Urja Private Limited (RSUPL) at an enterprise value (EV) of Rs. 1550 crore. The acquisition is to be funded through external debt. RSUPL operates a 300 MW (AC) solar power project in Rajasthan and has 25-year PPA with Solar Energy Corporation of India (SECI) at a tariff of Rs. 2.71 per unit. The project was commissioned in Dec 2021; however, the sale of power under the PPA started from May 11, 2022.

Impact of Material Event

Post the acquisition of RSUPL, the share of solar assets in IGT's AUM would increase to 22.2% from 17.4% 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 performance of the solar asset under RSUPL. Further, RSUPL has long-term PPA with strong counterparty - Solar Energy Corporation of India Limited (SECI) largely mitigating the counterparty credit risk. The payments from SECI to RSUPL have been timely so far.

As on Sep 30, 2023, IGT's AUM is Rs. 26,881 crore with net debt / AUM of 61.7%, below the regulatory cap of 70%. Post the acquisition of RSUPL with a valuation of ~Rs. 1550 crore (adjusted for net working capital and liquidity) funded through debt, the net debt/AUM would around ~63%. While there is adequate buffer available against the regulatory cap of 70%, ICRA expects the net debt/AUM ratio of the Trust to be maintained at about 65% on a sustained basis .

In view of the satisfactory operating performance of the solar asset being acquired, transmission assets retaining a major share of IGT's AUM and as IGT is expected to maintain comfortable debt coverage metrics post the acquisition of RSUPL along with a strong liquidity position, ICRA does not expect any adverse impact on IGT's credit profile post this acquisition. Nonetheless, ICRA would continue to monitor the progress on this acquisition.

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

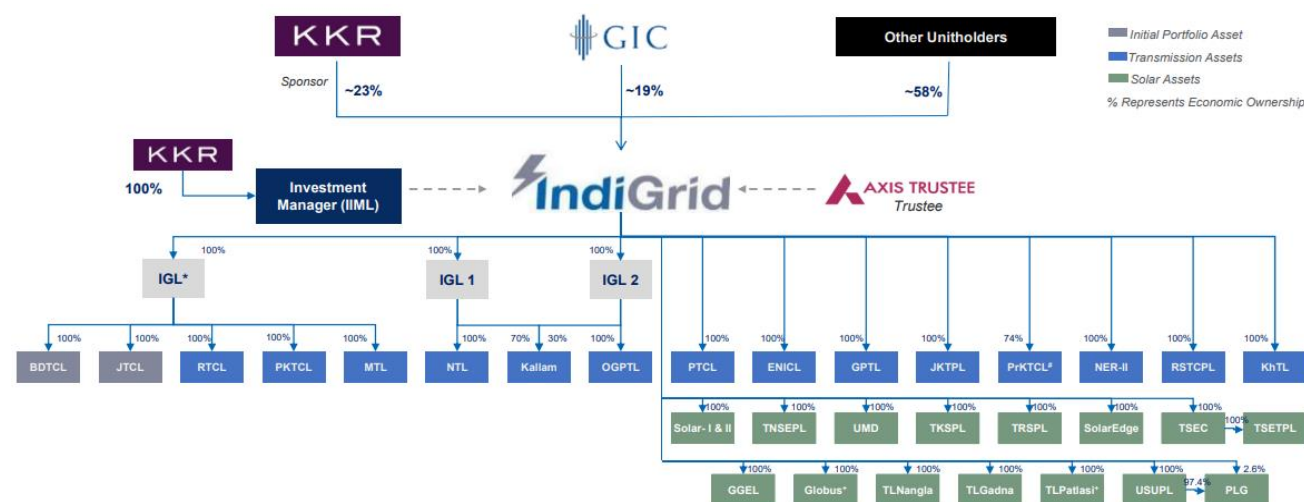
Analytical approach

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 Ltd, IGL1 = IndiGrid 1 Ltd, IGL2 = IndiGrid 2 Ltd, BDTC = Bhopal Dhule Transmission Company Ltd, JTCL = Jabalpur Transmission Company Ltd, RTCL = RAPP Transmission Company Ltd, PKTCL = Purulia & Kharagpur Transmission Company Ltd, MTL = Maheshwaram Transmission Ltd, PTCL = Patran Transmission Company Ltd, NTL = NRSS XXXX Transmission Ltd, Kallam = Kallam Transmission Ltd, OGP = Odisha Generation Phase II Transmission Ltd, ENICL = East-North Interconnection Company Ltd, GPTL = Gurgaon Palwal Transmission Ltd, JKTPL = Jhajjar KT Transco Pvt Ltd, PrKTCL = Parbati Koldem Transmission Company Ltd, NER-II = NER II Transmission Ltd, RSTCPL = Raichur Sholapur Transmission Company Pvt Ltd, KNTL = Khargone Transmission Ltd, Solar I & II = IndiGrid Solar-I (AP) Pvt Ltd and IndiGrid Solar-II (AP) Pvt Ltd, TNSEPL = TN Solar Power Energy Pvt Ltd, UMD = Universal Mine Developers & Service Providers Pvt Ltd, TKSP = Teraight Kanj Solar Pvt Ltd, TRSPL = Teraight Rajasolkar Solar Pvt Ltd, Solar Edge = Solar Edge Power and Energy Pvt Ltd, TSEC = Teraight Solar Energy Charama Pvt Ltd, PLG = PLG Photovoltaic Pvt Ltd, TSETPL = Teraight Solar Energy Tinwari Pvt Ltd, USUPL = Universal Saur Uja Pvt Ltd, Globus = Globus Steel & Power Pvt Ltd, TLPatiasi = Teraight Solar Energy Patiasi Pvt Ltd, TLNangla = Teraight Solar Energy Nangla Pvt Ltd, TLGadna = Teraight Solar Energy Gadna Pvt Ltd, GGEL = Godswani Green Energy Ltd

*IGL also holds 100% of Virescent Infrastructure Investment Manager Pvt Ltd (VIIMPL), along with its wholly owned subsidiary Virescent Renewable Energy Project Manager Pvt Ltd (VREPMPL), which will be merged with IGL
 #PrKTCL held in a Joint Venture with Power Grid holding 26% stake
 *Globus and TLPatiasi hold 33% each in Teraight Solar Energy Sitamaua Pvt Ltd, balance owned by Brookfield entities

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. 28,500 crore post-acquisition of RSUPL (as per independent valuation as on Sep 30, 2023 and acquisition value of RSUPL), 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 555-MW of operational capacity which will increase to 855-MW post RSUPL's acquisition. All the transmission projects have been implemented on a BOOM basis and have TSAs in place for 35¹ years, except for two assets. IGT's net debt/AUM is at ~63.5% post-acquisition of RSUPL, 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. Separately, KKR also owns a 100% stake in Indigrid Investment Managers Limited (IIIML), 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

¹ Except ENICL and JKTTPPL, which has a 25-year TSA period

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 in FY2024					Date & rating in FY2023				Date & rating in FY2022				Date & rating in FY2021				
					Jan 17, 2024	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]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-	-	-	-	-	-	-	-
2	NCD	Long-term	1550.00	1550.00	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
3	NCD	Long-term	250.00	250.00	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-	-	-	-	-	-	-	-	-	-
4	NCD	Long-term	-	-	-	-	-	-	-	-	[ICRA]AAA (Stable); withdrawn	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
5	NCD	Long-term	1000.00	1000.00	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)												
6	NCD	Long-term	1230.00	1230.00	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)													
7	NCD	Long-term	1610.00	1610.00	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)															
8	MLD	Long-term	-	-	-	-	-	-	-	-	-	-	-	-	-	-	[ICRA]AAA (Stable); withdrawn	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)
9	Issuer rating	-	-	-	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (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+	[ICRA]A1+	[ICRA]A1+
11	Term loan	Long-term	950.00	945.00	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	-	-	-
12	Working capital facility	Long-term/ Short-term	10.00	-	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	[ICRA]AAA (Stable)/ [ICRA]A1+	-	-	-	-	-	-	-	-	-	-
13	Working capital facility	Short-term	40.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	-	-	-	-	-	-	-	-	-	-
14	Unallocated	Long-term	50.00	-	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)																

Complexity level of the rated instruments

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-I: 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)/
-	Non-fund based working capital	-	-	-	40.00	[ICRA]A1+

Source: Company; *yet to be issued ^ partial redemption is done with an outstanding amount of Rs. 11.24 crore for ISIN- INE219X07397 and Rs. 138.56 crore for ISIN- INE219X0740

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

Annexure-II: 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

Company Name	Ownership	Consolidation Approach
Kallam Transmission Limited	100.00%	Full Consolidation
Raichur Sholapur Transmission Company Private Limited	100.00%	Full Consolidation
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
Godawari Green Energy Limited	100.00%	Full Consolidation
Terralight Solar Energy Sitamauss Private Limited	66.06%	Full Consolidation
Kilokari BESS Private Limited	95.00%	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 January 17, 2024 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-I)

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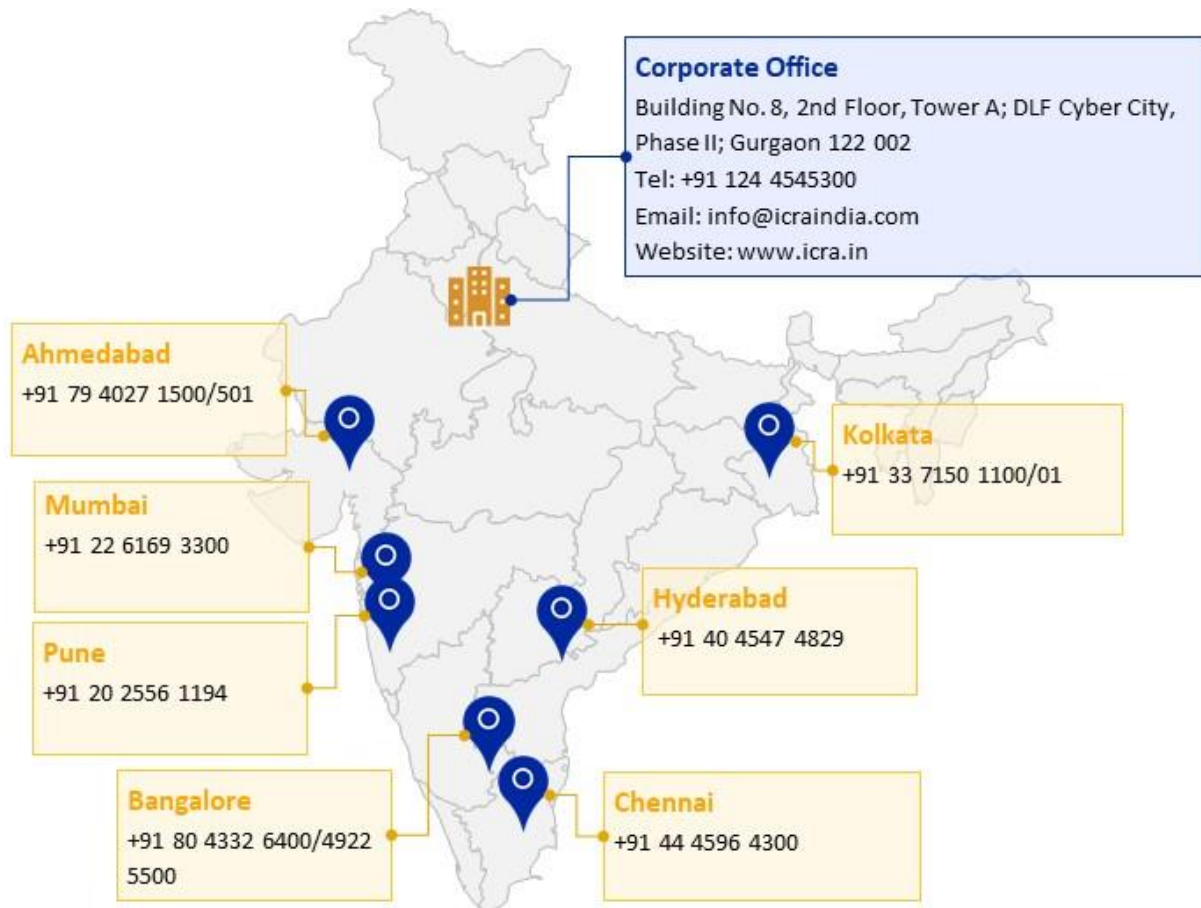
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