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# NIIF INFRASTRUCTURE FINANCE LTD.

## 3<sup>rd</sup> Annual Investor Conference 2021

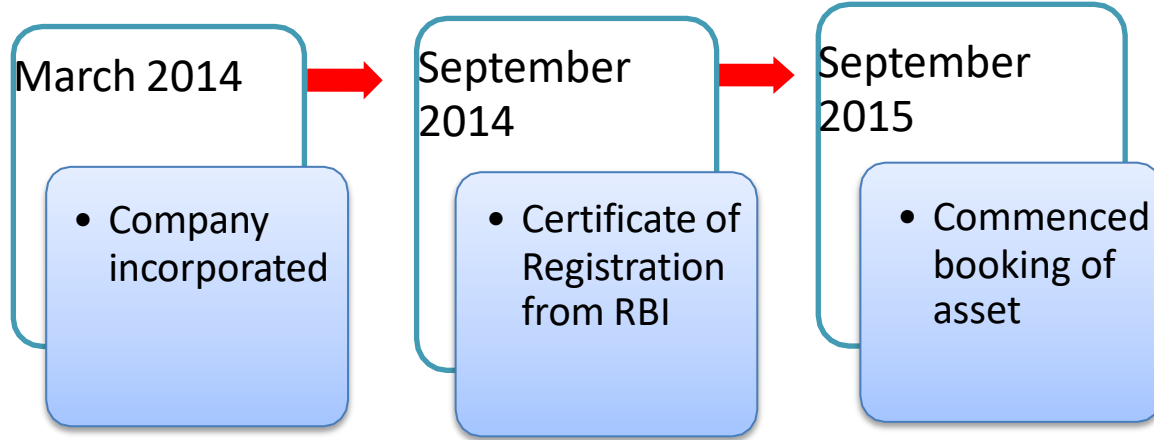
November 30, 2021



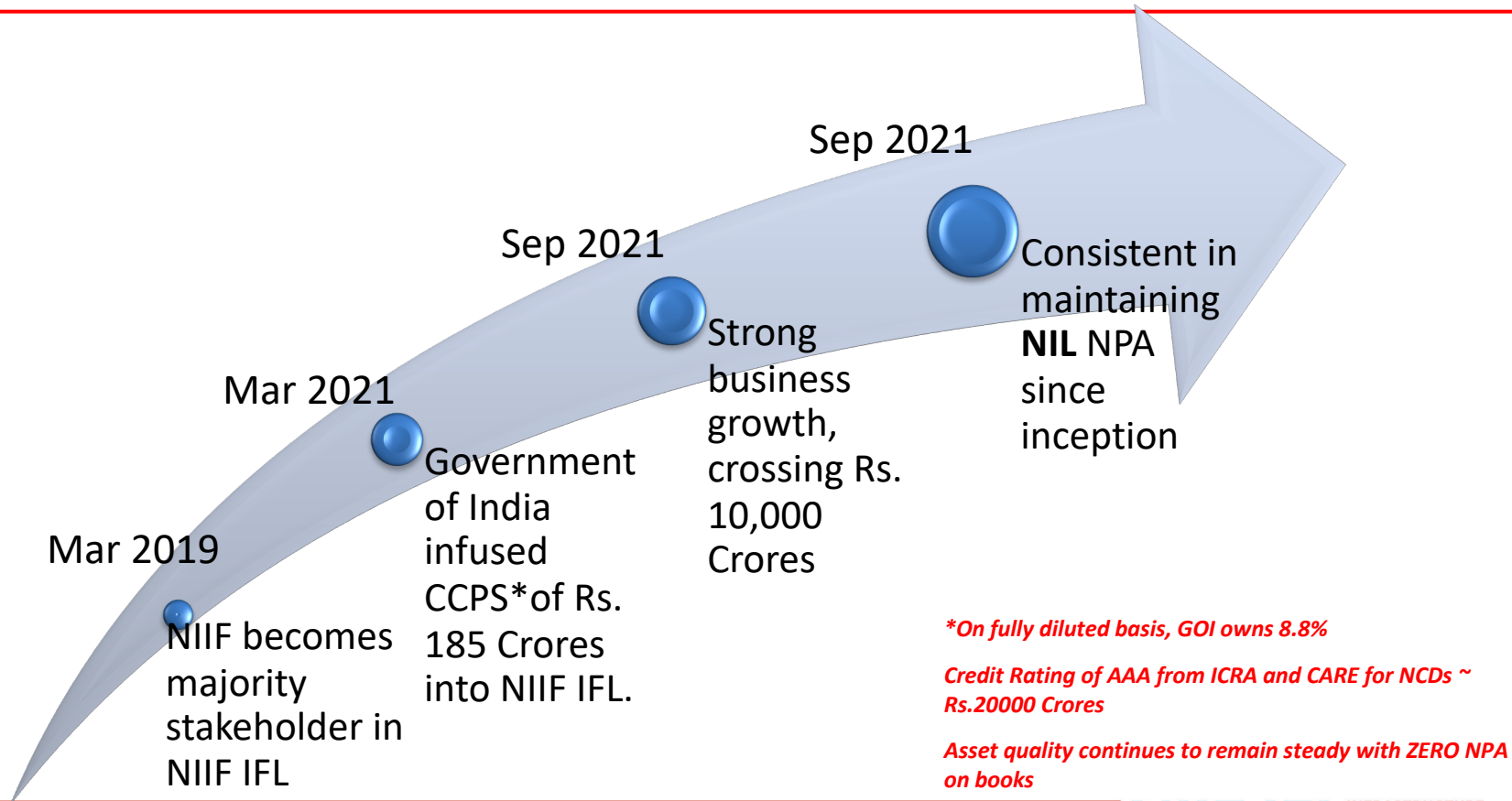
**NATION BUILDING IS IN OUR DNA**

# JOURNEY SO FAR-NIIF IFL 1.0

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# JOURNEY SO FAR-NIIF IFL 2.0



# KEY FINANCIAL METRICS

Consistent in maintaining healthy asset quality and strong growth

	Mar'20	Mar'21	Sep'21
Loan book (Rs. Crores)	6389	8432	10,501
Loan book growth(%)	36.4	32.0	24.5
Net Worth (Rs. Crores)	833	1,870	1,980
GNPA / NNPA	NIL	NIL	NIL
CRAR (%)	19.6	23.4	21.3



## BUSINESS OVERVIEW



# FUNDING INDIA'S INFRASTRUCTURE-I

## SOLAR POWER

- ~ 33% of our AUM in solar projects
- Debt Financing to ~ 3020 MW capacity



## WIND POWER

- ~ 13% of our AUM in wind power
- Debt Financing to ~ 1340 MW capacity



## HYDRO POWER

- ~ 1% of our AUM in hydro projects
- Debt Financing to 280 MW capacity



***Other power including open access, group captive and captive forms 20%***

# FUNDING INDIA'S INFRASTRUCTURE-II

## TELECOM TOWER INFRASTRUCTURE

- ~ 6% of current AUM in tower financing
- Debt Financing to ~ 1.65 Lakhs towers



## BULK MATERIAL TRANSPORTATION (BMT) INFRASTRUCTURE

- ~ 1% of our AUM in BMT financing
- Debt Financing to ~ 1480 Kms of BMT infrastructure



# FUNDING INDIA'S INFRASTRUCTURE-III

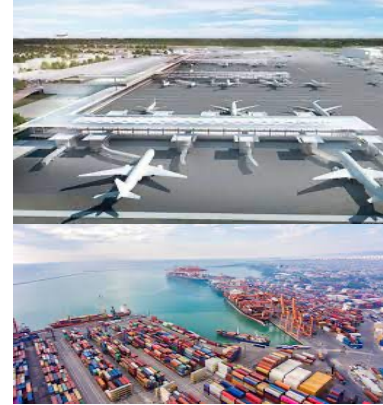
## ROADS INFRASTRUCTURE

- ~ 4% of our AUM in road funding
- Debt Financing to ~ 650 Kms of roads



## AIRPORT, PORT, LOGISTICS & WAREHOUSING INFRASTRUCTURE

- ~ 11% of our AUM funding
- Debt Financing for airport capacity ~ 20 Mn passengers (annually)
- Debt Financing for cargo at ports ~ 55 mtpa and ~ 7 Lakh tonnes for airports
- Debt Financing for warehousing facility ~ 14 Lakh sqft



# OUR PILLARS

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- Pillar 1 – Asset Quality 
- Pillar 2 – Strong Government Support 
- Pillar 3 – Experienced Board & Management Team 
- Pillar 4 – Robust Corporate Governance 
- Pillar 5 – Stringent Underwriting Parameters 
- Pillar 6 – Responsible Financial Institution (E&S) 
- Pillar 7 – Diversified Portfolio of Assets 

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## Pillar 1 – Asset Quality

# Strong Asset Quality

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## Robust Asset Quality

- Continue to remain NIL NPA company since inception
- Continue to maintain diversified asset portfolio
- Average asset vintage is ~ COD + 6 years




*Diversified asset book*

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## **Pillar 2 – Strong Government Support**

# Strong Government Support

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- Shareholding Patter:
  - Government of India directly owns ~8.8%\* equity in NIIF IFL
  - NIIF – Strategic Opportunity fund which is a fund anchored by Government of India, owns ~85.2% equity in NIIF IFL (directly/indirectly)
  - HDFC Ltd owns the balance 6%.
- With GOI and NIIF being a prominent shareholder of NIIF IFL, our dialogue with the Government has improved considerably.
- Recently, in the Union Budget under section 2(48), IDF NBFCs have been allowed to issued Zero Coupon Bonds (ZCBs) having differential tax treatment. 

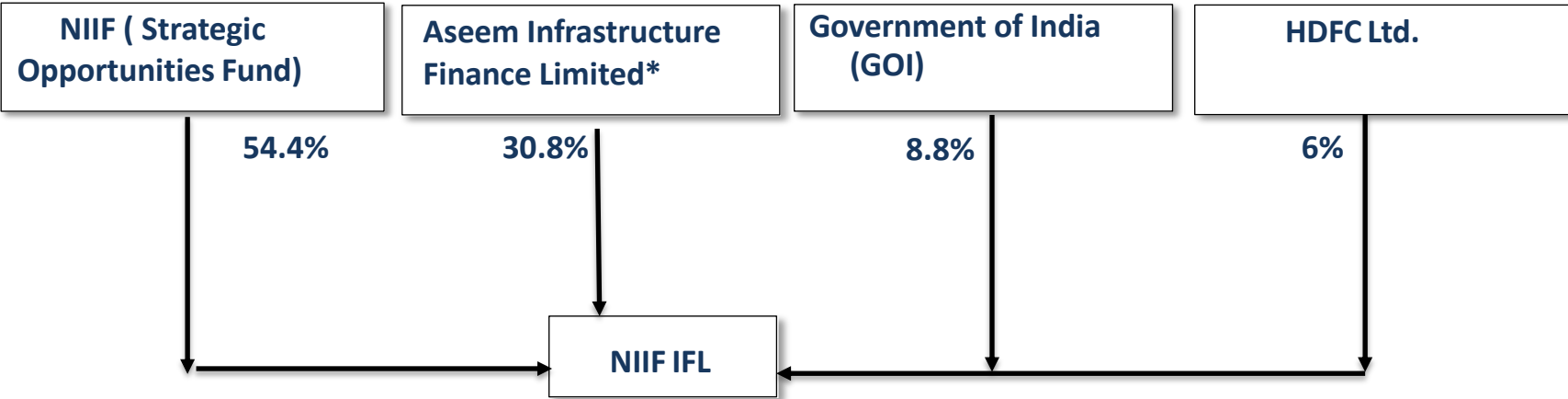
***NIIF IFL is a fast growing company in private sector with strong Government support***

***\*On fully diluted basis***

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## **Pillar 3 – Experienced Board & Management Team**

# NIIF IFL – Current Ownership Structure



***NIIF IFL is a fast growing company in private sector with strong Government support***

***\*On fully diluted basis***

# NIIF IFL – Board of Directors



**Mr. Surya Prakash  
Rao Pendlaya**  
*Nominee Director  
of NIIF*

Mr. Rao has over three decades of experience in the Indian financial system, in areas including corporate finance, project finance, infrastructure lending, infrastructure investments, and credit risk management.

Mr. Rao is Executive Director at NIIF. Prior to joining NIIF, he was the Chief General Manager at State Bank of India. He was also the Deputy CEO of SBI Macquarie Infrastructure Fund



**Mr. Rajiv Dhar**  
*Nominee Director  
of NIIF*

Mr. Dhar has over 30 years of experience in managing diverse business operations across multiple sectors

Mr. Dhar is Chief Operating Officer at NIIF. Prior to joining NIIF, he was Executive Director with Omzest Group. He has also worked with Tata Group as Vice President at Tata Industries Limited



**Mr. A K T Chari**  
*Nominee Director  
of NIIF*

35+ years of experience in Project Finance  
Prior to joining IDFC, Mr. Chari worked with IDBI for 25 years where he held the position of Chief General Manager/Adviser – Corporate Finance. In this role, his responsibilities included appraisal of projects – infrastructure and industrial, project monitoring and portfolio management in the SME and venture capital sectors



**Mr. Ashwini Kumar**  
*Independent  
Director*

Mr. Ashwani Kumar is a seasoned banker and served as the Chairman and Managing Director of Dena Bank for a term of 5 years. He has more than 40 years of Banking experience.

He was a Director on the Board of Life Insurance Corporation of India (LIC) for a little more than 5 years. He was also the Chairman Audit Committee and Risk Management Committee, Member of Investment Committee in LIC.



**Ms. Ritu Anand**  
*Independent  
Director*

45+ years of extensive experience in working with financial institutions, multilateral development agencies and government and regulatory authorities in the areas of economics and public policy

She served as Chief Economic Adviser and Deputy Managing Director of SBI.

She also worked as the Chief Economist and Principal Advisor at IDFC Limited and Lead Economist at World Bank, Washington DC, U.S. Group.

# NIIF IFL – Management Team



**Mr. Sadashiv S  
Rao**  
Chief Executive  
Officer

33+ years of experience in project finance, investment banking and advisory services. In his previous roles at IDFC, he held the positions of Chief Risk Officer, Chief Credit Officer.

In his previous experience, he also held key positions with ICICI Ltd., Hindustan Petroleum Corporation Ltd. and Procter & Gamble



**Mr. Debabrata  
Mukherjee**  
Head – Business

25+ years of experience in financial services with leading Indian and global institutions across corporate and project finance, special situation investments, advisory services and investment banking

He is primarily responsible for business development and resource raising.

Prior to joining IDFC, he worked in the areas of corporate finance and investment banking and held key positions in ASK Raymond James, BNP Paribas and SBI Capital Markets



**Mr. Dhananjay  
Yellurkar**  
CRO

30 years of experience in the financial services sector.

He is primarily responsible for leading the risk function, developing and implementing NIIF IFL's risk management framework

Prior to this, he was Head – Risk and Asset Monitoring Group at L&T Infrastructure Finance Company Ltd. He also held key positions with CRISIL, Ernst & Young, ICICI Ltd



**Srinivas Upadhyayula**  
Head–Legal  
& Compliance

25+ years of rich experience in the legal field. Prior to this role, he was Senior Director (Legal) in the Special Situations Management Group (SSMG) of IDFC Ltd.

Prior to IDFC, He was working with Asset Reconstruction Company (India) Ltd (ARCIL) as Senior Vice -president & Group Head – Legal. He also worked as DGM(Legal) IDBI Bank Ltd & Law officer in Canara Bank.



**Mr.  
Narayanan  
Iyer** CFO

25+ years of experience in finance, accounting, management reporting and compliance

Prior to this, He has worked with Piramal Foundation as CFO, has earlier worked with reputed firms such as IDFC Ltd, Deutsche Bank and NSE,

***NIIF IFL has an experienced Board and Management team with sound knowledge of financing Infrastructure sector***



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## **Pillar 4 – Robust Corporate Governance**

# Best in Class Practices

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- Robust corporate governance practices including risk management, ALM management and strong emphasis on clean asset quality.
- All policies and process manuals reviewed by consultants and approved by Board
- Board Committees setup to oversee smooth running of the company.
- Diligent external audits- Lodha & Co-Statutory Auditors, KPMG-Internal Auditors
- IT Infrastructure designed and enabled to operate from anywhere with required security controls during Covid times.
- IT systems being updated with latest versions.



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## Pillar 5 – Stringent Underwriting Parameters

# Stringent Underwriting Parameters

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Stringent Underwriting Standards in place:

- Exposure restricted to marquee promoter groups.
- Renewable sector exposure restricted to projects with credit-worthy off takers such as NTPC, SECI, group captive / open access, and select state utilities.
- Renewable sector exposure restricted to projects with relatively low tariffs.
- Road sector exposure protected by Tripartite agreement with NHAI.
- Transmission sector assets are natural monopolies with assured cashflows.
- Hospital sector asset are resilient and insulated from economic cycles.



***Since inception, NIIF IFL has NIL NPA***

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## **Pillar 6- Good Corporate Citizen-Commitment on Assessing & Mitigating Environmental & Social Risks (E&S)**

# Commitment towards (E&S) Responsibility

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- NIIF IFL is a responsible institution adopting E&S Risk Policy as per IFC Performance Standards (PS).
  - Demonstrating its commitment towards E&S integration in credit appraisal, loan disbursement and post-loan monitoring stages.
- Robust E&S risk management practices, conducting the following:
  - Identify and assess material E&S risks at the due diligence stage
  - Include E&S loan covenants and monitoring requirements to address identified material E&S risks
  - Review and monitor portfolio projects throughout the loan tenure and reduce risks arising from E&S issues



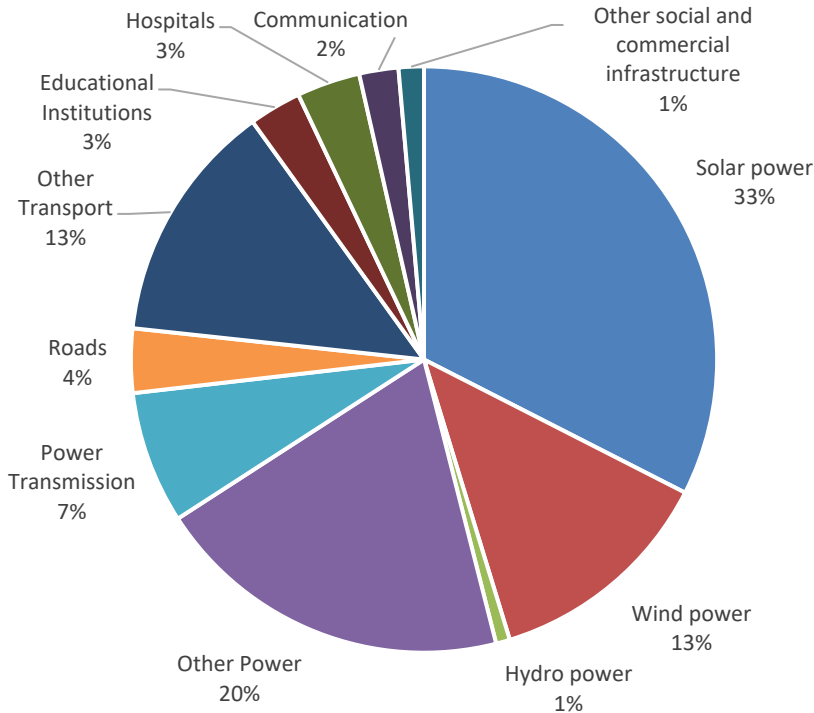
***NIIF IFL is a Responsible Financial Institution***

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## **Pillar 7 – Diversified Portfolio of Assets**

# NIIF IFL Current Portfolio

Loan book of Rs 10,539 Crores as on Sept 30, 2021.



■ Number of Borrowers = 93;  
Rs. 10,539 crores

*NIIF IFL's portfolio is well diversified over various infrastructure sectors*

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## IDF – A unique class of NBFC

# IDFS – A Unique Class of NBFCs

## (Assets)

- IDFs, by regulation, can only lend to ***operating*** infrastructure projects that have demonstrated at least one year of ***satisfactory*** performance.
- Unlike HFCs/IFCs/NBFCs, IDFs cannot lend to under-construction projects or provide structured finance solutions.
- IDFs provide amortising loans, matched with cashflows from projects that are already operational.

***IDF assets are relatively safer than any other class of NBFCs***

# IDFs – A UNIQUE CLASS OF NBFCs

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## (Liabilities)

- Long tenor assets financed by long tenor liabilities.
  - IDFs are mandated to have at least 90% of their borrowing with minimum maturity of 5 years.
- Minimal interest rate risk (Majority of NIIF IFL assets are with fixed interest rates).

*IDFs face minimal asset-liability mismatches*

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## NIIF IFL – Safe Investment Opportunity

# NIIF IFL- Safe Investing Platform

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## Perception:

- Capital is a constraint for IDF-NBFCs

## Reality:

- NIIF IFL has successfully changed hands from IDFC to NIIF
- GOI and NIIF (directly/indirectly) have invested Rs.905 crores as equity capital.
  - Government of India has already infused 1<sup>st</sup> tranche of equity.
- NIIF is willing to invest and arrange for more equity capital as the business scales up.

***NIIF IFL well poised to scale up***

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## NIIF IFL – Huge Infrastructure Opportunity

# HEADROOM FOR HIGH GROWTH

Proposed infrastructure capex in Union Budget 2021  
**US\$74bn**

- Specialized infrastructure lending companies to benefit as demand surges for capital to support the required capex

Infrastructure Investments (FY13-19)  
**~US\$690bn**

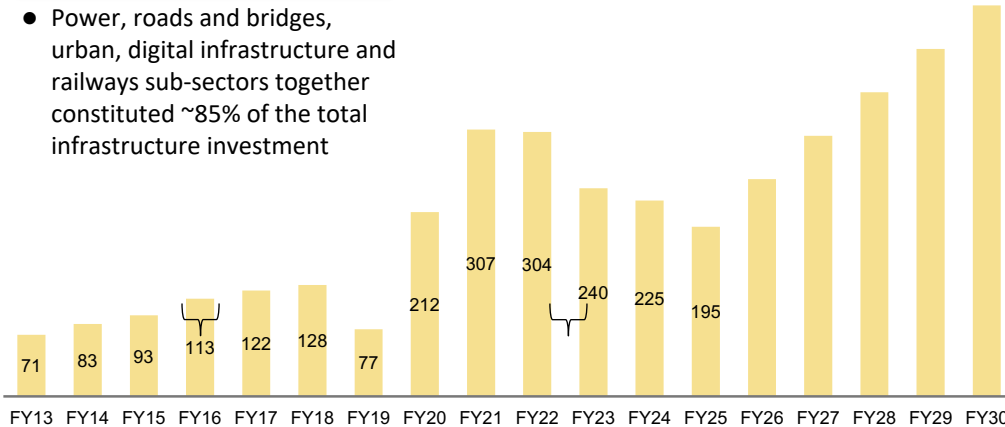
- Power, roads and bridges, urban, digital infrastructure and railways sub-sectors together constituted ~85% of the total infrastructure investment

Planned Infrastructure Investments (FY20-25)  
**~US\$1.5tn**

- Sharp focus on infrastructure buildout to spur growth via dedicated programs such as **National Infrastructure Pipeline (NIP)**

National Monetisation Programme (FY22-25)  
**~US\$80bn**

- Monetisation of brownfield infra assets (focus on Roads, Railways, Power sectors) by bringing private participation



Renewable Energy Investments needed by 2030

**US\$500bn**

- Investments needed for
  - Wind & solar infrastructure (**US\$300bn**)
  - Grid firming investments (**US\$50bn**)
  - Expansion & modernization of transmission and distribution (**US\$150bn**)

Railways Investments needed by 2030

**US\$700bn**

Port Investments needed by 2030

**US\$40bn**

**Significant push for infrastructure development in India along with favourable regulations to benefit Infrastructure lending companies**

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## NIIF IFL – Opportunities for Debt Fund Raise

# ZERO COUPON BONDS

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- In March 2021 Union Budget, under section 2(48) IDF NBFCs have been allowed to issue Zero Coupon Bonds (ZCBs) having differential tax treatment.
- Long term funding source.
- Diversification of liabilities for NIIF IFL.
- Attractive opportunity specially for HNIs and Corporates.
- Applied to CBDT, final confirmation awaited.

***NIIF IFL set to capitalize on this opportunity and help diversify its funding source***

# GREEN BONDS

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- Continuous push for renewable energy globally and India
- Significant pick-up in green/ clean energy financing like renewables

## OPPORTUNITIES

- More than 50% of NIIF IFL assets are green/ clean in nature. Hence best suited to tap vast liquidity ESG pools.

# SUMMARY

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- The National Monetization Programme & National Infrastructure Pipeline lays down immense opportunities for NIIF IFL.
- No constraint on capital considering strong parentage of NIIF and GOI.
- Experienced team which can capitalize on the strong infrastructure opportunity.

***NIIF IFL is a safe conduit for channelizing long term patient capital into Indian infrastructure***

# Thank You