
NIIF INFRASTRUCTURE FINANCE LTD.

2nd Annual Investor Conference 2020

December 10, 2020

Infrastructure Financing - NIIF IFL's Perspective

IDF – A unique class of NBFC

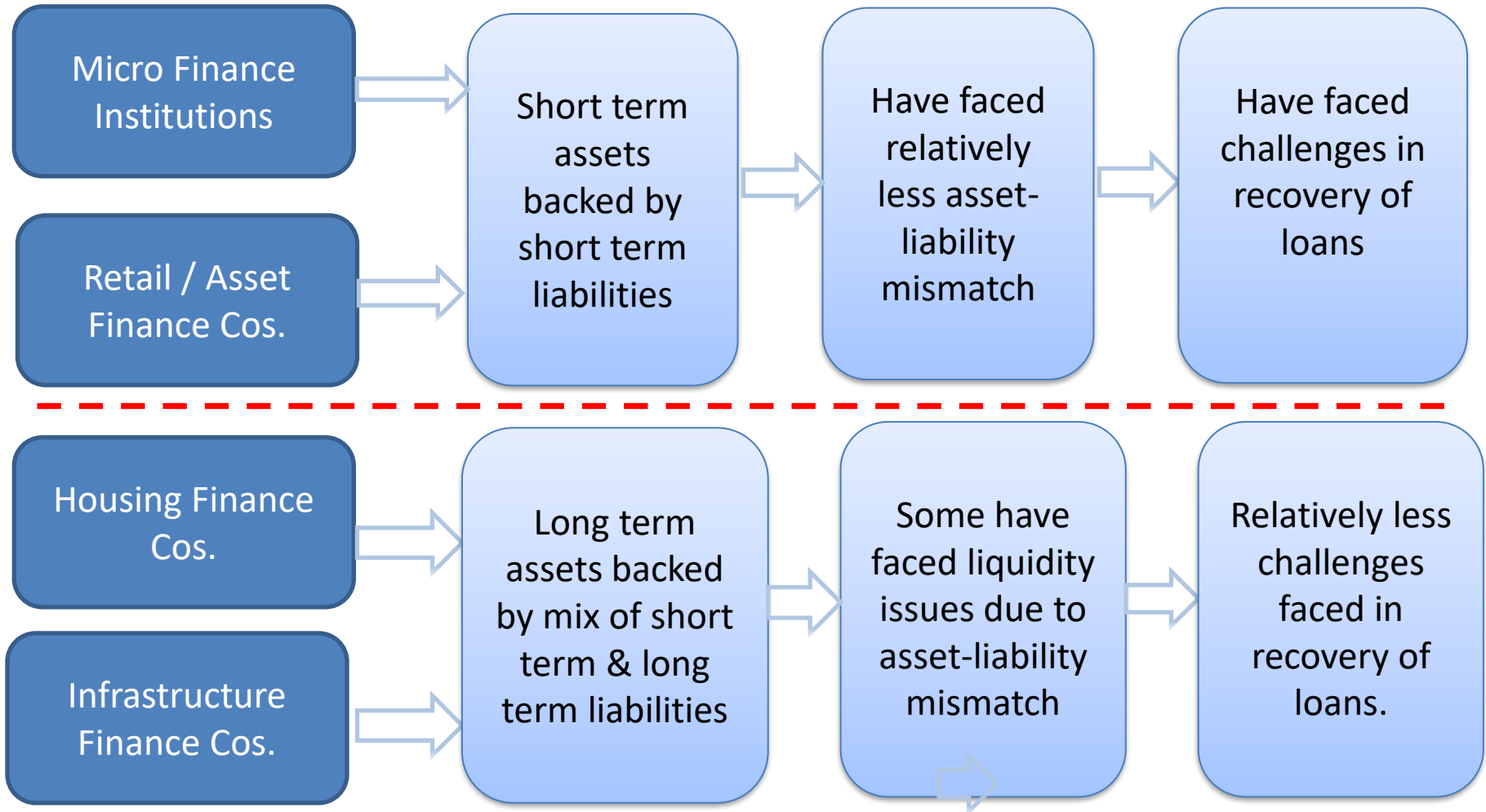
NIIF IFL – Journey so Far

Strong pillars of NIIF IFL

NIIF IFL – Safe Investment Opportunity

IDF – A unique class of NBFC

Operating NBFCs – Current Landscape



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 (which have seen delays / or are stranded) or provide structured finance solutions (typically involving lumpy repayments).
- IDFs provide amortising loans, with amortisation schedules matched with cashflows from projects that are already operational.

IDF assets are relatively safer than any other class of NBFCs

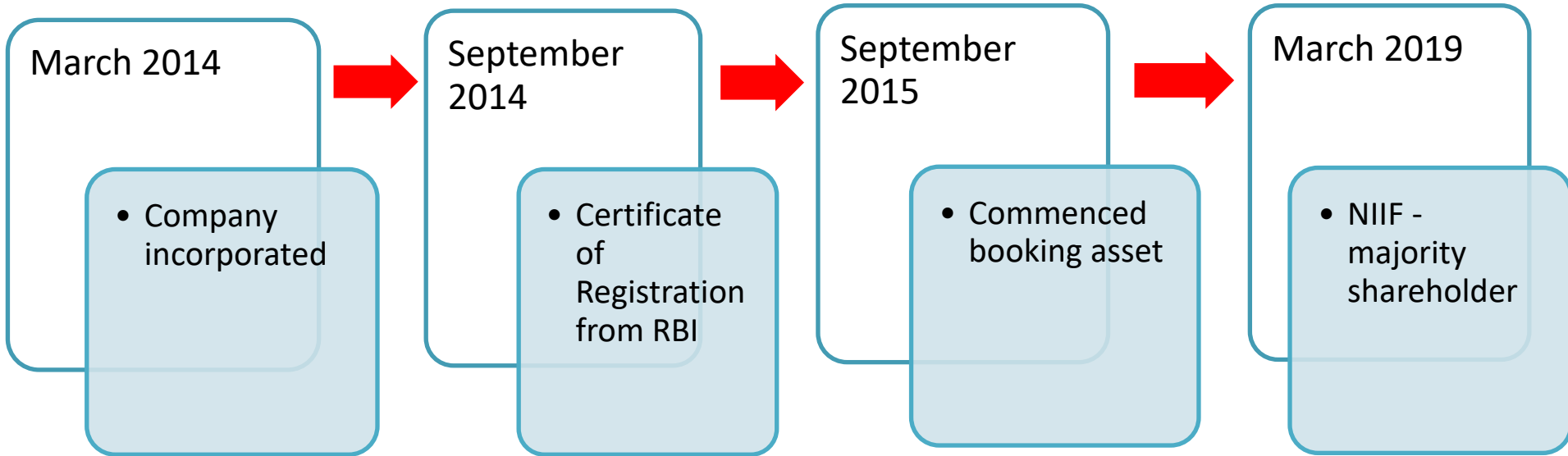
IDFs – A Unique Class of NBFCs (Liabilities)

- 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.
 - IDFs raise resources mainly from long-term investors such as retirement benefit funds, insurance companies
- Minimal interest rate risk (Majority of assets are with fixed interest rates).

IDFs face minimal asset-liability mismatches

NIIF IFL – Journey so Far

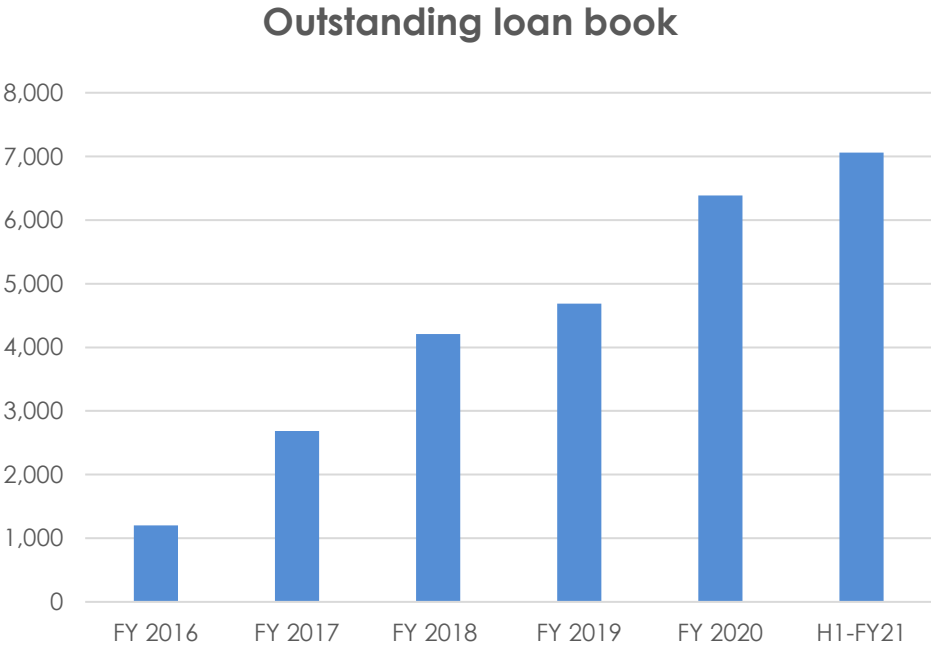
NIIF IFL – Journey so Far



Credit Rating of AAA from ICRA and CARE for NCDs up to Rs.12000 crores.

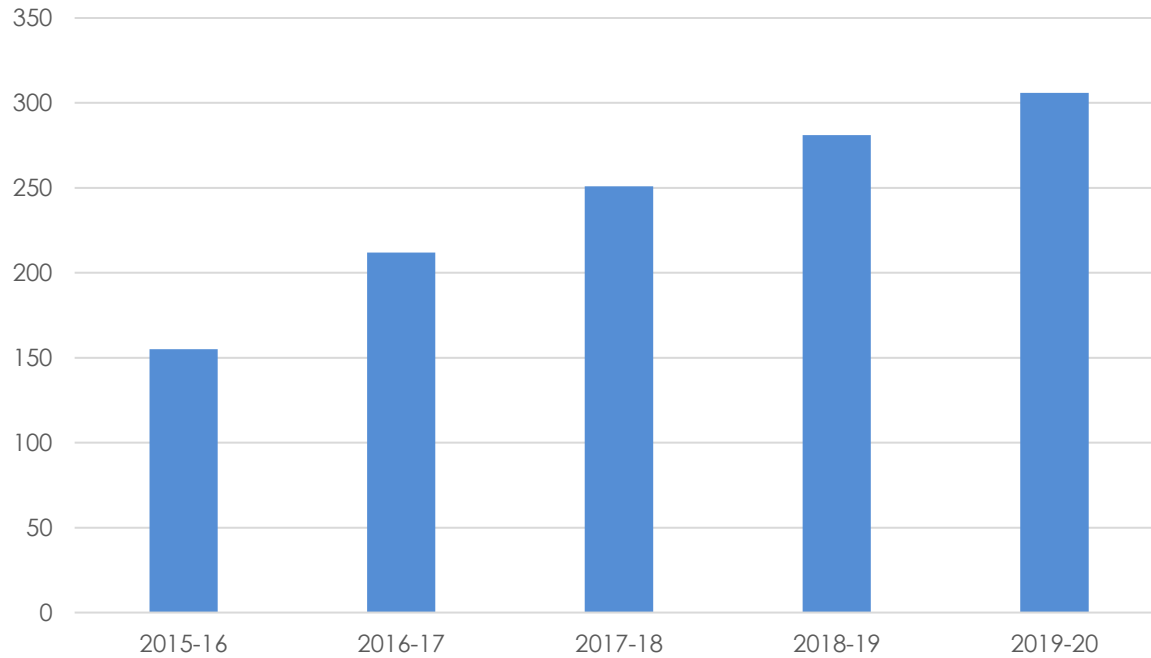
Loan Book Growth over previous 5 Years

- There has been a high growth in the outstanding loan book.



CAGR of loan book is 51% since 2016

Number of Bond Holders



There has been a steady increase in the number of Bond holders

Strong Pillars of NIIF IFL

Pillar 1 – Strong Government Support

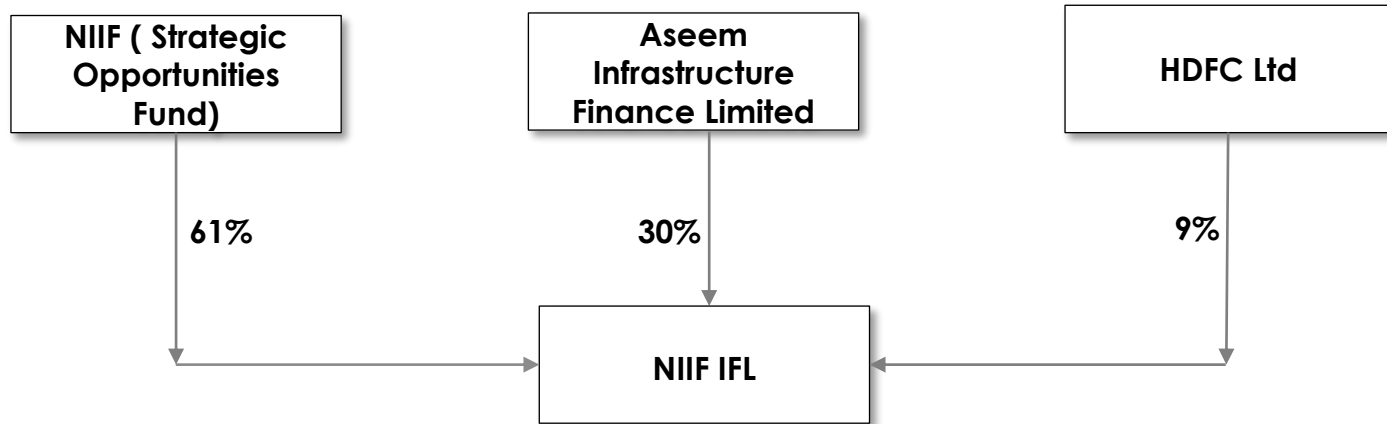
Strong Government Support

- NIIF – Strategic Opportunity fund which is a fund anchored by Government of India, owns ~ 91% equity in NIIF IFL (directly/indirectly).
- With NIIF being a prominent shareholder of NIIF IFL, our dialogue with the Government has improved.
 - Change of rule 2f of the IT Act 1961, allowing free flow of capital from Foreign Portfolio Investors.
- Recently, Cabinet Committee on Economic Affairs has approved Rs.6000cr equity infusion in multiple tranches in the NIIF debt platform including NIIF IFL.

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

Pillar 2 – Experienced Board & Management Team

NIIF IFL – Current Ownership Structure



***NIIF IFL has a strong Promoter(s)/Shareholder(s)
Shareholding: NIIF (directly / indirectly) ~ 91%, HDFC Ltd ~ 9%***

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. Suresh Menon
*Nominee Director
of HDFC Ltd*

- Mr. Menon is the Member of Executive Management of HDFC Limited and is responsible for Policy Implementation and Process Monitoring, Internal Audit and Information Technology – User Support Group. He has been associated with HDFC Limited since 1984. He is a member of the Risk Management Committee of HDFC Limited and a Director on the Board of HDFC Property Ventures Limited. He was also deputed as the CEO of HDFC General Insurance Company in 2007-2008



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 Advisor 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

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



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. Sanjay Ajaonkar
CFO

- 23+ years of experience in finance, accounting, taxation, management reporting and compliance
- Prior to this, He has worked with IDFC Alternatives, Blue River Capital, HBL Global (a group company of HDFC Bank Limited), Tata Finance Limited

Pillar 3 – Robust Corporate Governance

Best in Class Practices

- Robust corporate governance practices including risk management, ALM management and strong emphasis on 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- E&Y- 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.

Pillar 4 – Stringent Underwriting Parameters

Stringent Underwriting Parameters

Stringent Underwriting Standards in place :

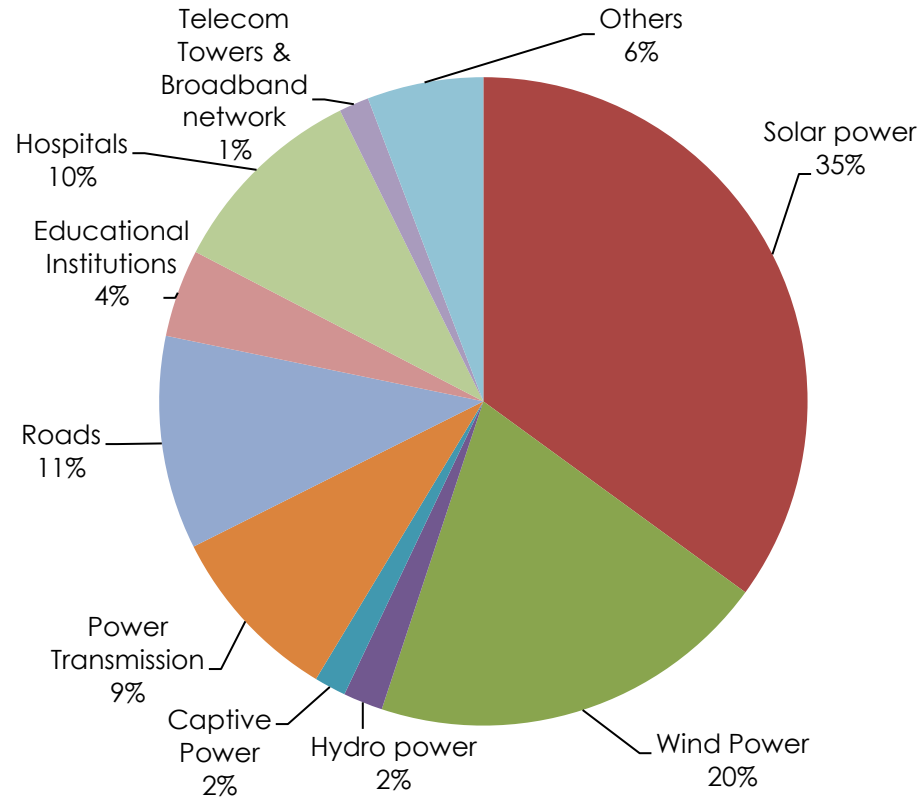
- Exposure restricted to marquee promoter groups.
- Renewable sector exposure restricted to projects with credit-worthy off takers such as NTPC, SECI, group captive / open access, and select state utilities.
- Renewable sector exposure restricted to projects with relatively low tariffs.
- Road sector 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

Pillar 5 – Diversified Portfolio of Assets and Liabilities

NIIF IFL Current Portfolio

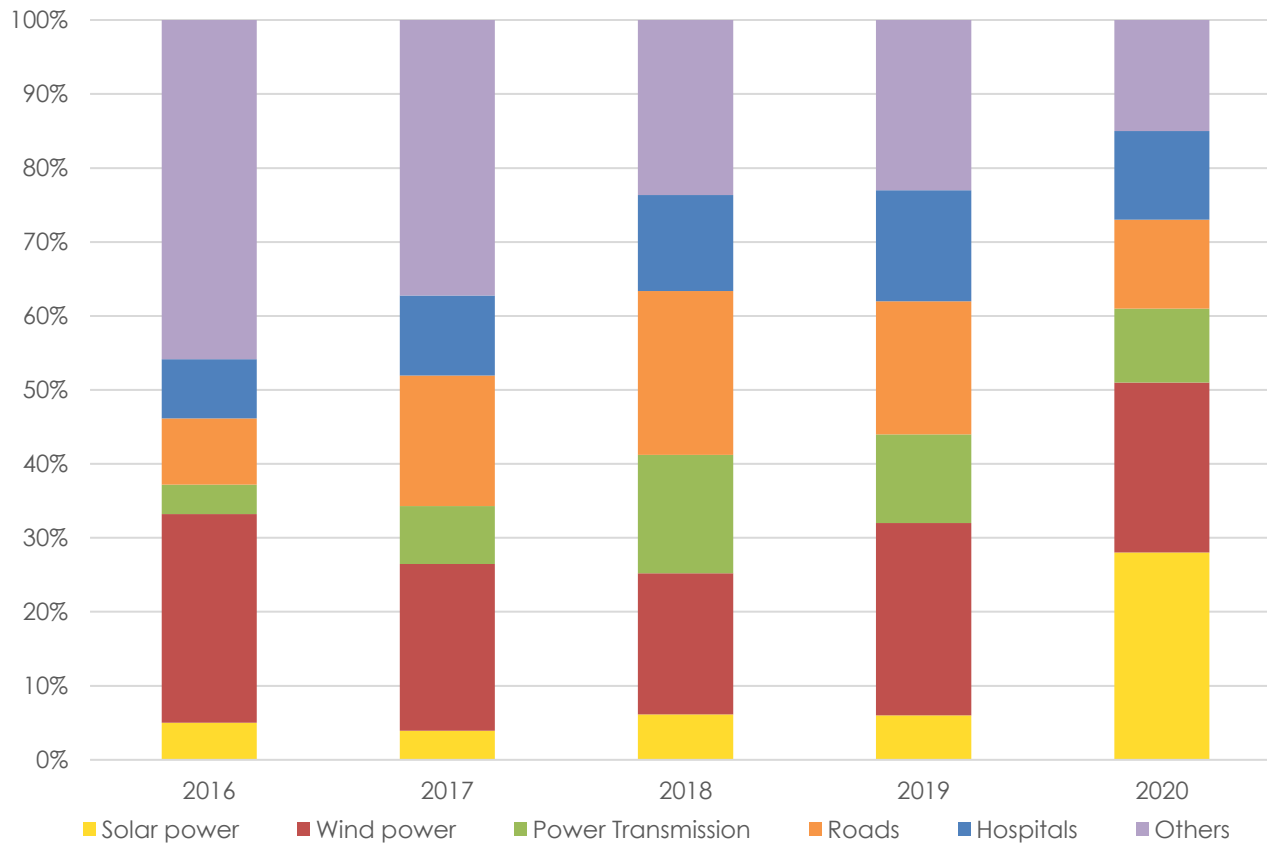
Loan book of Rs 7060 Cr as on Sept 30, 2020.



▪ Number of Borrowers = 80; Rs. 7,060 crores

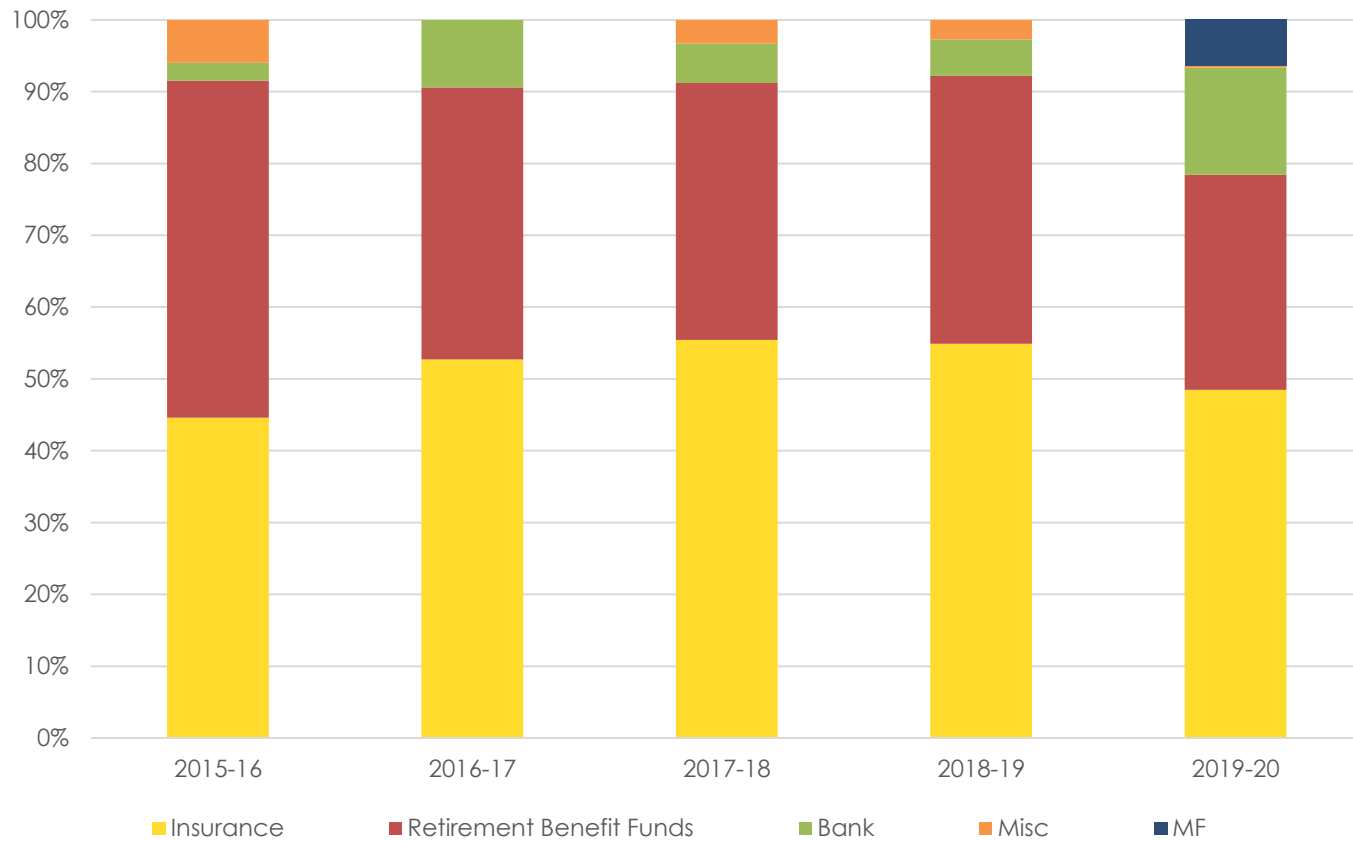
NIIF IFL's portfolio is well diversified over various infrastructure sectors.

Portfolio Trend



NIIF IFL's history of well diversified portfolio since inception.

Diversified Bond Holders



Investors include Insurance Companies, Retirement Benefit Funds, Banks, Mutual Funds and others

Pillar 6 – Focus on Environment, Social Impact Assessment

Focuses on Environmental & Social (E&S) Responsibility

- NIIF IFL integrates credit risk with E&S risks.
- As part of its robust risk management practices it:
 - Identifies and assesses material E&S risks at the due diligence stage
 - Includes E&S loan covenants and monitoring requirements to address identified material E&S risks
 - Reviews and monitors portfolio projects throughout the loan tenure and reduce risks arising from E&S issues

NIIF IFL is a Responsible Financial Institution

NIIF IFL – Safe Investment Opportunity

NIIF IFL- Safe Investing Platform (1)

Perception:

- All NBFCs having liquidity problems, are running huge mismatches in ALM.

Reality:

- Big negative events like IL&FS and DHFL are behind NBFCs.
- Lot more scrutiny by stakeholders (Regulators, Rating Agencies and Investors)
- Strong NBFCs balance sheet are getting regular funding.
- Regulation ensures that IDFs do not have ALM mismatches.

NIIF IFL able to raise funds even during tough times

NIIF IFL- Safe Investing Platform (2)

Perception :

- Infrastructure is a difficult sector to lend to.

Reality :

1) *Operating infrastructure – sweet spot*

- Most of the risk is during construction phase, with minimal risks in operations.
- Regulation permits refinance of 1-year **satisfactory** operating infrastructure projects.

2) *NIIF IFL - Solid Performance Track record*

- Strong underwriting standards
- Diversification of portfolio
- Portfolio having approximately average CoD+ 6 years operating history.
- Even in Covid times, NIIF IFL had few assets seeking moratorium. No asset has sought restructuring.

Satisfactory Operating infrastructure assets are safe haven

NIIF IFL- Safe Investing Platform (3)

Perception:

- Lack of liquidity in bonds issued by IDF- NBFCs

Reality:

- Outstanding bonds issued by IDF-NBFCs are ~ Rs. 27000 Crores.
- More than 300 retirement benefit funds, 30 insurance companies, 12 large mutual funds and 15 large banks regularly trade/invest in bonds issued by IDF-NBFCs.
- This investor base is increasing steadily.

NIIF IFL seeing increasing number of Investors from different categories

NIIF IFL- Safe Investing Platform (4)

Perception :

- Capital is a constraint for IDF-NBFCs

Reality :

- NIIF IFL has successfully changed hands from IDFC to NIIF
- NIIF has invested Rs.250 crores as equity capital in NIIF IFL in current year.
- NIIF is willing to invest and arrange for more equity capital as the business scales up.
- Announcement from Government of India to directly subscribe to equity capital.

NIIF IFL well poised to scale up

Summary

- The National Infrastructure Pipeline lays down immense opportunities for NIIF IFL.
- Government's equity infusion of Rs.6000 crores in the NIIF Debt platform will be a strong catalyst for the growth of NIIF IFL.
- Increasingly, many banks, with their focus on retail lending, are shying away from providing long-term financing required for Infrastructure projects.
- Due to seasoning of portfolios and cycle turning around for Infrastructure financiers (financing satisfactory operating assets), outlook is positive.

NIIF IFL set to capitalise on this opportunity and be a key player in infrastructure growth story

Thank you