Esoteric II Pte Ltd.

March 23, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Issuer rating	0.00	CARE AA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Objective of the rating is to meet the qualification norm for investment made by a recognised Pension Fund, per Rule 67 –Investment of fund moneys – Income Tax Rules, 1962. The rating is subject to the nil external debt exposure at the company level.

Rationale and key rating drivers

The reaffirmation in the issuer rating of Esoteric II Pte Ltd. (Esoteric II) factors in stable cash flows from its investment in IndiGrid Infrastructure Trust (referred to as 'IndiGrid' or 'InvIT') given healthy net distributable cash flows (NDCF) and satisfactory track record of distribution per unit (DPU) over several quarters in the past as evident from DPU of ₹15.35 in FY25 and ₹12.0 in 9MFY26. Esoteric II had limited operational expenses and has no external debt. Based on the DPU guidance and current unitholding of 1.1%, CARE Ratings Limited (CareEdge Ratings) expects the company to report a revenue of ₹16 crore for CY26. The rating also factors in the reputed parentage of Esoteric II (companies affiliated with funds, vehicles and/or entities managed and/or advised by Kohlberg Kravis Roberts & Co. L.P and/or its affiliates ["KKR"]) and proven track record of KKR in managing investments across diverse sectors across the globe. The rating also draws comfort from portfolio of assets under IndiGrid, comprising multiple transmission, solar and battery energy storage system (BESS) projects having presence across India, with healthy operational parameters. Assets under the trust have low revenue risk and long-term cash flow visibility by having long-term transmission service agreements (TSAs) and power purchase agreements (PPAs). The InvIT has a pipeline of under-construction projects, which exposes it to execution risk.

CareEdge Ratings notes that the stake held by Esoteric in IndiGrid declined from 21% as of November 2023, to 1.2% as on March 31, 2025, and to 1.1% as on February 28, 2026, considering offer for sale and preferential issue in the last year. However, given the Esoteric II's nil external debt status and no scheduled payment obligation, CareEdge Ratings assesses no material impact on the entity's day-to-day functioning with reduction in stake sale, given the stable dividend income from the InvIT and limited operating expenses. As articulated by the management, there are no plans of availing external debt in this company. Changes in leverage stance would impact the entity's credit profile and remain a key rating sensitivity. The rating is also tempered due to Esoteric II's concentration risk arising due to dependence on IndiGrid for dividend distributions, modest scale of operations, and exposure to the market and forex risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in cash flows and sustenance of no debt at Esoteric II level.

Negative factors

- Deterioration in the credit profile of the InvIT and its underlying assets, leading to significantly lower NDCF and DPU or net debt-to-asset value increasing to 70%.
- Any external debt adversely impacting the coverage metrics of the entity.

Analytical approach: Standalone

Outlook: Stable

The 'stable' outlook reflects Esoteric II's consistent dividend income from IndiGrid and affiliation with KKR.

Detailed description of key rating drivers:

Key strengths

Resourceful parent with global presence

Through KKR Indigrid Co-Invest L.P's holding (62.8%) and Esoteric I Pte. Ltd's holding (34.2%, which is a company affiliated

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

with KKR.), Esoteric II is an affiliate of KKR, a leading global investment firm that offers alternate asset management as well as capital markets and insurance solutions. KKR sponsors investment funds that invests in private equity, credit, real asset (comprising real estate and infrastructure), and has strategic partners that manage hedge funds. As on December 31, 2025, KKR has US$744 billion in assets under management (AUM). Considering its 100% shareholding through its affiliated entities - Electron IM Pte. Ltd, KKR also has control over the Investment Manager (IndiGrid Investment Managers Limited's [IIML]) of the InvIT. IIML is responsible for decisions, including asset acquisitions, funding strategy, and distribution of surplus cash flows, which is important from Esoteric II's perspective as well. The globally proven track record and expertise of KKR provides strength to Esoteric II.

Healthy track record of NDCF generation and distribution by the InvIT

IndiGrid has revenue visibility and stability of cash flows owing to the presence of long-term TSAs for its transmission assets with clearly defined transmission charges and long-term PPAs at fixed tariff with strong counterparty for its renewable assets. The strong operational performance of the underlying portfolio has resulted in higher NDCF. Since, IndiGrid is required to distribute 90% cash flows received to its unitholders per Securities and Exchange Board of India (SEBI) regulations for InviT, it provides revenue stability to Esoteric IndiGrid's NDCF as demonstrated by increasing trend over the years. It has distributed ₹113.3/unit till December 2025 and has a track record of over six years of distribution. The InvIT has four under-construction transmission assets and two BESS projects, which exposes it to execution risk. IndiGrid has announced partnership with Norwegian Climate Investment Fund managed by Norfund via KNI India AS and British International Investment PLC for an alternative platform to develop greenfield transmission and BESS projects for an investment of US$300 million. Hence, the dividend income for Esoteric II is expected to remain healthy in the medium term.

No external debt obligation, expected to remain external debt free in the medium term

Esoteric II's initial investment of ₹1,084 crore in May 2019 was funded through a combination of equity and shareholder loan without dependence on external sources. The shareholder loan from immediate holding companies is unsecured and interest free. The eventual return of capital contribution by immediate holding companies is at the discretion and ability of Esoteric II. Per management articulation, no external debt would be raised at the sponsor level. Given the reduction in its shareholding under the InvIT, leveraging at the sponsor level would remain a critical rating monitorable.

Key weaknesses

Concentration risk due to single investment

Esoteric II was set up to be an investment holding company of IndiGrid. Esoteric II is exposed to concentration risk, as it has single investment in its portfolio and does not have plans to add other investments in the medium term. Significant weakening in credit profile of underlying investment will result in lower NDCF and DPU, which will affect Esoteric II's cash flows. However, this risk is mitigated due to low sales risk, geographical and revenue diversification of portfolio and stability of cash flows of IndiGrid.

Exposure to the inherent market risk and foreign currency risk

The market value of investment of Esoteric II is exposed to volatility associated with economic activity. Hence, investment value could fluctuate in case of an economic downturn, especially adverse impact on the transmission sector. Increase in market-related risks can lead to a sharp fall in share prices of its investments. The InvIT generates income and distributes in INR while it is repatriated to Esoteric II in SGD. Although there is no external debt obligation of the sponsor, revenues are vulnerable to weakening INR.

Liquidity: Strong

Esoteric II's healthy liquidity is supported by no contractual repayment obligation on loan from immediate holding companies. It is external debt free. It had maintained cash and cash equivalents of ₹7.23 crore as on December 31, 2025, against annual expenses of ₹1.5 crore as articulated by management.

Applicable criteria

Policy on Default Recognition
Financial Ratios – Non financial Sector
Investment Holding Companies
Issuer Rating
Assigning 'Outlook' or 'Rating Watch' to Credit Ratings
Liquidity Analysis of Non-financial sector entities
Infrastructure Investment Trusts (InvITs)
Infrastructure Sector Ratings
Solar Power Projects
Power- Transmission

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Holding company

Esoteric II was incorporated in March 2019 in Singapore as an investment holding company to be the holding company for IndiGrid. It is an affiliate of KKR. Post the offer for sale and preferential issue in the year, as on February 2026, Esoteric's stake stands at 1.1%. In September 2020, Esoteric II was appointed a sponsor of IndiGrid.

Brief Financials (₹ crore)*	December 31, 2023 (A)	December 31, 2024 (A)
Total operating income	47	262
PBILDT*	39	214
Profit after tax (PAT)	28	195
Overall gearing (x)	0.0	0.00
Interest coverage (x)	0.0	0.00

A: Audited UA: Unaudited; Note: these are latest available financial results *Per CareEdge Rating Methodology
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Issuer Rating-Issuer Ratings	-	-	-	-	0.00	CARE AA; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE AA; Stable	-	1)CARE AA; Stable (06-Feb-25)	1)CARE AA; Stable (09-Nov-23)	1)CARE AA; Stable (26-Dec-22) 2)CARE AA (Is); Stable (06-Oct-22)

LT: Long term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated: Not applicable

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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