

Company Overview:

POWERGRID Infrastructure Investment Trust (PGInvIT) owns and operates power transmission assets in different parts of India sponsored by POWER GRID CORPORATION OF INDIA LIMITED. Earn revenues by transmission charges, irrespective of the quantum of power transmitted through the transmission line based fixed tariffs pursuant to long term agreement (High visibility on cash flows).

Table 1: Company Details

Company	Powergrid Infra Investment Trust
Scrip Code	NSE: PGINVIT/INE0GGX23010
CMP (18.03.25)	76 INR
Total Outstanding Units	90,99,99,200
Sponsor and Holding	POWERGRID, 15%
Industry	Power Transmission
Web Address	https://www.pginvit.in/
Head Office	Gurgaon, India

Source: PGInvIT Annual Report 2023-24

The transmission charges are contracted for the period of the relevant Transmission Service Agreement, which is 35 years from the Operation Date of the project and are subject to renewal in accordance with Agreement. PGInvIT continues to own Licence for five different assets across India. As of 18, March 2025 the share price is 75.86 INR (NSE: PGINVIT). Trust Distributes not less than 90% of the Distributable Income to the Unitholders.

PGInvIT owns powergrid Vizag Transmission Ltd1 (PVTL 100%), powergrid Kala Amb Transmission Ltd2 (PKATL 74%), POWERGRID Parli Transmission Ltd3 (PPTL 74%), powergrid Warora Transmission Ltd4 (PWTL 74%), powergrid Jabalpur Transmission Ltd5 (PJTL 74%). Trust has 11 transmission line with 3,698.59 ckm, 1,955.66 km optical ground wire, 28+ years average residual life of transmission service agreements, 18 Operational tariff-based projects (13 Inter State Transmission System; 5 Intra-state transmission System

Table 2: Assets Owned & Operated

Assets owned	2024
Powergrid Vizag Transmission Limited	100.00%
Powergrid Kala Amb Transmission Limited	74.00%
Powergrid Parli Transmission Limited	74.00%
Powergrid Warora Transmission Limited	74.00%
Powergrid Jabalpur Transmission Limited	74.00%

Source: PGInvIT Annual Report 2023-24, 2022

Financials:

Trust had a very stable revenues since IPO because of Transmission Service Agreements (TSA), residual life of the SPVs as per the respective TSA is more than 29 years. Consolidated revenues were 1302.72 cores, 1315.3cores, 1243.41cores for fiscal years 2024, 2023 and 2022, respectively. This decrease of 12.58cores was primarily from decreases of Vizag Transmission revenues, 22.26cores but it was partially offset by increase in revenue from Kala Amb Transmission Limited, Warora Transmission Limited, Jabalpur Transmission Limited. The Company continued to benefit from the fixed

Table 3: Asset Wise Break up of Revenue ₹ in crores

Particulars	2024	2023	2022
PG Vizag Transmission Limited	219.35	241.61	260.45
PG Kala Amb Transmission Limited	69.59	68.95	62.7
PG Parli Transmission Limited	335.93	336.11	297.5
PG Warora Transmission Limited	375.04	375.24	332.48
PG Jabalpur Transmission Limited	265.43	263.87	264.21
Total	1,265.34	1,285.79	1,217.34

Source: PGInvIT Annual Report 2023-24, 2022-23, 2021-22

agreements in place.

But, on the other hand it may seem that Net Profit have been fluctuating over the years that is because of non-cash charges (Impairment) in fiscal year 2023 of -1,509.81 due increase in interest rate from fiscal 2022 to 2023 which led to valuation decrease (Increase in discount rate). Net profit was 981.73, -446.41, 463.31 for fiscal years 2024, 2023 and 2022. The Distribution per unit were 12, 12 and 10.45 for fiscal 2024 and 2023, respectively. And cash Net distributable cash flows were also very resilient. Investors overlooked the at the decrease in asset valuation which temporary, but it has no impact on cash generations from business.

Table 4: Income Statement

Particulars	2024	2023	2022
Revenue	1302.72	1315.3	1243.41
Expenses	-146.71	-130.28	-78.15
Depreciation And Amortization	-315.41	-314.82	-269.75
Impairment	254.14	-1,509.81	-367.94
Profit before TAX	1,095.26	-639.69	527.57
Net Profit	981.73	-446.41	463.31
Net distributable cash flows	1,097.76	1,102.68	962.95
Distribution per unit	12	12.00	10.50
Earnings Per Unit	10.18	-2.14	6.21
Total No. of Units Outstanding	90,99,99,200	90,99,99,200	90,99,99,200

Source: PGInvIT Annual Report 2023-24, 2022-23, 2021-22

Cash Distribution per Unit

2024 2023 2022
12 12 10.45

Share Price: 76

Yield: 15%

High/Low: 140/75 INR

Credit Perspective:

The outstanding debt is very minimal to the equity and cash flow. The debt and Interest coverage ratios are greater than 1.8 and 27.82 times. There has been no default in repayment of loans or payment of interest thereon as at the end of the year. Trust Debt was 566.37 cores, 569.20cores and 572.02cores for fiscal years 2024, 2023 and 2022 taken from HDFC Bank Limited with a tenure of 16 Years. Which translates into very resilient balance sheet.

Table 5: Outstanding Debt ₹ in crores

Particulars	2024	2023	2022
Secured Indian Rupee Loan from Banks			
Term loan from HDFC Bank Ltd.	569.83	572.71	575.59
Less: Current maturities	2.88	2.88	2.88
Total	566.37	569.2	572.03

Source: PGInvIT Annual Report 2023-24, 2022-23, 2021-22

As of September 30, 2024, credit ratings of AAA, with a stable outlook from rating agencies. PGInvIT maintains its positive ratings, with “CRISIL AAA/Stable” by CRISIL, “[ICRA] AAA (Stable)” by ICRA, and “CARE AAA; Stable” by CARE. Additionally, the Long-Term Bank facility from HDFC Bank Limited maintains its rating of “CARE AAA; Stable” (Triple A; Outlook: Stable) by CARE.

Table 6: Credit Ratings ₹ in crores

Rating Agency	Rating	Outlook
CRISIL	AAA	Stable
ICRA	AAA	Stable
CARE	AAA	Stable

Source: CRISIL, ICRA, CARE Ratings

The Debt/EBITDA ratio of 0.47, indicates very minimal leverage and a low probability risk of default. The Debt/Equity ratio at 0.06. The company's total debt remains low, indicating conservative debt management.

Equity perspective:

It is quite evident that the stock has been listed, although investors do not appear to realize it since the stock is quoted at less than 6.5X cash Distribution per unit with a yield of 15% and at a discount of approximately 40% from the May 23, record of earnings and dramatically illustrates the

benefits being realized by the equity holders because of the robust cash distribution base. The book value is calculated with discounted cash flow method that led to the impairment charges and fluctuates with prevailing interest rate. WACC were 8.79%, 9.01%, 7.94% for fiscal years 2024, 2023 and 2022, respectively. The rise and drop in WACC during 2022-23 and 2023-24 was primarily from rise and drop-in interest rate. Which translated into lower book value, loss in fiscal year 2023 but it's due to non-cash expense.

Table 7: Changes in WACC, Enterprise Value

Year	WACC	Enterprise Value
2024	8.79%	8,470.34
2023	9.01%	8,545.79
2022	7.86%	10,229.53

Source: PGInvIT Annual Report 2023-24, 2022-23, 2021-22

From an Equity perspective, the company's Revenue, Cash flow, Distribution as of March 31, 2024 also presents a very stable outlook. PGInvIT is different from other infrastructure investment trust mainly because of assets are bought from sponsor level at fair value. Even taking the asset at historical cost and comparing with Net Distributable Cash shows that the assets are being accused at a very fair price. The relationship with sponsor will be the anomaly compared to other infrastructure trusts.

Table 8: PPE, Intangible by NDC ₹ in crores

Particulars	2024
Property, Plant and Equipment	11,118.12
Intangible Assets	484.42
Total	11,602.54
Net Distributable Cash (NDC)	1,097.76
Total at cost / NDC	9.46%

Source: PGInvIT Annual Report 2023-24

Conclusion:

Even though company is very health in terms of equity and creditor perspective the share prices are discounted. In fear of asset write downs but in future the impairments will be reversed. This leaves a very good opportunity for investor, hybrid like instrument fixed income with a Yield of 15% as well as capital appreciation. With a visible long-term cash flow for 28+ years Average remaining life of assets.