

## Power Grid launches PGInvIT, could offer 18 more assets in future



State-owned largest power transmission company [Power Grid](#) Corporation of India (PGCIL) launched its Infrastructure Investment Trust (InvIT), becoming the first public sector company to do so.

After IndiGrid and IRB InvIT fund, [Power Grid](#) InvIT (PGInvIT) will be the third publicly listed InvIT in the country and second in the power transmission sector.

PGInvIT has offered a price band of Rs 99-100 per unit for the public issue. The issue will open on April 29 and close on May 3. The InvIT will raise Rs 4,993.5 crore as fresh issuance and PGCIL is also providing an offer for sale of Rs 2,742 crore of existing units. PGCIL has offered five 'initial portfolio assets' at an enterprise value of Rs 10,384 crore for the proposed PGINvIT.

The net proceeds from the offer will be utilised towards providing loans to the initial portfolio assets for repayment or pre-payment of debt, including any accrued interest, availed by the initial portfolio assets; and for general purposes, said PGCIL, which is the sponsor of the invIT.

Speaking at the launch, K Sreekanth, chairman and managing director, PGCIL, said the company will offer more transmission assets to the InvIT in the future. "Power grid has 18 projects with 22,500 crore investment which are under construction. As per our plans, they will be offered to InvIT in the future. The government has allowed Power Grid to monetise its other TBCB subsidiaries through the InvIT route, which are under construction or will be acquired by it in the future."

PGCIL acquires power transmission projects through two routes – nomination under which the Centre or state government allots projects or through competitive bidding (TBCB) route.

Sreekanth said the current TBCB portfolio of PGCIL has Rs 5,000 crore worth of operational assets and seven under construction projects at an estimated cost of Rs 12,200 crore.

These include four projects which are for renewable energy linking. "These can be considered for transfer to the InvIT. We are seeing significant growth in the renewable

energy and intra-state transmission segment. PGCIL recently won five TBCB projects,” he said.

PGCIL will also be the project manager of the InvIT and will continue to provide operations and management services to the initial portfolio assets.

IDBI Trusteeship Services Limited is the Trustee and POWERGRID Unchahar Transmission Limited is the Investment Manager of the InvIT. The Lead Managers to the Offer are ICICI Securities Limited, Axis Capital Limited, Edelweiss Financial Services Limited and HSBC Securities and Capital Markets (India) Private Limited.

The Union Cabinet in September 2020 approved monetisation of assets of PGCIL through the InvIT model. “This approval would help PGCIL to monetise in the first lot, assets with gross block value of more than 7000 crore. These assets, which are mainly High Voltage Transmission lines and substations, are held by PGCIL in the form of Special Purpose Vehicles (SPVs). The proceeds from the asset monetization would be deployed by PGCIL in their new and under-construction projects,” it said.

[Power Grid](#) InvIT (PGInvIT) details:

Fund raise via resh issuance: Rs 4993.5

Offer for sale of existing units by Power Grid: Rs 2,742 crore

Total issue size: Rs 7735 crore

Power Grid assets to be offered to PGInvIT

Name / Enterprise value

POWERGRID Vizag Transmission Limited Rs 2338.5 crore

POWERGRID Kala Amb Transmission Limited Rs 4,80.5 crore

POWERGRID Parli Transmission Limited Rs 2,710 crore

POWERGRID Warora Transmission Limited Rs 3,031.1 crore

[Power Grid](#)