



POWERGRID Infrastructure Investment Trust  
(PGInvIT / Trust)

Q3 FY24 Earnings Conference Call  
January 30, 2024

**MANAGEMENT:** MR. ABHAY CHOUDHARY – CHAIRMAN –  
POWERGRID UNCHAHAR TRANSMISSION  
LIMITED (PUTL) – INVESTMENT MANAGER TO  
PGINVIT  
MR. PURSHOTTAM AGARWAL – DIRECTOR,  
PUTL  
MR. SANJAY SHARMA – CHIEF EXECUTIVE  
OFFICER, PUTL  
MR. AMIT GARG – CHIEF FINANCIAL OFFICER,  
PUTL  
MS. ANJANA LUTHRA – COMPANY SECRETARY  
AND COMPLIANCE OFFICER, PUTL

**ORGANISER:** ICICI SECURITIES LIMITED (MR. MOHIT KUMAR)

**Moderator**

Good afternoon, ladies, and gentlemen. I'm Pelsia, moderator for the conference call. Welcome to POWERGRID Infrastructure Investment Trust Q3 FY24 Earnings Conference Call. As a reminder, all participants will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing \* and then 0 on your touch tone telephone. Please note this conference is recorded. I would now like to hand over the floor to Mr. Mohit Kumar from ICICI Securities Limited. Thank you and over to you, sir.

**Mohit Kumar**

Thank you, Pelsia. Good afternoon. On behalf of ICICI Securities, we welcome you all to Q3 FY24 earnings call of PGInvIT. We are privileged to join today with the management team Shri Abhay Choudhary, Chairman; Shri Purshottam Agarwal, Director; Shri Sanjay Sharma, Chief Executive Officer; Shri Amit Garg, Chief Financial Officer; and Ms. Anjana Luthra, Company Secretary and Compliance Officer. We will start with brief opening remarks followed by Q&A. Over to you, sir.

**Abhay Choudhary**

Good afternoon, everyone. At the outset, I, on behalf of POWERGRID Unchahar Transmission Limited, the Investment Manager to PGInvIT, would like to wish you all a happy and prosperous new year. I express my gratitude for your trust in PGInvIT and I would also like to thank all participants for sparing their valuable time in joining this call. I have with me Mr. Purshottam Agarwal, Director, PUTL; Mr. Sanjay Sharma, CEO, PUTL; Mr. Amit Garg, CFO, PUTL and other senior officials.

On January 24, 2024, PGInvIT announced its unaudited financial results for the quarter and nine months period ended December 31, 2023, and distribution for the quarter ended December 31, 2023, which have been disclosed on both the stock exchanges. The Q3 FY 2024 results presentation for PGInvIT is available on our website. In the interest of time, I will provide a brief overview of the results.

The Trust has been consistently witnessing an expansion in its unitholder base, particularly individual unitholders, which has increased from less than 15,000 unitholders at the time of listing to over 1.41 lakh unitholders as of December 31, 2023. I extend our thanks to our diverse investors for their trust and confidence in PGInvIT. For the benefit of our new unitholders, I would like to introduce the Trust. PGInvIT is an infrastructure investment trust with Power Grid Corporation of India Limited, a Maharatna CPSE and India's largest power transmission utility as its Sponsor and the Project Manager. POWERGRID Unchahar Transmission Limited, a 100% subsidiary of POWERGRID is its Investment Manager and IDBI Trusteeship Service is the Trustee.

PGInvIT currently owns five power transmission SPVs comprising 100% equity shareholding in Vizag Transmission Limited, and 74% in each of the other four SPVs, namely POWERGRID Kala Amb Transmission

Limited, POWERGRID Parli Transmission Limited, POWERGRID Warora Transmission Limited and POWERGRID Jabalpur Transmission Limited. These five SPVs are operational ISTS, TPCB projects comprising 11 transmission lines with a network of about 3,699 circuit kilometers and three substations with 6,630 MVA transformation capacity. The Transmission Service Agreements associated with these projects have an average remaining life of over 29 years.

PGInvIT provides a unique value proposition of AAA i.e. Assets, Assurance and Advantage to its investors, and leveraging these, it aims to provide consistent, stable and visible returns to its unitholders.

Now coming to the distribution part. I would like to begin with the distribution for the quarter ending December 31, 2023. We have declared a distribution of INR 3.00 per unit to the unitholders and the record date for the distribution is January 30, 2024, and the payment of distribution will be made on or before Thursday, February 8, 2024. This marks the Trust's third distribution for fiscal 2024 and the 10<sup>th</sup> consecutive distribution since our listing in May 2021. Including the recently declared distribution PGInvIT's cumulative distribution since its listing now exceeds INR 28.67 billion.

You may recall that for FY22, we distributed INR 10.5 per unit to unitholders for the operational period of the Trust from May 13, 2021, to March 31, 2022, which was followed by an aggregate distribution of INR 12 per unit for FY23, which was made to the unitholders. For the three quarters of Fiscal 2024, a distribution of INR 9 per unit has been declared so far.

Our distributions, including the latest INR 3 per unit, are in line with our distribution policy and SEBI Regulations which stipulate that not less than 90% of NDCF to be distributed to unitholders. I would like to reiterate that as per our distribution policy, the distributions shall be declared and made not less than once every quarter.

Before taking up the operational highlights, on behalf of the management, I would like to remember Shri Onkarappa KN who passed away on the night of December 12, 2023. Late Shri. Onkarappa was appointed as an Independent Director on the Board of POWERGRID Unchahar Transmission Limited, the Investment Manager to PGInvIT, wide order dated February 10, 2022, of the Ministry of Power, Government of India on February 10, 2022. His tenure was marked by dedication and commitment and his demise leaves a void that will be profoundly felt.

Now, coming to the highlights for the quarter and nine months period ended December 31, 2023.

As far as the operations part is concerned, during the period April to December 2023, the monthly availability of each of the SPVs exceeded the target availability, reinforcing efficient operational performance with reliability. On a per SPV basis, the average availability has exceeded 99.75% over the 9 month period concluding on December 31, 2023. It is important to note that the data for Q3 FY 2024 is provisional as the monthly availability certificates for most SPVs from October 2023 to December 2023 are yet to be issued by the respective regional power committees.

Our Project Manager, i.e. POWERGRID, ensured efficient operation and maintenance of assets adhering to safety protocols, and no accidents were reported throughout the quarter. Keeping in mind our trust on sustainable operations, various activities like fire and safety drills and training programs were held for the team.

I would now provide an update on the implementation of Bus Reactor at Kala Amb Substation by PKATL under regulated tariff mechanism. The project is under advanced stage of implementation and is envisaged to be commissioned in this fiscal. Being an RTM project, its tariff will be decided by the regulator CERC in accordance with the applicable tariff regulations.

I am also pleased to inform that another of our SPVs, POWERGRID Parli Transmission Limited, has been assigned a new project under Regulated Tariff Mechanism, that is, the implementation of a 400 kV line bay facilitating the interconnection of a Renewable Energy project. The estimated cost of the project, as per CTU office memorandum is INR 18 crore. The scheduled date of commissioning for this project is set for December 31, 2025. Upon commissioning, this project would be entitled for tariff as decided by the regulator CERC in accordance with applicable Tariff Regulations.

It may be mentioned that CERC has issued draft tariff regulations for the five-year period 2024 to 2029 and the final regulations are likely to be finalized by March 2024. Financial highlights now.

During the current financial year, Total Income on a consolidated basis for the quarter ended December 31, 2023, was about INR 3,293.48 million, which included INR 3,192.48 million of Revenue from Operations and INR 101 million of Other Income. The Other Income is mainly on account of interest earned on the deposits and surcharge income. Total Expenses for the quarter at the consolidated level, stood at about INR 1,109.79 million.

Total income and Expenses (excluding impairment) for the nine-month period ended December 31, 2023 stood at INR 9,760.41 million and INR 3,412.17 million, respectively.

The Net Distributable Cash Flows, that is, NDCFs computed at the SPV level are included in the consolidated financial results made public on the stock exchanges. These cash flows from the SPVs comprise of interest income, dividend income, and repayment of SPV debt. As of December 31, 2023, over 90% of the NDCFs from the SPVs have been upstreamed to PGInvIT, aligning with both InvIT Regulations and the Trust's Distribution Policy.

The NDCF of PGInvIT for the quarter ended December 31, 2023, works out to be INR 2,695.46 million. For the nine-months period ended December 31, 2023, the Trust's NDCF was INR 8,040.60 million.

The Trust has announced a distribution of INR 3 per unit which comprises of Interest component of INR 1.97, Taxable dividend component of INR 0.39, Exempt dividend component of INR 0.16, Repayment of SPV debt of INR 0.47, and Treasury income of INR 0.01. For this Fiscal, this takes our aggregate distribution to INR 9 per unit. With this distribution, we have collectively disbursed and declared a total of INR 31.5 per unit to our unitholders since our listing in May 2021.

As on December 31, 2023, PGInvIT had an external borrowing of INR 5,705.5 million. The loan, as informed earlier, is a floating rate loan linked to three months T-bill and was raised from HDFC bank in March '21 to part finance the acquisitions.

The Trust continues to enjoy highest credit ratings AAA with stable outlook from all the three rating agencies, namely ICRA Limited, CRISIL Ratings and CARE Ratings. The billed trade receivables as on December 31, 2023, stood at INR 2,042.68 million, equivalent to 59 days of billing.

Now, coming to the outlook part. PGInvIT through its Investment Manager, approached POWERGRID, our sponsor, for acquiring balanced 26% equity shareholding held by it in POWERGRID Kala Amb Transmission Limited, POWERGRID Parli Transmission Limited, POWERGRID Warora Transmission Limited and POWERGRID Jabalpur Transmission Limited which have completed five years of commercial operation. It has been informed by the Sponsor that the transfer is not envisaged in the current Fiscal. Accordingly, the Investment Manager will again approach the Sponsor in Fiscal 2025.

Further, while we are keen on evaluating acquisition opportunities from private developers, the availability of operational ISTS transmission assets at this stage is minimal and we expect the same to pick up pace in 12 to 18 months as and when the assets under development gets commissioned and complete their mandatory operational history for acquisition by an InvIT.

We are also under discussion with some states for monetization of the transmission line infrastructure based on the guidelines issued by the Ministry of Power Government of India. Due to the novelty of the process and the sensitivity of the subject, we assume that monetization by states will take some time before it comes to fruition. We believe that monetization of power transmission by States has a huge potential considering availability of operational assets and states need for funds for building new infra.

PGInvIT owing to its substantial headroom for acquiring new assets through debt and being an established investment vehicle established by POWERGRID is placed in an advantageous position due to anticipated shorter turnaround time in achieving the targeted monetization with an existing pool of investors.

We would like to reiterate that all assets proposed for acquisition will be evaluated for their suitability to PGInvIT on the basis of the operational history in accordance with InvIT regulations, compliances with InvIT regulations and statutory requirements and keeping in mind the overall interest of unitholders.

Now coming to the guidance, we continue to maintain a distribution guidance of INR 12 per unit for FY2023-24.

Thank you. And now I would like to hand over to the moderator for further proceedings.

## **Q&A**

### **Moderator**

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press \* and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing \* and 1 again. Ladies and gentlemen, if you have any question, please press \* and 1 on your telephone keypad. First question comes from Vipulkumar Shah from Sumangal Investment. Please go ahead.

### **Vipulkumar Shah**

Hi, thanks for the opportunity, sir. What is the guidance for next year? Distribution guidance. Since we are dipping into our cash reserves every quarter. So, are we going to reduce the distribution from next fiscal?

### **Abhay Choudhary**

I think it's better you'll be hearing this during our Investor call for the complete financial year after three or four months.

### **Vipulkumar Shah**

So, there is no clarity for next year's distribution, right?

### **Abhay Choudhary**

I mean, it's better to give that call at that time.

### **Vipulkumar Shah**

How much we have dipped into reserves for this nine-months to maintain this distribution?

### **Amit Garg**

Nothing much. We have not dipped a significant amount from the point where we started the InvIT from. So the guidance per se, as Chairman Sir indicated, it will be appropriate to, maybe, have a dialogue at that point in time when we will be inviting the call for the Annual Results. That time there will be more clarity and we can talk about it.

**Vipulkumar Shah**

No, I am asking about dip into the reserves for nine months. Guidance part, I understood, sir.

**Amit Garg**

That reserves since we begin the InvIT from May 2021 till 31<sup>st</sup> of December 2023, there has not been any major dip in the cash position per se. What has been done is only the dividend has been upstreamed more because these SPVs were having the opening reserves, the book reserves. And as per the Companies Act, the dividend can be declared out of the profit for the period and the opening reserves. So, the component has changed or will change, the component thereby I mean is the interest, principal repayment and dividend. The mix of these three will change over the time period and has changed this year vis-à-vis the last year. But on a cash-to-cash basis, there has not been any major dip into the reserves.

And more so, Sir, kindly bear into the mind that this year we have invested in one of the RTM projects awarded to one of our SPVs, Kala Amb which was also funded through the internal resources of that particular SPV wherein we are required to maintain a debt equity of 70-30. So, the equity portion was funded through the internal accruals of Kala Amb Transmission Limited and debt portion has been funded by PGInvIT through the internal accruals generated by the other SPVs. So, if you consider the funding done, net-on-net there has not been any major dip into the cash which has been used for the purpose of making the distribution.

**Vipulkumar Shah**

Okay. Thank you, Sir.

**Moderator**

Thank you. Next question comes from Saurav Agarwal from Avendus Wealth management. Please go ahead.

**Saurav Agarwal**

Hi, thank you for the opportunity. I just had one question. What is the net asset value of the POWERGRID InvIT as latest?

**Amit Garg**

Sir, actually the net asset value is dependent upon the valuation done by an independent valuer. We are not mandated to get the valuation done for September since those are not required as per the InvIT Regulation as our loan portfolio is not above 48%. So, for the period ended September 2023, the enterprise value was INR 85.90 billion. Again, it will be changing based upon the latest valuation which will be conducted for the March 31<sup>st</sup>, 2024 numbers.

**Saurav Agarwal**

Okay. Thank you.

**Moderator**

Thank you. Ladies and gentlemen, if you have any question please press \* and 1 on your telephone keypad. Next question comes from Ravish Chandra, an Individual Investor. Please go ahead.

**Ravish Chandra**

Good afternoon, Sir. I think we as individual investors always have that fear that will we be able to maintain the DPU level. That's the reason I think investors are jittery about that one. Today's call, you have given some confidence to the investors that two projects started. I think more and more acquisition will be the good for the confidence level bringing back into the investors. Now my question is, how much headroom we are having to increase our asset? I think we have now around INR 8 million to 9 million asset. INR 8,000 crores asset. So how much more we can add with the available? I think 70% is the debt allowed as per that. Thank you, sir.

**Abhay Choudhary**

Yeah, we have enough headroom right now because debt what we have taken is significantly less as compared to the mandated what we can. So, still the headroom of INR 15,000 to INR 16,000 crores of debt we can still take for the future projects.

**Ravish Chandra**

Yes. As interest rate goes down, as we are expecting to happen in next financial year. I think more acquisition will give more confidence to us, Sir, to have more and more investment into this. Thank you, sir.

**Abhay Choudhary**

We also would like the same.

**Ravish Chandra**

In the last concall there is one answer from the management is very jittery among the investors. That is, we are not sure what will happen next financial year. It will go down because as per the valuation report, by 2027 the revenue will come down. So, to compensate that, acquisition is very important. So, I know I am confident about management. Thank you.



**Sanjay Sharma**

Just to add further to this, I think the last time also the management mentioned the same thing. And we would like to reiterate that as you are thinking of maintaining the DPU, the only way to maintain DPU is through acquisitions. And if the acquisitions do not come through, then the DPU would certainly be affected. And the constraints around acquisitions were adequately shared. See, we have informed that the assets currently available in power transmission are very minimal and they are not available for monetization because they are either under construction or with the developers who may not be looking at monetizing them. So, unless new assets come up, they get completed, they get commissioned, they have complete one year of operational history, the acquisition opportunities would not be available. So, we are expecting it to happen in 18 to 24 months or so.

**Ravish Chandra**

I think POWERGRID also told the same thing. They are expecting to complete more project in 18 months-time. So, we hope for the best. Thank you, sir.

**Abhay Choudhary**

Thank you.

**Sanjay Sharma**

Thank you.

**Moderator**

Thank you. Next question comes from Kalpesh, an Individual Investor. Please go ahead.

**Kalpesh**

Good afternoon, sir. My query was related to the NAV, which has been partially answered. So, you mentioned that the enterprise value is at around INR 85 billion. Is it possible for you to tell at the per unit level how much is the NAV and if that can be made as a part of our standard presentation?

**Amit Garg**

No, I mean, those were, the NAV was the part of the financial results which were published. So, for September 30, 2023, it was INR 85.99 on per unit basis. Having said that, that was the position as on 30th of September, because the valuation for December was not mandated and not got conducted.

**Kalpesh**

Sir, this INR 85.99 is per unit, you are saying?

**Amit Garg**

Yes, correct.

**Kalpesh**

Okay, thank you.

**Amit Garg**

That is net asset value per unit. It is INR 85.99 per unit.

**Kalpesh**

Thank you very much.

**Moderator**

Thank you. Next question comes from Karaj Raj from Kings Agencies. Please go ahead.

**Karaj Raj Baruah**

Hello. I have like two short questions. One is regarding the distribution from our reserves. So, last year we had a significant impairment in investments, right? Impairment in investments which reduced our asset value significantly after distribution. So even in the last con call, it was requested, like we have a special column where it mentions that this percentage has been given from reserves or opening cash, as you like to call it. And it was still not available in this time financial report. The second thing is, there's never a text version of this con call uploaded in the PGInvIT site. I waited the whole quarter, even the last quarter, only the whole mp3 was there. There's no PDF file with the transcription of the con call. So, I would request that to be done. Thank you.

**Sanjay Sharma**

Okay, so I'll take the second question first. As regarding the call of the transcript of the call available after the last quarter's call, the same was made available on the website, both in MP3 form as well as on the PDF version. It is still available on the our website, Sir. I would request you to kindly visit the section. And this was again at the request of the unitholders that we have done it. Though the regulations, as such, they do not mandate it. Regarding the distribution from reserves, we would just like you to see the recent NDCF of PGInvIT. We just announced that

this is INR 269.5 odd-crores, whereas the total distribution that we have made is INR 273 crore. So, this is the difference that is a very insignificant amount that you can see that has been dipped from outside this NDCF of PGInvIT.

**Karaj Raj Baruah**

Yes. And this, it's like every quarter, rather than have it use a calculator, we could have had it. It all adds up, right? Okay, thank you anyways.

**Sanjay Sharma**

And regarding impairment, I'll ask my CFO, Mr. Amit to address. Usual query every time.

**Amit Garg**

Yes, I mean, the impairment which was made part of the financials were based upon the requirements of the Indian accounting standards. And it was a book entry, it does not have any impact on the cash flows. So, it depends upon future cash flows and discount rate . There was some cooling off in the markets as such you must have noticed a reversal in the impairment.

**Karaj Raj Baruah**

Yes, I mean 10,000 million or something got removed, right? Only 1,000 has been reduced back, I mean only 20%.

**Amit Garg**

Obviously, it is a function of the future cash flows discounted by the discount rate. Now, last year there was a huge uptick in debt market and the equity market, so the discount rate per se got a hit and it increased a lot. So, the cooling off has been gradual. Accordingly, the reversal has been passed upon. It is too optimistic to presume or to say that the entire reversal will be done in near future. So that time it is still some time away.

**Karaj Raj Baruah**

Yes. Okay. Thank you.

**Moderator**

Thank you. Ladies and gentlemen, if you have any question please press \* and 1 on your telephone keypad. I repeat, ladies and gentlemen, if you have any question please press \* and 1 on your telephone keypad. We have a follow up question from Vipulkumar Shah from Sumangal Investments. Please go ahead.

**Vipulkumar Shah**

So, when these new projects, which we have won will become operational and how much it will add to the asset base?

**Sanjay Sharma**

One of the projects is likely to be commissioned very shortly. And this project, the anticipated cost would be in the range around INR 30 to INR 40 crores. And tariff will be decided by the CERC.

**Vipulkumar Shah**

That's the only addition in near future?

**Sanjay Sharma**

This is the immediate future you can see. And the other project that we have announced that we received only on the 2nd of January this year. This particular project, it is required to be completed as per the timelines of the CTU by 31st December 2025. So, it is still some time to go for it. It's a small project of INR 18 crore. These are tentative cost by the CTU. The real cost will depend upon the final awarded value that when we undergo the tendering process.

**Vipulkumar Shah**

Thank you.

**Moderator**

Thank you. Next question comes from Nilesh Doshi from Prospero Tree. Please go ahead.

**Nilesh Doshi**

Hello.

**Abhay Choudhary**

Please continue.

**Nilesh Doshi**

Yeah, sir, I had two, three questions. One is regarding the revenue. The revenue is the function of volume and value. In our case, the volume is the availability of the assets and value is the tariff, predetermined tariff. So, my question is, is the tariff is of predetermined for the lifetime of the asset or every year it is renegotiated? Is there any inflation clause or it will reduce over a period of time?

**Abhay Choudhary**

No, the tariff is already fixed for the future life of the project. It is never renegotiated. Whatever tariff was quoted at the beginning when the project was taken by POWERGRID, our Sponsor, that is remaining fixed for the future balance life of the period.

**Nilesh Doshi**

So, it means suppose for the financial year 2022 if the revenue per unit the transmit is INR 5, then it will remain INR 5 per unit for the lifetime or it will be INR 5, INR 4.90, INR 4.80 is like that? Or rupees INR 5 fixed for the lifetime?

**Sanjay Sharma**

No, Mr. Nilesh, this is not related to per unit. Transmission is not built on per unit basis. Just to help you understand the transmission business, it is not done on the first premise that you had, that it is volume and rate. Here there is a tariff and the availability. So, the tariff is decided as Sir mentioned upfront for 35 years. So, in these projects, all the five assets that we have for each of the 35 years, there is a number that has already been quoted. So, this is the annual tariff that you will get for that particular year for each of that asset, this is no per unit.

**Nilesh Doshi**

But that number is fixed, or will it reduce or will it remain?

**Sanjay Sharma**

Okay. So, now this number is fixed for that particular year. Going forward, this number reduces. So, for example, as we mentioned last time also there would be a dip around 2026, 2027, 2028. There would be a dip because that is how the original tariffs were bid.

**Nilesh Doshi**

I understand. Over a period of time, it will reduce as per the predetermined rate. Okay, that's fine. But in that case,

suppose we don't add any further asset, then the revenue will fall over a period of time. And then in that case, the PGInvIT cannot maintain the DPU of INR 12 which is provided in the FY24. Is that understanding, correct?

**Sanjay Sharma**

Yes, it's absolutely correct.

**Nilesh Doshi**

The other InvIT, listed InvIT, say Indigrd which is finding the new opportunity of acquisition. Though the interest rate is high, our Sponsor is the POWERGRID and we are not finding any asset to acquire. Is that the case? Because in last three years, once the public issue has come, we have not added any asset or not added any operational asset. So, what is the problem, Sir? Is the interest rate the problem or non-availability of the asset?

**Sanjay Sharma**

The problem is not the interest rate. The problem is the non-availability of the assets as we have highlighted a number of times.

**Nilesh Doshi**

Are we looking for the asset from the POWERGRID only or from the private player or other player also?

**Sanjay Sharma**

We are looking at the assets not-only from POWERGRID. As and when POWERGRID undertakes monetization, we would definitely evaluate and we would be there for it. Now apart from that, we are also looking at assets outside POWERGRID whatever they are coming. For that, we have always mentioned that currently availability of such assets is very minimal. And then, the Government has also asked the States to monetize their transmission assets. So, we are also interacting with some States and helping them understand the product, helping them look at monetizing their assets and that would also create some kind of opportunity going forward.

**Nilesh Doshi**

Okay. And Sir, what was the level of debt at the time of the public issue and currently? And out of that debt, whatever the debt raised post the public issue, how it is used? Is it used for the acquisition, Capex or for the dividend distribution?

**Purshottam Agarwal**

At the time of issue, there was no debt. After that we have raised INR 575 crore for acquisition of 26% of equity

holding in POWERGRID Vizag Transmission Limited. So, the entire debt of INR 575 crore was used for the acquisition purposes.

**Nilesh Doshi**

So, Sir, there are the four more asset in which we can further acquire 26%. Will it be a revenue and DPU accreditive or will it increase the distribution per unit? Suppose we acquire further 26% in all the other four SPV through the debt. Will it raise our DPU?

**Amit Garg**

We don't feel that in financial term, it will be making much of a difference. The reason is that out of those four SPVs in which POWERGRID currently holds 26%, the component of only dividend is going flowing back to POWERGRID which we will be acquiring. So, if you see this quarter distribution, INR 0.39 out of INR 3 was on account of the taxable dividend which was upstreamed or got manoeuvred from these four SPVs. Now, you consider a situation, that asset when we acquire, this dividend stream from POWERGRID, we would be required to raise the loan to make this acquisition which again will call for the interest outflow as well as capital repayments. So, on financial terms, there will not be any significant uptick which we foresee. However, from the operational perspective, we aim to acquire in terms of the share purchase agreement.

**Nilesh Doshi**

Okay. So, it will improve the operational smoothness. Then the financial, it will not increase the financial benefit, but the operational smoothness will be accrued by acquiring further 26%. Is it correct, sir?

**Amit Garg**

The whole is always better than the part, know, Sir. We intend to acquire 100% in line with the share purchase agreement. But on the financial front, we don't foresee any major uptick.

**Nilesh Doshi**

In case if that increased further, will our NAV will be further reduce because of the discount rate increase?

**Amit Garg**

I didn't get you, sir.

**Sanjay Sharma**

Will NAV get further reduced?

**Purshottam Agarwal**

No. There would not be any impact on the NAV.

**Sanjay Sharma**

With this acquisition.

**Amit Garg**

Yeah.

**Nilesh Doshi**

No, I'm asking, suppose the interest rate further increase. Say currently the interest rate is 7-9%, in a bracket of 7-9%, and if the interest rate further increase, will it reduce the NAV? Because the discount rate will further increase.

**Amit Garg**

Exactly. Yes.

**Nilesh Doshi**

Okay. But it's a non-financial item only. Suppose the interest rate reduced, then NAV will increase.

**Amit Garg**

Yes. But it is not affecting the cash flows.

**Nilesh Doshi**

Yes, Sir. Agree, Sir. Thank you, Sir.

**Moderator**

Thank you, sir. Ladies and gentlemen, if you have any question, please press \* and 1 on your telephone keypad. There are no further questions. Now I hand over the floor to management for closing comments.

**Abhay Choudhary**

Thank you very much Mr. Mohit and your team. And thanks again to all the participants for attending this call. It



is always very heartening to see good participation in PGInvIT's earnings calls. And today was no different. Our vision for PGInvIT is to achieve a focused business model with operational efficiency to enhance returns, value accretive growth through acquisitions and an efficient capital structure in order to provide consistent, stable and visible returns to our unitholders. Thank you once again, and we look forward to your continued support and confidence in PGInvIT. Thank you.

**Moderator**

Thank you, Sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a good day.

*Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.*