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POWERGRID INFRASTRUCTURE INVESTMENT TRUST LTD



About Company

Recommendation: Subscribe for long term

POWERGRID Infrastructure Investment Trust ("PGInvIT") is an InvIT set-up to own, construct, operate, maintain and invest as an infrastructure investment trust as permissible in terms of the InvIT Regulations, including in power transmission assets in India. Power Grid Corporation of India Ltd a Maharatna company is acting the Sponsor and also as a Project Manager. InvIT sponsor is engaged in project planning, designing, financing, constructing, operating, and maintaining power transmission projects across India and undertakes operations in the Indian telecom infrastructure sector. In Nov2020, the sponsor was the largest power transmission company in India in terms of length of transmission lines measured in circuit kilometres and provides transmission and distribution consultancy services in India and other jurisdictions, with footprints in 21 countries (including India). In Dec2020, the Sponsor owned the Sponsor Tariff based competitive bidding ("TBCB") Projects with 8 Inter-state transmission system ("ISTS") SPVs commenced commercial operations, comprising 39 transmission lines (6,398 Circuit kilometres ("ckm")), with a total power transformation capacity of 9,630 Megavolt-Ampere ("MVA"). The remaining Sponsor TBCB Projects are at different stages of development.

Price Band	: Rs. 99 to 100 per unit
Bid Lot size	: 1100 Units and in multiples thereof
Issue size	: Rs. 7,735 Cr
Issue Opens	: April 29 th 2021, Thursday
Issue Closes	: May 3 rd 2021, Monday

Msearch View:

We believe PowerGrid InvIT ("PGInvIT") offer gives investors a unique opportunity to invest in stable long term yield product as PGIIT intends to distribute at least 90% of the net cash available for distribution to its invested unitholders. Yield distribution will consist of 50% in form of interest, 30% in form of dividend and rest as return of capital which can come around ~9% pre-tax return. PGINVIT product offers individual to invest directly participate into power transmission project lines and earn a steady regular yields. We are very much optimistic about the power transmission assets in India as we see significant growth in the power intra-state transmission segment. PowerGrid (sponsor) is the largest power transmission company in India in terms of length of transmission lines with many ongoing projects with good track records hence this offer perspective appears reasonable to invest. **Considering all the above factors we recommend investors to "SUBSCRIBE FOR LONG TERM HIGH YIELD INCOME".**



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BASIC FINANCIAL DETAILS

Particulars Rs (in Cr)	2018	2019	2020	9M FY21
Equity Share Capital	442	999	1201	1213
Other equity	71	220	333	275
Net worth as stated	513	1218	1534	1488
Revenue from Operations	344	977	1324	992
Revenue Growth (%)	-	184.41%	35.52%	-
Profit Before Tax	129	348	487	548
Net Profit for the period	114	248	379	337
PAT %	33.22%	25.39%	28.61%	33.98%
Long term Debt/Equity	10.41	4.58	3.38	3.36
Net Debt/Ebitda	15.9x	5.9x	4x	3.9x
CFO	373	342	1052	901

Source: Company RHP

CREDIT RATING

Provisional AAA (Stable)	ICRA
AAA/Stable (Is)	CARE
Stable and Provisional CCR AAA/Stable	CRISIL

Source: Company RHP