CC/PUTL_COS/Stock Exchanges/199 May 30, 2025

To

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai – 400051
Symbol: PGINVIT

Listing Department
BSE Limited
20th Floor, P. J. Towers
Dalal Street, Mumbai – 400001
Scrip Code:543290 (PGINVIT)
Company Code:12436

Subject: **Transcript - Earnings Conference Call on Q4 & FY2025 Financial Results of POWERGRID Infrastructure Investment Trust**

Dear Sir/Madam,

We wish to inform that the Transcript of Earnings Conference Call on the financial results of POWERGRID Infrastructure Investment Trust **("PGInvIT")** for the quarter and financial year ended March 31, 2025 held on Monday, May 26, 2025 at 04:00 P.M. (IST), is attached herewith and the same is also available on the website of PGInvIT.

Kindly take the above information on record please.

Thanking You,

Yours faithfully,
For POWERGRID Unchahar Transmission Limited
(as Investment Manager of POWERGRID Infrastructure Investment Trust)

Shwetank Kumar
Digitally signed by Shwetank Kumar
Date: 2025.05.30 17:35:10 +05'30'

Shwetank Kumar
Company Secretary & Compliance Officer
Encl: As above.

CC:
IDBI Trusteeship Services Limited
Ground Floor, Universal Insurance Building,
Sir P.M. Road, Fort,
Mumbai- 400 001.

POWERGRID Infrastructure Investment Trust (PGInvIT)

Q4 FY25 Earnings Conference Call

[POWERGRID Unchahar Transmission Limited (PUTL) – Investment Manager to PGInvIT]

May 26, 2025

MANAGEMENT:	**MR. NAVEEN SRIVASTAVA – CHAIRMAN, PUTL**
	MR. SANJAY SHARMA –DIRECTOR, PUTL
	MR. AMIT GARG – DIRECTOR, PUTL
	MS. NEELA DAS – CEO, PUTL
	MR. GAURAV MALIK – CFO, PUTL
	MR. SHWETANK KUMAR – COMPANY SECRETARY & COMPLIANCE OFFICER, PUTL
MODERATOR:	**MS. NIDHI SHAH – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 and FY '25 Earnings Conference Call of POWERGRID Infrastructure Investment Trust hosted by ICICI Securities Limited.

As a reminder, all participants' lines 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 an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Nidhi Shah from ICICI Securities. Thank you, and over to you, ma'am.

Nidhi Shah: Thank you, Pooja. Good evening. On behalf of ICICI Securities, I invite you all to the Q4 FY '25 Earnings Call of POWERGRID Infrastructure Investment Trust.

From the Management, we have Mr. Naveen Srivastava, who is the Chairman; Mr. Sanjay Sharma – the Director; Mr. Amit Garg – Director; Ms. Neela Das – Chief Executive Officer; Mr. Gaurav Malik – Chief Financial Officer; and Mr. Shwetank Kumar – Company Secretary and Compliance Officer.

We will start the call with brief Opening Remarks by the Management, which will be followed by the Q&A. Over to you, sirs and ma'am.

Naveen Srivastava: Good afternoon, everyone. On behalf of POWERGRID Unchahar Transmission Limited, the Investment Manager to PGInvIT, I extend a warm welcome and sincere appreciation to all the participants for joining this call.

Today, I am joined by Mr. Sanjay Sharma, Director of PUTL; Shri Amit Garg, Director of PUTL; Ms. Neela Das, CEO of PUTL; Mr. Gaurav Malik, CFO of PUTL; Mr. Shwetank Kumar, Company Secretary and Compliance Officer, along with other senior officials. Further, I also wish to inform that Dr. Anupam Arora has joined as Independent Director of PUTL with effect from May 19, 2025.

Earlier today, on May 26, 2025, POWERGRID Infrastructure Investment Trust, PGInvIT, announced its financial results for the quarter and financial year ended March 31, 2025, along with distribution details for Q4 FY 2024-25. These documents are available on the website of BSE, NSE and PGInvIT. The detailed investor presentation covering the Q4 FY '25 and full year FY '25 financial performance has been uploaded to our website.

In the interest of time, I will now share a brief overview. PGInvIT's investor base has grown steadily from approximately 15,000 unitholders at the time of IPO to over 1.89 lakhs unitholders as of March 31, 2025. We sincerely thank our investors for their continued trust and support.

Let me begin with a brief introduction of the trust to our new investors. PGInvIT is an infrastructure investment trust with POWERGRID Corporation of India Limited, a Maharatna

Central Public Sector Enterprises and India's largest power and transmission utility, acting as its Sponsor and Project Manager.

POWERGRID Unchahar Transmission Limited, a wholly owned subsidiary of POWERGRID, serves as Investment Manager, while IDBI Trusteeship Services Limited is the Trustee. PGInvIT currently owns 5 SPVs, Special-Purpose Vehicles, namely VTL, KATL, PPTL, WTL and JPTL. It holds 100% equity in all the 5 SPVs. These SPVs operate 11 transmission lines, covering almost 3,699 circuit kilometers, and 3 substations with a combined transformation capacity of 6,630 MBA.

All are fully operational, revenue-generating assets, governed by a long-term Transmission Service Agreement, TSA, with an average remaining life exceeding 27 years. These interstate transmission system, ISTS, assets implemented under Tariff-Based Competitive Bidding framework on a Build, Own, Operate and Maintain basis, have a 35-year contract tenure. This minimizes regulatory risk on tariffs and ensures long-term revenue visibility. Backed by India's largest transmission utility as both sponsors and project manager, PGInvIT benefits from operational strength, consistent asset availability and high reliability and safety standards.

With availability-based fixed tariff transmission service agreements and low leverage levels, PGInvIT ensures predictable cash flows while maintaining flexibility for debt-funded acquisitions to support future growth. These trends position PGInvIT to create sustainable value to its unitholders. Our objective remain clear to deliver consistent, stable and predictable returns to our investors.

Distribution. Let me now move to the distribution for Q4 FY '25. Earlier today on May 26, 2025, a distribution of ₹ 3 per unit was declared for the quarter ending March 31, 2025. This marks the Trust's 4th distribution for FY 2024-25 and the 15th consecutive quarterly distribution since listing. Unitholders will receive this distribution on or before June 5, 2025.

With this latest declaration, PGInvIT has distributed a cumulative ₹ 46.50 per unit since its IPO, which was issued at ₹ 100 per unit, amounting to total distribution of over ₹ 42.31 billion. This quarter 4 distribution brings the total payout for financial year 2024-'25 to ₹ 12 per unit in line with the guidance provided in the earnings call for Q4 FY 2024.

We remain committed to maintaining this momentum and aim to deliver ₹ 12 per unit distribution for FY 25-26 as well. Our quarterly distribution are guided by PGInvIT's distribution policy and in compliance with SEBI InVIT regulations which mandates the distribution of at least 90% of NDCF, Net Distributable Cash Flows to unitholders. In accordance with this policy, distributions are declared and paid not less than once every quarter.

Now I will come to the highlights for the quarter and financial year ended March 31, 2025. Operations. Leveraging cutting-edge technologies and maintaining a strong focus on safety, our project manager has ensured the efficient and accident-free operations of PGInvIT Transmission assets throughout the quarter.

The average availability across each SPV exceeded the stipulated targets, reflecting their strong operational performance and reliability. Based on provisional data, the average availability of FY '25 was over 98% across all SPVs.

Please note that these figures are provisional, pending the receipt of monthly availability certificates from Regional Power Committees under Ministry of Power, Government of India for the period January to March 2025.

As many of you may be aware, one of our SPV, PPTL, is currently undertaking a project under the Regulated Tariff Mechanism. This project is titled implementation of 400 kV line bay at 765/400 kV Parli Substations for RE Integration. This was awarded by CTUIL with a completion scheduled by December 2025. The project has been granted transmission license by CERC, award has already been placed for the execution of the project and is progressing well.

I am pleased to share that there were no accidents reported during whole financial year 2024-25. On the CSR front, Corporate Social Responsibility front, PGInvIT has provided medical equipment to 14 primary health centers across multiple states. The total CSR expenditure across our 5 SPVs amounts to about ₹ 6.75 crores. We are proud to have achieved 100% compliance with CSR obligations under the Companies Act once again this year, continuing our consistent track record.

Now I will come to the financial highlights for Q4 FY '24-25:

PGInvIT reported a total consolidated income of approximately ₹ 3,201.35 million. This includes ₹ 3,113.26 million revenue from operations and ₹ 88.09 million from other incomes, primarily comprising interest incomes from deposits.

Total consolidated expenses for the quarter, excluding impairment charges stood at around ₹ 1,247.50 million. For the full financial year FY 24-25, the total consolidated income also stood at ₹ 13,050.55 million with operational revenue of ₹ 12,664.93 million, and other income of ₹ 385.62 million.

Consolidated expenses, excluding impairment, remained at ₹ 4,608.58 million. Profit after tax for FY '24-'25 has increased to ₹ 11,718.93 million as against ₹ 9,817.32 million in financial year '23-'24.

Earnings per unit has also increased to ₹ 12.92 in financial year 24-25 from ₹ 10.18 in financial year 23-24. Total assets are also increased to ₹ 101,872.35 million in financial year 24-25 from ₹ 99,826.37 million in financial year 23-24.

Fair value NAV per unit also increased to ₹ 94.12 in financial year 24-25 from ₹ 85.28 in financial year 23-24. The NDCF calculated at SPV level has been included in the consolidated financial results.

The Trust received cash inflow from SPVs in the form of interest income, dividends and debt repayments. In line with SEBI InvIT Regulations and PGInvIT Distribution Policy, over 90% of the NDCF generated at the SPV level was upstreamed to the Trust by March 31, 2025.

PGInvIT's NDCF for the quarter ended March 31, 2025 stood at ₹ 2,858.65 million. NDCF for the full financial year FY 24-25 stands at ₹ 10,810.15 million. The declared distribution of ₹ 3 per unit for Q4 FY 25 comprises of following components: interest income is ₹ 1.67 per unit, taxable dividend is ₹ 0.48 per unit, exempt dividend is ₹ 0.09 per unit, SPV debt repayment is ₹ 0.75 per unit and treasury income is ₹ 0.01 per unit.

The total distribution exceeded the regulatory requirement of distributing at least 90% of the NDCF at the Trust level, reaffirming PGInvIT's commitment to its distribution policy and regulatory compliances.

As of March 31, 2025, PGInvIT's outstanding external borrowing stood at ₹ 10,723.19 million, which includes an outstanding loan of ₹ 5,669.51 million loan secured from HDFC Bank in March '22 and additional ₹ 5,053.68 million loan raised in December 2024 to fund acquisitions. Both are floating rate loans, linked to a 3 months treasury bill and the repo rate, respectively, with an average cost of debt at 7.92% for FY 25.

Thanks to PGInvIT's net debt to AUM ratio, the Trust is well positioned to finance future acquisition entirely through debt, while maintaining the financial flexibility. The Trust continues to enjoy the highest credit rating, AAA with a stable outlook, from ICRA Limited, CRISIL Rating and CARE Rating.

Bill trade receivables as on March 31, 2025, stood at ₹ 854.10 million, representing 25 days of billing.

Acquisition of balance 26% equity shareholding. PGInvIT in its Q2 FY 24-25 earnings call had informed that remaining 26% equity share, equity stake in 4 of the SPVs, KATL, PPTL, WTL and JPTL will be acquired from POWERGRID during FY '25.

We are pleased to inform you that this acquisition was successfully completed on December 30, 2024. The development was duly communicated to all unitholders and the public through stock exchange filings and updates on our website. Revenue from the acquired 26% stake in these SPVs has started accruing to PGInvIT from Q4 FY 24-25 onwards.

Now, I will come to the outlook. Our growth strategy remains focused on acquiring operational power transmission assets in alignment with InvIT Regulations, statutory requirements and the long-term interest in our unitholders.

While we are fully committed in generating values to our unitholders, it is important to acknowledge that the limited availability of operational assets for acquisition continues to pose an enhanced challenge, a point we have consistently highlighted.

At present, the pool of operational transmission assets available for monetization is limited. However, the National Electricity Plan for Transmission 2024 outlines an ambitious roadmap, with an estimated investment of over ₹ 9 lakh crores in the transmission sector. This underpins a robust future pipeline.

Currently, 84 Interstate Transmission System, ISTS projects awarded through TBCB, Tariff-Based Competitive Bidding, these are under implementation, of which 39 are being developed by private players. As these projects are near completion and become revenue generating, they are expected to present a significant acquisition opportunity for an infrastructure investment vehicle like PGInvIT.

We continue to actively track the progress of these under construction projects to remain prepared for near-term opportunities. In parallel, we also recognize the potential of state utility asset monetization. Should states choose to monetize their operational transmission assets to raise capital, it could unlock a new avenue of growth for PGInvIT.

To support this, CEA, Central Electricity Authority in collaboration with PGInvIT conducted a dedicated workshop for the State Utilities on December 6, 2024, on monetization of state transmission assets.

Additionally, CEA has been placing this topic as an agenda item in various RPCs' (Regional Power Committee) meetings to assess and encourage the state utilities. While the process of state-level monetization may be gradual, sustained policy engagement is underway to facilitate progress in this area.

With substantial debt headroom, a strong balance sheet and the confidence of the diverse investor base, both institutional and retail, PGInvIT is well positioned to capitalize on upcoming opportunity in this sector. It is important to emphasize that any potential acquisition will be subject to a rigorous due diligence process.

Each opportunity will be evaluated for operational performance, regulatory compliance, alignment with InvIT norms, adherence to our corporate governance standards and consistency with unitholder interest to ensure it is a value accretive addition to the Trust portfolio. We would like to maintain our distribution guidance of ₹ 12 per unit for financial year 25-26.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mahesh Patil from ICICI Securities. Please go ahead.

Mahesh Patil: Hi sir, thanks for the opportunity. My first question is on the monetization of state transmission assets that you highlighted. Just wanted to understand if you can give some details, like are there some assets that have been identified? Or is this currently at policy level that is being discussed, if you can give some details?

Naveen Srivastava: Okay. So Mahesh, it is already in the circular that it was told that intrastate are to be monetized. And at present, I cannot say anything is there. This, we cannot disclose, but we are in the talks that whenever they are interested to monetize, we are there to help them out.

Mahesh Patil: Okay. But sir, is there any visibility like, let's say, in this fiscal is something likely to come up as per your maybe discussions with various stakeholders?

Naveen Srivastava: We cannot say any this one, but Central Government is clearly continuously in touch with them and they are talking to them. And there, we can see the visibility there. From there, the pressure will come. At present, we cannot say anything.

Mahesh Patil: Okay. Got it, sir. And sir, my second related question is, I think a couple of quarters back, you highlighted that there is some new policy from CEA, which allows you to go for other private players. So if you can give some details what is this policy? And are you looking at any assets from other players at this moment, transmission asset?

Naveen Srivastava: Can you repeat again?

Mahesh Patil: You had mentioned couple of quarters back that there is some new CEA policy which allows you to be open for assets from private players as well. So just wanted to understand what was it? And are you looking at any assets from other private players, transmission assets?

Naveen Srivastava: I don't feel anything like that.

Management: Actually, there was nothing from CEA. And as a matter of fact, there is no bar on PGInvIT to acquiring private sector assets as well. CEA is into the picture for monetization of the state level assets, so they are into the dialogue with many states. And as Chairman sir has mentioned, that we have been partnering with CEA for many of the workshops and dialogues with many states. But unfortunately, yes, there is no concrete outcome as of now. But as far as the private sector goes, nothing bars us and CEA intervention is not at all required.

Mahesh Patil: Okay. So sir, the next related question is, are you looking at any of the assets as such from other private players? And another related question is I am not just talking about transmission assets, are you looking at any other related assets like renewables, et cetera? Or is that not on the horizon right now?

Naveen Srivastava: As far as that discussion with the state, we cannot disclose it right now. But yes, whenever we get like opportunity, we will surely come out with it. Presently, we are concentrating on the transmission aspect.

Management: Mahesh, just in the opening remarks, Chairman had mentioned that on the private side, there are not many opportunities available, and around 30-plus projects are under construction by the private sector developers, which would be building in the next couple of years, which may present. So this has already been highlighted in the opening remarks.

Mahesh Patil: Sure, sir. But renewables you are not looking at, correct, as you just confirmed?

Naveen Srivastava: In the market, Mahesh, actually once, there is something, yes, we will do, presently, nothing we can divulge as of now.

Mahesh Patil: Okay, okay sir. Got it, thank you so much.

Moderator: Thank you. The next question is from the line of Ankit Minocha from Adezi Ventures Family Office. Please go ahead.

Ankit Minocha: Yes. Hi, on this distribution that you have mentioned for FY '26 of ₹ 5 per unit, I believe last year also it was ₹ 12 per unit, and we had to dip into some reserves, and it was above the stipulated cash flow guidelines that we had to give. So how are we kind of managing this ₹ 12 per unit distribution for the next year as well? Will you be planning to dip into reserves again? Or is there some sort of accretive earnings or cash flows that you are kind of seeing coming ahead?

Management: So, hi, Ankit, as far as the additional incremental revenue growth, these are the fixed revenue assets with limited scope of earning through other means. There is no scope of organic growth in these assets per se. But having said that, you must have noticed in our results that our debtor days have reduced substantially during this fiscal 24-25. And as a matter of fact, we started with a cash of ₹ 216-odd crores in May '21 when the InvIT was started, and we were roughly at ₹ 398-odd crores as at March '25.

So in fact, cash has increased, and the primary reason was reduction in the debtors or the debtor realization. So saying that we are dipping into those reserves in a big manner is a fallacy per se. And we believe that with this debtor turnover, we will be able to deliver the guidance given by the Chairman, sir, of ₹ 12 for fiscal 25-26 as well.

Ankit Minocha: Okay. Thank you. Fair enough. And secondly, just an extension to the previous participant's question on acquisition. So I just want to be clear. In this current year, in the next 1 year, should we, as investors, be looking forward to PGInvIT doing some acquisition at all? Or do we think that there might not be any acquisition on the table?

Management: That we cannot say no, but we are in a continuously this way. If we get a good chance, we will surely come out of that.

Ankit Minocha: And these private projects that you mentioned were on the verge of completion, when do they start coming into your investment purview? And when do you think you can start visiting these discussions? Say when does the first project come online?

Management: Maybe in 2 years' time, they will be in a commissioning stage, and they will be requiring, then I feel after 2 years' time, this will come out.

Management: And at the end of the day, this would depend upon whether the asset owners want to monetize their assets or not. But at least, yes, there is a lot of pie that is coming up for monetization, will be for completion, not monetization.

Management: And as the regulations mandates that InvIT can acquire only the assets which have the operating history of 1 year. So say, if the asset matures or achieves the commercial operation 2 years down the lane, we can start the process per se, but the acquisition can only be made after 1 year of the operations are established. So yes.

Ankit Minocha: Okay. And is your existing sponsor looking to divest any further assets this year? Any view on the monetization from POWERGRID?

Naveen Srivastava: From POWERGRID side, it is not there at present.

Ankit Minocha: Okay. Thank you.

Moderator: Thank you. We will our next question from the line of Aniket Nikumb from ABN Capital. Please go ahead.

Aniket Nikumb: Thank you for the opportunity. My question is in relation to maybe some of the earlier questions. Sir, if you can talk a little bit about what the opportunity set could be for us maybe in the renewable side or in the battery and energy storage side, et cetera. Can you look at some of those opportunities, will you evaluate them? Our listed peer IndiGrid has sort of added some of those assets. So just wanted your perspective on this.

Naveen Srivastava: Basically, I can tell you this, see, we are primarily on the transmission assets, we are on that. But I can say very well that if we find that this thing, we may go into that. And at present, it is basically like BESS what you told about, renewable. Presently, we are more concentrating on the acquisition of the transmission assets.

Management: So Aniket, kindly also appreciate the fact, you must be a regular visitor to the market. So you must have seen the valuation that a company like NTPC Green got for its green portfolio. So InvIT is not an instrument which can offer that valuation for any renewable assets, so it is out of question. But having said that, as Chairman sir pointed out, that if we get an opportunity wherein there is some value for our investors, we will be definitely having a look and then moving ahead. And for that, the investors will be appraised or informed accordingly.

Aniket Nikumb: No, I appreciate that.

Naveen Srivastava: So I want to add into that is, basically, CEA, they are continuously educating the states to monetize their intrastates. So we are seeing some of the growth in that, and they have called us also to have training session. So we can see some growth in that area also. I have already told in my opening remarks that this much of works are coming up. So I can see a good outlook in transmission assets, which are coming, and they may go for their monetization.

Aniket Nikumb: No, sir, I appreciate that. So would it be fair if my understanding, I guess, from some of the comments is that there is a little bit of a valuation mismatch maybe that you are seeing in some renewable side and so on, which is why you are not doing, but otherwise there's nothing stopping you from doing it?

Management: There's nothing stopping us, but we will see that if we find a good opportunity, surely we will come out of that.

Aniket Nikumb: Got it, sir. No, fair. Maybe second question was, as the interest rates have now fallen, can our cost of funds go down too? And is there some uplift we can expect from them?

Naveen Srivastava: Definitely, the interest rates are on the downturn, thankfully. So my cost of loan has come down to maybe 7.33% odd presently, which was more than 8% at one point in time. So as far as the uptick in the returns is concerned, yes, that return will always be passed on to the investors. But as you will appreciate that my loan portfolio presently is quite limited only, ₹ 1,000-odd crores. So it is not so substantial as to make a meaningful difference in the DPU.

Aniket Nikumb: Got it. No, that's fair, sir. Again, I am sure you can also appreciate, I think some of the questions here, and maybe I speak for a couple of other people here, is that we are trading a little bit, our NAVs around 93, 94, right, as you reported just now. And we are trading on the market at almost like 10%, 12% discount to that. So I think all the investors maybe looking for a little bit of guidance on that. But no, appreciate the good work you are doing. Thank you so much, and all the best.

Naveen Srivastava: Thank you.

Moderator: Thank you. The next question is from the line of Dhiraj Dave from Samvad Financial Services. Please go ahead.

Dhiraj Dave: Thanks a lot for providing me the opportunity. My first question is basically, when I look at the valuation report, broadly, while FY '26 and FY '27, we get approximately ₹ 1,260 crores, ₹ 1,250 crores revenue. But in FY '28, particularly Parli, Warora and Jabalpur assets, we see almost ₹ 290 crores decline in the revenue as per the valuation report, which is on 31st March 2025. So can you just give some perspective of why we see, because mostly the projects are like a fixed revenue base as a bidding it, so why these in 3 assets we see such drop?

Management: So, this is basically I can say only one word, it is in line with the TSA, I can say.

Dhiraj Dave: Okay. Now so if that is the thing, that's perfectly fine. The second question is basically, like if I look at your guidance, so FY '26 at ₹ 12, FY '27, but if we don't do any addition and we do not see significant decline in interest rate, like rather than just a yearly guidance, which I understand we are in a very volatile world and difficult world. But if somebody is looking at, say, 3 to 5 years holding period, should one be prepared based on this to see a decline and how much decline? Because even that would help market to assess our unit valuation properly.

Management: If you ask this thing, normally we cannot give any future prediction in that area. I cannot say in that in future, what will be the after 3 years or something like that.

Management: But Dhiraj ji, you are very right in pointing out that if acquisitions are not met, going forward, the expenses will keep on increasing. And with the declining revenues, FY27, FY28 being the major the year in which there will be a sharp decline. So the NDCF are bound to go down and so will be the DPU, by how much, probably it will not be fair for us to answer that at this point in time.

Dhiraj Dave: Yes, yes. Appreciate it. Even direction is fine. But then what is the management going to do? Because basically, while we appreciate your efforts on getting these assets and running, which sells with accident-free all throughout FY '25, which is quite a commendable thing, and we appreciate management for that. But in fact, even previous investors expressed the concern about discount and I think market is discounting that factor. Because for last 3, 4 years, we have added like 24% or 26%, whatever minority stake of POWERGRID remaining debt we acquired.

But after that we do not see, and while it will be managed for 2 years, effectively, it started discounting it assuming after 2 years ₹ 12 distribution, probably maybe ₹ 8, ₹ 9, I also don't know, but it would something like that. And that is why we see this big drop in discount between NAV and the current market share.

So any thought of management, basically, to say you are looking at, say, transmission line. But besides that anything else what can bridge the gap? In the sense that what can manage our distribution at ₹ 11, ₹ 12 in FY '28, because that is a major concern?

Management: Dhiraj ji, see, since we have understood that the dip is going in happen because of the revenues going down, so the only way it can be corrected is by adding more assets so that the top lines can increase. So that's why we have been in touch with the states. We are trying to take full advantage of the Government of India's policy and advisories to the States, educate them so that they have come up for monetization of their assets. So we will keep looking at acquisition opportunities as and when they come up, whether on the private side or on the state side. And that is the only way by which we can have our revenue streams higher so as to support a higher dividend payout post FY '28.

Dhiraj Dave: I appreciate. My just one suggestion and basically whenever you are looking at acquiring assets, please look at consolidated way to ensure in a way that this becomes tax efficient. In fact, if we look at the current structure, we find significant dividend is getting into taxable rate. Well, that is not in your control because that asset kind of it. But any NCLT structuring, restructuring, whatever way you can do, just a thought, you can explore and probably make this dividend as a tax friendly to the investor, so everybody gains in the process. Wish you all the best, and thanks for providing me the opportunity.

Management: Thank you. Thank you.

Moderator: The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Good Evening sir**.** Yes. Sir, just one question. So, given that in this valuation report, we have declared an NAV of close to around ₹ 94, ₹ 95, and our weighted average cost of capital is around 8% for all the assets. So roughly, if we don't acquire, then from the current price the yield to maturity is around 9% odd. Is that the right understanding, sir?

Management: Sarvesh, we will refrain. You are free to do your own maths. It's our humble request that kindly do not seek that valiadtion from the management team. You can do your math. But the numbers are in open. So yes, presently, the discount rate is there. Last September, it was 8.78%. Last year, it was somewhere around 8.85% or 8.95%. So that will keep on fluctuating, basis the movements in the interest rate market and the equity risk premium.

And there is no guarantee that the interest rates will not be on the boil again or, for that matter, the equity premiums will not be on the rise again, which will affect my valuation and accordingly, the NAV. But this NAV has hardly to do anything with the IRR that an investor can extract holding till maturity. So for that, probably you can have a look at the cash flows which are being presented in the valuation report and do your own math. That will be more beneficial for the investors, I can only say.

Sarvesh Gupta: Okay. And secondly, sir, if I look at your ₹ 46.5 that distribution that you have given, so roughly around 20% odd has come in a tax-free manner, mainly because of some of it is rooted in the form of capital repayment. So is that the same ratio which is going to be there in the coming years? Or are you seeing some changes or are you sort of pushing for some changes to make it more tax efficient? Or how should we look for that?

Management: Sarvesh , there is no scope for further tax efficiency as of now. So going forward, probably, the repayment of SPV debt will be something which will start accruing more often and in a greater quantum. But as per the Companies Act, dividend can only be paid out of the retained earnings or for the profit of the current period. So retained earnings, we have already taken to a very large extent, not much is left.

So whatever the profits these companies are going to throw up, that will be upstreamed in the form of dividend. And you very well appreciate that the costs are bound to increase due to the inflation. So if the revenue is constant, costs are increasing, the PAT is bound to come down and so will be the dividends.

Sarvesh Gupta: Yes. So our exempt form of dividend will also come down, is it? So what would be the rough guidance for, let's say, dividend exempt and return of capital that you are going to deliver?

Management: Exempted.

Naveen Srivastava: Exempt dividend and capital repayment.

Management: Flowing from the valuation reports, actually.

Naveen Srivastava: You can see the valuation report, in that, we have already declared in that. I don't...

Management: See, 76%, 78% of our debt is to be paid after 10 years. So you have that particular information also available with you. And as my colleague, Amit, just told you that the valuation report provides all the numbers to do your own analysis of what numbers would look like. We would not like to crystal gaze into the future in saying that this is how the percentage composition of various upstreaming would look like.

Sarvesh Gupta: But in general, I think what you said is that...

Moderator: Sorry to interrupt you, but we request you to rejoin the queue for follow-up questions. Thank you. We will take our next question from the line of Jay Kumthekar from Motilal Oswal Financial Services. Please go ahead.

Jay Kumthekar: Actually, I don't have a question, it's more like the data that you have shared today and the stats, can you share us in writing, basically, or the slides?

Naveen Srivastava: It is there on the exchanges as well as on our website itself.

Jay Kumthekar: It's on the website. Okay, that's the slide that I am supposed to refer to, right? Everything is there on it?

Management: Yes. Yes, there it is.

Jay Kumthekar: All right. All right. Thank you so much.

Moderator: Thank you. We will take our next question from the line of Nilesh Doshi from Prospero Tree Asset Management. Please go ahead.

Nilesh Doshi: Thanks for the opportunity. sir, many investors have asked about the acquisition. But my question is, is the acquisition only route to add the new operating asset? Can PGInvIT itself not able to develop any operating assets?

Management: That is clear cut. It is not in the regulatory, see RTM projects which are coming to Parli, we are generating ourselves. So that is coming out, in RTM project it is coming out. Other than acquisitions suppose we are, that question was asked earlier also, we are thinking an opportunity. If we get an opportunity, surely we will go in that.

Nilesh Doshi: But you are saying that PGInvIT is not allowed to develop any asset, they have to acquire either from the private player or from the public sector units?

Naveen Srivastava: No, no. Nilesh, kindly try to appreciate how the transmission sector works. I cannot build my line anyway I wish to. It is a licensed activity and it is a planned activity. So the Government of India, there are different committees and different forums where the transmission systems, depending upon wherever the strengthening are required, or for that matter, where the generations are coming, the Committee approves that these many transmission systems are required to be built upon, and either it allots those transmission system on the nomination basis under the regulated tariff mechanism to the existing holders of the asset or bids it out under the TBCB mechanism.

So unless and until, as Chairman sir pointed out, that we got 2 of the assets or 2 of the projects, one in Kala Amb and one in Parli, through CTUIL on the nomination basis. But as an infrastructure trust, we cannot go and quote under the TBCB mechanism because that is not allowed as per the Government of India guidelines. So I cannot go and build the asset on my own. So that is the basic principle, where upon the transmission sector is functioning in India.

Moderator: Thank you, Sir. We request you to rejoin the queue for follow-up questions. The next question is from the line of Gopal from BigTech. Please go ahead.

Gopal F: Good evening, sirs and congratulations on delivering great numbers and projections. I would definitely like to congratulate the management of PGInvIT. My question around here is when we have projected ₹ 12 as DPU for FY '26, definitely, I think you must have taken all the revenues that are coming in, and the results, et cetera, into account when you are putting the numbers together. Is there any rough number that you have estimated that you will take the money out of these results that are there?

And second one, a follow-on to this is, okay, I have been listening to your explanations about the dip that's going to happen in FY '28. What is the additional revenue that we need to bring in to make this ₹ 12 perpetual payment in the coming years? I think these are the 2 questions, sir.

Management: Thank you very much for appreciating our figures. The first question I just want to tell you, as you see that this time we have taken 101% of that, maybe around 1%, 1.5% extra. I feel out to be that will be continued in next year maybe. I cannot declare how much it has exactly come out, but since RTM projects are coming up, the revenue we can think of that way. But that's why we have calculated it should be ₹ 12.

Gopal F: That's fair, Sir. The second question, probably...

Management: Can you repeat? What is the second question, can you repeat it?

Gopal F: There's going to be a revenue decrease that's going to happen in FY '28 and going further. I think that's what I was looking at. So what is that delta that you need to add or the revenue to maintain ₹ 12 DPU perpetually being paid for maybe next 5 years, 10 years, whatever?

Management: Of course, you know that we are keep on telling that we have to come out with some assets in our portfolio, we have to add the assets and we have to do in that. If it comes, then it will be surely build on...

Gopal F: How much is that gap which is going to arise...

Management: See, Mr. Gopal, just now one of your fellow colleagues mentioned that dip that is going to happen from FY '25 to FY '28. So now if you want to maintain the same thing, you need to take care of that dip to bring it back ₹ 12.

Gopal F: Correct. The same thing I am asking, Sir. How much is the gap that you need to...

Management: Gopal ji, I am paying out ₹ 273 crores odd per quarter, all right? So ₹ 273 x 4 will be my annual payout of ₹ 1,092 to maintain ₹ 12, right? If you go through my valuation report, during the year '27-'28, my top line will be roughly around ₹ 900-odd crores, right? Presently, my EBITDA margin is somewhere around 94% odd. Keep an inflation rate of, say, around 5% in that expense side. Those numbers are for yourself to work out, Sir. What else can I say? Those are very much crystal clearly available in my valuation report.

Gopal F: Okay sir. Perfect. Thank you. Thanks for that input, sir.

Management: Thank you.

Moderator: Thank you. We will take our next question from the line of Bharat Gupta from Fair Value Capital. Please go ahead.

Bharat Gupta: Just one quick question, sir. In your valuation report, you very clearly list out all of assumptions for revenue as well as expenses. So just looking at any of the assets, the O&M expense is the largest expense. First question is, is this contracted with POWERGRID sort of over a longer term, like the TSA, so that the charges are fixed? And second is the value you have estimated assumed escalation of 3.5%. Do you think that is reasonable for your largest expense, given that you just now said its 5%?

Management: See, the O&M contract it is continued and it is going to over by 2026, I think. And after that, it will see that how to go into that. Same, we will see that it will be given to the POWERGRID. Because POWERGRID is sponsor to us, and we are seeing that we are getting a good O&M work and the person who has constructed it, who is operating it continuously, and their manpower is also there, so it will be always beneficial to all of us to continue with them.

Bharat Gupta: Yes. But the rate are being renegotiated, right?

Management: See, here, I want to say, it is basically what we are doing it. Basically our negotiation based on the CERC O&M charges what they are telling. If there is a change in that it is always there, otherwise, I don't think there will not be any much difference will occur in that way. Because POWERGRID is sponsor, so I feel there will not be much in that. Because for them, it is not a very profit-making item that they will come out of that. So it will be like almost same, I feel.

Bharat Gupta: So the 3.5% you have assumed...

Management: So, that is okay. We will negotiate, but I cannot predict it right now POWERGRID, it is for them to decide. See, we will try our level best to put it in that area, but it is for them to decide. But I don't think being POWERGRID is a sponsor to this organization, they will do something extra in that.

Management: Bharat ji, I think the assumption table in the valuation itself indicates that this is what we are presuming as of now. We will revisit it as and when the situation comes.

Bharat Gupta: How long are these contracts for with POWERGRID?

Naveen Srivastava: See, as Sir just mentioned, the running contract is valid till March '26, and this will be renewed after that.

Bharat Gupta: When did it start?

Management: Maybe around, yes.

Naveen Srivastava: Maybe in the last quarter.

Bharat Gupta: Okay. So what has the behavior been in the past?

Management: This will be the second extension if at all it happens. Last time, it was on the very same terms and conditions. And so I think it has been nothing more than a speculation if we say anything. So we request you to be patient for some more time. Maybe 6 months down the line, we can talk again and appraise the investors regarding the development, yes, on this front.

Bharat Gupta: Okay. Thank you very much sir.

Moderator: Thank you. We will take our next question from the line of Nilesh Doshi from Prospero Tree AMC. Please go ahead.

Nilesh Doshi: Sir, thanks for the opportunity once again. Sir, last year, we have acquired the balance 26% stake from the whole SPV. So how much it is distribution accretive? By acquiring these assets, how much distribution can be increased or what benefit we have acquired?

Management: Sir, thank you for the question. I can say that after approval of unitholders, the test has completed this acquisition of 26% of all the 4 SPVs. The objective of acquiring these type of assets is to give some bump up to the returns to the unitholders or elongate the life of consistent return over some years.

The baseline remains that it needs to result into some value accretion to our unitholders. So obviously, it has been cost of debt, plus some risk. However, it will be very minimal. And you see that now this 26% dividend which was going to the POWERGRID, now it is with InvIT now.

Nilesh Doshi: Okay. Because sir, from 1 or 2 years, our revenue will come down. And as mentioned earlier that because of the inflation, cost will increase. So naturally, the distribution may come down after 1 or 2 years. So whether acquiring the asset, which is reducing the revenue possibility is this the worst decision or acquiring the fresh asset is a more worst decision?

Management: See, this 26% has been acquired, one for the 100% ownership as Chairman mentioned. The other thing is then there is the SPVs are also building some assets under the regulated tariff mechanism. So as it have been told that one asset is being built in Parli, and the other in Kala Amb. Now by acquisition, the 100% proceeds of these new assets also comes back to the InvIT only, otherwise which would have been distributed to the sponsor also to a 26% extent.

Then the dividend, whatever was going to the SPV, to the sponsor, is also coming back to the InvIT. Now for this, all acquisition has been done from some debt. So the income and the debt that we have to repay for this, which needs to be serviced, it leaves a very small positive margin for us which is not detrimental to us, but definitely, it's not significant enough to make any significant change in the DPU that you are expecting.

Nilesh Doshi: So the acquisition was more from the controlling point of view, rather than the distribution accretive? Is it so?

Management: Yes. Yes.

Nilesh Doshi: Okay. Thanks Sir. Thank you sir. That's all for me.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, we will take this as our last question. I now hand the conference over to the management for closing comments.

Naveen Srivastava: I am really thankful to all, thank you very much. Thank you very much, Nidhi, and your team, and heartful thanks to all the participants who have joined us on this call.

So I, on behalf of management, value your active involvement in PGInvIT earnings calls, and we eagerly anticipate continued interaction with our investors through these calls. At PGInvIT, we remain committed for providing consistent, stable and visible returns to our valued unitholders.

From my whole team, I just, again, want to express my deep gratitude and anticipate your ongoing support and confidence in PGInvIT. Thank you. Thank you very much.

Moderator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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