INDIA'S FIRST
InvIT
SPONSORED BY A
MAHARATNA PSU

पीजीइन्विट
PGInvIT

THE POWER OF

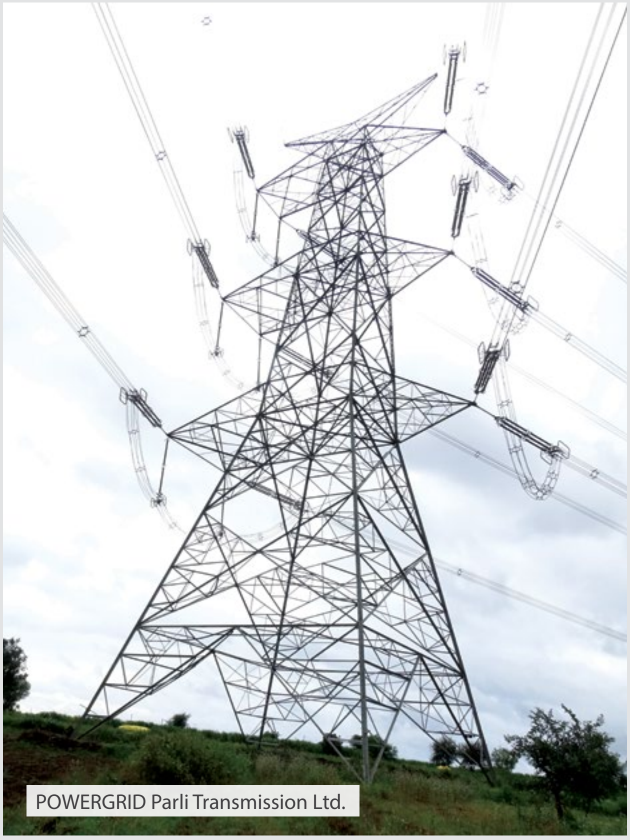
Assets Assurance Advantage

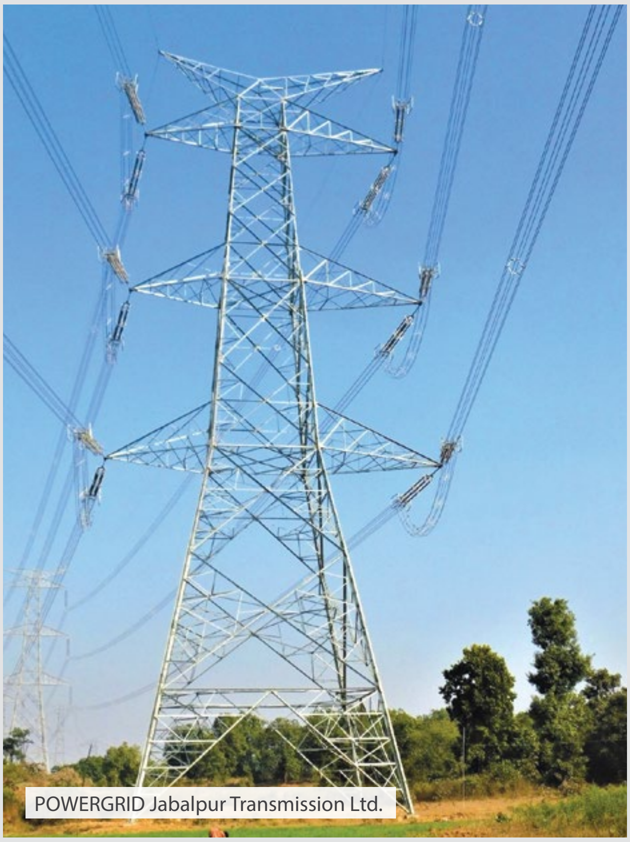
ANNUAL REPORT 2022-23

PGInvIT Assets


Vizag Transmission Ltd.


POWERGRID Warora Transmission Ltd.


POWERGRID Parli Transmission Ltd.


POWERGRID Jabalpur Transmission Ltd.

Contents


POWERGRID Kala Amb Transmission Ltd.

Two Years of Delivering Value

Our business model aims to deliver consistent, stable and visible returns to unitholders. We have successfully demonstrated this over the last two years. Leveraging our stakeholders' expertise to ensure best-in-class operational performance, we have made consecutive distributions fulfilling our commitment and guidance. Our endeavour would be to continue to deliver on our commitments to our unitholders.

OPERATIONAL

- Consistently High Availability, Maximising Revenue
- Accident-free operations
- Adoption of new technologies

ACQUISITIONS

- 26% equity shareholding in VTL
- Additional revenues in 3 SPVs on account of change-in-law
- Funded through mix of Debt and internal resources

FINANCIAL

- Debt raised at very competitive rates
- Interest rates renegotiated with lender in January 2023
- Low leverage

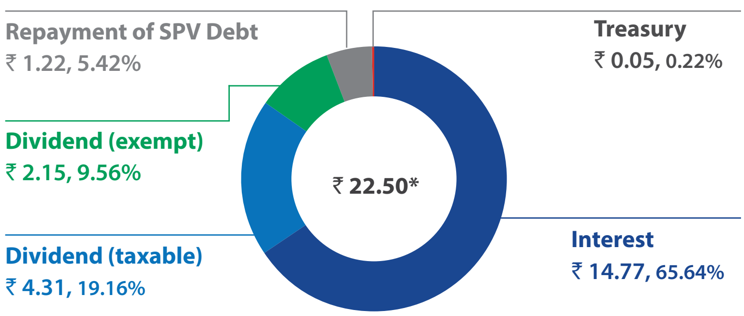
UNINTERRUPTED DISTRIBUTION HISTORY

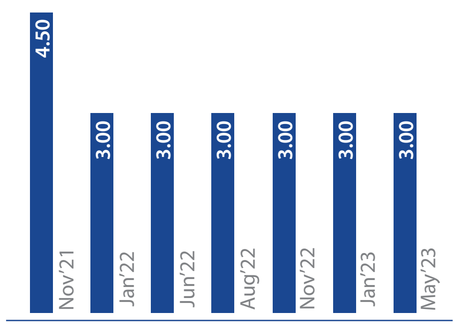
7
Consecutive distributions

₹ 20,474.98 million
Total distribution

₹ 22.50
Distribution per unit

TOTAL DISTRIBUTION SINCE IPO (₹ PER UNIT)





(* including ₹ 3.00 declared on May 25, 2023)

UNIT PRICE PERFORMANCE

PGInvIT units are listed and actively traded on both the NSE and BSE. They have delivered a remarkable return of about 42%, including distributions until March 31, 2023 and capital appreciation since the IPO. The Unit Price has outperformed the benchmark indices including the recently launched NIFTY REITs & InvITs Index.

₹122.52

Market price (NSE)

22.52% ↑
increase on Offer Price

42.02%

Aggregate returns on offer price

(including aggregate distribution of ₹ 19.5 per unit from listing up to March 31, 2023)

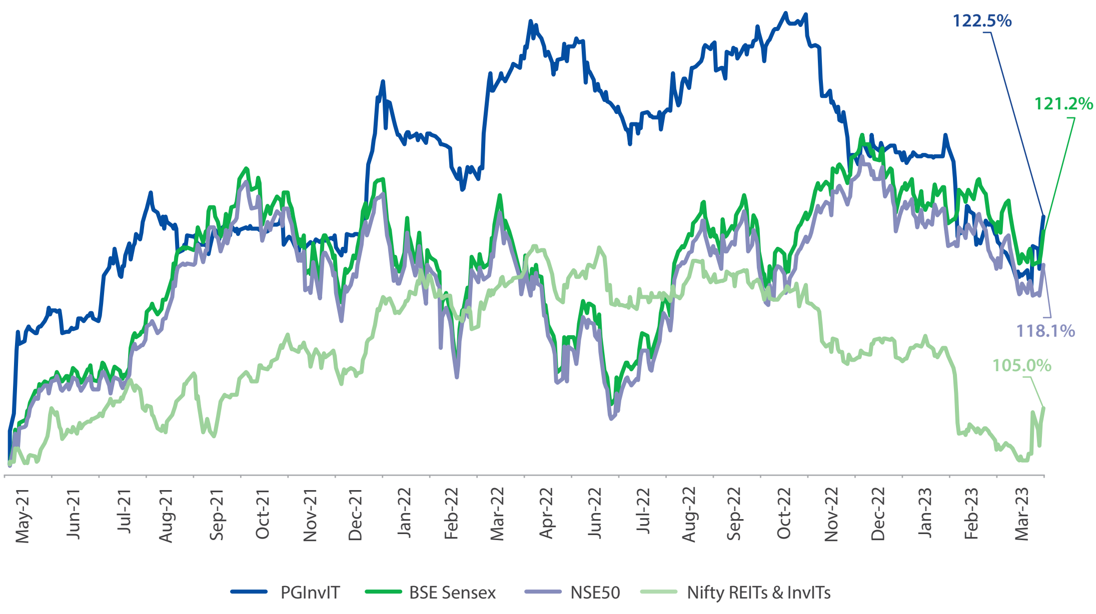
₹1,11,493.10 million

Market capitalisation
Closing Price on NSE
(as on March 31, 2023)

PGInvIT Units: Constituent of *Nifty REITs & InvITs Index* (Highest weightage among InvITs)

OUTPERFORMING BENCHMARKS

(From listing to March 31, 2023)



KEY HIGHLIGHTS, FY 2022-23

₹13,152.91 million
Total income

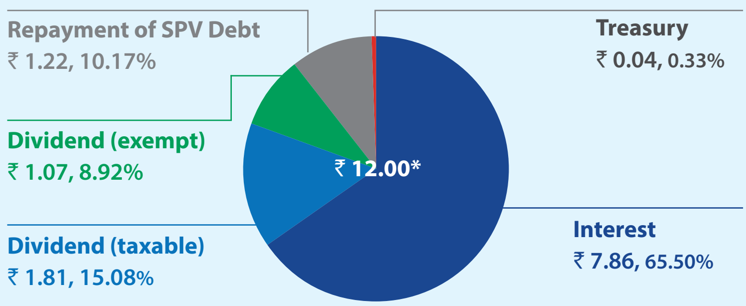
₹11,026.76 million
Net distributable cash flows

More than 98%
Availability of each SPV

0.91%
Net debt to AUM

₹12
Distribution per unit

TOTAL DISTRIBUTION FOR FY 2022-23 (₹ PER UNIT)



*Including ₹ 3.00 declared on May 25, 2023

₹12
Distribution guidance for FY 2023-24

THE POWER OF

Assets Assurance Advantage

The Indian economy is propelling forward at a remarkable pace and along with it the country's energy requirements are surging.

Rising power demand, rapidly increasing share of electricity from non-fossil fuels, policy initiatives of the government towards energy access and domestic manufacturing, and focus on improving financial health of distribution sector, are likely to herald the twenty-twenties decade as the transformational phase in Indian power sector.

The nation's march towards becoming the world's third largest economy while addressing the challenge of climate-change, is set to accelerate in creation of power infrastructure with a focus on renewable.

Against this backdrop, the transmission sector that plays an indisputably critical role in the power sector value chain, is poised to attract huge investments until 2030 for creating necessary infrastructure.

Further, the Government aims to obtain funds for significant capital expenditure by monetizing operational public assets, providing fillip to innovative structures like Infrastructure Investment Trusts (InvITs). Providing investors with a secure mechanism to invest in India's infrastructure assets, InvITs have fast gained prominence among global and domestic institutional investors.

The success of InvITs in mobilising funds for infrastructure development has spurred the Government to issue "Guiding principles for Monetization of Transmission Assets in the Public Sector through Acquire, Operate, Maintain and Transfer (AOMT) based Public Private Partnership model" to the States, enabling them to mobilize funds for infrastructure development.

PGInvIT, established by Power Grid Corporation of India Limited (POWERGRID), a Maharatna CPSE and one of the world's largest transmission utility, was first ever initiative of asset monetisation through InvIT by a CPSE in India. Pursuant to its landmark IPO in 2021, PGInvIT acquired five operating transmission assets from its Sponsor, POWERGRID.

PGInvIT endeavours to own, construct, operate, maintain and invest as an InvIT in India's power and power transmission assets, in a manner to provide consistent, stable and visible returns to our Unitholders and is uniquely positioned to deliver on these commitments armed with the power of AAA – ASSETS with high operational track record, long-term ASSURANCE of revenue generation with minimal regulatory risk and strategic ADVANTAGE of visible cash flows and low leverage. We continue to nurture and harness this advantage to reinforce our attractiveness as a monetisation vehicle and value creation entity.

PGInvIT

Vision to deliver Consistent, Stable and Visible Returns with…

Assets

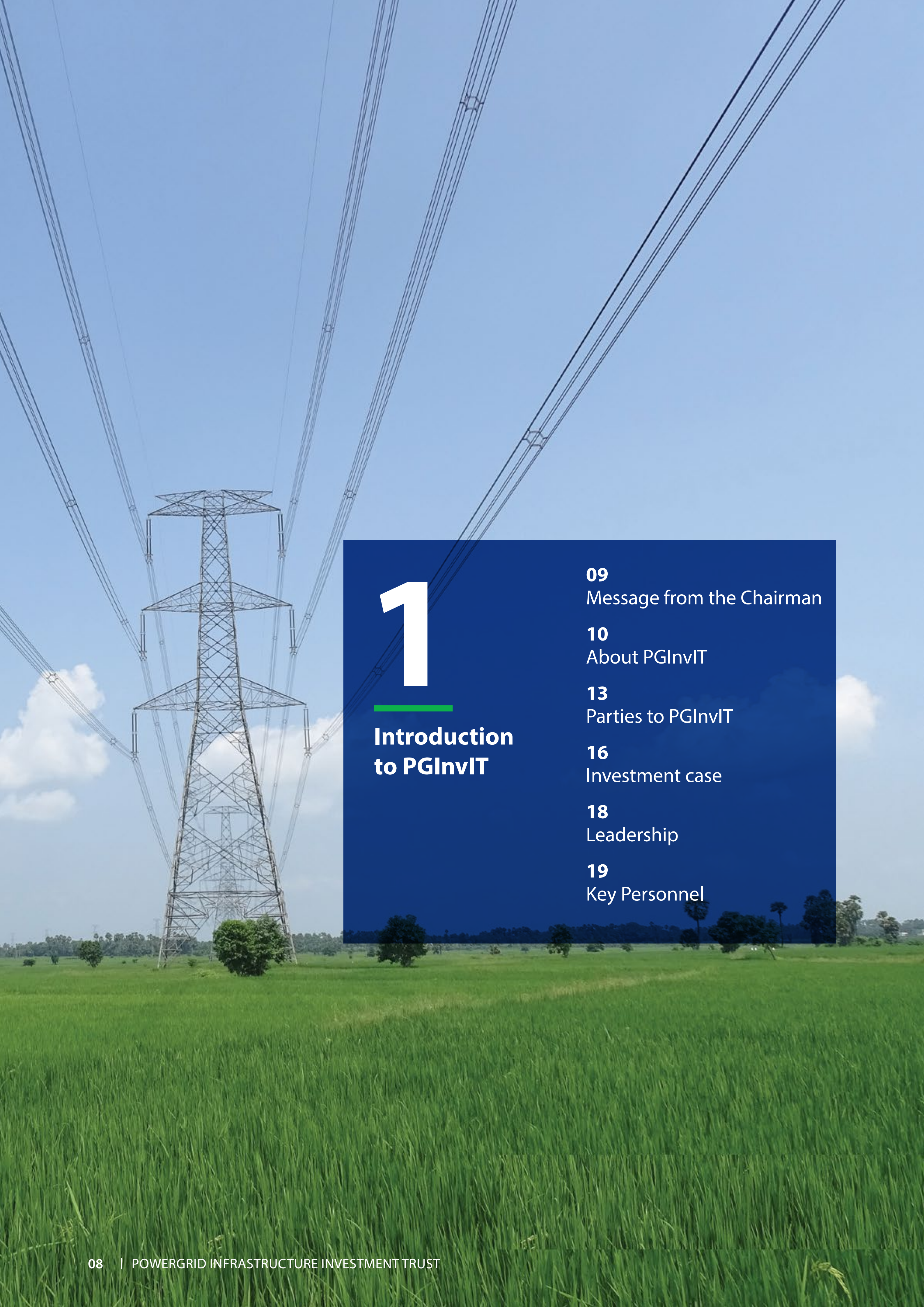
5 operational and revenue-generating Inter-State Transmission System (ISTS) assets having sound operational track record maintaining high availability, reliability and safety.

Assurance

- Assets implemented under Tariff-Based Competitive Bidding (TBCB) mechanism on Build-Own-Operate-Maintain (BOOM) basis, with 35-year contract period and minimal risk of regulatory reset of transmission charges
- Backing of India's largest transmission utility as Sponsor and Project Manager

Advantage

- Availability based Fixed tariffs pursuant to long term TSAs - High visibility on cash flows
- Low leverage - Debt funded acquisition strategy for upcoming acquisition opportunities



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Introduction to PGInvIT

Message from the Chairman

Dear Unitholders,

I have the pleasure to present before you the Second Annual Report of PGInvIT- India's first and only InvIT by a Central Public Sector Enterprise. Set up by POWERGRID as part of Govt. of India's asset recycling strategy for investment led growth, and as a way to provide opportunity to the general public and institutional investors to benefit from and to participate in the growth of the Indian infrastructure sector, PGInvIT recently completed two years of listing. It gives me immense pleasure to share that since its overwhelmingly successful initial public offer followed by listing of its units in May 2021, PGInvIT has been consistently delivering value to its esteemed Unitholders.

FY 2022-23 was the first full year of operations of the Trust and led by our operational performance, we made four quarterly distributions during the year, aggregating ₹ 12 per unit and successfully meeting our guidance for the year. We have, so far, made seven distributions since our listing and cumulatively, ₹ 22.50 per Unit has been distributed to our Unitholders.

THE POWER OF AAA

PGInvIT, which initially acquired five power transmission SPVs from POWERGRID pursuant to its initial public offer, is powered by fully operational and revenue generating transmission Assets having sound operational track record; Assurance of a 35 year contract period under TBCB mechanism; and backing of POWERGRID, as its Sponsor and Project Manager; and Advantage of availability-based tariffs providing high visibility on cash flows without regulatory uncertainty and very low leverage. Leveraging its unique value proposition of AAA - Assets, Assurance & Advantage, PGInvIT is committed to create value for Unitholders.

EMERGING ACQUISITION OPPORTUNITIES

The transmission sector is envisaged to ride the economic growth cycle and is expected to witness huge investments of about ₹ 2.24 lakh crore by 2027-28. The investment, expected to be largely taken up through competitive bidding route, will create acquisition opportunities for an investment vehicle like PGInvIT.

In FY 2023-24, we expect to complete the acquisition of balance 26% equity shareholding of the Sponsor in four of our SPVs and we would also be looking forward to any monetisation in case undertaken by our Sponsor through InvIT. We plan to engage with States with regard to monetisation of their operational power transmission assets.

PGInvIT with its distinctive advantages, coupled with highest credit ratings and confidence of investors and lenders, is well positioned to capitalise on the emerging acquisition opportunities.

EMBEDDING ESG PRACTICES

Through our Project Manager, we at PGInvIT are assimilating ESG best practices in the operations of our SPVs, and are committed to operating as a responsible corporate citizen. We have set up a robust governance framework and adopted various policies to ensure protection of unitholders' interests. To comply with SEBI's amendment to InvIT Regulations, issued in February 2023, we have updated our existing policies and adopted new policies, both to be effective from April 1, 2023.

GRATITUDE AND APPRECIATION

I would like to thank Govt. of India for its vision to create an investment vehicle like InvIT and providing supportive regulatory and taxation framework. I am thankful to SEBI for its collaborative and participative approach while revisiting regulatory provisions. I am grateful to the fellow Board members for their dedication and continuous support and guidance and to the Investment Manager team . I would like to appreciate Project Manager for excellent management of the assets and would like to thank our Trustee for its continued support. I would like to put on record our appreciation for Shri A.K. Singhal, my erstwhile colleague on the Board who was instrumental with the setting up of PGInvIT, and superannuated on March 31, 2023, for his support, knowledge and guidance; and to Shri Purshottam Agarwal, the first CEO of PUTL, who demitted his office on March 02, 2023 and has now joined on the Board with effect from April 1, 2023. I am grateful to the unitholders of PGInvIT for their continued trust and confidence, and while assuring them of our unwavering commitment to PGInvIT, I seek your continued support in our journey ahead.

Yours Sincerely,

Abhay Choudhary

Chairman

About PGInvIT

India's First InvIT Sponsored by a Maharatna CPSE

PGInvIT is an Infrastructure Investment Trust (InvIT) established to own, construct, operate, maintain, and invest in assets within India's high-potential power and power transmission sector.

We hold the distinction of being the first InvIT in India sponsored by a Government entity – POWERGRID, a Maharatna CPSE under the Ministry of Power. With the strong support of India's largest power transmission player, a favourable regulatory framework, and our robust financial health, we are positioned strategically to seize the growth opportunities emerging from India's power transmission sector and the government's initiatives for monetization programs.

OUR VISION

To achieve a focussed business model with productive and operational efficiency to enhance returns

To capitalize on value accretive growth through acquisitions and non-transmission revenues

To optimize transmission assets through an efficient capital structure

OUR PROFILE

PGInvIT is a Trust set up under Indian Trust Act, 1882 on September 14, 2020 and registered as an InvIT under the InvIT Regulations on January 7, 2021.

Our units are listed on the NSE and the BSE, following a successful IPO in May 2021. We subsequently acquired 74% equity shareholding in five operational power transmission SPVs from POWERGRID, with agreements to acquire balance equity shareholding after completion of stipulated lock-in period. In March 2022, we acquired the balance 26% shareholding in VTL.

Our five SPVs, forming our Initial Portfolio Assets (IPA), are implemented under TBCB mechanism and have long-term Transmission Service Agreements (TSA). This minimises operating risks and ensures consistent cash flows in the form of both fixed tariffs and additional incentives on maintaining over 98% availability. This ensures steady income generation and positions us to steadily deliver distributions to our Unitholders.

OUR VALUED ASSET PORTFOLIO

5 TBCB
SPVs (ISTS)

6,630 MVA
3 Substation

3,698.59 ckm
11 EHV Transmission Lines

1,955.66 km
Optical Ground Wire

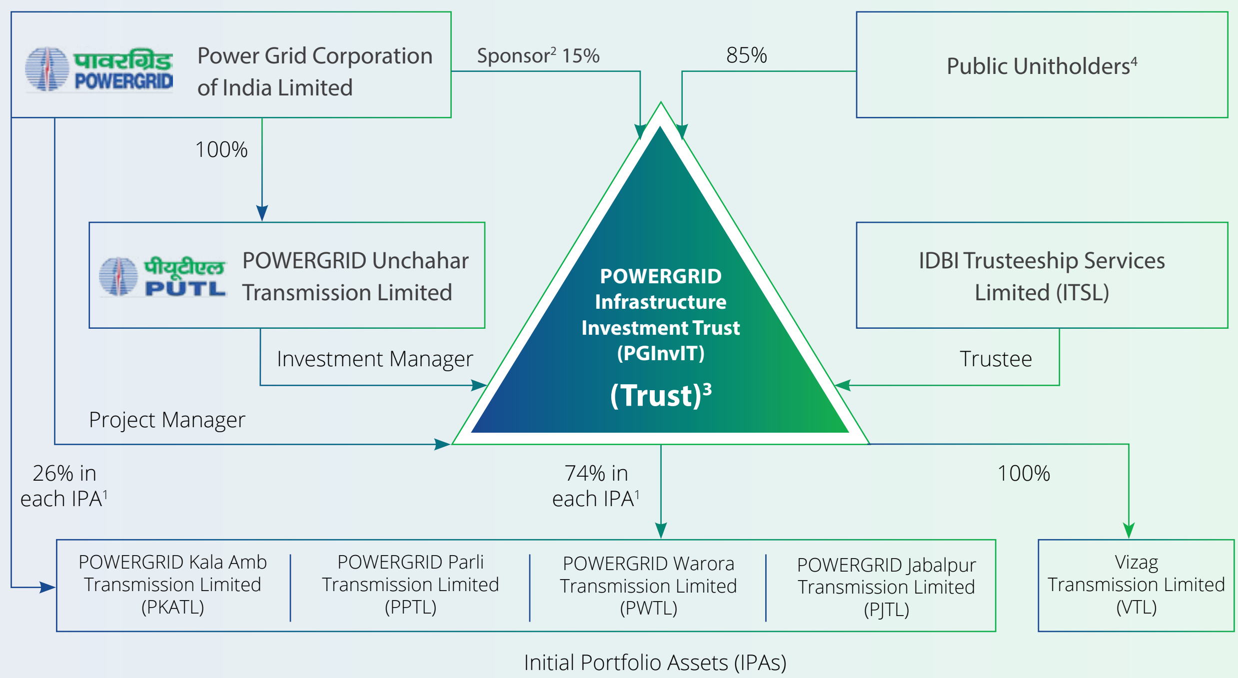
₹85.46 billion
Enterprise value

0.91%
Net Debt/ AUM

AAA rated
By ICRA, CARE and CRISIL

29+ years
Average Residual Life

PGInvIT STRUCTURE



1. *Balance 26% equity shareholding shall become eligible for acquisition in a phased manner, after expiry of the lock-in conditions under the TSA. i.e. PKATL (Jul'22); PPTL (Jun'23), PWTL (Jul'23) and PJTL (Jan'24)*
2. *Holds 136.5 mn units 3. Total 910.0 mn units 4. Hold 773.5 mn units*

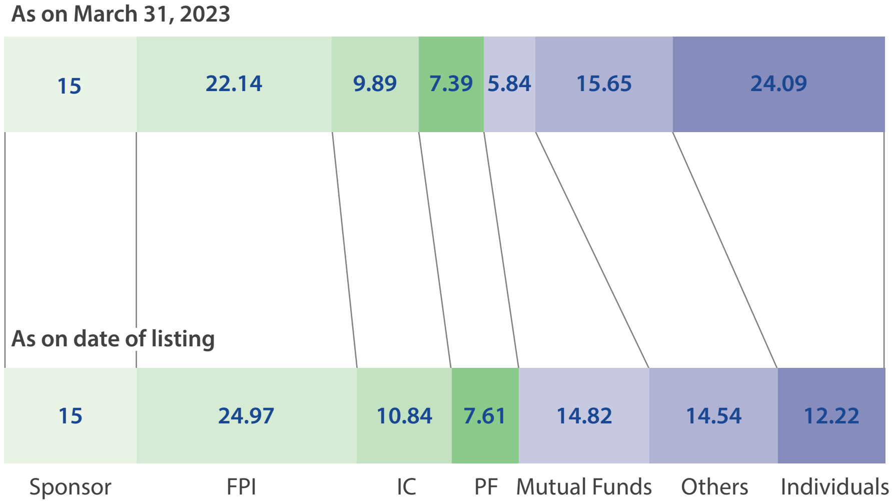
Our operating model

- The InvIT Assets shall distribute atleast 90% of their net distributable cash flows (NDCF) to the Trust
- The Trust shall distribute at least 90% of the Distributable Income to the Unitholders atleast once every quarter

INVESTORS' SUPPORT AND CONFIDENCE

Our unitholder base currently stands at over 80,000 which we believe is one of the largest amongst the public InvITs. This is driven by our reputation, business model and value delivery excellence which have earned us the trust and unwavering confidence of a multitude of investors. Most of our marquee investors from across the globe have continued to maintain their holding since the IPO. Our Sponsor holds 15% of the Units which are locked in for a period of three years from listing, as per InvIT Regulations.

UNITHOLDING PATTERN (%)
(TOTAL OUTSTANDING UNITS: 910 MILLION)



FPI - Foreign Portfolio Investors IC - Insurance Companies PF - Pension / Provident Funds

Confidence of Individual Unitholders

More than

59,000

Individual Unitholders as on March 31, 2023

MARQUEE INVESTORS

(Major Unitholders as on March 31, 2023)

- CPP Investments
- Capital Group
- Schroders
- SBI Pension Funds
- HDFC Mutual Fund
- SBI Life Insurance
- Tata AIG Insurance
- Tata AIA Insurance
- ICICI Lombard General Insurance
- PNB Metlife

Parties to PGInvIT

Powered by Proficient Stakeholders

PGInvIT's excellence is underpinned by the competencies that prestigious entities bring in as stakeholders. Their experience and market leading position, give us a formidable foundation and empower us in taking right strategic decisions in the best interests of our esteemed Unitholders.

Sponsor and Project Manager

पावरग्रिड POWERGRID

Power Grid Corporation of India Limited (POWERGRID)

Our Sponsor, POWERGRID, is a Maharatna Central Public Sector Enterprise (CPSE) under the aegis of Ministry of Power, GoI and is listed on NSE and BSE. It engages in design, financing, construction, operation, and maintenance of power transmission projects across India and is amongst the largest global transmission companies. It also offers transmission and distribution consultancy services with footprints in 23 countries, besides also operating in the Indian telecom infrastructure sector.

POWERGRID's success is driven by a robust leadership team. Its highly experienced, professional government-appointed directors having industry and social connections, drive overall directions with their strategic insight. The management team possesses deep domain knowledge of technical and financial aspects of the transmission business, and are instrumental in its successful track record of negotiating, structuring, and financing power transmission investments.

POWERGRID's strengths provide us a competitive advantage, helping us to enhance efficiency and foster strong industry relationships.

51.34%
GoI Shareholding

Largest
transmission utility in India

3rd largest[1]
Central Public Sector Enterprise in India

>85%[2]
share in India's cumulative inter-regional power transfer capacity

Highest[3]
market share in number of ISTS projects under TBCB mechanism

Prestigious indices inclusion
NSE 50
BSE Sensex
Various ESG indices

Certifications

PAS 99:2012
Integrated Management System

ISO 9001:2015
Quality Management System

ISO 14001:2015
Environmental Management System

ISO 45001:2018
Occupational Health and Safety Management System

SA 8000:2014
Social Accountability Standard

ISO 50001:2018
Energy Management System

ISO 27001:2013
Information Security Management System

[1] *In terms of Gross Block as per DPE (GoI) PE Survey 2021-22*

[2] *As per POWERGRID for Q4 FY 2022-23 Investor Presentation*

[3] *Based on CEA report March 2023*

POWERGRID'S HIGHLIGHTS

1,74,113 ckm
>1,450 Transmission lines

4,99,360 MVA
272 Substations

99.82%
Availability of transmission system in FY 2022-23

4,000 MW
Cross Border Interconnection with neighbouring countries

12
Operational TBCB projects
(10 ISTS; 2 InSTS)

20
Under construction TBCB projects
(17 ISTS; 3 InSTS)

31+ years
Power transmission experience

ROLE AND RESPONSIBILITY

As Sponsor

- To set up the InvIT
- To Execute Trust Deed with Trustee

As Project Manager

To enter into Project Implementation and Management Agreement to operate, maintain and manage PGInvIT Assets

- Implementation, development, routine operation and maintenance and preventive maintenance of IPAs along with providing required tools and plants
- Billing and collection, administrative function, procurement, legal support, regulatory support and engineering services
- Breakdown rectification works
- Provide emergency restoration system on demand, subject to availability
- Comply with applicable environmental regulations and standards
- Ensure a safe and healthy working environment with socially acceptable practices

**The roles and responsibility are indicative. Detailed role and responsibilities are in accordance with applicable InvIT Regulations*

**There has been no change in the Sponsor and Project Manager during the period*

Investment Manager

पीयूटीएल PUTL

POWERGRID Unchahar Transmission Limited (PUTL)

PUTL, a wholly-owned subsidiary of POWERGRID, has been engaged in the power transmission business since FY 2013-14. Bringing in rich experience in the construction and operation of transmission systems, it possesses necessary expertise to handle the complexities of the industry.

ROLE AND RESPONSIBILITY

To enter into Investment Management Agreement

- Managing the Trust and the Initial Portfolio Assets
- Setting strategic direction, including in relation to future acquisitions, divestment, or enhancement of assets
- Coordinating with Trustee for various operations
- Conducting business efficiently in the best interest of the Unitholders
- Maintaining proper books of accounts, documents and records and ensuring audits

** There has been no change in the Investment Manager during the period.*

**There has been no erosion in the networth of the Investment Manager during the period*

** The roles and responsibility are indicative. Detailed role and responsibilities are in accordance with applicable InvIT Regulations*

TRUSTEE

IDBI Trusteeship Services Limited (ITSL)

ITSL is a trusteeship company registered as a debenture trustee under the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. Promoted on February 14, 2017 by IDBI Bank Ltd., Life Insurance Corporation of India and General Insurance Corporation of India, it provides trusteeship services to diverse industries, domestic and foreign banks and financial institutions.

ROLE AND RESPONSIBILITY

To execute Trust Deed with Sponsor

- Ensuring that business activities and investment policies comply with the provisions of the InvIT Regulations, including the distribution of dividends and voting
- Appointing Investment Manager and Project Manager in accordance with the InvIT Regulations and applicable law
- Monitoring the activities of Investment Manager (in terms of the Investment Management Agreement) and Project Manager (in terms of the Project Implementation and Management Agreement)
- Provide SEBI and stock exchanges such information, as sought by them

** There has been no change in the Trustee during the period*

** The roles and responsibility are indicative. Detailed role and responsibilities are in accordance with applicable InvIT Regulations*

Investment case

Built for long-term success and value delivery

STRONG PARENTAL BACKING

Our Sponsor and Project Manager, POWERGRID, brings in 31+ years of expertise in power transmission and strong credentials in the TBCB mechanism, giving us a competitive edge. Holding the prestigious Maharatna status that grants it strategic and operational flexibility and enhanced financial autonomy for investment decisions, it plays a vital role in GoI's ambitious vision of strengthening India's power sector.

Benefit to PGInvIT

Leveraging its O&M expertise in transmission systems, we achieve high operational efficiency across our IPAs. Besides, being Sponsor with an obligation to hold a minimum of 15% of InvIT units for three years from listing, ensures their commitment to the Trust.

31+ years

POWERGRID's experience in power transmission sector

CASH FLOW RESILIENCE

India's power transmission segment operates under a robust regulatory framework with provisions for availability-based payment structure, minimal counterparty risk and payment security mechanism.

Benefit to PGInvIT

We benefit with lower risks and sustained healthy cash flows due to favourable regulation. Long-term 35-year TSAs for each asset along with incentives for exceeding targeted availability levels, further enhances visibility, stability and quantum of cash flows.

29+

Average remaining life of assets providing cash flow visibility

ANCHORED IN SOLID FINANCIAL POSITION

Our minimal external borrowing and healthy cash flows visibility have earned us AAA credit rating from ICRA, CARE and CRISIL.

Benefit to PGInvIT

Our low leverage gives ample headroom to pursue debt-funded acquisition and growth strategy without diluting Unitholders' interest. A high credit rating coupled and strong liquidity position further ensures securing funds at competitive rates.

0.91%

Net Debt / AUM as on March 31, 2023

AAA

Credit rating from ICRA, CARE and CRISIL

STRATEGICALLY POSITIONED TO CAPTURE OPPORTUNITIES

The GoI's ambitious National Monetisation Pipeline, focussed on unlocking value of assets through monetisation of assets, is aimed at driving investments in the infrastructure sector. As a part of the initiative, our Sponsor has been assigned annual monetisation targets, and InvITs are seen as a preferred mode of monetisation. Additionally, GoI has also requested the state governments to monetise their respective state transmission assets for funding their investments.

Benefit to PGInvIT

As a ready vehicle, we can be a preferred route of monetisation for various entities offering the advantage of short turnaround and existing investor base. Sustained growth of power transmission sector will further enhance pipeline opportunities, and empower our acquisition-led growth strategy.

₹2.4 lakh crore

Investments in Power Transmission by FY 2027-28, providing us opportunity to grow

DEMONSTRATED PERFORMANCE RECORD

Our Project Manager has leveraged its expertise to implement best-in-class O&M and safety practices across all our IPAs.

Benefit to PGInvIT

Operational best practices have resulted in our portfolio assets consistently operating above targeted availability of 98%, earning us steady revenues and incentives. Further, all our assets, which are in the regulated power transmission sector, have low operating risk and O&M expenditure.

98%+

Availability across all SPVs since their operationalisation

SEASONED INVESTMENT MANAGER

Our Investment Manager, POWERGRID Unchahar Transmission Limited (PUTL), has extensive management and operational experience in power transmission.

Benefit to PGInvIT

PUTL's professional expertise empowers us to make prudent investment decisions and efficiently manage our assets. Their robust corporate governance framework and policies for related-party transactions, distribution and borrowings help safeguard the interest of the Trust and its unitholders.

25+ years

Average experience of PUTL team

Leadership

Our Esteemed Board

Abhay Choudhary

Non-Executive (Non-Independent)
Chairman
w.e.f. June 01, 2022

He is an electrical engineering graduate from NIT Durgapur and holds a Post Graduate Diploma in Management from IMT Ghaziabad. He is currently the Director (Projects) in POWERGRID. In his earlier roles, he was the Executive Director (Commercial & Regulatory Cell) along with charge of CMD Coordination Cell and the Executive Director of the North-Eastern Region in POWERGRID. He has 36 years' experience in the power sector, and has worked in EHV Substations and Transmission lines, both as an Operation & Maintenance executive and a construction engineer. He also had a stint with NTPC for about six years.

Purshottam Agarwal

Non-Executive
(Non-Independent) Director
w.e.f. April 01, 2023

He holds the commerce degree from Ranchi University, a qualified chartered accountant and a member of the Institute of Chartered Accountants of India. He has over 29 years of experience in finance and accounts, including corporate accounts, budgeting, financial concurrence, fund raising from capital markets and enterprise resource planning systems. He is currently the Executive Director (Finance) in POWERGRID. Prior to this, he was the Chief Executive Officer of PUTL, the Investment Manager to PGInvIT and has been instrumental in setting up PGInvIT, the first InvIT by a Government entity.

Onkarappa KN

Independent Director

He is a Graduate in Arts from Kuvempu University, Shimoga, Karnataka. An Educationalist by profession, he has experience of more than 35 years in education and varied related fields. He is the Founder & President of Chetana Vidya Samaste, Davanagere. He has also been Director and Senator of various Universities.

Ram Naresh Tiwari

Independent Director

He has dual Master's Degree in History from Bundelkhand University, Jhansi and Journalism from Barkatullah University, Bhopal. He is an agriculturist by profession. His area of interest includes research, development and implementation of technology adoption in the area of agriculture, mixed farming, business cooperative activities, social & agricultural welfare management, etc.

Seema Gupta

Non-Executive
(Non-Independent) Chairperson
(During the reporting period,
up to May 31, 2022)

Ashok Kumar Singhal

Non-Executive
(Non-Independent) Director
(During the reporting period,
up to March 31, 2023)

Key personnel

An Experienced Team

Sanjay Sharma

Chief Executive Officer
w.e.f. March 02, 2023

He is B. Tech (Electrical) graduate from G B Pant University of Agriculture and Technology, Pantnagar. He has over 30 years of experience in commercial, regulatory, contracts management, telecom marketing, funding, corporate planning and strategy, capital market issuances and investor relations. He joined PUTL in September 2020. He has been associated with PGInvIT since inception. Prior to this, he was Senior General Manager (Corporate Planning) in POWERGRID, the holding company of PUTL.

Other Key Personnel

Amit Garg

Chief Financial Officer

He has over 26 years of experience in corporate accounts, corporate banking, investment appraisals, financial concurrence, formulation of capital budgets, resource mobilisation, tariff-based bidding and enterprise resource planning. He has been associated with PGInvIT since inception.

He is B. Com from Delhi University and has post graduate diploma in business management from the Institute of Integrated Learning in Management, New Delhi.

D. Lucius

General Manager

He holds a bachelor of technology degree in electrical engineering from Nagarjuna University, Guntur. He has over 25 years of experience in the fields of Operations & Maintenance of 400 kV substations and transmission lines in power transmission sector and public procurement and contractual management in the power transmission sector for projects through multilateral funding and buyer's credit, consultancy project. He joined as key personnel of the Investment Manager on June 13, 2022.

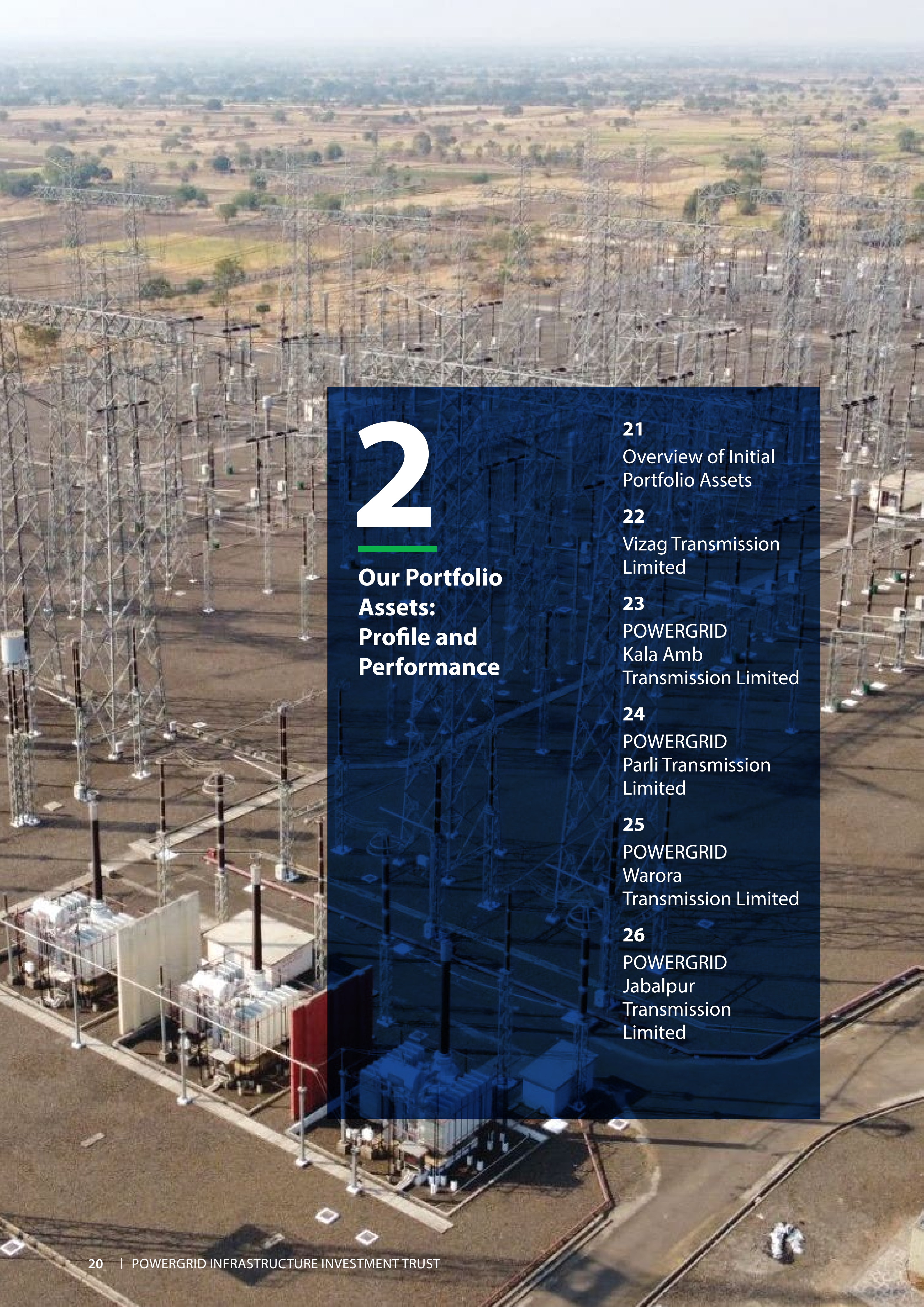
Anjana Luthra

Company Secretary &
Compliance Officer

She has over 21 years of experience in corporate secretarial and legal functions including statutory compliances, formation of new ventures, corporate governance, mergers and takeovers, regulatory liaising, financial planning and funds management, structuring of commercial contracts, loan agreements and other transaction specific agreements, intellectual property rights and litigation. She has been associated with PGInvIT since inception.

She has a B. Com (honours) degree and a bachelor of laws degree from Delhi University and is also qualified company secretary and a member of the Institute of Company Secretaries of India.

Shri Purshottam Agarwal ceased to be Chief Executive Officer w.e.f. March 02, 2023



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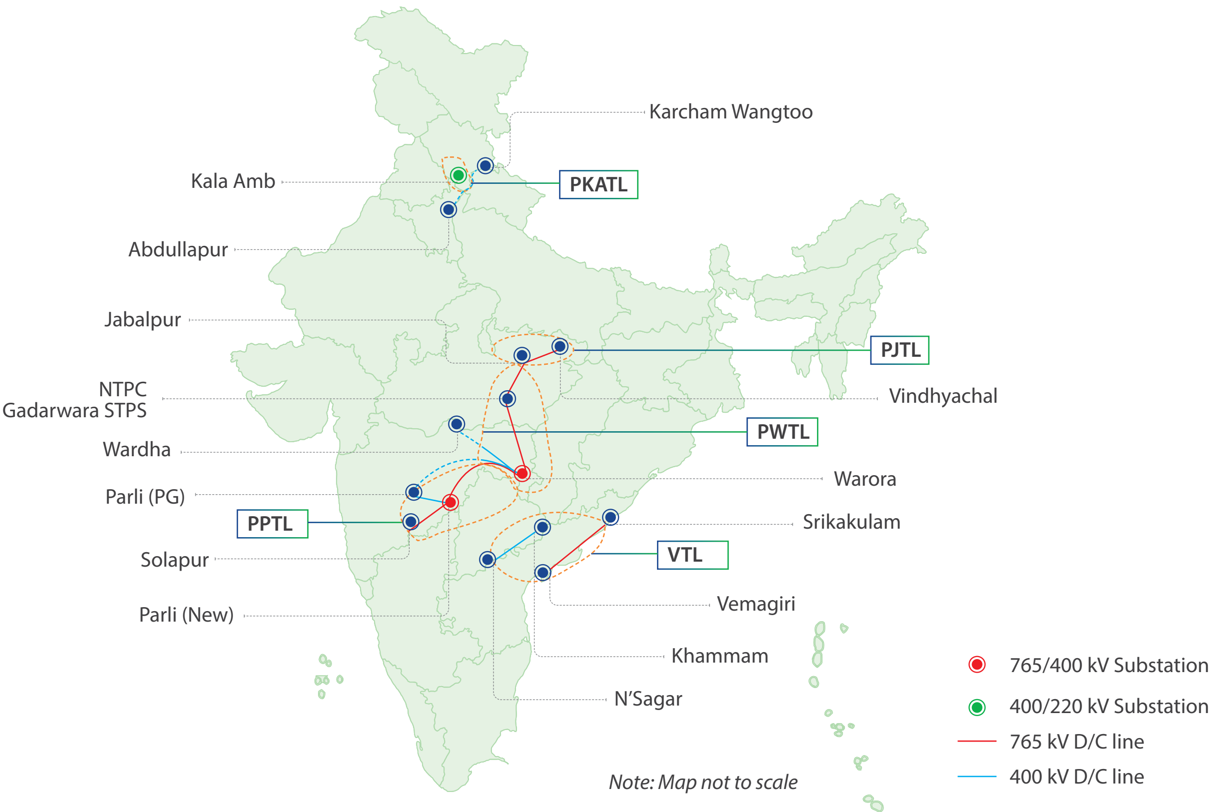
Our Portfolio Assets: Profile and Performance

Overview of Initial Portfolio Assets

We have five high performing power transmission assets in our portfolio. These assets, implemented under the government's TBCB mechanism, were acquired from our Sponsor, POWERGRID. They are located in five states of India, and are either grid strengthening links, generation-linked assets, and assets linked with inter-regional power flow.



A SNAPSHOT OF OUR PORTFOLIO

SPV	Vizag Transmission Limited	POWERGRID Kala Amb Transmission Limited	POWERGRID Parli Transmission Limited	POWERGRID Warora Transmission Limited	POWERGRID Jabalpur Transmission Limited
Location	Andhra Pradesh and Telangana	Himachal Pradesh	Maharashtra	Madhya Pradesh and Maharashtra	Madhya Pradesh
Line Length (ckm)	956.84	2.47	966.12	1,028.11	745.05
Transformation capacity (MVA)	-	630	3,000	3,000	-
Remaining TSA Life (years)	28.83	29.28	30.18	30.28	30.75
Gross Block (₹ million)	13,097.66	3,344.57	19,283.14	23,483.06	16,407.57
FY 2022-23 Revenues (₹ million)	2,455.37	695.10	3,419.49	3,850.47	2,675.48
Contribution to FY 2022-23 revenues	18.75%	5.31%	26.11%	29.40%	20.43%
Shareholding acquired	100%	74%	74%	74%	74%
Lock-in expiry (for balance 26% shareholding)	Completed	July 2022	June 2023	July 2023	January 2024

956.84 ckm

Length of transmission lines

28.83 years

Remaining TSA tenure as on March 31, 2023

99.96%

Availability in FY 2022-23

Vizag Transmission Limited

PROJECT MILESTONES

- **Incorporation date:** November 30, 2011
- **TSA date:** May 14, 2013
- **Transmission license date:** January 8, 2014
- **Commercial operation date:** February 1, 2017

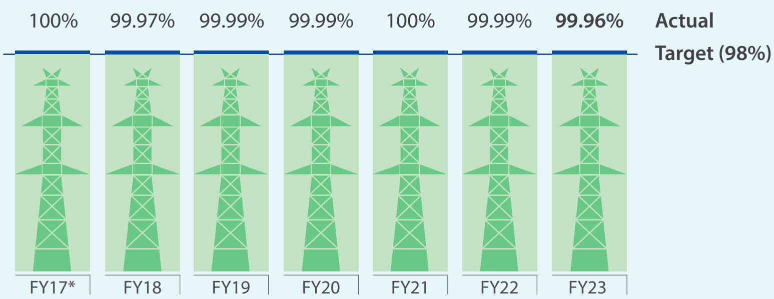
PROJECT DETAILS

Transmission system for system strengthening in the Southern Region of India for import of power from the Eastern Region of India. It has a total transmission line length of 956.84 ckm including:

- 765 kV D/C transmission line of 668 ckm from Srikakulam to Vemagiri in Andhra Pradesh (AP)
- 400 kV D/C transmission line of 288.84 ckm from Khammam (Telangana) to Nagarjuna Sagar (AP)

ASSET PERFORMANCE

Availability



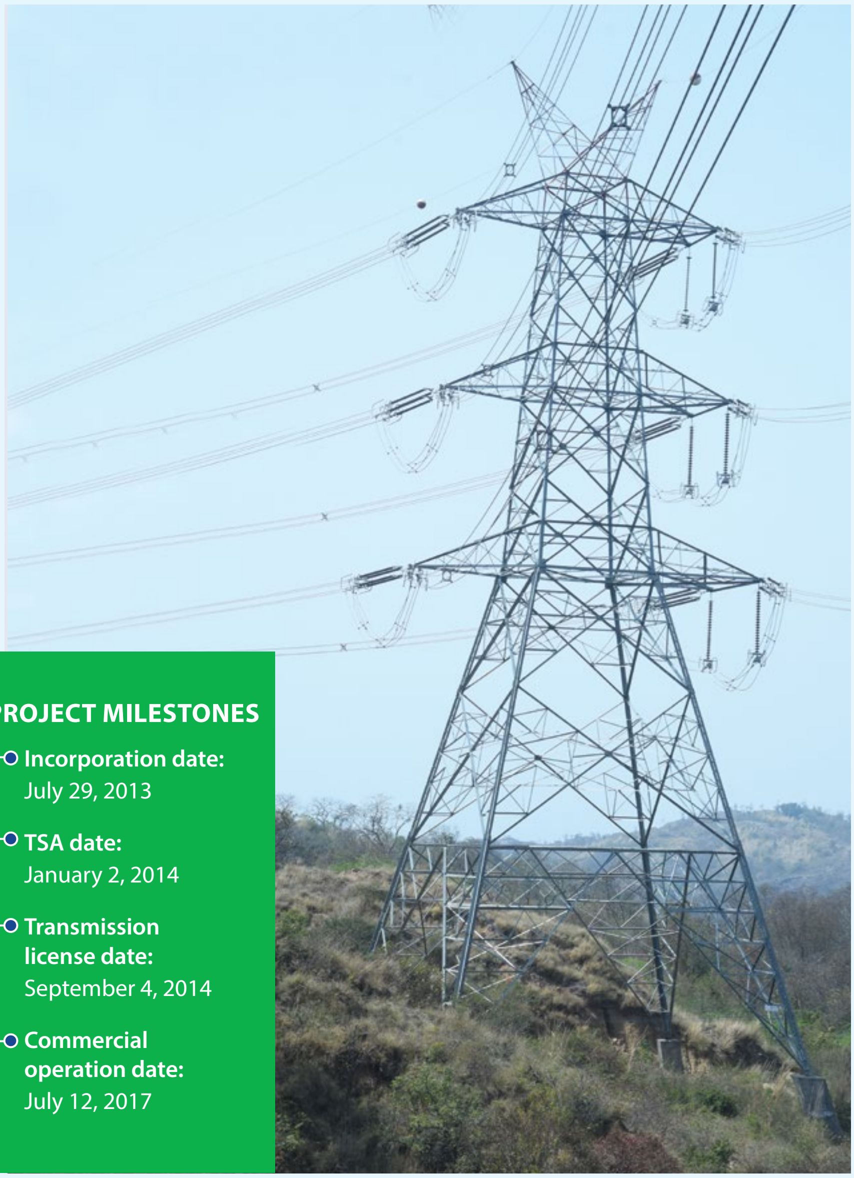
*February-March 2017

2.47 ckm
Length of transmission lines

630 MVA
Transformation capacity

29.28 years
Remaining TSA tenure as on March 31, 2023

100%
Availability in FY 2022-23



POWERGRID Kala Amb Transmission Limited

PROJECT MILESTONES

- **Incorporation date:** July 29, 2013
- **TSA date:** January 2, 2014
- **Transmission license date:** September 4, 2014
- **Commercial operation date:** July 12, 2017

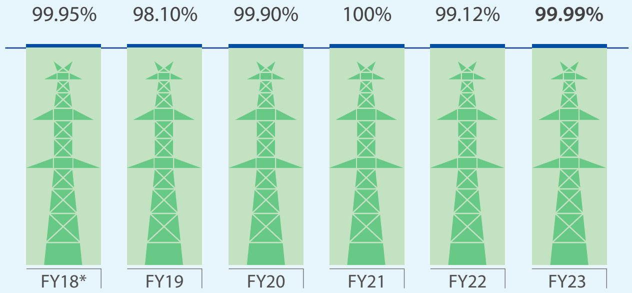
PROJECT DETAILS

Transmission system for Northern Region System Strengthening Scheme NRSS-XXXI (Part A). The asset includes:

- 2.47 ckm of transmission line comprising LILO of 400 kV D/C Karcham Wangtoo-Abdullapur transmission line at Kala Amb (Himachal Pradesh) substation (on M/C towers)
- 630 MVA 400/220 kV GIS substation at Kala Amb
- 40% series compensation on 400 kV D/C line from Karcham Wangtoo to Kala Amb

ASSET PERFORMANCE

Availability (%)



*July 2017-March 2018

OTHER DEVELOPMENTS

Implementation of one no. 125 MVAr, 420kV Bus Reactor at Kala Amb substation by PKATL is scheduled for completion in Fiscal 2023-24. The project is alloted by Ministry of Power, GoI under Regulated Tariff Mechanism and Hon'ble CERC has granted a separate transmission licence for same. Transmission License Date: March 22, 2022.

966.12 ckm

Length of transmission lines

3,000 MVA

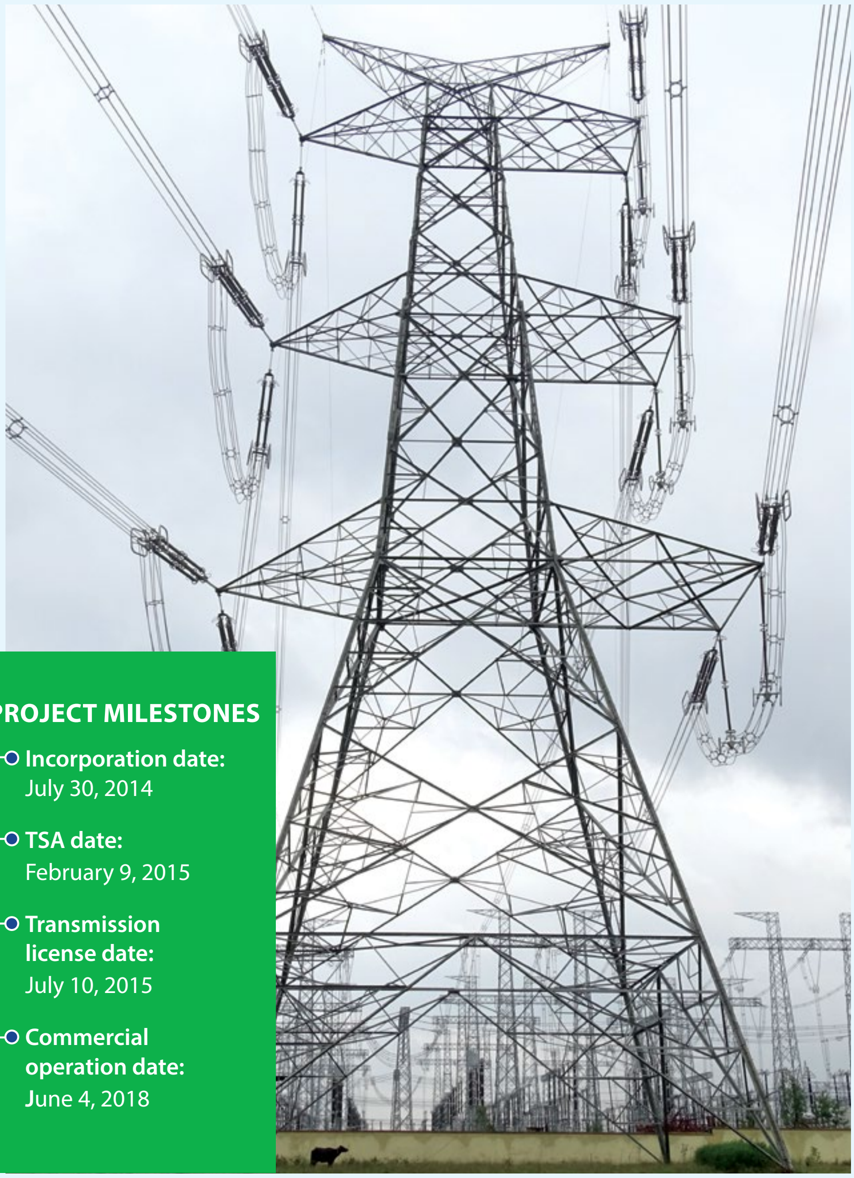
Transformation capacity

30.18 years

Remaining TSA tenure as on March 31, 2023

99.83%

Availability in FY 2022-23



POWERGRID Parli Transmission Limited

PROJECT MILESTONES

- **Incorporation date:** July 30, 2014
- **TSA date:** February 9, 2015
- **Transmission license date:** July 10, 2015
- **Commercial operation date:** June 4, 2018

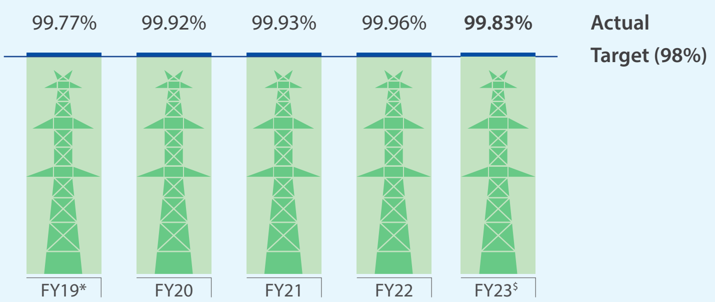
PROJECT DETAILS

Transmission system associated with Gadarwara STPS (2x800 MW) of NTPC (Part-B). The asset has 966.12 ckm length of transmission lines and 3,000 MVA 765/400 kV substation in Parli. The lines include:

- 765 kV D/C line of 693.70 ckm from Warora, Maharashtra to Parli, Maharashtra
- 765 kV D/C line of 235.92 ckm from Parli, Maharashtra to Solapur, Maharashtra
- 400 kV D/C line of 36.50 ckm from Parli (New), Maharashtra to Parli (PG), Maharashtra

ASSET PERFORMANCE

Availability (%)



*June 2018-March 2019

$Provisional, under approval by RPC

1,028.11 ckm

Length of transmission lines

3,000 MVA

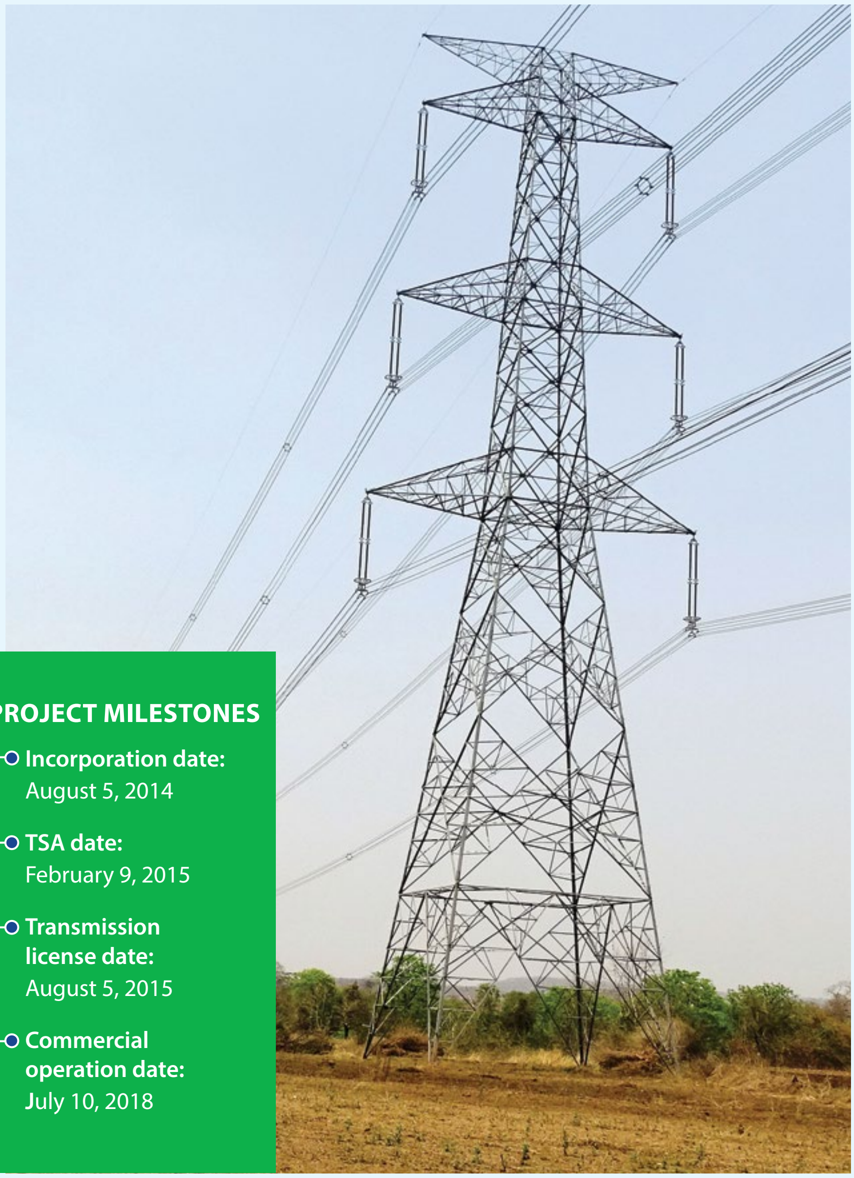
Transformation capacity

30.28 years

Remaining TSA tenure as on March 31, 2023

99.86%

Availability in FY 2022-23



POWERGRID Warora Transmission Limited

PROJECT MILESTONES

- **Incorporation date:** August 5, 2014
- **TSA date:** February 9, 2015
- **Transmission license date:** August 5, 2015
- **Commercial operation date:** July 10, 2018

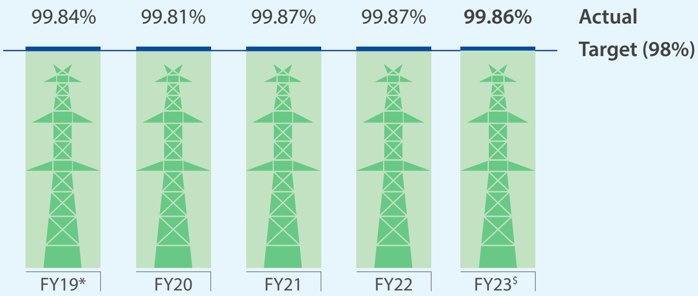
PROJECT DETAILS

Transmission system associated with Gadarwara STPS (2x800 MW) of NTPC (Part-A). The asset has 1,028.11 ckm of transmission lines and 765/400 kV substation with 3,000 MVA capacity in Warora, Maharashtra. The lines include:

- 765 kV D/C transmission line of 204.47 ckm from Gadarwara to Jabalpur in Madhya Pradesh (including interim arrangement)
- 765kV D/C transmission line of 627.35 ckm from Gadarwara, Madhya Pradesh to Warora, Maharashtra
- Two 400 kV D/C transmission lines comprising LILO of both circuits of 400 kV D/C Wardha-Parli (PG) line aggregating 196.29 ckm from LILO point of 400 kV D/C Wardha-Parli transmission line to Warora pooling station.

ASSET PERFORMANCE

Availability (%)



*July 2018-March 2019

$Provisional, under approval by RPC

745.05 ckm

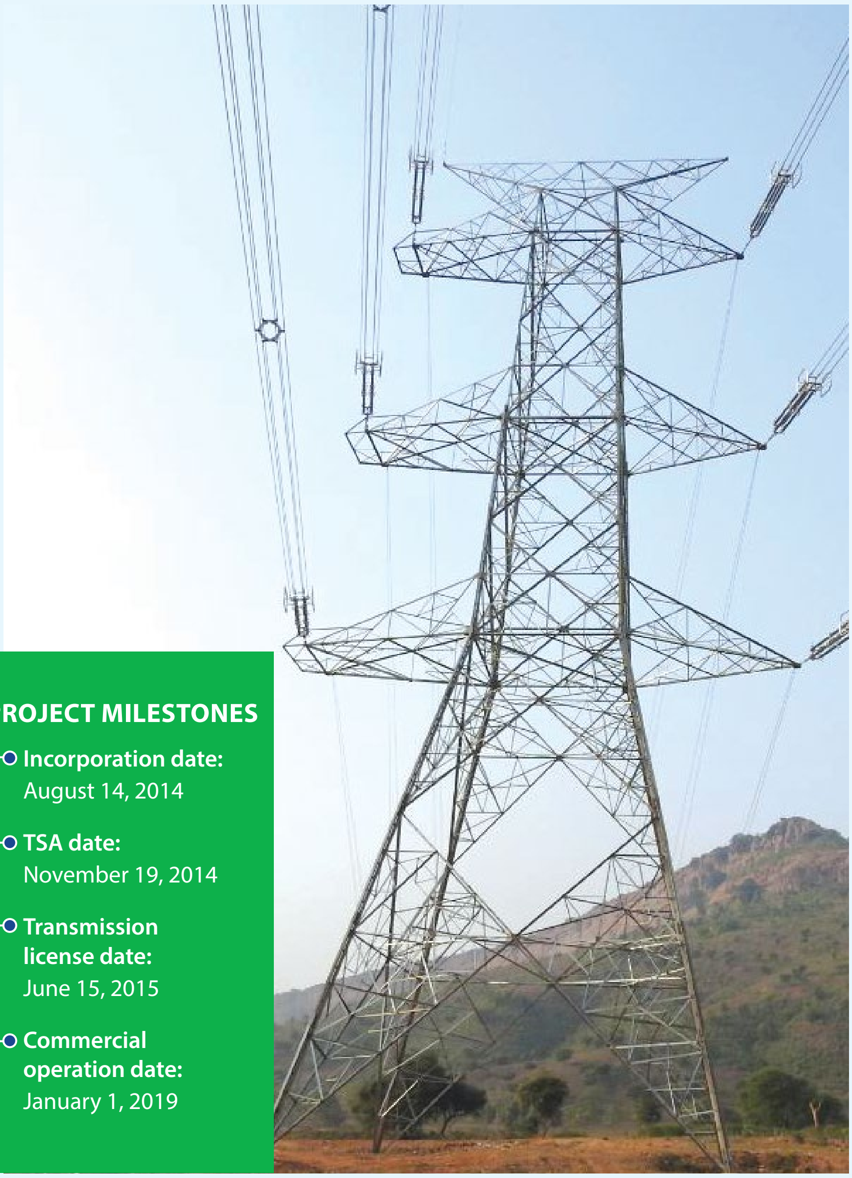
Length of transmission lines

30.75

Remaining TSA tenure as on March 31, 2023

99.92%

Availability in FY 2022-23



Asset performance

POWERGRID Jabalpur Transmission Limited

PROJECT MILESTONES

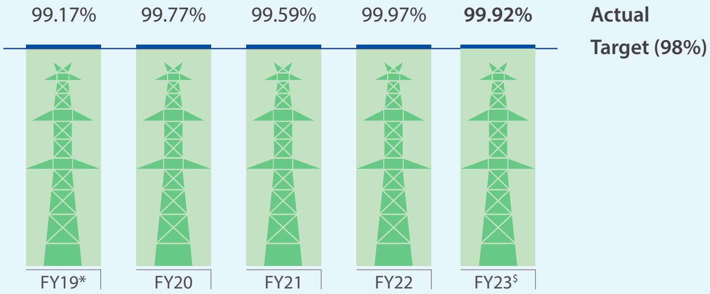
- **Incorporation date:** August 14, 2014
- **TSA date:** November 19, 2014
- **Transmission license date:** June 15, 2015
- **Commercial operation date:** January 1, 2019

PROJECT DETAILS

Transmission system strengthening associated with Vindhyachal-V. The asset has 765 kV D/C Transmission line of 745.05 ckm from Vindhyachal to Jabalpur in Madhya Pradesh.

ASSET PERFORMANCE

Availability (%)



*January 2019-March 2019

$Provisional, under approval by RPC

3

Performance Overview: FY 2022-23

CEO's Review

Dear Unitholders,

I am honoured and privileged to present before you the performance of PGInvIT for the financial year 2022-23 as part of our second Annual Report.

In March this year, I took over from my highly experienced predecessor, Mr. Purshottam Agarwal, who as the first CEO steered PGInvIT right from its conceptualisation. I am happy to share that he continues to guide us in his new role as a member on the Board of the Investment Manager.

I am happy to share that we have consistently been on track of superior operational and financial performance. It is heartening to see our unitholders being rewarded with a total return of over 40% on their investment, since our listing in May 2021.

We are deeply humbled by the faith and confidence shown in us by our unitholder community, that has now burgeoned to over 80,000 unitholders from about 15,000 at the time of initial public offer. I am also happy to share that PGInvIT is now a constituent of India's first *'Nifty REIT/ InvIT Index',* wherein it enjoys highest weightage among InvITs.

FY 2022-23 was the first full year of operations of PGInvIT and continuing on our envisioned journey of providing consistent, stable and visible returns to our unitholders, we made an aggregate distribution of ₹ 12 per unit for the year, in line with our guidance.

PERFORMANCE HIGHLIGHTS FOR FY2022-23

On the operational front, the prowess of our Project Manager ensured efficient, safe and accident-free operation. Consequently, each of our five SPVs exceeded target availability of 98%, achieving an average availability above 99.75%, maximising incentives. Our world-class Project Manager continues to play a significant role in our performance.

On the financial front, we registered a consolidated Total Income of ₹ 13,152.91 million in FY 2022-23 and an EBITDA of ₹ 12,263.68 million. NDCFs upstreamed from the SPVs to the Trust and from the Trust to Unitholders, were in excess of minimum 90%, as stipulated in the InvIT Regulations and our Distribution Policy. Total cash distribution to unitholders for FY 2022-23 was ₹ 10,919.99 million, which corresponds to an aggregate distribution of ₹ 12 per unit, spread evenly over four quarters.

DEBT AND CREDIT RATING

Our consolidated external borrowings as on March 31, 2023 stood at ₹ 5,727.07 million, after principal repayment of ₹ 28.78 million during the year. Given the steep rise in interest rates during the year, our average cost of funds for the year was 7.20%. The impact of rising rates was partly negated by successful negotiation with the lender in January 2023 which led to reduction in spread. Considering significantly low external borrowing, rising interest had minimal impact on PGInvIT performance.

Our Net Debt/ AUM is placed at a comfortable 0.91%, providing considerable headroom to pursue a debt-funded growth strategy. Our strong balance sheet and fundamentals have contributed to the Trust in consistently the achieving highest credit rating of AAA, with a stable outlook from the rating agencies.

WAY FORWARD

Operational excellence and value-accretive acquisitions are key to achieving our objectives of providing stable and visible returns to unitholders. We believe that significant headroom for debt-funded acquisition and being a ready investment vehicle enjoying the confidence of a pool of diverse investors, gives PGInvIT pronounced competitive advantages.

During FY 2023-24, we are envisaging conclusion of acquisition of balance 26% equity shareholding in four of our SPVs from the Sponsor. Along with evaluating opportunities arising from monetisation by our Sponsor or the States, if and when undertaken by them, we are also scouting for opportunities from other entities.

GRATITUDE

We are extremely grateful to our Unitholders for their faith and trust in PGInvIT and are committed to long-term value creation. We also thank our Trustee for extending all support; and our Project Manager and the team at PGInvIT and SPVs for their continued dedication and commitment. PGInvIT is well-positioned for a value-accretive future and with your continued trust and support, we are confident of a fruitful journey.

Sanjay Sharma

Chief Executive Officer

Operational performance

Enduring Excellence, Sustained Performance

Our Project Manager's competencies in operations and maintenance, sustainability and safety standards and training programs enabled our assets to achieve healthy performance across operational parameters. All our SPVs achieved more than 99.75% average availability during the year, maximising incentives.

OUR OPERATIONAL PERFORMANCE DURING FY 2022-23

Higher than targeted asset availability

VTL
99.96%

PKATL
100%

PPTL
99.83*%

PWTL
99.86*%

PJTL
99.92*%

**Provisional, under approval by RPC for PPTL,PWTL and PJTL*

6.76%
Operating expenses to total income
(6.28% in FY 2021-22)

ZERO Accident
Accident-free operations

ENSURING SAFE OPERATIONS

During FY 2022-23, all the SPVs reported 100% safe man-hours and accident-free operations.

Occupational Health and Safety is a priority for PGInvIT and our Project Manager. Activities like periodic fire and safety drills help us ensure accident-free operations. Trainings provided to the teams to hone their operational skills, ensure high standards of O&M. During the year, various functional training programs including ESG and cyber security kept the operational teams updated with latest developments.

ENSURING EFFIECIENT OPERATIONS & MAINTENANCE USING NEW-AGE TECHNOLOGY

Our Project Manager has deployed many new-age technologies such as remote operation of substations, aerial patrolling using drones, app-based patrolling of transmission lines, use of artificial intelligence and machine learning tools, asset health indexing softwares etc. These technologies have helped in defect identification and ensured sustained safe and efficient operation and maintenance of our transmission assets, resulting in actual availability consistently surpassing target availability.

Financial performance

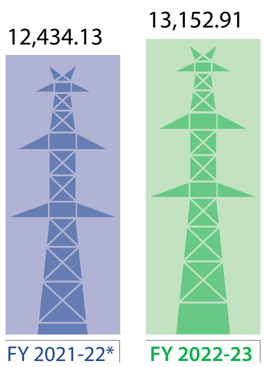
Steady and Resilient

At PGInvIT, our strong asset management expertise is further strengthened by the financial expertise and prudent financial management of the Investment Manager to effectively ensure continued excellence and delivering on our commitment to Unitholders.

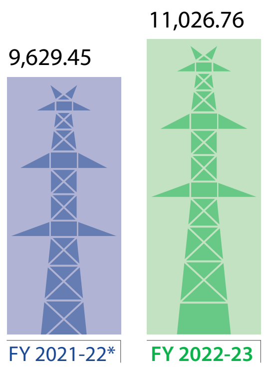
In FY 2022-23, we delivered strong financial performance and our strong balance sheet and fundamentals ensured continuance of our highest credit ratings.

FINANCIAL METRICS, FY 2022-23

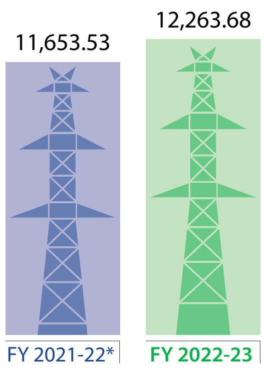
Total income
(₹ million)



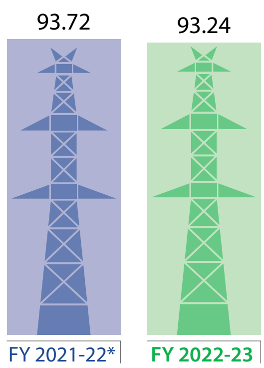
Net distributable cash flows
(₹ million)



EBITDA (₹ million)



EBITDA (%)



**May 13, 2021 to March 31, 2022*

0.91%

Net debt/AUM

(0.50% in FY 2021-22)

7.20%

Average cost of debt#

(5.75% in FY 2021-22)

#(spread on Bank Loan reduced by 34 bps)

₹ 5,727.07 million

Total debt

(₹ 5,755.85 million in FY 2021-22)

47 days

Receivable days

(43 days in FY 2021-22)

4

Strategic Overview

Opportunities Landscape

A Vibrant and Growing Power Sector

India's electricity demand including peak requirements is rapidly growing, driven by rising industrial activity, energy transition, and growing domestic consumption. As the nation propels towards driving a manufacturing-led and climate-resilient growth, energy security and emphasis on renewable energy will be key. This is set to attract substantial investments in the power sector including generation and transmission over the next decade, and open opportunities for PGInvIT in the medium to long term.

PROJECTED ELECTRICITY DEMAND AND POWER GENERATION CAPACITY

	Energy demand	Power generation capacity
FY 2026-27	**1908 BU** Total energy requirement (6.67% CAGR[1]); **277 GW** Peak demand (6.42% CAGR[1])	**610 GW** Installed capacity[3] (incl. 336 GW RE)
FY 2031-32	**2474 BU** Total energy requirement (5.33% CAGR[2]); **366 GW** Peak demand (5.74% CAGR[2])	**900 GW** Installed capacity[3] (incl. 596 GW RE)

Power transmission capacity additions (as per CTU by FY 2028)

~42,000 ckm
ISTS network

26,490 MW
Inter-regional transmission capacity[1]

10,195 MW
Cross-border transmission capacity

~₹ 2,24,000 Cr.
Investment

(Source: National Electricity Plan Generation Vol. I of the CEA – May 2023, 20th Electric Power Survey of India, ISTS Rolling Plan (2027-28) of the CTUIL)

[1] FY 2021-22 to FY 2026-27; [2] FY 2026-27 to FY 2031-32; [3] against 416 GW (incl. 172 GW RE) as on March 31, 2023

FACTORS DRIVING INDIA'S POWER TRANSMISSION SECTOR

Rising demand

- Rising manufacturing and industrialisation
- Rising electrification of energy
- Growing domestic consumption

Focus on non-fossil fuel energy

- GoI's thrust on climate resilient growth and its commitment to reducing emission intensity of GDP driving policy interventions
- Higher and predictable bidding and award trajectory of RE projects by the MNRE
- Implementation of Pumped Storage Plants, Undertaking Off-shore wind energy projects and new nuclear reactors

Cross-border linkages

- India's emergence as a reliable partner to the neighbouring countries
- Focus on enhancing cross-border transmission capacity from 4 GW to 14 GW by FY 2027-28

India's peak demand has been making new historic highs and touched 223 GW in early June 2023

New Investments in transmission coming up in:

- ISTS – New projects under TBCB being regularly allotted to BPCs for implementation
- InSTS – Rising power demand in States and improvements in Financial Health of State Utilities facilitating new builds including through TBCB
- Cross-border interconnections

CORPORATE OVERVIEW
STATUTORY REPORTS
FINANCIAL STATEMENTS

Strategies for a Sustainable Future

With a strategic approach involving optimising our assets, excelling in operations and seizing new value-accretive acquisition opportunities in India's power transmission segment, we aim to meet our commitment of delivering consistent, stable and visible returns to our Unitholders. Adherence and Compliance to InvIT regulations and upholding high standards of environment, social and governance (ESG) practices, would be the guiding principles while implementing our strategic priorities.

OUR STRATEGY FOR SUSTAINABLE GROWTH

Strategic objective

Deliver consistent, stable and visible returns to the Unitholders

Strategic Priority 1

Focussed business model with productive and operational efficiency

- Leverage Sponsor's and Investment Manager's expertise to own, operate and maintain power transmission assets efficiently
- Implement best practices in asset O&M (routine and breakdown maintenance, use of latest techniques and technologies and implementation of Emergency Restoration System), corporate governance and environment, health and safety (EHS)
- Provide functional and behavioural training to manpower engaged in operations of the Trust and the SPVs

Areas of impact:

- Operating efficiency
- Asset and business performance
- Revenues and incentives
- Life of assets
- Operating costs and capital expenditure

Strategic Priority 2

Value accretive growth mainly through acquisitions

- Capitalise on the strengths of our balance sheet and Project Manager's expertise to reinforce our position as a preferred route for monetisation
- Explore acquisition opportunities emerging out of monetisation - by our Sponsor under the National Monetisation Pipeline; the private transmission licensees; and the States
- Explore additional revenue from transmission assets, such as leasing out optical ground wire and transmission towers, in accordance with applicable regulations

Areas of impact:

- Long-term, regular and predictable cash flows
- Unitholder returns

Strategic Priority 3

Optimisation of transmission assets through an efficient capital structure

- Maintain an optimal and varied portfolio of transmission assets
- Employ appropriate financing policies and diversify financing sources to strengthen capital structure efficiency and minimise cost of capital
- Identify both private and public markets to raise funds at attractive rates

Areas of impact:

- Cost of capital
- Balance Sheet Strength

Strategic positioning

Uniquely placed to capitalise on emerging opportunities

Our operating sector, power transmission, is on a sustained decadal growth journey and is set to witness significant asset additions by 2027-28, which we envisage will provide new opportunities for PGInvIT. GoI is actively promoting transmission asset monetisation, with targets assigned to our Sponsor and advice to state governments for exploring monetisation for raising funds for future investments.

The policy initiative taken by GoI during the previous year modifying equity lock-in conditions for TBCB projects will assist faster asset recycling of power transmission assets.

PGInvIT, formed to support the government's vision of asset monetization and investment-driven growth, is in a sweet spot.

Our low-debt position and status of attractive investment vehicle, set up by Govt. of India with India's largest power transmission company as Sponsor and Project Manager, gives us an inherent competitive advantage to own, operate and maintain transmission assets going forward.

WELL POSITIONED TO SEIZE MONETIZATION OPPORTUNITIES

Ready investment vehicle

We can enable seamless and faster asset monetisation for transmission developers and states with our advantage of short turnaround time, existing pool of investors and efficient financial structure.

Low-leverage advantage

We are a AAA-rated trust with low leverage and visible cash flows. As of March 31, 2023, the aggregate consolidated borrowings and deferred payments, net of cash and cash equivalent of the Trust and SPVs stood at ₹ 725.91 million, significantly lower than InvIT Regulations' threshold of 49% (and 70% subject to conditions). Our Net debt / AUM was 0.91%. These give us significant adequate headroom for debt-funded acquisitions at low cost.

Confidence of the investors

PGInvIT is trusted by and has the confidence of a large pool of investors. Since the IPO, reputed institutional investors including global pension funds, foreign long-only investors, domestic pension funds and insurance companies, employee provident funds of reputed corporates have generally maintained their holdings in PGInvIT, while individuals have more than doubled their holding.

OUTLOOK

Acquisition of residual shareholding in four SPVs

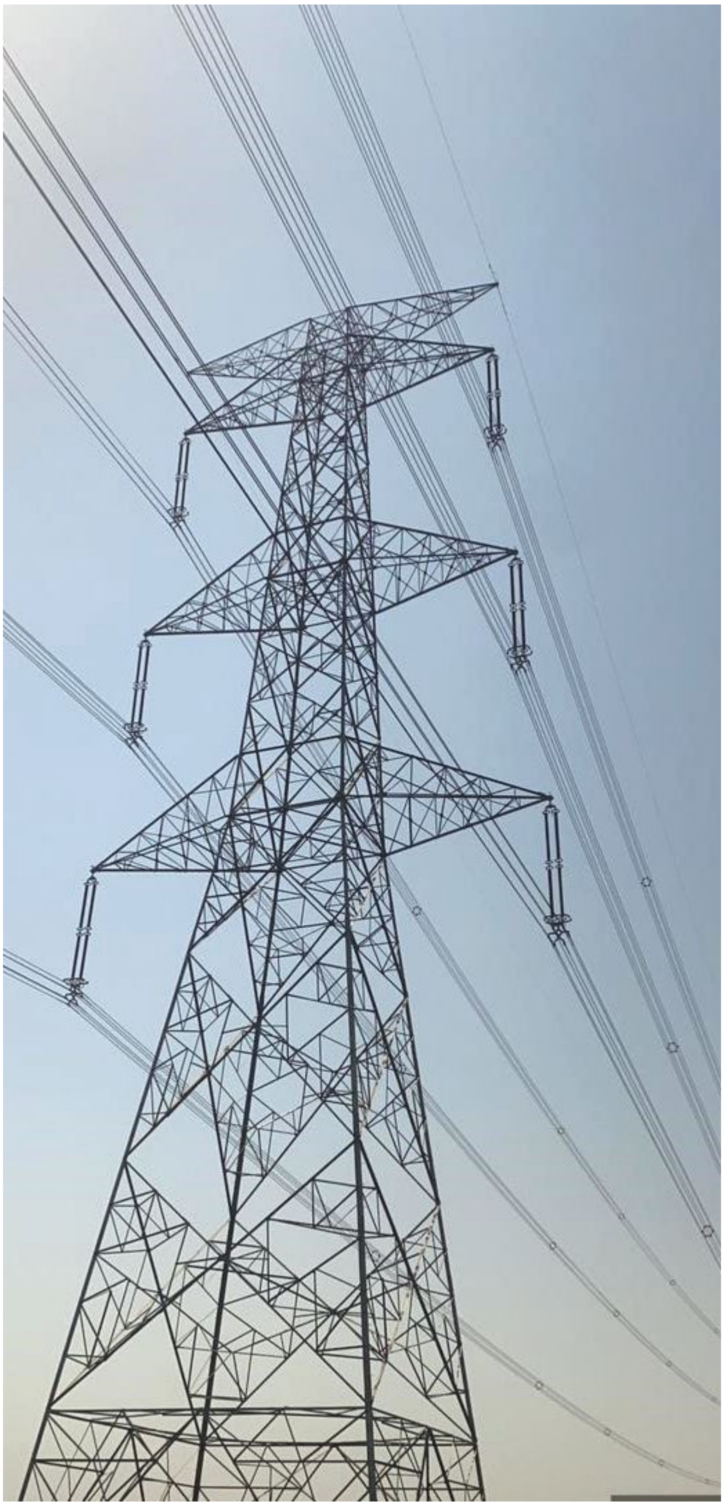
PKATL completed its 5-year lock-in period in July 2022, while the lock-in for remaining three assets namely, PPTL, PWTL and PJTL is set to expire during FY 2023-24 and we would be initiating the process to acquire balance 26% shareholding in these assets. The process would be a consultative one with the Sponsor and we envisage concluding the acquisitions during FY 2023-24.

Capitalise on Govt. of India's Monetisation Targets Assigned to our Sponsor

Our Sponsor, having a strong pipeline of operational and under construction TBCB SPVs, has been assigned annual monetisation targets during FY 2022-25 under the National Monetisation Pipeline. While the Sponsor during FY 2022-23 adopted modes other than InvIT for raising funds, we believe that our unique competitive strengths would be beneficial for us, if and when the Sponsor undertakes monetisation through InvIT.

Explore Non-Sponsor Acquisition Opportunities

We remain focussed on exploring viable acquisition opportunities for operational power transmission assets besides that from our Sponsor. However, opportunities emerging from other developers' operational assets are currently limited. We feel that adoption of GoI's recommendations for monetisation by States will be a time taking process, especially due to the novelty and steps involved in the suggested mechanism.



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, PGInvIT's governance framework and keeping in mind the overall interest of unitholders.

5

ESG Overview

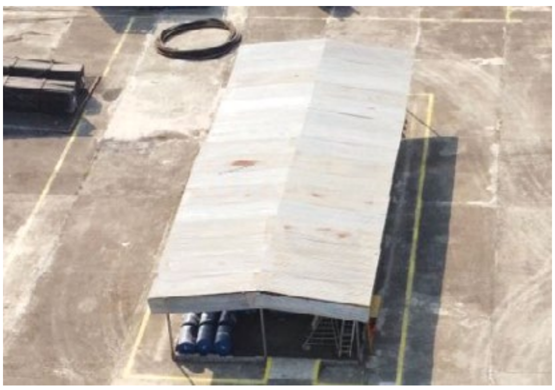
Our Sponsor and Project Manager, POWERGRID, has been a pioneer in adopting sustainable practices in the transmission operations and has embedded them into their business strategy. Pursuant to the O&M agreements, POWERGRID is responsible for matters relating to compliance with environmental regulations and standards applicable to SPV operations.

Bringing in its experience and best practices, it is instrumental in enabling the Trust to operate responsibly in the best interests of stakeholders.

PGInvIT's strong corporate governance framework assisted by the Project Manager's expertise in sustainable operations, helps us in operating our assets in a efficient and safe manner, driving the welfare of our people and communities and delivering value to our stakeholders.

Environment

Power transmission operations do not involve chemical processes and do not generate any air pollutants, except the diesel generators in substations, which too are installed for reliability and are operated occasionally and for very short durations. Despite this, in cognisance of the challenges posed by climate change, we have committed to operate responsibly. With the expertise and experience of our Project Manager, we are proactively undertaking various initiatives for making a positive contribution to the environment around us.



EFFICIENT POWER TRANSMISSION INFRASTRUCTURE

Our assets portfolio includes extra-high voltage transmission lines that ensure lower transmission losses and allow for higher transmission per unit of Right-of-Way. We further use multi-circuit towers to optimise Right-of-Way and have implemented GIS technology which has reduced the requirement of substation land.

CREATING AND PROTECTING BIODIVERSITY

As our statutory responsibility, we have contributed towards increasing the green cover in the country, which acts as a carbon sink. Further, we conduct plantation drives on a regular basis to enhance green cover in our surroundings.

STRIVING FOR WATER POSITIVE OPERATIONS

Our water consumption is primarily limited to domestic and office use, horticulture, auxiliary system and landscaping. To minimise fresh water consumption for these purposes, we have invested in Rain Water Harvesting systems and have also interlinked open wells to create a water grid management system. These initiatives have further helped in enhancing the groundwater level, and taking steps towards water positive operations.

EFFICIENTLY MANAGING WASTE

Our operations involve wastes like used batteries, transformer oil, metal scrap and e-waste. We ensure effective disposal of such wastes in compliance to the regulatory requirement. Following the philosophy of Reduce, Reuse & Recycle, the scrap material available in our premises was effectively utilised for setting up semi-closed sheds for storing oil drums and for beautification of the substation premises.

Social

The assets we own are a vital part of power sector value chain which plays a big role in the progress of the country and has national significance, as it contributes to improving the lives of citizens and supports economic activities. We recognise our responsibility of ensuring continuous availability of our assets for sustained electricity transmission. We also positively touch people and the communities around our operations with continued efforts for their safety, welfare and development. Our Project Manager, who regularly features amongst the best workplaces, is also a leader in corporate social responsibility and has earned global accolades for the same, is the force behind performance on various social parameters.

PRIORITISING PEOPLE HEALTH AND SAFETY

Best practices in safety have been implemented at sites to ensure safe operations. Safety pep-talks and mocks drills including fire and snake bite are peridoically conducted. Further, the sites are equipped with basic health amenities which help meeting the first-aid requirements for the team including contract labour.

PROMOTING AN ENGAGING AND INCLUSIVE WORKPLACE

Various ongoing engagement activities are undertaken to keep our people motivated. In FY 2022-23, activities like yoga sessions, health and motivational talks by eminent speakers for well-being of the employees were conducted. The employees are also supported with flexible working hours helping them to achieve work-life balance. Further, we conducted get-togethers, event celebrations, walkathons and competitions, fostering stronger engagement and bonding. We are also inspired to promote women participation, supported by inclusive policies. In celebration of Women's Day, this year, lectures, seminars, events, outdoor activities and games were organised.

ENCOURAGING LEARNING AND DEVELOPMENT

We ensure superior performance of the SPVs and the Trust through highly skilled and empowered workforce and strive to enhance their competencies by providing various functional, behavioural and skill enhancement training on continual basis. Specific trainings on ESG, cybersecurity, financial tools and methods like Valuation and Corporate Governance etc. were held for the teams handling various functions of Project Manager and Investment Manager.

EMPOWERING COMMUNITIES

Our SPVs are committed to conduct operations responsibly and engage in community activities of national importance. As part of our CSR obligations, in FY 2022-23, our five SPVs contributed a total of ₹ 114.99 million to the PM CARES Fund towards strengthening the healthcare infrastructure of the country

Governance

Our operations are underpinned by the strong corporate governance, supported by best practices brought in by our Investment Manager. Our governance framework is supported by regulatory safeguards and includes governance requirements beyond those prescribed under the InvIT Regulations.

UPHOLDING GOVERNANCE AND ETHICAL PRACTICES

At PGInvIT, we ensure stringent compliance to the InvIT Regulations and other applicable laws. We have a diversified Board with two of the four members being independent. We are guided by our robust corporate governance framework, which comprises Code of Conduct and various policies. With effect from April 1, 2023, our existing corporate governance framework and policies have been updated and new policies adopted, in compliance with amendment to InvIT Regulations issued in February 2023.

We have policy and system in place for prevention of insider trading as required under applicable law.

ENGAGING EFFECTIVELY WITH UNITHOLDERS

Our unitholders comprise institutional and individual investors both within and outside the country. We ensure maintaining effective engagements and providing them necessary information on a timely basis, helping us to strengthen relationships and identify innovative means to unlock opportunities.

UNITHOLDER ENGAGEMENT IN FY 2022-23

Key expectations	• Consistent, stable and visible returns • Wealth creation • Long-term sustainable growth through value-accretive acquisitions • Timely disclosures • Regulatory compliance, ethical practices and transparency
Method of engagement	• Corporate announcements and media updates • Investor presentations • Post result earning calls • Half yearly report and annual report • Annual unitholders' meeting • Website and e-mail • Grievance redressal
Focus area	• Financial and asset performance • Risk management • Environment, Social and Governance practices
Other initiatives	• Regular messages sent to update e-mail address and bank details • Enabling online facility for downloading various certificates and statements • Taxation related FAQs uploaded on website • Communications for claiming unpaid distributions

6

Statutory Reports

Management Discussion & Analysis

INDIAN ECONOMY OVERVIEW

India is the fastest growing major economy in the world with its real GDP growth estimated at 7.2% in FY 2022-23. The Indian economy continues to show resilience to exogenous shocks caused by the prolonged war between Russia and Ukraine, higher inflation, tighter monetary conditions and supply chain challenges, among others. Domestic economic growth has gained strength and further traction in 2023. According to The World Bank, India will remain the fastest-growing economy in terms of both aggregate and per capita GDP of the largest emerging market and developing economies. The global financial institution has forecasted India's GDP growth at 6.3% for FY 2023-24 and projects pick up slightly through FY 2025-26 with estimates of India's GDP growth at 6.4% in FY 2024-25 and 6.5% in FY 2025-26.

The International Monetary Fund expects India to become US$ 5 trillion economy by FY 2025-26, while the Government, with the help of lower global uncertainties, is taking steps to achieve the milestone earlier. Various measures taken by the Government to boost economic growth such as creation of National Infrastructure Pipeline of projects, higher budgeted capital expenditure of ₹ 10 lakh crore in Fiscal 2024 for infrastructure development, thrust on domestic manufacturing, formulation of the National Monetisation Pipeline and the National Logistics Policy, and commitment to energy transition are major steps in the country's journey to becoming a US$ 5 trillion economy. This is expected to fuel strong domestic consumption, technology-enabled development and revival in credit growth among others. In addition, growth-enhancing policies such as the production-linked incentives (PLI) scheme, Atmanirbhar Bharat and PM Gati Shakti are envisaged to have a multiplier effect on economic growth.

Power Sector in India

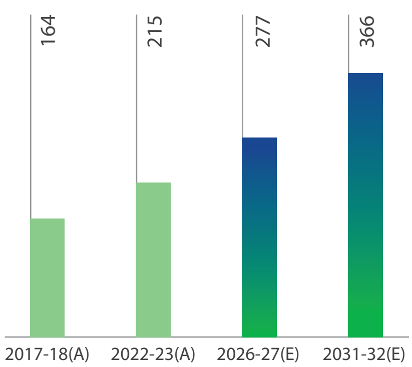
United Nations Sustainable Development Goal 7 (UN SDG-7) is about ensuring access to clean and affordable energy. Access to electricity and increasing share of renewables are among the key factors in achieving UN SDG-7. India's National Electricity Policy recognises Electricity as an essential requirement for all facets of our life and a basic human need and considers it a critical infrastructure for socio-economic development of the country. Power sector, being a critical element of a country's economic development, is set to play an important role in India's journey towards a US$ 5 trillion economy. The Indian Power sector has been guided by the principles of universal access to affordable power sustainably, and is envisaged to be a key player in addressing the climate change related challenges and meeting India's global commitments with regard to energy transition primarily, by shifting to cleaner and renewable energy sources.

With a total installed power capacity at 416 GW as on March 31, 2023, while India is the third-largest producer of electricity worldwide, its per capita electricity consumption at 1,255 units in FY 2022-23, continues to be significantly lower than the global average. However, with increasing economic activity, the demand for electricity is also increasing. During the last decade, demand for electricity has grown at CAGRs of around 4.1% respectively and the National Electricity Plan, released in May this year, has projected demand growth at 6.42% CAGR between 2021-22 to 2026-27 and 5.47% CAGR over the subsequent five-year period.

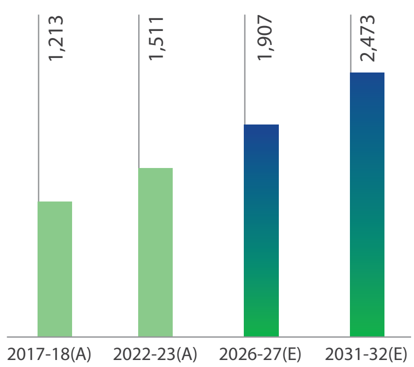
Recently, on June 9, 2023, Peak Demand touched an all-time high of 223GW

To meet the rising power demand, the Government is pushing renewable energy to the forefront and undertaking various measures such as policy on PLI for PV manufacturing, policy for Green Hydrogen, ISTS waiver, RPO trajectory till 2029-30, Green Open Access Rules, Infrastructure status to Energy Storage Systems etc. to increase RE capacity and fulfil global commitments with regard to energy transition. The National Electricity Plan, 2023 estimates that the share of non-fossil fuel energy generation would increase to 57.4% by FY 2026-27 and further to 68.4% by the end of FY 2031-32.

Peak Demand (GW)



Energy Requirement (BU)



A - Actual
E- Estimated

In addition, the Government has also been taking various initiatives for improving the financial health and viability of the distribution sector which is vital for meeting the UN SDGs and fulfil the aspirations of the citizens of the country.

Transmission Sector in India

The transmission sector plays a crucial role in the power system value chain in India linking the generating stations and the demand centres. The transmission system in India is a two-tier structure comprising intra-state transmission systems and inter-state transmission systems. The sector, especially inter-State transmission, has grown significantly in the last decade leading to accomplishment of One- Nation-One Grid which has played a vital role in creation of a vibrant electricity market.

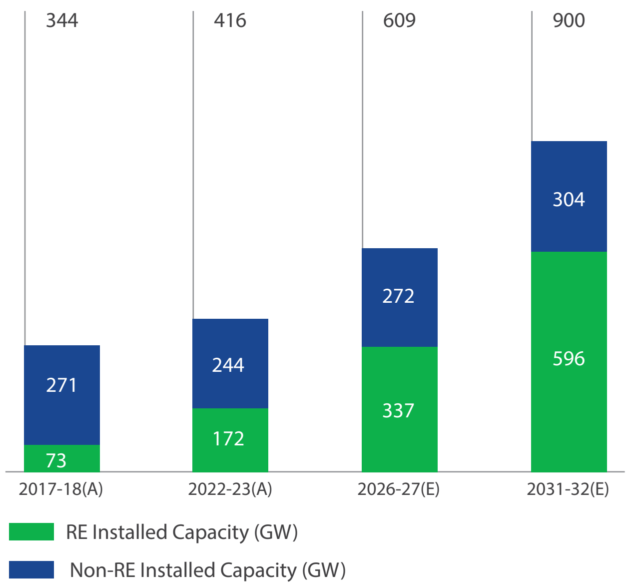
As per the Central Transmission Utility of India, the need to transfer large quantum of renewable power across the country necessitates continuous development of a robust National Grid comprising of high-capacity AC and HVDC systems along with state-of-the-art devices for controlling power system parameters. In order to address the intermittency and variability of RE generation, and for increasing utilisation of transmission system associated with RE projects, Government has been laying emphasis on development and integration of Energy Storage devices in form of batteries, pumped hydro etc.

Recognising the need for advance and adequate planning of power transmission, considering low gestation period for renewable projects, the Government has inter alia promulgated new rules, the General Network Access, and also brought visibility to the sector with regard to upcoming transmission projects upto 2030 through its report on 'Transmission System for Integration of over 500GW RE capacity by 2030'. Further CTUIL's rolling plans are also providing continuous updates on the transmission planning and implementation.

Based on the projections of the said reports, the transmission sector is poised for sustained growth in future. The latest CTUIL rolling plan March 2023 estimates that cumulatively by 2027-28, transmission schemes comprising of 42,215 ckm of transmission lines and transformation capacity of 3,89,925 MVA at estimated cost of ₹ 2,24,237 crore are expected to be added in the grid. The inter-regional transmission capacity is envisaged to grow from current 1,12,250 MW to about 1,38,740 MW during the period.

Transmission projects under ISTS are generally taken up through competitive bidding mechanism, while few projects allocated by the Government are allocated on regulated tariff mechanism. As per the latest industry estimates, more than ₹ 50,000 crore of projects are under various stages of bidding/ have been identified to be taken up for bidding, wherein POWERGRID and private sector entities generally participate. Some developers may, at a later date, monetise their projects by selling out to other entities including financial investors or investment vehicles such as infrastructure investment trusts.

Installed Capacity (GW)



A - Actual

E- Estimated

National Monetisation Pipeline (NMP)

The National Monetisation Pipeline (NMP) developed by NITI Aayog, in consultation with infrastructure line ministries, and based on the mandate for 'Asset Monetisation' under Union Budget 2021-22, estimates aggregate monetisation potential of ₹ 6.0 lakh crore through core assets of the Central Government, over a four-year period, from FY 2021-22 to FY 2024-25.

The unique initiative is envisaged at monetisation of revenue generating brownfield projects to stimulate the investment cycle, which is crucial for funding infrastructure projects. The framework for core asset monetisation is built around monetization of 'rights' not 'ownership', where brownfield assets with stable revenue streams will be monetised through structured partnerships under defined contractual frameworks and handed back to the government at the end of transaction life.

Total monetisation targeted from power sector is about ₹ 852 billion which includes about ₹ 452 billion through monetisation of power transmission assets progressively upto FY 2024-25, by POWERGRID.

The NMP lays emphasis on infrastructure investment trusts as one of the modes for monetisation of power transmission assets; and the Government too has introduced several favourable regulatory and taxation norms aimed at making InvITs an attractive investment vehicle in India for global investors. Further, Ministry of Power has in October, 2023 requested states to consider undertaking monetisation of their power transmission assets for new investments and have issued guidelines which can be adopted by the States.

Business Overview

POWERGRID Infrastructure Investment Trust is set up by POWERGRID, a Maharatna CPSE and India's largest transmission player, to own, construct, operate, maintain, and invest, as an infrastructure investment trust, in power and power transmission assets in India. It is the first InvIT sponsored by any Government entity in our country.

PGInvIT was settled as a Trust under the Indian Trusts Act, 1882 in September 2020 and was registered as an infrastructure investment trust with the Securities and Exchange Board of India in January 2021 under the InvIT Regulations. The Trust has one of India's most experienced and reputed Sponsor and Project Manager POWERGRID, an experienced Investment Manager POWERGRID Unchahar Transmission Limited, and Trustee IDBI Trusteeship Services Limited (ITSL). The Trust intends to leverage the expertise and the experience of its Sponsor and Project Manager, POWERGRID and the Investment Manager to deliver value to its Unitholders.

Initial Portfolio Assets

PGInvIT's initial portfolio comprises five operational and revenue-generating Special Purpose Vehicles (SPVs), each of which holds a transmission license, granted by the regulator, Central Electricity Regulatory Commission under Electricity Act, 2003. The projects, which have been implemented under tariff based competitive bidding mechanism, have a sound operational track record with high availability and are entitled to assured transmission charges and incentives, subject to maintaining operational parameters, for a period of 35 years from the date of respective commercial operation. PGInvIT focuses on maintaining and optimising the performance of these assets through its Project Manager, POWERGRID.

PGInvIT assets comprise 11 transmission lines, including six 765 kV transmission lines and five 400 kV transmission lines, with a total length of 3,699 ckm, and 3 substations with an aggregate transformation capacity of 6,630 MVA and 1,955.66 km of optical ground wire. The assets, spread across five states in India, can be categorised into grid strengthening links, generation-linked and linked with inter-regional power flow. The residual life of the SPVs as per the respective Transmission Service Agreements is more than 29 years.

Refer Page 20 of this Report for further details.

Operational Highlights

Efficient operation and maintenance are imperative in the transmission sector for delivering value to various key stakeholders by maximising availability of transmission assets. As the Project Manager, POWERGRID carries out the operation and maintenance (O&M) of the IPAs and undertakes routine O&M and preventive and breakdown maintenance. Its various new technologies like aerial patrolling, app-based patrolling, AI based softwares for defect identification etc. help in minimising shutdown time for periodic maintenance checks and breakdown maintenance for better availability of transmission systems. Since the inception of PGInvIT, the initial portfolio assets have maintained an average availability above normative availability (i.e. 98%), which ensures recovery of full transmission charges along with incentives. The Project Manager is also responsible for undertaking implementation of new projects undertaken by an SPV.

Through POWERGRID, the IPAs ensure compliance with applicable laws and regulations and in providing a safe, healthy and learning environment to the workforce involved in operations, maintenance and other activities.

During FY 2022-23, all the SPVs reported 100% safe man-hours and accident-free operations.

Average Availability of SPVs during FY 2022-23

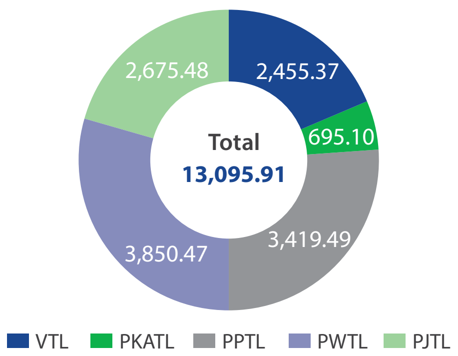
Availability for January to March 2023 for PPTL, PWTL and PJTL are provisional. Certificates yet to be received from RPCs.

Accident-free Operations

- Well-established and routinely reviewed Health and Safety Policy
- Routine O&M
- Preventive maintenance
- Safety drills
- Training for O&M teams

Our Project Manager, POWERGRID owns Emergency Restoration Systems (ERS), which are placed strategically at various locations across the country. For quick restoration of transmission services and uninterrupted operations, in case of exigencies, and subject to availability, these systems together with its skilled teams, can be deployed for PGInviT assets.

Details of revenue (project-wise) during FY 2022-23 (in ₹ million)



FINANCIAL REVIEW

Revenue and EBITDA

The SPVs of PGInvIT are in the business of power transmission and they earn revenues, i.e., availability based transmission charges, pursuant to the TSAs, from the DICs irrespective of the quantum of power transmitted through the transmission line. Additionally, maintaining availability of the assets in excess of 98% gives them the right to claim incentives under the TSAs. The transmission charges are contracted for the period of the relevant TSAs, which is 35 years from the COD of the relevant power transmission project and are subject to renewal in accordance with the relevant TSA and the CERC regulations.

(₹ in million)

Particulars	FY 2022-23 Consolidated
Total Revenue	13,152.91
Operating Expenses	889.23
EBITDA	12,263.68
EBITDA Margin (%)	93.24%
Net Distributable Cash Flows (NDCF)	11,026.76
Distribution per unit (₹) for FY 2022-23	12.00
Market Capitalisation*	111,493.10

**As per the closing price on NSE on March 31, 2023*

Net Distributable Cash Flow (NDCF) and Distribution Per Unit (DPU)

Net Distributable Cash Flows is the free cash flow generated from underlying operations. Cash flows received by PGInvIT can be typically in the form of interest income, dividend income and principal repayment. According to the InvIT Regulations and Distribution Policy of PGInvIT, it is required to distribute at least 90% of the Distributable Income to its Unitholders.

During FY 2022-23, the Net Distributable Cash Flow (NDCF) was ₹ 11,026.76 million. The Trust made an aggregate DPU of ₹ 12 per unit for FY 2022-23. DPU is the cash flow distributed on a "per unit" basis to the Unitholders. Total cash distribution to unitholders for FY 2022-23 was ₹ 10,919.99 million.

Assets Under Management

The registered valuer, M/s INMACS Valuers Private Limited, carried out the valuation as an independent valuer and valued assets of PGInvIT at ₹ 85,457.92 million as on March 31, 2023.

Assets	AUM (₹ in million)
VTL	18,695.45
PKATL	3,798.98
PPTL	21,745.77
PWTL	23,913.93
PJTL	17,303.79
Total	**85,457.92**

Borrowings

The consolidated borrowings as on March 31, 2023 stood at ₹ 5,727.07 million. During FY 2022-23, no additional borrowing has been taken by PGInvIT and Loan repayment of ₹ 28.78 million has been made in line with Facility Agreement entered between PGInvIT and HDFC Bank Limited. In January 2023, the spread on the bank loan was successfully negotiated with the lender and was reduced by 34 bps.

Credit Rating

PGInvIT is rated as "CRISIL AAA/Stable" by CRISIL, ''[ICRA] AAA (Stable)" by ICRA and "CARE AAA; Stable" by CARE.

The Long-Term Bank facility from HDFC Bank Limited is rated "CARE AAA; Stable" (Triple A; Outlook: Stable) by CARE.

Strategies and Outlook

The business strategies of PGInvIT are structured around a focused business model with operational efficiencies to increase Profitability, capitalising on value-accretive growth through acquisitions and maintaining an efficient capital structure while managing risks. PGInvIT remains committed to providing consistent, stable and visible returns to the unitholders. Power transmission is a relatively low-risk segment owing to a low level of operating risks, a well-established regulatory regime and minimal counterparty risk, which ensure long-term visibility on returns and a steady stream of cash flows.

Leveraging its unique advantages, PGInvIT aims to capitalise on strategic acquisitions aligned with its long term objectives. Sustained investments in the transmission sector will facilitate the creation of a pipeline of transmission assets in the country, creating growth opportunities for PGInvIT.

Further, additional opportunities will be created, as and when our Sponsor, who has been assigned yearly monetisation targets by the Government, undertakes such monetisation through InvITs.

Moreover, the Government's recommendations to States for monetisation of their power transmission assets to raise funds will also create opportunities for PGInvIT. In this regard, the "Guiding Principles for Monetisation of Transmission Assets in the Public Sector" issued by the Ministry of Power in October 2022 emphasises the use of innovative structures like InvITs for taking up monetisation.

In addition, during FY 2023-24, PGInvIT would be initiating the acquisition of balance 26% equity shareholding in four of its SPVs, which shall be in accordance with InvIT regulations and PGInvIT's governance framework and applicable policies. The acquisitions are envisaged to conclude towards the latter half of Fiscal 2024.

PGInvIT with its robust foundation and core strengths is well-positioned to acquire new assets without substantially diluting the unitholders' interest for their benefit. 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, PGInvIT's governance framework and keeping in mind the overall interest of unitholders.

Cautionary Statement

The Management Discussion and Analysis may contain statements describing the Trust's objectives, projections, estimates and expectations and may constitute "forward-looking statements" within the meaning of applicable laws and regulations. Additionally, words like 'may', 'will', 'should', 'expects', 'plans', 'intends', 'anticipates', 'believes', 'estimates', 'predicts', 'potential' or 'continue' and similar expressions have been used to identify forward-looking statements. Actual events and performance or projections or prospects of the Trust may differ materially from those reflected or considered in such forward-looking statements as they involve known and unknown risks, uncertainties and changes beyond our control. The Trust has undertaken various assessments and analysis to make assumptions on future expectations on business development. However, various risks and uncertainties could cause differences in the actual results from those either expressed or implied in the Statement. Important factors that could make a difference to the Trust's operations include macro-economic developments in the country and improvement in the state of capital markets, changes in the governmental policies, regulations, taxes, laws, and other statutes, and other incidental factors. The Trust undertakes no obligation to publicly revise any forward-looking statements to reflect future/likely events or circumstances.

Mandatory Disclosures

- **Details of revenue during the year, project-wise from the underlying projects**

(₹ in million)

Particulars	April 1, 2022 to March 31, 2023	April 1, 2021 to March 31, 2022
VTL	2,455.37	2,942.98
PKATL	695.10	707.34
PPTL	3,419.49	3,361.69
PWTL	3,850.47	3,756.47
PJTL	2,675.48	2,937.60
Total	**13,095.91**	**13,706.08**

- **Brief summary of the valuation as per full valuation report as at the end of the year**

In line with the InvIT Regulations, PGInvIT got the valuation done for its assets through an independent valuer, M/s INMACS Valuers Private Limited ('Valuer'). The Valuer carried out the Enterprise and Equity Valuation of the five SPVs of PGInvIT, namely, VTL, PKATL, PPTL, PWTL and PJTL as of March 31, 2023, considering *inter-alia* historical performance of the SPVs, Business Plan/ Projected financial statements of the SPVs, industry analysis and other relevant factors.

For valuation purposes, the Valuer adopted the Discounted Cash Flow ('DCF') Method under the Income Approach.

The Enterprise Value was computed by discounting the free cash flows over the forecast period until the end of the life of project and the terminal value at the end of the forecast period using Weighted Average Cost of Capital ('WACC').

Valuation Report of PGInvIT assets as on March 31, 2023 issued by Valuer is annexed to this report as Annexure and forms a part of this report. The Valuation Report can also be viewed on the Trust's website.

Valuation summary of the SPVs as of March 31, 2023 is as follows:

Initial Portfolio Assets	WACC	Enterprise Value (₹ in million)	Equity Value (₹ in million)	No. of Shares	Value per share (in ₹)
VTL	9.01%	18,695.45	11,091.91	209,730,000	52.89
PKATL	9.01%	3,798.98	2,045.02	61,000,000	33.52
PPTL	9.01%	21,745.77	9,238.46	322,100,000	28.68
PWTL	9.01%	23,913.93	8,511.47	393,300,000	21.64
PJTL	9.01%	17,303.79	5,456.86	226,910,000	24.05

- **Details of changes during the year pertaining to**

a) **Addition and divestment of assets including the identity of the buyers or sellers, purchase or sale prices and brief details of valuation for such transactions**

No addition and divestment of assets has been made during FY 2022-23.

b) **Valuation of assets and NAV (as per the full valuation report)**

Refer page no. 73 of this report for details of NAV.

c) **Borrowings or repayment of borrowings (standalone and consolidated)**

During the year ended March 31, 2023, no additional borrowing has been taken by PGInvIT. Loan repayment of ₹ 28.78 million has been made during the period, which is in line with Facility Agreement entered into between PGInvIT and HDFC Bank Limited.

d) **Credit Rating**

The Trust is rated as "CRISIL AAA/Stable" by CRISIL, ''[ICRA] AAA (Stable)" by ICRA and "CARE AAA; Stable" by CARE.

Further, Long Term Loan Facility from HDFC Bank Limited is rated "CARE AAA; Stable" by CARE.

e) **Sponsor, Investment Manager, Trustee, Valuer, Directors of the Trustee or Investment Manager or Sponsor, etc.**

There is no change in the Sponsor, Investment Manager and the Trustee. M/s INMACS Valuers Private Limited was appointed as the Valuer in place of M/s RBSA Valuation Advisors LLP during the year. Changes in the Directors of Sponsor, Investment Manager and Trustee are given hereunder:

Particulars	Name of the Entity	Directors of the Entity
Sponsor	POWERGRID	• Shri Dilip Nigam ceased to be Govt. Nominee Director on the Board w.e.f. April 30, 2022 • Smt. Seema Gupta ceased to be Director on the Board w.e.f. May 31, 2022 • Shri Dilip Nigam appointed as Govt. Nominee Director on the Board w.e.f. June 06, 2022 • Shri M.N. Venkatesan ceased to be Director on the Board w.e.f. July 10, 2022 • Shri Ghanshyam Prasad ceased to be Govt. Nominee Director on the Board w.e.f. July 14, 2022 • Shri M. Taj Mukarrum ceased to be Director on the Board w.e.f. July 31, 2022 • Shri Raghuraj Madhav Rajendran appointed as Govt. Nominee Director on the Board w.e.f. August 05, 2022 • Shri Ravindra Kumar Tyagi appointed as Director on the Board w.e.f. August 12, 2022 • Shri G. Ravisankar appointed as Director on the Board w.e.f. September 21, 2022 • Shri Raghuraj Madhav Rajendran ceased to be Govt. Nominee Director on the Board w.e.f. October 11, 2022 • Mohammad Afzal appointed as Govt. Nominee Director on the Board w.e.f. October 11, 2022
Investment Manager	PUTL	• Smt. Seema Gupta ceased to be Director & Chairperson on the Board w.e.f. May 31, 2022 • Shri Abhay Choudhary appointed as Director & Chairman on the Board w.e.f. June 01, 2022 • Shri Ashok Kumar Singhal ceased to be Director on the Board w.e.f. March 31, 2023

Particulars	Name of the Entity	Directors of the Entity
Trustee	IDBI Trusteeship Services Ltd.	• Smt. Madhuri J. Kulkarni ceased to be Director on the Board w.e.f. December 06, 2022 • Shri Pradeep Kumar Malhotra appointed as Director on the Board w.e.f. December 14, 2022 • Smt. Padma V. Betai ceased to be Director on the Board w.e.f. December 31, 2022 • Shri Baljinder Kaur Mandal appointed as Director on the Board w.e.f. January 17, 2023

- *Shri Purshottam Agarwal appointed as Director on the Board of Investment Manager w.e.f. April 01, 2023*
- *Shri J. Samuel Joseph ceased to be Director on the Board of Trustee w.e.f. April 18, 2023*
- *Mohammad Afzal ceased to be Govt. Nominee Director on the Board of Sponsor w.e.f. May 17, 2023*
- *Dr. Saibaba Darbamulla appointed as Govt. Nominee Director on the Board of Sponsor w.e.f. May 18, 2023*
- *Shri Vinod Kumar Singh ceased to be Director on the Board of Sponsor w.e.f. May 31, 2023*

f) Clauses in trust deed, investment management agreement or any other agreement entered into pertaining to activities of InvIT

Except otherwise specified, during the period under review, there were no changes in clauses in trust deed, investment management agreement or any other agreements.

g) Any regulatory changes that has impacted or may impact cash flows of the underlying projects

Except otherwise specified, during the period under review, there were no regulatory changes that has impacted or may impact cash flows of the underlying projects.

h) Change in material contracts or any new risk in performance of any contract pertaining to the InvIT

Except otherwise specified, during the period under review, there were no changes in material contracts or any new risk in performance of any contract pertaining to the Trust.

i) Any legal proceedings which may have significant bearing on the activities or revenues or cash flows of the InvIT

Except otherwise specified in this report or its Annexures, during the period under review, there were no legal proceedings which may have significant bearing on the activities or revenues or cash flows of the Trust.

j) **Any other material change during the year**

Except otherwise specified, during the period under review, there were no material changes during the year.

- **Revenue of the InvIT for the last 5 years, project-wise**

Pursuant to PGInvIT IPO in May 2021, PGInvIT acquired 74% equity shareholding in VTL, PKATL, PPTL, PWTL and PJTL from POWERGRID on May 13, 2021. Accordingly, the revenue of PGInvIT is available for part of FY 2021-22.

Following that, on March 31, 2022, PGInvIT acquired balance 26% equity shareholding in VTL from POWERGRID. Furthermore, on the same date, PPTL, PWTL and PJTL (SPVs of PGInvIT) acquired change in law revenue from POWERGRID. Consequently, the revenue of PGInvIT for the fiscal year 2022-23 incorporates the revenue generated by the aforementioned acquisitions.

(₹ in million)

Particulars	April 1, 2022 to March 31, 2023	May 13, 2021 to March 31, 2022
VTL	2,455.37	2,604.51
PKATL	695.10	626.98
PPTL	3,419.49	2,975.01
PWTL	3,850.47	3,324.77
PJTL	2,675.48	2,642.12
Total	**13,095.91**	**12,173.39**

- **Update on development of under-construction projects, if any**

Implementation of one no. 125 MVAr, 420kV Bus Reactor at Kala Amb substation by PKATL is under progress. The project is alloted by Ministry of Power, GoI under Regulated Tariff Mechanism and Hon'ble CERC has granted a separate transmission licence for same.

Loan agreement between PGInvIT and PKATL provides for funding the project and work is under progress through the contracting agency. The Project is scheduled for completion in Fiscal 2023-24.

- **Details of outstanding borrowings and deferred payments of InvIT including any credit rating(s), debt maturity profile, gearing ratios of the InvIT on a consolidated and standalone basis as at the end of the year**

(₹ in million)

Particulars	Standalone	Consolidated
(a) Outstanding Long Term Debt	5,727.07	5,727.07
(b) Less: Cash and cash equivalents	2,911.23	4,994.87
(c) Net Debt (a-b)	2,815.84	732.20
(d) Total Equity	78,292.30	77,064.89
(e) Total Equity plus Net Debt (c+d)	81,108.14	77,797.09
(f) Gearing Ratio (c/e)	3.47%	0.94%
(g) Credit Rating for Long Term Loan Facility	CARE AAA; Stable	
(h) Tenure of Loan	16 years	

- **The total operating expenses of the InvIT along with detailed break-up, including all fees and charges paid to the Investment Manager and any other parties, if any during the year**

Refer Financial Statements for details.

- **Past performance of the InvIT with respect to unit price, distributions made and yield for the last 5 years, as applicable.**

Particulars	FY 2022-23	FY 2021-22
Unit Price at the beginning of the period (NSE Closing Price)	₹ 134.17	₹ 102.99$
Unit Price at the end of the period (NSE Opening Price)	₹ 122.52	₹ 133.90
VWAP Unit Price (NSE)	₹ 130.04	₹ 116.44
Distributions made for the period	₹ 12.00 per unit*	₹ 10.50 per unit**
Yield (Annualised)	9.23%	10.19%

$Closing price as on the date of listing.

** Includes DPU of ₹ 3.00/per unit for the quarter ended March 31, 2023.*

*** ₹ 10.50 per unit was distributed for the period from May 13, 2021 to March 31, 2022.*

- **Unit price quoted on the exchange at the beginning and end of the financial year, the highest and lowest unit price and the average daily volume traded during the financial year**

Particulars	NSE	BSE
Price information	(₹)	
Unit Price at the beginning of the period (April 01, 2022)- opening price	135.52	136.00
Unit Price at the ending of the period (March 31, 2023)- closing price	122.52	122.62
Highest Unit Price	142.00	160.00
Lowest Unit Price	114.75	114.56
Volume Information		
Average Daily Volume Traded during the period (in Thousands)	395.69	31.04
Total Average Daily Volume Traded (On both NSE and BSE) (in Thousands)	**426.73**	

- **Details of all related party transactions during the year, value of which exceeds five percent of value of the InvIT Assets**

  There are no related party transactions during the period, value of which exceeds five percent of value of the InvIT.

- **Details regarding the monies lent by the InvIT to the holding company or the special purpose vehicle in which it has investment in:**

(₹ in million)

Particulars	Opening Balance as on April 01, 2022	Loan given during the period	Loan repaid during the period	Closing Balance as on March 31, 2023
VTL	7,839.88	-	-	7,839.88
PKATL	1,860.00	-	-	1,860.00
PPTL	13,567.94	-	295.00	13,272.94
PWTL	16,172.07	-	185.00	15,987.07
PJTL	12,942.95	-	705.00	12,237.95
Total	**52,382.84**	**-**	**1,185.00**	**51,197.84**

- **Details of issue and buyback of units during the year, if any**

  Issues of Units:

  During the period under review, there was no issue of units by the Trust.

  Buyback of Units:

  During the period under review there was no buy back of units by the Trust.

- **Brief details of material and price sensitive information**

  Except otherwise specified or disclosed to the Exchanges from time to time, during the period under review, there were no material changes, events or material and price sensitive information to be disclosed for the Trust.

- **Brief details of material litigations and regulatory actions, which are pending, against the InvIT, Sponsor(s), Investment Manager, Project Manager(s), or any of their associates and the Trustee - if any, as at the end of the year**

  Except otherwise specified in this report or its Annexures, there are no material litigation and actions by regulatory authorities currently pending against the Trust, the Investment Manager, the Sponsor and the Project Manager, or any of their Associates and the Trustee. For the Trust, Investment Manager and for Sponsor or Project Manager, outstanding cases and/or regulatory action which involve an amount exceeding ₹ 657.65 million, ₹ 14.28 million and ₹ 23,302.82 million (being 5% of the total consolidated revenue or consolidated networth of the respective entity, whichever is lower) have been considered material, respectively for the review period.

  Except otherwise specified, during the period under review, there were no regulatory changes that has impacted or may impact the underlying projects.

- **Risk factors**

  The Trust constantly monitor the risks associated with its business and adequate steps are taken to mitigate these risks.

  Major risks are as follows:

a. **Financial health of Customer**

   Delay in payment of billed transmission charges by customers to the CTU under Sharing Regulations may affect the cash flows and results of operations.

b. **Ability to operate and maintain target availability**

   Inability of Project Manager to ensure operate and maintain our power transmission projects to achieve prescribed availability may adversely impact the cash flows.

c. **Distributions to our Unitholders**

   Inability to make distributions as per investor expectations or anticipation could materially and adversely affect the market price of our Units.

d. **Increase in Costs**

   The transmission charges under TSAs are largely fixed. Increase in O&M costs, insurance or any other cost could adversely impact profitability.

e. **Growth**

   Highly competitive environment of power transmission sector and increased competitive pressure could adversely affect the ability of the Investment Manager to execute the growth strategy.

f. Unforeseen Events

Any force majeure event rendering our project inoperable and not covered by insurance or TSA can adversely impact the results of operations and cash flows.

g. Insurance

We have taken Industrial All Risk Insurance Policy for our assets. If our losses significantly exceed our insurance coverage or cannot be recovered through insurance for any reason whatsoever, our results of operations and cash flows could be materially and adversely affected.

h. Control of Government of India

There is no assurance that the Investment Manager Board will at all times be in compliance with the requirements for board constitution and related provisions under the InvIT Regulations.

i. Novel Coronavirus ('COVID-19')

We cannot predict the effect any event like epidemics, pandemics such as Covid-19, weather conditions, natural disasters, etc. will have on our business, prospects, financial condition, results of operations, cash flows, future operations and performance.

j. Interest Rate Risk

Increase in interest rates may adversely impact the profitability and distribution to unitholders.

Note: Detailed risk factors are provided in the Final Offer Document.

Report on Corporate Governance

BACKGROUND

PGInvIT was settled as a Trust under Indian Trusts Act, 1882 on September 14, 2020 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. It was registered as an infrastructure investment trust with SEBI on January 7, 2021, under the InvIT Regulations, with Registration Number IN/InvIT/20-21/0016.

IDBI Trusteeship Services Limited, the Trustee of PGInvIT is a debenture trustee registered with SEBI. The Trustee has appointed POWERGRID Unchahar Transmission Limited, a wholly owned subsidiary of Power Grid Corporation of India Limited, as the Investment Manager to PGInvIT, in accordance with the InvIT Regulations.

PHILOSOPHY ON CORPORATE GOVERNANCE

POWERGRID Unchahar Transmission Limited ("PUTL"), appointed as the Investment Manager ("IM") to PGInvIT pursuant to the Investment Management Agreement dated December 18, 2020, is responsible for day-to-day management and administration of InvIT Assets and making investment decisions with respect to the underlying assets or projects of the Trust, including any further investment or divestment of its assets, in accordance with InvIT Regulations and the Investment Management Agreement entered into in relation to the Trust.

The Investment Manager's Corporate Governance pillars includes:

- IM's Board of Directors
- IM's key personnel led by a Chief Executive Officer
- Committees of the IM Board and
- Corporate Governance Framework in relation to the Trust, implemented by the IM.

The Corporate Governance Framework *inter-alia* sets out the Board composition, its quorum and frequency of meetings, committees to be formed including their composition, terms of reference, frequency of meetings and quorum requirements and various policies including Code of Conduct to be adopted by the Investment Manager in relation to the Trust and is available on the website of the Trust.

BOARD OF DIRECTORS

The Board of the Investment Manager comprises four Directors including two Non-Executive (Non-independent) Directors nominated by POWERGRID, the holding company and two independent directors appointed by the Government of India. All the directors are non-executive directors, one half of which are Independent Directors.

The collective experience of the directors of the Investment Manager covers a broad range of commercial experience, particularly experience in infrastructure sector (including the applicable sub-sector), investment management or advisory and financial matters. The brief profiles of the Directors are given on page no. 18 of this report.

Composition of the Board of Directors of the Investment Manager during the financial year was in adherence to applicable provisions of Companies Act, 2013, InvIT Regulations, and Corporate Governance Framework adopted by IM which requires that:

a) not less than 50% of the board of directors shall comprise of independent directors and not directors or members of the governing board of the Investment Manager of another infrastructure investment trust registered under the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations, 2014, as amended, provided required number of independent directors are nominated/ appointed on the governing board of the Investment Manager by the Government of India, and

b) collective experience of directors should cover a broad range of commercial experience, particularly experience in infrastructure sector (including the applicable sub-sector), investment management or advisory and financial matters.

BOARD COMPOSITION

As on March 31, 2023, the Board of Directors of Investment Manager comprised the following:

S. No.	Particulars of the Directors	Designation	Date of Appointment
1.	Shri Abhay Choudhary	Non-executive (Non-independent) Director & Chairman	01/06/2022
2.	Shri Ashok Kumar Singhal*	Non-executive (Non-independent) Director	17/12/2020
3.	Shri Onkarappa KN	Independent Director	10/02/2022
4.	Shri Ram Naresh Tiwari	Independent Director	10/02/2022

**Ceased to be Non-executive (Non-independent) Director of PUTL consequent upon his superannuation from the holding company of PUTL i.e. Power Grid Corporation of India Limited ("POWERGRID") on March 31, 2023.*

Shri Purshottam Agarwal, Executive Director, POWERGRID has been appointed as Non-executive (Non-independent) Director of PUTL w.e.f. April 01, 2023.

Quorum

The quorum shall be at least 50% of the number of directors on the board. At least 50% of the directors present shall be independent directors, provided required number of independent directors are nominated/ appointed on the governing board of the Investment Manager by the Government of India.

Meetings of Board of Directors

During the financial year ended March 31, 2023, ten meetings of the Board of Directors of Investment Manager were held i.e. on April 20, 2022, May 26, 2022, June 28, 2022, July 27, 2022, August 29, 2022, October 21, 2022, November 9, 2022, January 24, 2023, March 02, 2023 and March 31, 2023.

Attendance of meetings of Board of Directors

Name of the Directors	No. of Meetings entitled to attend	No. of Meetings Attended
Non-Executive (Non-Independent) Directors		
Shri Abhay Choudhary $	08	08
Smt. Seema Gupta*	02	02
Shri Ashok Kumar Singhal**	10	10
Independent Directors		
Shri Onkarappa KN	10	10
Shri Ram Naresh Tiwari	10	10

$ Appointed as Director and Chairman w.e.f. June 01, 2022.

**Ceased to be Director & Chairperson w.e.f. May 31, 2022.*

***Ceased to be Director w.e.f. March 31, 2023.*

REMUNERATION OF DIRECTORS

Board of Investment Manager comprises four directors including two Non-Executive (Non-independent) Directors nominated by POWERGRID, the holding company and two independent directors appointed by the Government of India. The Non-Executive (Non-independent) Directors nominated by POWERGRID do not draw any remuneration/sitting fee for attending the meetings of the Board and Committees of Board from the Investment Manager. Independent Directors are paid sitting fee for attending Board/ Committee meetings of Investment Manager, as fixed by the Board of Investment Manager within the ceiling prescribed for payment of sitting fee under Section 197 of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and in accordance with the Government Guidelines for attending the Board Meetings as well as Committee Meetings.

Details of Payment made towards sitting fee to Independent Directors during the year 2022-23 are given below:

Independent Directors	Sitting Fee		Total (₹)
	Board Meeting (₹)	Meeting of Committees of Board (₹)	
Shri Onkarappa KN	3,15,000	2,95,000	6,10,000
Shri Ram Naresh Tiwari	3,15,000	3,55,000	6,70,000

COMMITTEES OF THE BOARD OF DIRECTORS

The Investment Manager has constituted following Committees, in relation to the Trust:

i. Investment Committee;

ii. Audit Committee;

iii. Stakeholders' Relationship Committee;

iv. Nomination and Remuneration Committee*; and

v. Risk Management Committee*.

**Constituted by IM Board on March 31, 2023.*

In addition to the aforesaid Committees, Investment Manager has voluntarily formed 'Committee of Directors for Appointments' in relation to the Trust.

i. Investment Committee

As on March 31, 2023, the Investment Committee comprised the following members:

S. No.	Name of Members	Category	Designation
i.	Shri Ram Naresh Tiwari	Independent Director	Chairman of the Committee
ii.	Shri Onkarappa KN	Independent Director	Member
iii.	Shri Ashok Kumar Singhal	Non-executive (Non-independent) Director	Member

The Company Secretary is the Secretary to the Investment Committee.

Quorum

The quorum shall be at least one-third of the members of the Investment Committee or two members, whichever is higher. At least 50% of the members present, shall be independent directors, provided required number of independent directors are nominated / appointed on the governing board of the Investment Manager by the Government of India.

Meetings

During the financial year ended March 31, 2023, four meetings of the Investment Committee were held i.e. on June 17, 2022, September 26, 2022, December 09, 2022 and March 24, 2023.

Terms of reference of the Investment Committee include the following:

i. review of the investment decisions with respect to the underlying assets or projects of the Trust from the Sponsor including any further investments or divestments to ensure protection of the interest of unitholders;

ii. undertaking all functions in relation to protection of unitholders' interests and resolution of any conflicts of interest (other than in relation to investors' grievances) including reviewing agreements or transactions in this regard;

iii. approving any proposal in relation to acquisition of assets, further issue of units including in relation to acquisition or assets;

iv. overseeing activities of the project manager in accordance with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014, as amended or supplemented, including any guidelines, circulars, notifications and clarifications framed or issued thereunder and the project implementation and management agreement; and

v. formulating any policy for the Investment Manager as necessary, in relation to its functions, as specified above.

ii. Audit Committee

As on March 31, 2023, the Audit Committee comprised the following members:

S. No.	Name of Members	Category	Designation
i.	Shri Onkarappa KN	Independent Director	Chairman of the Committee
ii.	Shri Ram Naresh Tiwari	Independent Director	Member
iii.	Shri Ashok Kumar Singhal	Non-executive (Non-independent) Director	Member

The Company Secretary is the Secretary to the Audit committee.

Quorum

The quorum shall be at least one-third of the members of the Audit Committee or two members, whichever is higher. Atleast two members present shall be independent directors, provided required number of independent directors are nominated/ appointed on the governing board of the Investment Manager by the Government of India.

Meetings

During the financial year ended March 31, 2023, eight meetings of the Audit Committee were held i.e. on April 20, 2022, May 26, 2022, June 28, 2022, July 27, 2022, October 21, 2022, November 09, 2022, January 24, 2023 and March 24, 2023.

Terms of reference of the Audit Committee include the following:

i. examination of the financial statement of Investment Manager and the auditors' report thereon;

ii. provide recommendations to the board of directors regarding any proposed distributions by POWERGRID Infrastructure Investment Trust ('Trust');

iii. overseeing the Trust's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

iv. giving recommendations to the board of directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the statutory auditor of the Trust and the audit fee, subject to the approval of the unitholders;

v. reviewing and monitoring the independence and performance of the statutory auditor of the Trust, and effectiveness of audit process;

vi. approving payments to statutory auditors of the Trust for any other services rendered by such statutory auditors;

vii. reviewing the annual financial statements and auditor's report thereon of the Trust, before submission to the board of directors for approval, with particular reference to:

- changes, if any, in accounting policies and practices and reasons for such change;
- major accounting entries involving estimates based on the exercise of judgment by management;
- significant adjustments made in the financial statements arising out of audit findings;
- compliance with listing and other legal requirements relating to financial statements;
- disclosure of any related party transactions; and
- qualifications in the draft audit report.

viii. reviewing, with the management, all periodic financial statements, including but not limited to quarterly, half yearly and annual financial statements of the Trust, whether standalone or consolidated or in any other form as may be required under applicable law, before submission to the board of directors for approval;

ix. reviewing, with the management, the statement of uses/ application of funds raised through an issue of units by the Trust (including but not limited to public issue, rights issue, preferential issue, private placements, etc.) and any issue of debt securities, and the statement of funds utilised for purposes other than those stated in the offer documents/ notice, and making appropriate recommendations to the board of directors for follow-up action;

x. approval or any subsequent modifications of transactions of the Trust with related parties;

xi. recommending such related party transactions to the board of directors or the Unitholders, as may be required, in terms of the InvIT Regulations;

xii. scrutinising loans and investments of the Trust;

xiii. reviewing all valuation reports required to be prepared under applicable law, periodically, and as required, under applicable law;

xiv. evaluating financial controls and risk management systems of the Trust;

xv. reviewing, with the management, the adequacy of the internal control systems of the Trust, as necessary;

xvi. discussion with internal auditors of any significant findings relating to the Trust and follow up there on;

xvii. reviewing the adequacy of internal audit function if any of the Trust, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

xviii. reviewing the findings of any internal investigations in relation to the Trust, into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board of directors;

xix. reviewing the procedures put in place by the Investment Manager for managing any conflict that may arise between the interests of the unitholders, the parties to the Trust and the interests of the Investment Manager, including related party transactions, the indemnification of expenses or liabilities incurred by the Investment Manager, and the setting of fees or charges payable out of the Trust's assets;

xx. discussing with statutory auditors and valuers of the Trust prior to commencement of the audit or valuation, respectively, about the nature and scope, as well as post-audit/ valuation discussion to ascertain any area of concern;

xxi. reviewing and monitoring the independence and performance of the valuer of the Trust;

xxii. giving recommendations to the board of directors regarding appointment, re-appointment and replacement, remuneration and terms of appointment of the valuer of the Trust;

xxiii. evaluating any defaults or delay in payment of distributions to the unitholders or dividends by the SPVs to the Trust and payments to any creditors of the Trust or the SPVs, and recommending remedial measures;

xxiv. review of management's discussion and analysis of financial condition and results of operations of the Trust;

xxv. review of statement of significant related party transactions of the Trust, submitted by the management;

xxvi. granting omnibus approval for related party transactions (which approvals shall be valid for a period not exceeding one year from the date of each such approval, and related party transactions undertaken after the expiry of such period shall require fresh approval of the Audit Committee);

xxvii. review, on a quarterly basis, of the details of related party transactions entered into by the Trust pursuant to the omnibus approval;

xxviii. review of management letters/letters of internal control weaknesses issued by the statutory auditors of the Trust;

xxix. giving recommendations to the board of directors regarding audit fee to be paid to the Statutory Auditors of the Investment Manager and payments for any other services rendered by such Statutory Auditors;

xxx. approval or any subsequent modification of transactions of the Investment Manager with related parties, in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder;

xxxi. carrying out any other function in relation to the Investment Manager as mentioned in the terms of reference of audit committee under the Companies Act, 2013 and amendments thereto from time to time; and

xxxii. formulating any policy for the Investment Manager as necessary, in relation to its functions, as specified above.

iii. Stakeholders' Relationship Committee

As on March 31, 2023, the Stakeholders' Relationship Committee comprised the following members:

S. No.	Name of Members	Category	Designation
i.	Shri Abhay Choudhary	Non-executive (Non-independent) Director & Chairman	Chairman of the Committee
ii.	Shri Ram Naresh Tiwari	Independent Director	Member
iii.	Shri Ashok Kumar Singhal	Non-executive (Non-independent) Director	Member

Quorum

The quorum shall be at least one-third of the members of the Stakeholders' Relationship Committee or two members, whichever is higher.

Meetings

During the financial year ended March 31, 2023, four meetings of the Stakeholders' Relationship Committee were held i.e. on April 20, 2022, July 14, 2022, October 21, 2022 and January 13, 2023.

Terms of reference of the Stakeholders' Relationship Committee include the following:

i. consider and resolve grievances of the unitholders of POWERGRID Infrastructure Investment Trust ('Trust') including complaints related to the transfer of units, non-receipt of annual report and non-receipt of declared distributions;

ii. review of any litigation related to unitholders' grievances;

iii. update unitholders on acquisition/ sale of assets by the Trust and any change in the capital structure of the SPVs;

iv. reporting specific material litigation related to unitholders' grievances to the Board of Directors; and

v. approve report on investor grievances to be submitted to the trustee of the Trust.

iv. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted on March 31, 2023 and comprised the following members:

S. No.	Name of Members	Category	Designation
i.	Shri Onkarappa KN	Independent Director	Chairman of the Committee
ii.	Shri Ram Naresh Tiwari	Independent Director	Member
iii.	Shri Ashok Kumar Singhal	Non-executive (Non-independent) Director	Member

Quorum

The quorum for Nomination and Remuneration Committee shall be either two members or one-third of the members of the committee, whichever is greater, with at least one independent director in attendance, provided required number of independent directors are nominated / appointed on the governing board of the Investment Manager by the Government of India.

Meetings

No meeting of Nomination and Remuneration Committee was held.

Terms of reference of the Nomination and Remuneration Committee include the following:

i. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

ii. for every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.

For the purpose of identifying suitable candidates, the Committee may:

a. use the services of an external agencies, if required;

b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

c. consider the time commitments of the candidates.

iii. formulation of criteria for evaluation of performance of independent directors and the board of directors;

iv. devising a policy on diversity of board of directors;

v. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;

vi. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

vii. recommend to the board, all remuneration, in whatever form, payable to senior management; and

viii. performing such other activities as may be delegated by the Board of Directors and/ or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

v. Risk Management Committee

The Risk Management Committee was constituted on March 31, 2023 and comprised the following members:

S. No.	Name of Members	Category	Designation
i.	Shri Ram Naresh Tiwari	Independent Director	Chairman of the Committee
ii.	Shri Onkarappa KN	Independent Director	Member
iii.	Shri Ashok Kumar Singhal	Non-executive (Non-independent) Director	Member

Quorum

The quorum for a meeting of the Risk Management Committee shall be either two members or one third of the members of the committee, whichever is higher, including at least one member of the board of directors in attendance.

Meetings

No meeting of Risk Management Committee was held.

Terms of reference of the Risk Management Committee include the following:

i. to formulate a detailed risk management policy which shall include:

a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee ;

b. Measures for risk mitigation including systems and processes for internal control of identified risks ;

c. Business continuity plan.

ii. to ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of Trust;

iii. to monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

iv. to periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

v. to keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

vi. the appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee; and

vii. performing such other activities as may be delegated by the board of directors and/ or are statutorily prescribed under any law to be attended to by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

vi. Committee of Directors for Appointments

As on March 31, 2023, the Committee of Directors for Appointments comprised the following members:

S. No.	Name of Members	Category	Designation
i.	Shri Abhay Choudhary	Non-executive (Non-independent) Director & Chairman	Chairman of the Committee
ii.	Shri Onkarappa KN	Independent Director	Member
iii.	Shri Ram Naresh Tiwari	Independent Director	Member

Meetings

During the financial year ended March 31, 2023, one meeting of the Committee of Directors for Appointments was held i.e. on August 29, 2022.

ATTENDANCE OF DIRECTORS AT MEETINGS OF COMMITTEES OF BOARD OF DIRECTORS

Name of the Directors	Investment Committee (Attended/Entitled)	Audit Committee (Attended/Entitled)	Stakeholders' Relationship Committee (Attended/Entitled)
Non-executive (Non-independent) Director			
Shri Abhay Choudhary$	Nil/Nil	Nil/Nil	03/03
Smt. Seema Gupta*	Nil/Nil	Nil/Nil	01/01
Shri Ashok Kumar Singhal**	04/04	08/08	04/04
Independent Directors			
Shri Onkarappa KN	04/04	08/08	Nil/Nil
Shri Ram Naresh Tiwari	04/04	08/08	04/04

$Appointed as Director and Chairman w.e.f. June 01, 2022

**Ceased to be Director and Chairperson w.e.f. May 31, 2022*

***Ceased to be Director w.e.f. March 31, 2023*

Note: No meetings were held during the financial year in respect of Risk Management Committee and Nomination and Remuneration Committee, which were constituted by the IM Board on March 31, 2023.

Shri Purshottam Agarwal was appointed as Non-executive (Non-independent) Director and Member of Investment Committee, Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Risk Management Committee (in place of Shri Ashok Kumar Singhal) w.e.f. April 01, 2023.

Further, the Investment Manager has also constituted a Corporate Social Responsibility (CSR) Committee as required under the Companies Act, 2013. The responsibilities of the CSR Committee *inter-alia* include formulating and recommending to the IM Board, a corporate social responsibility policy ('CSR Policy'); recommending the amount of expenditure to be incurred on the activities to be undertaken by the Investment Manager; monitoring CSR Policy from time to time; formulating and recommending to the IM Board, an annual action plan in pursuance of CSR Policy; and undertaking such matters as are necessary or expedient in complying with provisions of the Companies Act, 2013 and rules made thereunder.

POLICIES ADOPTED BY THE BOARD OF DIRECTORS OF INVESTMENT MANAGER IN RELATION TO TRUST

1. **Borrowing Policy:** The Investment Manager has adopted the Borrowing Policy in relation to the Trust to ensure that all funds borrowed in relation to the Trust are in compliance with the InvIT Regulations.

2. **Policy on Related Party Transactions:** The Investment Manager has adopted the Policy on Related Party Transactions to regulate the transactions of the Trust with its related parties based on the laws and regulations applicable to the Trust and best practices to ensure proper approval, supervision and reporting of the transactions between the Trust and its related parties.

3. **Distribution Policy:** The Investment Manager has adopted the Distribution Policy to ensure proper and timely distribution of Distributable Income of the Trust. The Distributable Income of the Trust is calculated in accordance with the Distribution Policy, InvIT Regulations and any circular, notification or guidelines issued thereunder. In line with the Distribution Policy, the InvIT Assets shall distribute not less than 90% of each of their net distributable cash flows to the Trust and the Trust shall distribute at least 90% of the Distributable Income to the Unitholders. Distribution shall be declared and made not less than once every quarter except for the first distribution.

4. **Policy for Determining Materiality of Information for Periodic Disclosures ("Materiality Policy") of the Trust:** The Investment Manager has adopted the Materiality Policy outlining the process and procedures for determining materiality of information in relation to periodic disclosures on the Trust's website, to the stock exchanges and to all stakeholders at large, in relation to the Trust.

5. **Code of Conduct:** The Investment Manager has adopted a Code of Conduct in relation to the Trust. The Trust and the Parties to the Trust shall comply with the Code at all times, in accordance with the InvIT Regulations.

6. **Unpublished Price Sensitive Information ("UPSI") Policy:** The Investment Manager has adopted the UPSI Policy to ensure that the Trust complies with applicable laws, including the InvIT Regulations or such other Indian laws, regulations, rules or guidelines prohibiting insider trading and governing disclosure of material, unpublished price sensitive information.

7. **Policy on appointment of the auditor and valuer of the Trust:** The Investment Manager has adopted the appointment policy, for appointment of auditor and valuer to the Trust in accordance with the InvIT Regulations.

The policies are available on the website of the Trust and can be accessed at https://www.pginvit.in.

AMENDMENT TO INVIT REGULATIONS-INTRODUCTION OF CORPORATE GOVERNANCE NORMS FOR INVITS

SEBI, vide notification dated February 14, 2023, has notified SEBI (InvIT) (Amendment) Regulations, 2023 ("Amended InvIT Regulations") to prescribe corporate governance norms ("governance norms") for InvITs. The Amended InvIT Regulations *inter-alia* include a new Chapter on "Obligations of the Investment Managers" pursuant to which some specific regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 became applicable for InvITs along with other requirements. Pursuant to introduction of the governance norms, the Board of Directors of IM, in its meeting held on March 31, 2023, has:

i. adopted amended Corporate Governance Framework ("Amended Corporate Governance Framework") in relation to PGInvIT;

ii. adopted amended Corporate Governance Policies ("Amended Corporate Governance Policies") in relation to PGInvIT namely 'Code of Conduct for PGInvIT'; 'Policy on Appointment of Auditor and Valuer of PGInvIT'; and 'Policy for determining materiality of information for periodic disclosures of PGInvIT';

iii. adopted new Corporate Governance Policies ("New Corporate Governance Policies") in relation to PGInvIT namely 'Code of Conduct for Board of Directors and Senior Management Personnel of Investment Manager', 'Nomination and Remuneration Policy', 'Policy for familiarisation programmes for Independent Directors of Investment Manager', 'Risk Management Policy', 'Policy on succession planning for the Board and Senior Management of Investment Manager'; and

iv. adopted Whistle Blower and Fraud Prevention Policy of its holding Company i.e. POWERGRID.

Amended Corporate Governance Framework, Amended Corporate Governance Policies and New Corporate Governance Policies are effective from April 01, 2023 and can be accessed on the website of PGInvIT at https://www.pginvit.in.

SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are centralised database of all complaints, online upload of Action Taken Reports by the concerned entities and online viewing by investors of actions taken on the complaint and its current status.

PGInvIT has been registered on SCORES and the Investment Manager makes every effort to resolve all investor complaints received through SCORES or otherwise, within the statutory time limit from the receipt of the complaint.

INVESTOR GRIEVANCES

Various queries/ complaints as received from the investors of the Trust during the financial year ended March 31, 2023 were redressed in a timely manner by the Investment Manager/ the Registrar and Transfer Agent of the Trust. The details of the complaints received and disposed of during the year are as under:

For Financial year (FY) 2022-23 - Up to March 31, 2023

Particulars	All complaints including SCORES complaints	SCORES Complaints
Number of investor complaints pending at the beginning of the year	0	0
Number of investor complaints received during the year	2	2
Number of investor complaints disposed of during the year	2	2
Number of investor complaints pending at the end of the year	0	0
Average time taken for redressal of complaints	3 Working Days	3 Working Days

Apart from the above-mentioned complaints, 1,461 e-mails were received from the investors in FY 2022-23 regarding general query/ enquiry about the Announcement of Financial Results/ Announcement of Distribution/ Profile details/ Bank account details/ PAN Details/ Statement of Income/ Distribution Break up/ TDS on Distribution/ TDS certificate/ Annual report, etc. which have been responded within average time of 2 working days.

UNITHOLDERS MEETING

a) Annual Meeting of the Unitholders:

Period	Date	Time	Venue
Financial year 2021-22	July 27, 2022	2:30 P.M.(IST)	Through Video Conferencing

b) Other Meeting of Unitholders:

No other Meeting of Unitholders was held during the reporting period.

c) Postal Ballot(s):

No resolution(s) were passed by Unitholders of PGInvIT through postal ballot during the reporting period.

CREDIT RATING

PGInvIT is rated as "CRISIL AAA/Stable" by CRISIL, ''[ICRA] AAA (Stable)" by ICRA and "CARE AAA; Stable" by CARE. Further, the Long-Term Bank facility from HDFC Bank Limited is rated "CARE AAA; Stable" (Triple A; Outlook: Stable) by CARE.

MEANS OF COMMUNICATION

The quarterly, half yearly and yearly financial results of the Trust were submitted to the Stock Exchanges, after their approval by the Board of Investment Manager. The said results, investor presentations, earnings call updates and other information/ latest updates/ announcements made by the Trust can be accessed on the website of PGInvIT at https://www.pginvit.in. For additional information, refer page 40.

GENERAL UNITHOLDERS' INFORMATION

1. Annual Meeting

Monday, July 24, 2023 at 2:30 P.M (IST) through Video Conferencing or Other Audio Visual Means (OAVM)

2. Financial Year

Trust's financial year is from 1st April to 31st March.

3. Listing on Stock Exchanges

PGInvIT's units are listed on the following Stock Exchanges:

NSE	BSE
Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051, Maharashtra	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001, Maharashtra

PGInvIT units are a part of Nifty REITs & InvITs Index which was launched in April, 2023.

4. Unit Information

Symbol & Scrip Codes of units of PGInvIT are given as under:

NSE Symbol: PGINVIT	BSE Scrip ID:	PGINVIT
	BSE Scrip Code:	543290

Lot Size for Trading: 1 unit

ISIN: INE0GGX23010

5. Unit Market Price Data

The details of monthly High-Low price(s) of Units of the Trust and number of Units traded on NSE and BSE are as under:

Month	NSE		BSE	
	Price (₹) (High/ Low)	No. of units traded	Price (₹) (High/ Low)	No. of units traded
April, 2022	141.95/ 132.30	95,04,085	160.00/ 132.91	6,22,166
May, 2022	140.40/ 132.50	66,43,406	141.15/ 132.91	7,73,884
June, 2022	138.00/ 128.84	81,38,670	137.39/ 129.00	4,91,315
July, 2022	135.98/ 129.50	64,39,084	136.75/ 129.60	4,18,957
August, 2022	139.00/ 131.20	58,37,350	155.00/ 129.50	7,49,659
September, 2022	139.98/ 134.99	53,37,518	140.99/ 134.00	4,68,264
October, 2022	142.00/ 137.81	38,77,683	144.95/ 137.77	4,19,926
November, 2022	139.00/ 125.75	1,28,81,512	138.98/ 125.81	7,45,676
December, 2022	130.00/ 127.00	56,47,055	130.89/ 126.25	4,97,918
January, 2023	130.00/ 125.25	94,61,726	130.00/ 125.51	5,54,070
February, 2023	127.25/ 114.75	12,28,9041	128.49/ 114.56	9,56,338
March, 2023	123.00/ 115.00	1,24,68,890	134.00/ 115.50	10,29,610

6. Distribution

The details of Distribution made by the Trust for financial year ended March 31, 2023 are as under:

Date of Board Meeting	Distribution Number	DPU (₹)	Record Date/ Payment Date
July 27, 2022	First	3.00	August 02, 2022 / August 08, 2022
November 09, 2022	Second	3.00	November 15, 2022 / November 21, 2022
January 24, 2023	Third	3.00	January 30, 2023 / February 06, 2023
May 25, 2023	Fourth	3.00	May 31, 2023 / June 08, 2023

Detailed break-up of Distributions made during the year is indicated on the page 04 of the Report.

7. Top 10 Unitholders as on March 31, 2023

S. No.	Name of Unitholders	Total No. of Units held	Percentage of total outstanding Units (%)
1.	POWER GRID CORPORATION OF INDIA LIMITED-Sponsor	13,65,00,100	15.00
2.	CPP INVESTMENT BOARD PRIVATE HOLDINGS 4 INC	9,18,44,500	10.09
3.	NPS TRUST	6,51,20,655	7.16
4.	CAPITAL INCOME BUILDER	5,91,48,100	6.50
5.	HDFC TRUSTEE COMPANY LTD.	4,61,68,062	5.07
6.	TATA AIG GENERAL INSURANCE COMPANY LIMITED	1,64,80,332	1.81
7.	SCHRODER ASIAN ASSET INCOME FUND	1,50,47,474	1.65
8.	SCHRODER ASIAN INCOME	1,49,19,972	1.64
9.	ICICI LOMBARD GENERAL INSURANCE COMPANY LTD.	1,23,84,900	1.36
10.	TATA AIA LIFE INSURANCE COMPANY LTD.	1,19,99,900	1.32

None of the Directors or Key Managerial Personnel of Investment Manager held any units of the Trust during the financial year 2022-23.

8. PGInvIT - Unitholding as on March 31, 2023

Units held by different categories of unitholders and according to the size of the unitholdings as on March 31, 2023 are given below:

a. Distribution of unitholding according to size as on March 31, 2023:

S. No.	Unit Range	Number of Unitholders	Percentage of Total Unitholders (%)	Units for the range	Percentage of Total Units (%)
1	1-5000	57,153	73.41	2,85,21,319	3.13
2	5001-10000	1,821	4.68	1,37,46,227	1.51
3	10001-20000	1,182	4.55	1,69,65,433	1.86
4	20001-30000	578	2.97	1,39,47,703	1.53
5	30001-40000	275	1.77	96,67,689	1.06
6	40001-50000	289	2.23	1,29,61,679	1.42
7	50001-100000	412	3.70	3,02,79,615	3.33
8	100001 and above	651	6.69	78,39,09,535	86.14
		62,361	**100.00**	**90,99,99,200**	**100.00**

b. Unitholding pattern as on March 31, 2023

Category	Category of Unit holder	No. of Units Held	As a % of Total Outstanding Units	No. of units mandatorily held		Number of units pledged or otherwise encumbered	
				No. of units	As a % of total units held	No. of units	As a % of total units held
(A)	**Sponsor(s) / Investment Manager / Project Manager(s) and their associates/related parties**						
(1)	**Indian**						
(a)	Individuals / HUF	-	0.00	-	0.00	-	0.00
(b)	Central/State Govt.	-	0.00	-	0.00	-	0.00
(c)	Financial Institutions/Banks	-	0.00	-	0.00	-	0.00
(d)	Any Other	-	0.00	-	0.00	-	0.00
	BODIES CORPORATES	13,65,00,100	15.00	13,65,00,100	100.00	-	0.00
	Sub- Total (A) (1)	**13,65,00,100**	**15.00**	**13,65,00,100**	**100.00**	**-**	**0.00**
(2)	**Foreign**						
(a)	Individuals (Non Resident Indians / Foreign Individuals)		0.00	-	0.00	-	0.00
(b)	Foreign government	-	0.00	-	0.00	-	0.00
(c)	Institutions	-	0.00	-	0.00	-	0.00
(d)	Foreign Portfolio Investors	-	0.00	-	0.00	-	0.00
(e)	Any Other (BODIES CORPORATES)	-	0.00	-	0.00	-	0.00
	Sub- Total (A) (2)	**-**	**0.00**	**-**	**0.00**	**-**	**0.00**
	Total unit holding of Sponsor & Sponsor Group (A) = (A)(1)+(A)(2)	**13,65,00,100**	**15.00**	**13,65,00,100**	**100.00**	**-**	**0.00**
(B)	**Public Holding**						
(1)	**Institutions**						
(a)	Mutual Funds	5,31,70,305	5.84				
(b)	Financial Institutions/ Banks	9,80,000	0.11				
(c)	Central/State Govt.	0	0.00				
(d)	Venture Capital Funds	0	0.00				
(e)	Insurance Companies	8,99,56,096	9.89				
(f)	Provident/pension funds	6,72,52,724	7.39				
(g)	Foreign Portfolio Investors	20,14,77,647	22.14				
(h)	Foreign Venture Capital investors	0	0.00				
(i)	Any Other (specify)						
	BODIES CORPORATES	1,63,38,345	1.79				
	ALTERNATIVE INVESTMENT FUND	47,96,741	0.53				
	Sub- Total (B) (1)	**43,39,71,858**	**47.69**				
(2)	**Non-Institutions**						
(a)	Central Government/State Governments(s)/President of India	0	0.00				
(b)	Individuals	21,91,79,171	24.09				
(c)	NBFCs registered with RBI	5,02,400	0.05				
(d)	Any Other (specify)						
	TRUSTS	8,76,360	0.10				
	NON RESIDENT INDIANS	93,72,225	1.03				
	CLEARING MEMBERS	75,514	0.01				
	BODIES CORPORATES	10,95,21,572	12.03				
	Sub- Total (B) (2)	**33,95,27,242**	**37.31**				
	Total Public Unit holding (B) = (B)(1)+(B)(2)	**77,34,99,100**	**85.00**				
	Total Units Outstanding (C) = (A) + (B)	**90,99,99,200**	**100.00**				

9. Depositories

The name and addresses of the Depositories are as under:

National Securities Depository Limited: Trade World, A Wing, 4th Floor, Kamala Mills Compound, Senapathi Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra.

Central Depository Services (India) Limited: Marathon Futurex, A-Wing, 25th floor, NM Joshi Marg, Lower Parel, Mumbai - 400 013, Maharashtra.

10. Name and Designation of Compliance Officer

Ms. Anjana Luthra
Company Secretary & Compliance Officer
Plot No. 2, Sector - 29, Gurgaon - 122 001, Haryana
Tel: +91 124 282 3177
E-mail: investors@pginvit.in
Website: www.pginvit.in

11. Statutory Auditors

M/s. S.K. Mittal & Co. Chartered Accountants
Firm Registration Number: 001135N

12. Valuer

M/s. INMACS Valuers Private Limited, registered as a Valuer with Insolvency and Bankruptcy Board of India in accordance with applicable laws.
Registration number: IBBI/RV-E/02/2021/141.

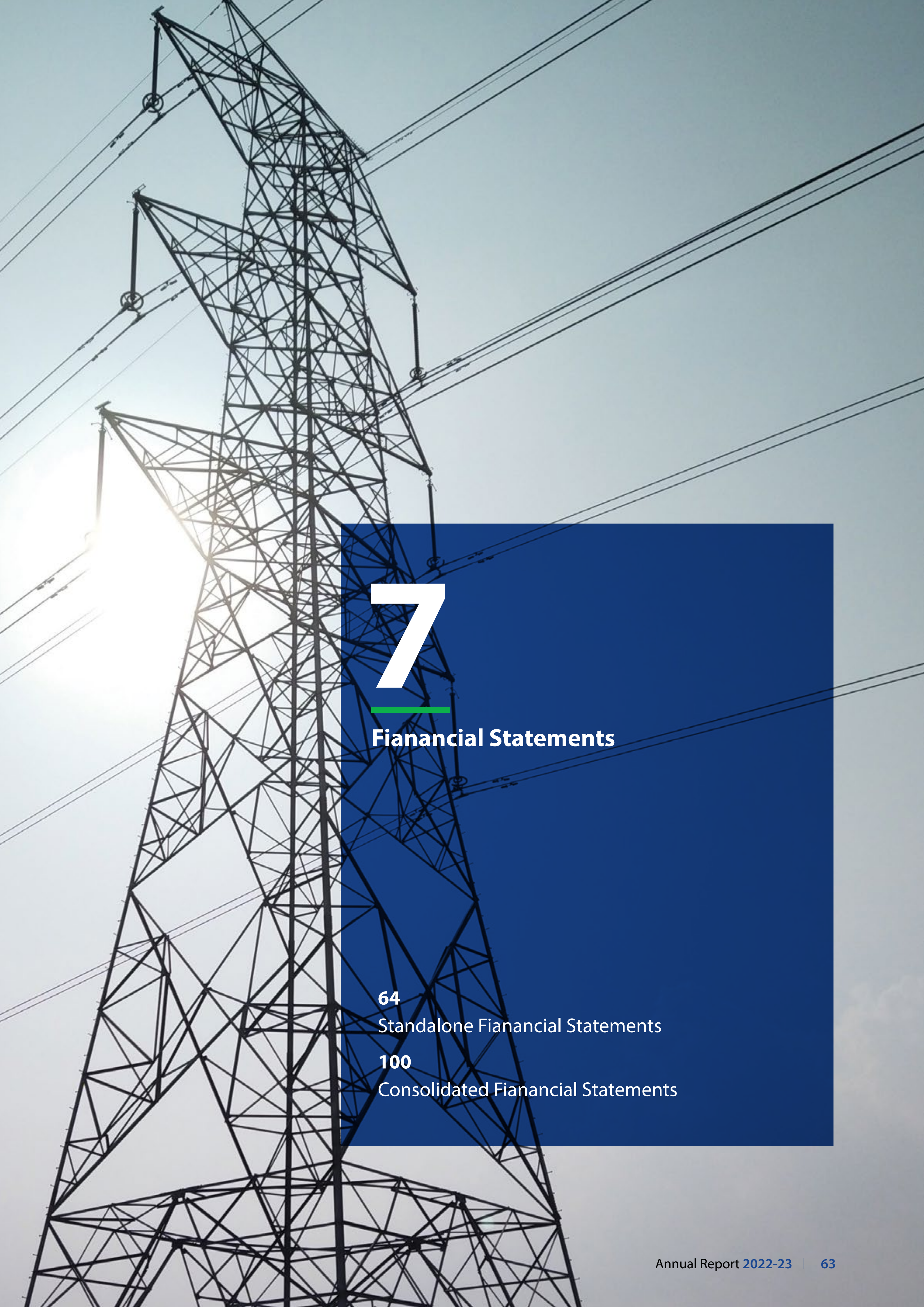
13. Address for Correspondence including Investors Grievances

Principal Place of Business and Contact Details of the Trust
POWERGRID Infrastructure Investment Trust
SEBI Reg. No.- IN/InvIT/20-21/0016
Plot No. 2, Sector 29, Gurgaon - 122 001, Haryana
Company Secretary & Compliance Officer:
Ms. Anjana Luthra
Tel: +91 124 282 3177
E-mail: investors@pginvit.in
Website: www.pginvit.in

Registered Office and Contact Details of the Investment Manager
POWERGRID Unchahar Transmission Limited
CIN: U65100DL2012GOI246341
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi – 110016
Contact Person: Ms. Anjana Luthra
Tel: +91 124 282 3177
E-mail: investors@putl.in
Website: www.putl.in

Registered Office and Contact Details of Registrar & Transfer Agent
KFin Technologies Limited
Selenium, Tower B, Plot No- 31 & 32, Financial District,
Nanakramguda, Serilingampally Hyderabad Rangareddy,
Telangana - 500032, India.
Tel: +91 040-67162222
E-mail: powergrid.invit@kfintech.com

Investor Grievance
E-mail: investors@pginvit.in
einward.ris@kfintech.com



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Fianancial Statements

Independent Auditors' Report

To,
The Unit Holders of POWERGRID Infrastructure Investment Trust ("PGInvIT")

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of POWERGRID Infrastructure Investment Trust ("the Trust"/"PGInvIT"), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss including the Other Comprehensive Income, the statement of change in Unit Holders' equity, the Statement of Cash Flows for the year then ended, the Statement of Net Assets at fair value as at 31 March 2023, the Statement of Total Returns at fair value, the Statement of Net Distributable cash Flows ('NDCFs') for the year then ended and notes to the standalone financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended from time to time including any guidelines and circulars issued thereunder in the manner so required and give a true and fair view in conformity with Indian Accounting Standards (Ind AS) and/or any addendum thereto as defined in the Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rule, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Trust as at 31 March 2023, its profit and total comprehensive income, change in unit holders' equity Trust and its cash flows for the year ended 31 March 2023, its net assets at fair value as at 31 March 2023, its total returns at fair value and the net distributable cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) issued by Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the Code of Ethics issued by the ICAI and we have fulfilled our other ethical responsibilities in accordance with the 'ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No	Key Audit Matters	How our audit addressed the key audit matter
1	**Assessing Impairment of investments in subsidiaries** As at 31 March 2023, the carrying value of Trust's investment in subsidiaries amounted to ₹ 29,778.25 million. Management reviews regularly whether there are any indicators of impairment of such investments by reference to the requirements under Ind AS. Management performs its impairment assessment by comparing the carrying value of these investments made to their recoverable amount to determine whether impairment needs to be recognized. For impairment testing, value in use has been determined by forecasting and discounting future cash flows of subsidiaries. Further, the value in use is highly sensitive to changes in critical variable used for forecasting the future cash flows including discounting rates. The determination of the recoverable amount from subsidiaries involves significant judgment and accordingly, the evaluation of impairment of investments in subsidiaries has been determined as a key audit matter.	In making the assessment of the recoverable amount, we relied on the valuation report issued by the independent valuer appointed by the Investment Manager in accordance with SEBI InvIT Regulations.

S. No	Key Audit Matters	How our audit addressed the key audit matter
2	Computation and disclosures as prescribed in the InvIT regulations relating to Statement of Net Assets at Fair Value and Total Returns at Fair Value As per the provisions of InvIT Regulations, the Trust is required to disclose Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value which requires fair valuation of assets. For this purpose, fair value is determined by forecasting and discounting future cash flows. The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates etc. Accordingly, the aforementioned computation and disclosures are determined to be a key audit matter in our audit of the standalone financial statements.	Our audit procedures include the following: • Read the requirements of SEBI InvIT regulations for disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value. • Reviewed and verified the disclosures in the standalone financial statements for compliance with the relevant requirements of InvIT Regulations. • Relied on the valuation report issued by the independent valuer appointed by the Investment Manager in accordance with SEBI InvIT Regulations.
3	Related party transactions and disclosures The Trust has undertaken transactions with its related parties in the normal course of business. These include providing loans to SPVs, interest on such loans, fees for services provided by related parties to Trust etc. as disclosed in Note no. 25 of the standalone financial statements. We identified the accuracy and completeness of related party transactions and its disclosure as set out in respective notes to the standalone financial statements as a key audit matter due to the significance of transactions with related parties during the year ended 31 March 2023 and regulatory compliance thereon	Our audit procedures, included the following: • Obtained, read and assessed the Trust's policies, processes and procedures in respect of identifying related parties, evaluating of arm's length, obtaining necessary approvals, recording and disclosure of related party transactions, including compliance of transactions and disclosures in accordance with InvIT regulations. • We tested, on a sample basis, related party transactions with the underlying contracts and other supporting documents for appropriate authorization and approval for such transactions. • We read minutes of Board and its relevant committee meetings in connection with transactions with related parties affected during the year and Trust's assessment of related party transactions being in the ordinary course of business at arm's length and in accordance with the InvIT regulations. • Assessed and tested the disclosures made in accordance with the requirements of Ind AS and InvIT regulations.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The management of POWERGRID Unchahar Transmission Limited ("Investment Manager") is responsible for the preparation of the other information. The other information comprises the information that may be included in the Management Discussion and Analysis, Investment Manger's report including Annexures to Investment Manager's Report and Investment Manager's Information, but does not include the standalone financial statements and our auditor's report thereon. The other information as identified above is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read those documents including annexures, if any thereon, if we conclude that there is a material misstatement therein, we shall communicate the matter to those charged with the governance.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Management of POWERGRID Unchahar Transmission Limited ('Investment Manager'), is responsible for the preparation of these standalone financial statements that give a true and fair view of the financial position as at 31 March 2023, financial performance including other comprehensive income, movement of the unit holders' equity and cash flows for the year ended 31 March 2023, its net assets at fair value as at 31 March 2023, its total returns at fair value and the net distributable cash flows of the Trust for the year ended 31 March 2023, in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1) (a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended read with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended from time to time including any guidelines and circulars issued thereunder (together referred to as the" InvIT Regulations"). Responsibility also includes maintenance of adequate accounting records in accordance with the provisions of InvIT Regulations for safeguarding of the assets of the Trust and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Trust's ability to continue as going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Investment Manager is also responsible for overseeing the Trust's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit and as required by InvIT Regulations, we report that:

a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit;

b) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Unit Holder's Equity and the Statement of Cash Flow dealt with by this report are in agreement with the books of account of the Trust; and

c) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Trust.

For **S.K. Mittal & Co.**
Chartered Accountants
FRN: 001135N

(CA Gaurav Mittal)
Partner
Membership No.: 099387

Place: New Delhi
UDIN: 23099387BGWDJX9399
Dated: May 25, 2023

Standalone Balance Sheet

as at 31 March 2023

₹ in million

Particulars	Note No	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Financial Assets			
Investments	3	29,778.25	42,541.01
Loans	4	51,197.84	52,382.84
Other non-current assets	5	2.64	-
		80,978.73	**94,923.85**
Current assets			
Financial Assets			
Cash and cash equivalents	6	2,911.23	2,804.46
Bank balances other than Cash and cash equivalents	7	123.14	1.74
Other current financial assets	8	1.66	3.06
		3,036.03	**2,809.26**
Total Assets		**84,014.76**	**97,733.11**
EQUITY AND LIABILITIES			
Equity			
Unit capital	9	90,999.92	90,999.92
Other Equity	10	(12,707.63)	973.34
		78,292.29	**91,973.26**
Liabilities			
Non-current Liabilities			
Financial Liabilities			
Borrowings	11	5,692.00	5,720.28
Other Non-current financial liabilities	12	-	0.05
		5,692.00	**5,720.33**
Current liabilities			
Financial Liabilities			
Borrowings	13	28.78	28.78
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises.		-	-
Other current financial liabilities	14	1.48	8.15
Other current liabilities	15	0.21	0.99
Provisions	16	-	1.49
Current Tax Liabilities (Net)	17	-	0.11
		30.47	**39.52**
Total Equity and Liabilities		**84,014.76**	**97,733.11**

The accompanying notes (1 to 35) form an integral part of financial statements.

As per our report of even date

For S.K.Mittal & Co.
Chartered Accountants
FRN: 001135N

(CA Gaurav Mittal)
Membership Number: 099387
Place: New Delhi

Date: 25 May 2023

For and on behalf of Board of Directors of POWERGRID Unchahar Transmission Limited in the capacity as Investment Manager to POWERGRID Infrastructure Investment Trust.

Anjana Luthra
Company Secretary
PAN: ABYPL2312H
Place: Gurugram

Abhay Choudhary
Chairman
DIN: 07388432
Place: Gurugram

Purshottam Agarwal
Director
DIN: 08812158
Place: Gurugram

Sanjay Sharma
CEO
PAN: AENPS3382J
Place: Gurugram

Amit Garg
CFO
PAN: ACSPG1833F
Place: Gurugram

Standalone Statement of Profit and Loss

for the year ended 31 March 2023

₹ in million

Particulars	Note No	For the Year ended on 31 March 2023	For the Year ended on 31 March 2022
INCOME			
Revenue From Operations	18	10,490.36	9,731.30
Other Income	19	57.00	26.30
Total Income		**10,547.36**	**9,757.60**
EXPENSES			
Valuation Expenses		0.19	0.12
Payment to Auditor			
- Statutory Audit Fees		0.12	0.12
- Other Services (Including Tax Audit & Certifications)		0.11	0.07
Investment manager fees		93.08	111.57
Trustee fee		0.35	0.35
Other expenses	20	13.04	2.96
Finance costs	21	414.33	0.91
Impairment of Investment in Subsidiaries		12,762.76	1,831.93
Total Expenses		**13,283.98**	**1,948.03**
Profit for the period before tax		**(2,736.62)**	**7,809.57**
Tax Expense:			
Current Tax - Current Year		24.36	11.24
- Earlier Years		-	-
Deferred Tax		-	-
		24.36	**11.24**
Profit for the period after tax		**(2,760.98)**	**7,798.33**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the period		**(2,760.98)**	**7,798.33**
Earnings Per Unit			
Basic (In Rupees)		(3.03)	9.56
Diluted (In Rupees)		(3.03)	9.56

The accompanying notes (1 to 35) form an integral part of financial statements.

As per our report of even date

For S.K.Mittal & Co.
Chartered Accountants
FRN: 001135N

(CA Gaurav Mittal)
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PAN: ACSPG1833F
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Standalone Statement of Changes in Unitholders' Equity

for the year ended 31 March 2023

A. UNIT CAPITAL	₹ in million
Balance as at 01 April 2022	90,999.92
Units issued during the year	-
Balance as at 31 March 2023	**90,999.92**
Balance as at 01 April 2021	-
Units issued during the year	90,999.92
Balance as at 31 March 2022	**90,999.92**

B. OTHER EQUITY	₹ in million
Retained Earnings	
Balance as at 01 April 2022	973.34
Profit for the year	(2,760.98)
Distribution during the year*^	(10,919.99)
Balance as at 31 March 2023	**(12,707.63)**
Balance as at 01 April 2021	-
Profit for the year	7,798.33
Distribution during the year^^	(6,824.99)
Balance as at 31 March 2022	**973.34**

The accompanying notes (1 to 35) form an integral part of financial statements.

** The distributions made by Trust to its Unitholders are based on the Net Distributable Cash flows (NDCF) of PGInvIT under the InvIT Regulations which includes repayment of debt by SPVs to PGInvIT.*

^ The distribution for year ended 31 March 2023 does not include the distribution relating to the quarter ended 31 March 2023,as the same will be paid subsequently.

^^ The distribution for year ended 31 March 2022 does not include the distribution relating to the quarter ended 31 March 2022, as the same was paid subsequent to the year ended 31 March 2022.

As per our report of even date

For S.K.Mittal & Co.
Chartered Accountants
FRN: 001135N

(CA Gaurav Mittal)
Membership Number: 099387
Place: New Delhi

Date: 25 May 2023

For and on behalf of Board of Directors of POWERGRID Unchahar Transmission Limited in the capacity as Investment Manager to POWERGRID Infrastructure Investment Trust.

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Amit Garg
CFO
PAN: ACSPG1833F
Place: Gurugram

Standalone Statement of Cash Flows

for the year ended 31 March 2023

₹ in million

Particulars	For the Year ended on 31 March 2023	For the Year ended on 31 March 2022
A. Cash flows from operating activities		
Profit before tax	(2,736.62)	7,809.57
Adjustments for:		
Impairment of investment in subsidiary	12,762.76	1,831.93
Interest income on loans given to subsidiaries	(7,545.27)	(6,408.37)
Finance cost	414.33	0.91
Interest income on fixed deposits	(46.35)	(21.31)
Dividend received from subsidiaries	(2,945.09)	(3,322.93)
Operating Profit/ (loss) before changes in Assets and Liabilities	**(96.24)**	**(110.20)**
Adjustment for changes in Assets and Liabilities:		
- (Increase)/Decrease in Other current financial assets	2.38	(4.12)
- (Increase)/Decrease in Bank balances other than Cash and cash equivalents	(121.40)	-
- Increase/(Decrease) in Other current financial liabilities	(6.67)	1.36
- Increase/(Decrease) in Other current liabilities	(0.78)	0.99
- Increase/(Decrease) in Provisions	(1.49)	1.49
- Increase/(Decrease) in Other non-current financial liabilities	(0.05)	0.05
Cash generated from operations	**(224.25)**	**(110.43)**
Direct taxes paid (net of refunds)	(27.11)	(11.13)
Net cash flow used in operating activities	**(251.36)**	**(121.56)**
B. Cash flows from investing activities		
Purchase of equity shares of subsidiary	-	(3,307.85)
Loans given to subsidiaries	-	(52,382.84)
Repayment of Loans given to subsidiaries	1,185.00	-
Interest income on loans given to subsidiaries	7,545.27	6,408.37
Interest income on fixed deposits	45.37	20.63
Dividend received from subsidiaries	2,945.09	3,322.93
Net cash flow used from investing activities	**11,720.73**	**(45,938.76)**
C. Cash flow from financing activities		
Proceeds from issue of unit capital	-	49,934.83
Proceeds from borrowings	-	5,755.85
Repayment of borrowings	(28.78)	-
Payment of interest on long term borrowings	(413.83)	(0.91)
Payment of distribution on unit capital	(10,919.99)	(6,824.99)
Net cash flow used in financing activities	**(11,362.60)**	**48,864.78**
Net increase in cash and cash equivalents (A + B + C)	106.77	2,804.46
Cash and cash equivalents as at beginning of year	2,804.46	-
Cash and cash equivalents as at year end	**2,911.23**	**2,804.46**

Components of Cash and cash equivalents:

₹ in million

Balances with banks	As at 31 March 2023	As at 31 March 2022
On current accounts	0.52	0.97
Deposit with original maturity of 3 months or less	2,910.71	2,803.49
Total cash and cash equivalents	**2,911.23**	**2,804.46**

The accompanying notes (1 to 35) form an integral part of financial statements.

Standalone Statement of Cash Flows

for the year ended 31 March 2023

Reconciliation between opening and closing balances for liabilities arising from financing activities (including current maturities) :

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Long term borrowings		
Balance at the beginning of the year	5,749.06	-
Cash flow		
- Interest	(413.83)	(0.91)
- Proceeds/(repayments)	(28.78)	5,755.85
Accrual	414.33	(5.88)
Balance at the end of the year	**5,720.78**	**5,749.06**

As per our report of even date

For S.K.Mittal & Co.
Chartered Accountants
FRN: 001135N

(CA Gaurav Mittal)
Membership Number: 099387
Place: New Delhi

Date: 25 May 2023

For and on behalf of Board of Directors of POWERGRID Unchahar Transmission Limited in the capacity as Investment Manager to POWERGRID Infrastructure Investment Trust.

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CEO
PAN: AENPS3382J
Place: Gurugram

Amit Garg
CFO
PAN: ACSPG1833F
Place: Gurugram

Standalone Statement of Net Assets at Fair Value

as at 31 March 2023

A. STATEMENT OF NET ASSETS AT FAIR VALUE

₹ in million

Sl. No.	Particulars	As at 31 March 2023		As at 31 March 2022	
		Book value	Fair value*	Book value	Fair value*
A	Assets	84,014.76	84,014.76	97,733.11	97,733.11
B	Liabilities (at book value)	5,722.47	5,722.47	5,759.85	5,759.85
C	Net Assets (A-B)	78,292.29	78,292.29	91,973.26	91,973.26
D	Number of units	910.00	910.00	910.00	910.00
E	NAV (C/D)	86.04	86.04	101.07	101.07

**Fair value of the assets as disclosed in the above tables are derived based on the fair valuation report issued by the independent valuer appointed under SEBI (Infrastructure Investment Trusts) Regulations, 2014.*

The Trust holds investment in SPVs in the form of equity and debt and SPVs in turn hold the projects. Hence, the breakup of property wise fair values has been disclosed in the Consolidated financial statements.

B. STATEMENT OF TOTAL RETURNS AT FAIR VALUE

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Total Comprehensive Income (As per the Statement of Profit and Loss)#	(2,760.98)	7,798.33
Add/(less): Other Changes in Fair Value (e.g., in investment property, property, plant & equipment (if cost model is followed)) not recognized in Total Comprehensive Income	-	-
Total Return	**(2,760.98)**	**7,798.33**

#Total comprehensive income as per Profit & Loss statement captures the impact of fair valuation through impairment of Investment in subsidiaries. Same is based on the fair valuation report of the independent valuer appointed under SEBI (Infrastructure Investment Trusts) Regulations, 2014.

Additional Disclosures as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016

A) STATEMENT OF NET DISTRIBUTABLE CASH FLOWS (NDCFS) OF PGINVIT

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Cash flows received from Portfolio Assets in the form of interest/accrued interest/ additional interest	7,545.27	6,408.37
Add: Cash flows received from Portfolio Assets in the form of dividend	2,945.09	3,322.93
Add: Cash flows/ Proceeds from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by the Trust	1,185.00	-
Add: Cash Flow / Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law	-	-
Add: Cash Flow / Proceeds from the sale of the Portfolio Assets not distributed pursuant to an earlier plan to reinvest, or if such proceeds are not intended to be invested subsequently	-	-
Less: Costs/retentions associated with sale of the Portfolio Assets (a) Related debts settled or due to be settled from sale proceeds of Portfolio Assets (b) Transaction costs paid on sale of the assets of the Portfolio Assets; and (c) Capital gains taxes on sale of assets/shares in Portfolio Assets/other investments	-	-
Add: Any other income accruing at the Trust level and not captured above, including but not limited to interest/return on surplus cash invested by the Trust	57.00	26.30
Total cash inflow at the InvIT level (A)	**11,732.36**	**9,757.60**
Less: Any payment of fees, interest and expenses incurred at the Trust level, including but not limited to the fees of the Investment Manager, Trustee, Auditor, Valuer, Credit Rating Agency	(527.65)	(114.37)
Less: Reimbursement of expenses in relation to the Initial Public Issue of units of the Trust, if any	-	-
Less: Repayment of external debt (principal), net of any debt raised by refinancing of existing debt or/and any new debt raised	(28.78)	-
Less: Net cash set aside to comply with DSRA under loan agreements, if any.	(122.68)	-
Less: Income tax (if applicable) at the standalone Trust level and payment of other statutory dues	(27.11)	(11.13)
Less: Proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	-	-
Less: Any provision or reserve deemed necessary by the Investment Manager for expenses which may be due in the intervening period till next proposed distribution, but for which there may not be commensurate amounts available by the date such expenses become due.	-	-
Add: Net proceeds from fresh issuance of units by the Trust		
Add/Less: Any other adjustment to be undertaken by the IM Board to ensure that there is no double counting of the same item for the above calculations	0.62	(2.65)
Total cash outflow/retention at the InvIT level (B)	**(705.60)**	**(128.15)**
Net Distributable Cash Flows (C) = (A+B)	**11,026.76**	**9,629.45**

Notes

to the Standalone Financial Statements for the year ended March 31, 2023

1. TRUST INFORMATION

POWERGRID Infrastructure Investment Trust ("PGInvIT"/"Trust") was set up on 14 September 2020 as an irrevocable trust, pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882. The Trust was registered with SEBI on 7 January 2021 as an infrastructure investment trust under Regulation 3(1) of the InvIT Regulations having registration number IN/InvIT/20-21/0016.

Power Grid Corporation of India Limited ("POWERGRID") is the Sponsor to the Trust. IDBI Trusteeship Services Limited is the Trustee to the Trust. POWERGRID Unchahar Transmission Limited ("PUTL") is appointed as the investment manager and POWERGRID is appointed as the project manager to the Trust.

The investment objectives of the Trust are to carry on the activities of and to make investments as an infrastructure investment trust as permissible in terms of SEBI (Infrastructure Investment Trusts) Regulations, 2014 read with circulars and guidelines, notifications and amendments issued thereunder (collectively the "InvIT Regulations"), and in accordance with the Trust Deed. The investment of the Trust shall be in any manner permissible under, and in accordance with the InvIT Regulations and applicable law including in holding companies and/or special purpose vehicles and/or infrastructure projects and/or securities in India.

PGInvIT is holding special purpose vehicle ("SPV") / subsidiaries which are infrastructure projects engaged in the power transmission business in India. Details of the same as on March 31, 2023 are as follows:

	Name of the SPV	Equity Holding
1.	Vizag Transmission Limited ("VTL") (formerly POWERGRID Vizag Transmission Limited ("PVTL"))	100%
2.	POWERGRID Kala Amb Transmission Limited ("PKATL")	74%
3.	POWERGRID Parli Transmission Limited ("PPTL")	74%
4.	POWERGRID Warora Transmission Limited ("PWTL")	74%
5.	POWERGRID Jabalpur Transmission Limited ("PJTL")	74%

The standalone financial statements for the year ended March 31, 2023, were approved by the Board of Directors of Investment manager on May 25, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

2.1 Basis for Preparation

i) Compliance with Ind AS and InvIT Regulations

These financial statements are the separate financial statements of the Trust and comprise of the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Unitholders' Equity for the year then ended and the Statement of Net Assets at fair value as at March 31, 2023 and the Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') for the year then ended and a summary of significant accounting policies and other explanatory notes prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 and InvIT Regulations, in each case, to the extent applicable and as amended thereafter

ii) Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except certain financial assets and liabilities measured at fair value (Refer Note no. 2.7 for accounting policy regarding financial instruments) which have been measured at fair value.

iii) Functional and presentation currency

The financial statements are presented in Indian Rupees (Rupees or ₹), which is the Trust's functional and presentation currency and all amounts are rounded to the nearest million and two decimals thereof, except as stated otherwise.

iv) Use of estimates

The preparation of financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions

Notes

to the Standalone Financial Statements for the year ended March 31, 2023

are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (Refer Note no. 23 on critical accounting estimates, assumptions and judgments).

v) Current and non-current classification

The Trust presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

The Trust recognizes twelve months period as its operating cycle.

2.2 Fair value measurement

The Trust measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Trust.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In estimating the fair value of investments in subsidiaries, the Trust engages independent qualified external valuers to perform the valuation. The management works closely with the external valuers to establish the appropriate valuation techniques and inputs to the model.

The management in conjunction with the external valuers also compares the change in fair value with relevant external sources to determine whether the change is reasonable. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the projects.

At each reporting date, the management analyses the movement in the values of assets and liabilities which are required to be remeasured or reassessed as per the Trust's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation based upon relevant documents.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (Note 24)
- Disclosures for valuation methods, significant estimates and assumptions (Note 23 and Note 24)
- Financial instruments (including those carried at amortised cost) (Note 3,4,8)

2.3 Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

Borrowing costs includes interest expenses, other costs in connection with borrowing of fund and exchange differences to the extent regarded as an adjustment to borrowing costs.

2.4 Impairment of non-financial asset

The carrying amounts of the Trust's non-financial assets are reviewed at least annually to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.6 Leases

Lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Trust assesses whether: (i) the contract involves use of an identified asset, (ii) the customer has substantially all the economic benefits from the use of the asset through the period of the lease and (iii) the customer has the right to direct the use of the asset.

Notes

to the Standalone Financial Statements for the year ended March 31, 2023

i) **As a Lessee**

At the date of commencement of the lease, the Trust recognises a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for lease with a term of twelve months or less (i.e. short term leases) and leases for which the underlying asset is of low value. For these short-term and leases for which the underlying asset is of low value, the trust recognizes the lease payments on straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the inception date of the lease along with any initial direct costs, restoration obligations and lease incentives received.

Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The trust applies Ind AS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in the accounting policy 2.4 on "Impairment of non-financial assets".

The lease liability is initially measured at present value of the lease payments that are not paid at that date.

The interest cost on lease liability is expensed in the Statement of Profit and Loss, unless eligible for capitalization as per accounting policy 2.3 on "Borrowing costs".

Lease liability and ROU asset have been separately presented in the financial statements and lease payments have been classified as financing cash flows.

ii) **As a Lessor**

A lease is classified at the inception date as a finance lease or an operating lease.

a) **Finance leases**

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

Net investment in leased assets is recorded at the lower of the fair value of the leased property and the present value of the minimum lease payments as Lease Receivables under current and non-current other financial assets.

The interest element of lease is accounted in the Statement of Profit and Loss over the lease period based on a pattern reflecting a constant periodic rate of return on the net investment.

b) **Operating leases**

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

2.7 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

The Trust classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs, if any, that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest income from these financial assets is included in finance income using the effective interest rate method.

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The trust may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the Trust may transfer the cumulative gain or loss within equity.

Derecognition of financial assets

A financial asset is derecognized only when

i) The right to receive cash flows from the asset have expired, or

ii) a) The trust has transferred the rights to receive cash flows from the financial asset (or) retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients and

b) the trust has transferred substantially all the risks and rewards of the asset (or) the trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the amount of consideration received/receivable is recognised in the Statement of Profit and Loss.

Impairment of financial assets:

For trade receivables and unbilled revenue, the trust applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the trust determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month Expected Credit Loss (ECL) is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 -month ECL.

Financial Liabilities

Financial liabilities of the Trust are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Trust.

The Trust's financial liabilities include loans & borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR. Gains and losses are recognised in

Statement of Profit and Loss when the liabilities are derecognised.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.8 Investment in subsidiaries

The Trust accounts for its investments in subsidiaries at cost less accumulated impairment losses (if any) in its separate financial statements. The cost comprises price paid to acquire investment and directly attributable cost.

Investments accounted for at cost are accounted for in accordance with Ind AS 105, 'Non-current Assets Held for Sale and Discontinued Operations', when they are classified as held for sale.

2.9 Foreign Currencies Translation

The Trust's financial statements are presented in INR, which is its functional currency. The Trust does not have any foreign operation.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Trust at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated with reference to the rates of exchange ruling on the date of the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.10 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted and applicable to the reporting period in the countries where the trust operates and generates taxable income and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the trust's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

2.11 Revenue

Interest income

For all debt/debt instruments measured at amortised cost, interest income is recorded using the effective interest rate

(EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Trust estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Dividends

Income from dividend on investments is accrued in the year in which it is declared, whereby the Trust's right to receive is established.

2.12 Cash distributions to unitholders

The Trust recognises a liability to make cash distributions to unitholders when the distribution is authorised, and a legal obligation has been created. As per the InvIT Regulations, a distribution is authorised when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognised directly in equity.

2.13 Provision and contingencies

Provisions

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are disclosed on the basis of judgment of the management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

2.14 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.15 Earnings per unit

Basic earnings per unit is computed using the net profit or loss for the year attributable to the unitholders and weighted average number of shares outstanding during the year.

Diluted earnings per unit is computed using the net profit or loss for the year attributable to the unitholders and weighted average number of units and potential units outstanding during the year, except where the result would be anti-dilutive.

2.16 Statement of Cash Flows

Statement of Cash flows is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows'.

Notes

to the Standalone Financial Statements for the year ended March 31, 2023

NOTE 3/ INVESTMENTS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Investment in Equity Instruments (Fully paid up) at cost		
Unquoted		
Subsidiary Companies		
Vizag Transmission Limited		
20,97,30,000 Shares of ₹ 10 each.	14,453.20	14,869.21
Less: Impairment	3,361.29	416.01
	11,091.91	**14,453.20**
POWERGRID Kala Amb Transmission Limited		
4,51,40,000 Shares of ₹10 each.	1,985.20	2,022.92
Less: Impairment	471.89	37.72
	1,513.31	**1,985.20**
POWERGRID Parli Transmission Limited		
23,83,54,000 Shares of ₹ 10 each.	9,409.17	9,919.16
Less: Impairment	2,572.71	509.99
	6,836.46	**9,409.17**
POWERGRID Warora Transmission Limited		
29,10,42,000 Shares of ₹ 10 each.	9,748.17	10,327.52
Less: Impairment	3,449.68	579.35
	6,298.49	**9,748.17**
POWERGRID Jabalpur Transmission Limited		
16,79,13,400 Shares of ₹ 10 each.	6,945.27	7,234.13
Less: Impairment	2,907.19	288.86
	4,038.08	**6,945.27**
TOTAL	**29,778.25**	**42,541.01**

Further Notes:

Details of the subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Ownership Interest % as on 31 March 2023	Ownership Interest % as on 31 March 2022
Vizag Transmission Limited	India	100%	100%
POWERGRID Kala Amb Transmission Limited	India	74%	74%
POWERGRID Parli Transmission Limited	India	74%	74%
POWERGRID Warora Transmission Limited	India	74%	74%
POWERGRID Jabalpur Transmission Limited	India	74%	74%

POWERGRID Infrastructure Investment Trust (the "Trust") has paid the consideration for acquisition of 74% equity share capital of Vizag Transmission Limited ('VTL'), POWERGRID Kala Amb Transmission Limited ('PKATL'), POWERGRID Parli Transmission Limited ('PPTL'), POWERGRID Warora Transmission Limited ('PWTL') and POWERGRID Jabalpur Transmission Limited ('PJTL') from Power Grid Corporation of India Limited on 13 May 2021 pursuant to separate share purchase agreements.

Remaining 26% equity share capital of VTL was acquired by the Trust on 31 March 2022 as per share purchase agreement dated 22 April 2021 and now trust hold 100% equity share of VTL.

Notes

to the Standalone Financial Statements for the year ended March 31, 2023

NOTE 4/ LOANS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Unsecured, Considered good		
Loans to Related Parties		
Loans to Subsidiaries*	51,197.84	52,382.84
TOTAL	**51,197.84**	**52,382.84**

Further Notes:

** Details of loans to related parties is provided in Note 25.*

**Loans are non-derivative financial assets which are repayable by subsidiaries upon expiry of period of their respective Transmission Services Agreement. Further, the subsidiaries are entitled to prepay all or any portion of the outstanding principal with a prior notice. The loans to subsidiaries carry fixed interest rate of 14.50% p.a.*

NOTE 5/ OTHER NON-CURRENT ASSETS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Advance Tax and Tax Deducted at Source	38.24	11.13
Less: Tax Liabilities (Refer Note 17)	(35.60)	(11.13)
TOTAL	**2.64**	**-**

NOTE 6/ CASH AND CASH EQUIVALENTS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Balance with banks-		
- In Current accounts	0.52	0.97
- In term deposits (with maturity of 3 months or less)	2,910.71	2,803.49
Total	**2,911.23**	**2,804.46**

Further Notes:

Balance in current account does not earn interest . Surplus money is transferred into Term Deposits.

NOTE 7/ BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Earmarked balance with banks (For Distribution Payments)*	0.46	1.74
In Term Deposits having maturity over 3 months but upto 12 months (DSRA)	122.68	-
TOTAL	**123.14**	**1.74**

Further Notes:

**Earmarked balance with banks pertains to unclaimed distribution to unitholders.*

Notes

to the Standalone Financial Statements for the year ended March 31, 2023

NOTE 8/ OTHER CURRENT FINANCIAL ASSETS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Unsecured, Considered good		
Interest accrued on term deposits	1.66	0.68
Others	-	2.38
Total	**1.66**	**3.06**

NOTE 9/ UNIT CAPITAL

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Unit Capital		
Issued, subscribed and paid up		
909,999,200 units (Issue Price of ₹ 100 Each)	90,999.92	90,999.92
Total	**90,999.92**	**90,999.92**

Further Notes:

Terms/rights attached to Units

The Trust has only one class of units. Each Unit represents an undivided beneficial interest in the Trust. Each holder of unit is entitled to one vote per unit. The Unitholders have the right to receive at least 90% of the Net Distributable Cash Flows of the Trust at least once in every six months in each financial year in accordance with the InvIT Regulations.

A Unitholder has no equitable or proprietary interest in the projects of PGInvIT and is not entitled to any share in the transfer of the projects (or any part thereof) or any interest in the projects (or any part thereof) of PGInvIT. A Unitholder's right is limited to the right to require due administration of PGInvIT in accordance with the provisions of the Trust Deed and the Investment Management Agreement.

Reconciliation of the number of units outstanding and the amount of unit capital:

Particulars	No. of Units	₹ in million
As on 01 April 2021	-	-
Issued during the year*	909,999,200	90,999.92
As on 31 March 2022	**909,999,200**	**90,999.92**
As on 01 April 2022	**909,999,200**	**90,999.92**
Issued during the year	-	-
As on 31 March 2023	**909,999,200**	**90,999.92**

**During the previous year the Trust has issued 909,999,200 units at the rate of ₹ 100.00 per unit. Out of which, Fresh issue comprised of 499,348,300 no. of units and 410,650,900 no. of units allotted to the Sponsor. In compliance with InvIT Regulations, Sponsor retained 136,500,100 no. of units and made an Offer for Sale for 274,150,800 no. of units.*

Details of Sponsor holding:

Particulars	No. of Units	₹ in million
Power Grid Corporation of India Limited (Sponsor)	136,500,100	15.00%

Unitholders holding more than 5 (five) percent units in the Trust:

Name of Unitholder	31 March 2023		31 March 2022	
	Nos. in million	% holding	Nos. in million	% holding
POWER GRID CORPORATION OF INDIA LIMITED (SPONSOR)	136.50	15.00%	136.50	15.00%
CPP INVESTMENT BOARD PRIVATE HOLDINGS 4 INC	91.84	10.09%	91.84	10.09%
NPS TRUST	65.12	7.16%	63.59	6.99%
CAPITAL INCOME BUILDER	59.15	6.50%	59.15	6.50%
HDFC TRUSTEE COMPANY LTD	46.17	5.07%	46.59	5.12%

Notes
to the Standalone Financial Statements for the year ended March 31, 2023

NOTE 10/ OTHER EQUITY

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Retained Earnings		
Balance at the beginning of the year	973.34	-
Net Profit for the year	(2,760.98)	7,798.33
Distribution during the year	(10,919.99)	(6,824.99)
Balance at the end of the year	**(12,707.63)**	**973.34**

Retained earnings

Retained earnings are the profits earned till date, less any transfers to reserves and distributions paid to unitholders.

NOTE 11/ BORROWINGS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Secured Indian Rupee Loan from Banks		
Term loan from HDFC BANK LTD	5,727.07	5,755.85
Less: Current maturities	28.78	28.78
	5,698.29	**5,727.07**
Less: Unamortised transaction cost	6.29	6.79
TOTAL	**5,692.00**	**5,720.28**

Further Notes:

The term loan is secured by (i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/realized from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs; (ii) First pari-passu charge on Escrow account of the Trust and (iii) First and exclusive charge on Debt Service Reserve Account.

The term loan from bank was raised at the interest rate of 3 months T-Bill rate plus spread of 194 basis point and repayable in 64 quarterly installments of varying amounts commencing from 30 June 2022. The spread has been revised to 160 basis points w.e.f. 9th January 2023.

There have been no breaches in the financial covenants with respect to borrowings.

There has been no default in repayment of loans or payment of interest thereon as at the end of the year.

NOTE 12/ OTHER NON-CURRENT FINANCIAL LIABILITIES

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Deposit/Retention money from contractors and others	-	0.05
TOTAL	**-**	**0.05**

NOTE 13/ BORROWINGS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Secured Indian Rupee Loan from Banks		
Current maturities of Term loan from HDFC Bank Ltd.	28.78	28.78
TOTAL	**28.78**	**28.78**

Refer Note no.11 for Borrowings.

Notes
to the Standalone Financial Statements for the year ended March 31, 2023

NOTE 14/ OTHER CURRENT FINANCIAL LIABILITIES

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Unclaimed Distribution	0.46	1.74
Deposit/Retention money from contractors and others	0.05	-
Others	0.97	6.41
TOTAL	**1.48**	**8.15**

NOTE 15/ OTHER CURRENT LIABILITIES

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory Dues	0.21	0.99
TOTAL	**0.21**	**0.99**

NOTE 16/ PROVISIONS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Provisions		
As per last balance sheet	1.49	-
Additions during the year	-	1.49
Adjustments during the year	(1.49)	-
Closing Balance	**-**	**1.49**

NOTE 17/ CURRENT TAX LIABILITIES (NET)

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Taxation (Including interest on tax)		
As per last balance sheet	11.24	-
Additions during the year	24.36	11.24
Amount adjusted during the year	-	-
Total	**35.60**	**11.24**
Net off against Advance tax and TDS (Note 5)	(35.60)	(11.13)
TOTAL	**-**	**0.11**

NOTE 18/ REVENUE FROM OPERATIONS

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Operating Revenue		
Interest Income on Loans given to Subsidiaries	7,545.27	6,408.37
Dividend Income from Subsidiaries	2,945.09	3,322.93
TOTAL	**10,490.36**	**9,731.30**

Further Notes:

i) Disclosure with regard to Transactions with related parties is given in Note 25.

Notes
to the Standalone Financial Statements for the year ended March 31, 2023

NOTE 19/ OTHER INCOME

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other Income		
Interest on Fixed Deposits	46.35	21.31
Miscellaneous Income	10.65	4.99
TOTAL	57.00	26.30

NOTE 20/ OTHER EXPENSES

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Legal Expenses	1.90	0.97
RTA Fee	0.52	0.43
Professional Charges	2.26	0.88
Rating Fee	2.06	0.59
Listing Fee	4.72	-
Custodial Fee	0.46	-
Annual Meeting Expenses	0.38	-
Other Expenses	0.74	0.09
TOTAL	13.04	2.96

NOTE 21/ FINANCE COST

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest and finance charges on financial liabilities at amortised cost		
Interest on Secured Indian Rupee Term Loan from Banks	413.83	0.91
Amortization of Upfront fee	0.50	-
TOTAL	414.33	0.91

22. EARNINGS PER UNIT (EPU)

Basic EPU amounts are calculated by dividing the profit for the year attributable to unitholders by the weighted average number of units outstanding during the year.

Diluted EPU amounts are calculated by dividing the profit attributable to unitholders by the weighted average number of units outstanding during the period plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

The following reflects the profit and unit data used in the basic and diluted EPU computation:

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit after tax for calculating basic and diluted EPU (₹ in million)	(2,760.98)	7,798.33
Weighted average number of units in calculating basic and diluted EPU (No. in million)	910.00	815.90
Earnings Per Unit		
Basic (₹ /unit)	(3.03)	9.56
Diluted (₹ /unit)	(3.03)	9.56

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to the Standalone Financial Statements for the year ended March 31, 2023

23. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Trust's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgement

In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements.

a) Classification of Unitholders' Funds

Under the provisions of the InvIT Regulations, PGInvIT is required to distribute to unitholders not less than ninety percent of the net distributable cash flows of PGInvIT for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Trust to pay to its unitholders cash distributions. The unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 – 'Financial Instruments: Presentation'. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016) issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20 October 2016 dealing with the minimum disclosures for key financial statements. In line with the above, the distribution payable to unitholders is recognized as liability when the same is approved by the Investment Manager.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or fair value disclosures within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

a) Fair Valuation and disclosure

SEBI Circulars issued under the InvIT Regulations require disclosures relating to net assets at fair value and total returns at fair value. In estimating the fair value of investments in subsidiaries (which constitute substantial portion of the net assets), the Trust engages independent qualified external valuer, as mandated under InvIT Regulations, to perform the valuation. The management works closely with the valuers to establish the appropriate valuation techniques and inputs for valuation. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the projects. The inputs for the valuation are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc. Changes in assumptions about these factors could affect the fair value.

b) Impairment of Investment in Subsidiaries

The provision for impairment/ (reversal of impairment) of investments in subsidiaries is made based on the difference between the carrying amounts and the recoverable amounts. The recoverable amount of the investments in subsidiaries has been computed by external independent valuation experts based on value in use calculation for the underlying projects (based on discounted cash flow model). On a periodic basis, according to the recoverable amounts of individual portfolio assets computed by the valuation experts, the Trust tests impairment on the amounts invested in the respective subsidiary companies.

c) Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets". The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

d) Income Taxes:

Significant estimates are involved in determining the provision for current and deferred tax, including amount expected to be paid/recovered for uncertain tax positions.

Notes
to the Standalone Financial Statements for the year ended March 31, 2023

24. FAIR VALUE MEASUREMENTS

The management has assessed that the financial assets and financial liabilities as at year end are reasonable approximations of their fair values.

The Trust is required to present the statement of total assets at fair value and statement of total returns at fair value as per SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 as a part of these financial statements- Refer Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value.

The inputs to the valuation models for computation of fair value of assets for the above mentioned statements are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc.

The significant unobservable inputs used in the fair value measurement required for disclosures categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2023 and 31 March 2022 are as shown below:

Significant unobservable input	Input for 31 March 2023	Sensitivity of input to the fair value	Increase/(Decrease) in fair value 31 March 2023
WACC	9.01%	9.50%	(2,768.30)
		8.50%	3,134.54

₹ in million

Significant unobservable input	Input for 31 March 2022	Sensitivity of input to the fair value	Increase/(Decrease) in fair value 31 March 2022
WACC	7.70% to 8.00%	+0.50%	(3,687.89)
		-0.50%	4,114.31

Quantitative disclosures fair value measurement hierarchy for assets :

₹ in million

Particulars	Date of valuation	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed: Investment in subsidiaries (Including loan to subsidiaries)	31 March 2023	-	-	80,976.09	80,976.09
	31 March 2022	-	-	94,923.85	94,923.85

There have been no transfers among Level 1, Level 2 and Level 3.

25. RELATED PARTY DISCLOSURES

(A) Disclosure as per Ind AS 24 - "Related Party Disclosures"

(i) Subsidiaries

Name of entity	Place of business/ country of incorporation	Proportion of Ownership Interest as at 31 March 2023
Vizag Transmission Limited	India	100%*
POWERGRID Kala Amb Transmission Limited	India	74%
POWERGRID Parli Transmission Limited	India	74%
POWERGRID Warora Transmission Limited	India	74%
POWERGRID Jabalpur Transmission Limited	India	74%

**26% stake acquired on 31 March 2022*

Notes
to the Standalone Financial Statements for the year ended March 31, 2023

(ii) Other related parties

Name of entity	Place of business/country of incorporation	Relationship with Trust
Power Grid Corporation of India Limited	India	Sponsor and Project Manager / Entity with significant influence

(B) Disclosure as per Regulation 2(1) (zv) of the InvIT Regulations

(i) Parties to Trust

Name of entity	Place of business/country of incorporation	Relationship with Trust
Power Grid Corporation of India Limited	India	Sponsor and Project Manager
POWERGRID Unchahar Transmission Limited	India	Investment Manager
IDBI Trusteeship Services Limited	India	Trustee

(i) Parties to Trust

Name of entity	Promoter
Power Grid Corporation of India Limited	Government of India
POWERGRID Unchahar Transmission Limited	Power Grid Corporation of India Limited
IDBI Trusteeship Services Limited	IDBI Bank Limited Life Insurance Corporation of India General Insurance Corporation of India

(iii) Directors of the parties to Trust specified in (i) above

a) Directors of Power Grid Corporation of India Limited:

Shri K. Sreekant

Shri Vinod Kumar Singh

Shri Abhay Choudhary

Shri Ravindra Kumar Tyagi (Appointed as Director w.e.f. 12.08.2022)

Shri G. Ravisankar (Appointed as Director w.e.f. 21.09.2022)

Shri Dilip Nigam (Appointed as Director w.e.f. 06.06.2022)

Shri Mohammad Afzal (Appointed as Director w.e.f. 11.10.2022)

Shri Chetan Bansilal Kankariya

Shri Korachara Nagappa Onkarappa

Shri Ram Naresh Tiwari

Shri Madhav Rajendran Raghuraj (Appointed as Director w.e.f. 05.08.2022 and Ceased to be Director w.e.f. 11.10.2022)

b) Directors of POWERGRID Unchahar Transmission Limited

Smt. Seema Gupta (Ceased to be Director w.e.f. 31.05.2022)

Shri Abhay Choudhary (Appointed as Director w.e.f. 01.06.2022)

Shri A K Singhal (Ceased to be Director w.e.f. 31.03.2023)

Shri Korachara Nagappa Onkarappa

Shri Ram Naresh Tiwari

Shri Purshottam Agarwal (Appointed as Director w.e.f. 01.04.2023)

c) **Key Managerial Personnel of POWERGRID Unchahar Transmission Limited**

Shri Sanjay sharma (CEO) (Appointed as CEO w.e.f. 02.03.2023)

Shri Purshottam Agarwal (CEO) (Ceased to be CEO w.e.f. 02.03.2023)

Shri Amit Garg (CFO)

Smt. Anjana Luthra (Company Secretary)

d) **Directors of IDBI Trusteeship services Limited**

Shri J. Samuel Joseph

Shri Pradeep Kumar Jain

Smt. Jayashree Ranade

Smt. Madhuri J. Kulkarni (Ceased to be Director w.e.f. 06.12.2022)

Smt. Padma V. Betai (Ceased to be Director w.e.f. 31.12.2022)

Shri Pradeep Kumar Malhotra (Appointed as Director w.e.f. 14.12.2022)

Ms. Baljinder Kaur Mandal (Appointed as Director w.e.f. 17.01.2023)

(C) Related Party Transactions

(i) The outstanding balances of related parties are as follows:

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Loans given to subsidiaries (Unsecured)		
Vizag Transmission Limited	7,839.88	7,839.88
POWERGRID Kala Amb Transmission Limited	1,860.00	1,860.00
POWERGRID Parli Transmission Limited	13,272.94	13,567.94
POWERGRID Warora Transmission Limited	15,987.07	16,172.07
POWERGRID Jabalpur Transmission Limited	12,237.95	12,942.95
TOTAL	**51,197.84**	**52,382.84**

(ii) The transactions with related parties during the period are as follows:

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Income - Interest on loans to subsidiaries		
Vizag Transmission Limited	1,136.78	1,005.98
POWERGRID Kala Amb Transmission Limited	269.70	238.67
POWERGRID Parli Transmission Limited	1,962.94	1,668.96
POWERGRID Warora Transmission Limited	2,343.17	1,976.36
POWERGRID Jabalpur Transmission Limited	1,832.68	1,518.40
Total	**7,545.27**	**6,408.37**
Income - Dividend received from subsidiaries		
Vizag Transmission Limited	1,270.96	1,005.70
POWERGRID Kala Amb Transmission Limited	189.59	234.73
POWERGRID Parli Transmission Limited	560.14	803.25
POWERGRID Warora Transmission Limited	605.36	765.44
POWERGRID Jabalpur Transmission Limited	319.04	513.81
Total	**2,945.09**	**3,322.93**

Notes

to the Standalone Financial Statements for the year ended March 31, 2023

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Loans to Subsidiaries		
Vizag Transmission Limited	-	7,839.88
POWERGRID Kala Amb Transmission Limited	-	1,860.00
POWERGRID Parli Transmission Limited	-	13,567.94
POWERGRID Warora Transmission Limited	-	16,172.07
POWERGRID Jabalpur Transmission Limited	-	12,942.95
Total	**-**	**52,382.84**
Repayment of Loan by Subsidiaries		
POWERGRID Parli Transmission Limited	295.00	-
POWERGRID Warora Transmission Limited	185.00	-
POWERGRID Jabalpur Transmission Limited	705.00	-
Total	**1,185.00**	**-**
Payment of Investment Manager fee (Including Taxes)		
POWERGRID Unchahar Transmission Limited (Investment Manager)	93.08	111.57
Payment of Trustee fee (Including Taxes)		
IDBI Trusteeship Services Limited (Trustee)	0.35	0.35
Purchase of Equity Shares of VTL		
Power Grid Corporation of India Limited	-	14,869.21
Purchase of Equity Shares of PKATL		
Power Grid Corporation of India Limited	-	2,022.92
Purchase of Equity Shares of PJTL		
Power Grid Corporation of India Limited	-	7,234.13
Purchase of Equity Shares of PWTL		
Power Grid Corporation of India Limited	-	10,327.52
Purchase of Equity Shares of PPTL		
Power Grid Corporation of India Limited	-	9,919.16
Issue of Unit Capital		
Power Grid Corporation of India Limited	-	41,065.09
Distribution Paid		
Power Grid Corporation of India Limited	1,638.00	1,023.75

Details in respect of related party transactions involving acquisition of InvIT assets as required by Para 4.4(b)(iv) of Section A of Annexure A to SEBI Circular dated 20 October 2016 are as follows:

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

The Trust has not made any acquisition during the current Financial Year ended 31 March 2023. However, during the Financial Year ended 31 March 2022, the Trust has acquired 74% equity share capital of POWERGRID Kala Amb Transmission Limited ('PKATL'), POWERGRID Parli Transmission Limited ('PPTL'), POWERGRID Warora Transmission Limited ('PWTL') and POWERGRID Jabalpur Transmission Limited ('PJTL') and 100% equity share capital of Vizag Transmission Limited ('VTL'), from Power Grid Corporation of India Limited.

The Trust has paid the consideration for acquisition of 74% equity share capital of VTL, PKATL, PPTL, PWTL and PJTL from Power Grid Corporation of India Limited on 13 May 2021 pursuant to separate share purchase agreements. Summary of the valuation report dated 26 February 2021 issued by the independent valuer appointed under the InvIT Regulations, expressing opinion on the fair valuation of the specified SPVs as of 31 December 2020 is as follows:

SPV	WACC	Enterprise Value (₹ in million)	Equity Value (₹ in million)	No. of Shares	Value per share (₹)
VTL	7.80%	23,136.10	15,313.80	209,730,000	73.00
PKATL	7.60%	4,535.20	2,679.50	61,000,000	43.90
PPTL	7.70%	25,976.40	13,138.60	322,100,000	40.80
PWTL	7.70%	29,036.80	13,679.50	393,300,000	34.80
PJTL	7.60%	21,163.00	9,582.10	226,910,000	42.20

Further, in terms of the share purchase agreement, 26% equity share capital of VTL was acquired by PGInvIT on 31 March 2022. Summary of the valuation report dated 17 February 2022 issued by the independent valuer appointed under the InvIT Regulations, expressing opinion on the fair valuation of the VTL as of 31 January 2022 is as follows:

SPV	WACC	Enterprise Value (₹ in million)	Equity Value (₹ in million)	No. of Shares	Value per share (₹)
VTL	7.90%	21,876.20	14,568.00	209,730,000	69.50

(B) Material conditions or obligations in relation to the transactions:

Acquisition of Vizag Transmission Limited (VTL): Pursuant to the share purchase agreements dated 22 April 2021 ("SPA") (and amendments thereof) executed among Power Grid Corporation of India Limited, IDBI Trusteeship Services Limited, POWERGRID Unchahar Transmission Limited, and Vizag Transmission Limited, Trust acquired 74% equity stake in VTL.

Under the Agreement, the Trust agreed and undertook to purchase from POWERGRID and POWERGRID agreed and undertook to sell the balance 26% equity stake of VTL to the Trust.

No external financing was obtained for the above acquisition of 74% equity stake in VTL and the transaction was funded by issue of units of the Trust to POWERGRID.

No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of POWERGRID Kala Amb Transmission Limited (PKATL): Pursuant to the share purchase agreements dated 22 April 2021 ("SPA") executed among Power Grid Corporation of India Limited, IDBI Trusteeship Services Limited, POWERGRID Unchahar Transmission Limited, and POWERGRID Kala Amb Transmission Limited, Trust acquired 74% equity stake in PKATL.

Under the Agreement, the Trust agreed and undertook to purchase from the POWERGRID and POWERGRID agreed and undertook to sell the balance 26% equity stake of PKATL to the Trust.

No external financing was obtained for the above acquisition of 74% equity stake in PKATL and the transaction was funded by issue of units of the Trust to POWERGRID.

No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of POWERGRID Parli Transmission Limited (PPTL): Pursuant to the share purchase agreements dated 22 April 2021 ("SPA") executed among Power Grid Corporation of India Limited, IDBI Trusteeship Services Limited, POWERGRID Unchahar Transmission Limited, and POWERGRID Parli Transmission Limited, Trust acquired 74% equity stake in PPTL.

Under the Agreement, the Trust agreed and undertook to purchase from POWERGRID and POWERGRID agreed and undertook to sell the balance 26% equity stake of PPTL to the Trust.

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No external financing was obtained for the above acquisition of 74% equity stake in PPTL and the transaction was funded by issue of units of the Trust to POWERGRID.

No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of POWERGRID Warora Transmission Limited (PWTL): Pursuant to the share purchase agreements dated 22 April 2021 ("SPA") executed among Power Grid Corporation of India Limited, IDBI Trusteeship Services Limited, POWERGRID Unchahar Transmission Limited, and POWERGRID Warora Transmission Limited, Trust acquired 74% equity stake in PWTL.

Under the Agreement, the Trust agreed and undertook to purchase from POWERGRID and POWERGRID agreed and undertook to sell the balance 26% equity stake of PWTL to the Trust.

No external financing was obtained for the above acquisition of 74% equity stake in PWTL and the transaction was funded by issue of units of the Trust to POWERGRID.

No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of POWERGRID Jabalpur Transmission Limited (PJTL): Pursuant to the share purchase agreements dated 22 April 2021 ("SPA") executed among Power Grid Corporation of India Limited, IDBI Trusteeship Services Limited, POWERGRID Unchahar Transmission Limited, and POWERGRID Jabalpur Transmission Limited, Trust acquired 74% equity stake in PJTL.

Under the Agreement, the Trust agreed and undertook to purchase from POWERGRID and POWERGRID agreed and undertook to sell the balance 26% equity stake of PJTL to the Trust.

No external financing was obtained for the above acquisition of 74% equity stake in PJTL and the transaction was funded by issue of units of the Trust to POWERGRID.

No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of balance 26% equity stake in Vizag Transmission Limited (VTL): Pursuant to the share purchase agreements dated 22 April 2021 ("SPA") (and amendments thereof) executed among Power Grid Corporation of India Limited, IDBI Trusteeship Services Limited, POWERGRID Unchahar Transmission Limited, and Vizag Transmission Limited, Trust acquired the balance 26% equity stake in VTL.

The above acquisition was financed through Rupee Term Loan from HDFC Bank Limited. Interest rate on term loan was 3 months T-Bill rate plus spread of 194 basis points. The spread has been revised to 160 basis points w.e.f. 9th January 2023.

No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

26. INVESTMENT MANAGER FEES

Pursuant to the Investment Management Agreement dated 18 December 2020, Investment Manager fees is aggregate of

a. ₹ 72,500,000 per annum, in relation to the initial SPVs; and

b. 0.10% of the aggregate Gross Block of all Holding Companies and SPVs acquired by the InvIT after the execution of this agreement.

Further, the management fee set out above shall be subject to escalation on an annual basis at the rate of 6.75% of the management fee for the previous year. Any applicable taxes, cess or charges, as the case may be, shall be in addition to the management fee.

During the period, Trust has not acquired any assets other than initial SPVs.

Investment Manager Fees during the Financial Year ended 31 March 2022 included ₹ 24.38 million for the period from 18 December 2020 to 31 March 2021.

27. CONTINGENT LIABILITY

The Trust has no contingent liability to be reported.

28. CAPITAL AND OTHER COMMITMENTS

The Trust has entered into separate Share Purchase agreements with POWERGRID for acquisition of balance 26% equity stake in each of the subsidiary i.e. PKATL, PPTL, PWTL and PJTL.

Other commitments related to services to be rendered / procurements made in the normal course of business are not disclosed to avoid excessive details.

29. SEGMENT REPORTING

The Trust's activities comprise of owning and investing in transmission SPVs to generate cash flows for distribution to unitholders. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given.

30. FINANCIAL RISK MANAGEMENT

The Trust's principal financial liabilities comprises of borrowings denominated in Indian rupees, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Trust's investments and operations.

The Trust's principal financial assets include investments, loans, cash and cash equivalents and other financial assets that are generated from its operations.

The Trust's activities expose it to the following financial risks, namely,

(A) Credit risk,

(B) Liquidity risk,

(C) Market risk.

The Investment Manager oversees the management of these risks.

This note presents information regarding the Trust's exposure, objectives and processes for measuring and managing these risks.

The management of financial risks by the Trust is summarized below: -

(A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Trust is exposed to credit risk from its investing activities including loans to subsidiaries, deposits with banks and other financial instruments. As at 31 March 2023, the credit risk is considered low since substantial transactions of the Trust are with its subsidiaries.

(B) Liquidity Risk

Liquidity risk management implies maintaining sufficient cash and marketable securities for meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Trust's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral obligations. The Trust requires funds for short term operational needs as well as for servicing of financial obligation under term loan. The Trust closely monitors its liquidity position and deploys a robust cash management system. It aims to minimise these risks by generating sufficient cash flows from its current operations.

Maturities of financial liabilities

The table below analyses the Trust's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amount disclosed in the table is the contractual undiscounted cash flows. ₹ in million

Contractual maturities of financial liabilities	Within a year	Between 1-5 years	Beyond 5 years	Total
As at 31 March 2023				
Borrowings (including interest outflows)	507.45	2,080.23	9,289.62	11,877.30
Other financial liabilities	1.48	-	-	1.48
Total	**508.93**	**2,080.23**	**9,289.62**	**11,878.78**
As at 31 March 2022				
Borrowings (including interest outflows)	359.12	1,475.51	8,492.87	10,327.50
Other financial liabilities	8.15	0.05	-	8.20
TOTAL	**367.27**	**1,475.56**	**8,492.87**	**10,335.70**

Notes

to the Standalone Financial Statements for the year ended March 31, 2023

(C) MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

(i) Currency risk

(ii) Interest rate risk

(iii) Equity price risk

(i) Currency risk

As on Reporting date the Trust does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings and procurement of goods and services.

(ii) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust's exposure to the risk of changes in market interest rates relates primarily to the Trust's long-term debt obligations with floating interest rates.

The Trust's exposure to interest rate risk due to variable interest rate borrowings is as follows: ₹ in million

Particulars	Amount	Impact on profit / loss before tax for the year due to Increase or decrease in interest rate by 50 basis points
As at 31 March 2023		
Term Loan from Bank	5,727.07	28.73
As at 31 March 2022		
Term Loan from Bank	5,755.85	0.09

(iii) Equity price risk

The Trust has investments in equity shares of subsidiaries. Future value of the investment in subsidiaries are subject to market price risk arising due to fluctuation in the market conditions. Reports on the fair value of investment in subsidiaries are submitted to the management on periodic basis.

At the reporting date, the exposure to equity investments in subsidiary at carrying value was ₹ 29,778.25 million. Sensitivity analyses of significant unobservable inputs used in the fair value measurement are disclosed in Note 24.

31. CAPITAL MANAGEMENT

Trust's objectives when managing capital are to

- maximize the unitholder value;
- safeguard its ability to continue as a going concern;
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of trust's capital management, unit capital includes issued unit capital and all other reserves attributable to the unitholders of the Trust. Trust manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, trust may adjust the distribution to unitholders (subject to the provisions of InvIT regulations which require distribution of at least 90% of the net distributable cash flows of the Trust to unitholders), return capital to unitholders or issue new units. The Trust monitors capital using a gearing ratio, which is the ratio of Net Debt to total Equity plus Net Debt. The Trust's policy is to keep the gearing ratio optimum. The Group includes within Net Debt, interest bearing loans and borrowings and current maturities of long term debt less cash and cash equivalents.

The gearing ratio of the Trust was as follows:

₹ in million

Particulars		As at 31 March 2023	As at 31 March 2022
(a)	Long term debt (₹ in million)	5,727.07	5,755.85
(b)	Less: Cash and cash equivalents	2,911.23	2,804.46
(c)	Net Debt (a-b)	2,815.84	2,951.39
(d)	Total Equity (₹ in million)	78,292.30	91,973.26
(e)	Total Equity plus net debt (₹ in million) (c+d)	81,108.14	94,924.65
(f)	Gearing Ratio (c/e)	3.47%	3.11%

The Trust's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

Distributions

Particulars	₹ in million
Distributions made during the year ended 31.03.2023 of ₹ 12.00 per unit (Comprising Taxable Dividend – ₹ 2.37, Exempt Dividend – ₹ 1.01, Interest – ₹ 7.86, Repayment of SPV Debt– ₹ 0.73 and Treasury Income – ₹ 0.03)	10,919.99
Distributions made during the year ended 31.03.2022 of ₹ 7.50 per unit (Comprising Taxable Dividend – ₹ 1.68, Exempt Dividend – ₹ 0.80, Interest – ₹ 5.01 and Treasury Income – ₹ 0.01)	6,824.99

Distribution not recognized at the end of the reporting period:

In addition to above distribution, the Board of Directors of POWERGRID Unchahar Transmission Limited in its capacity as the Investment Manager to POWERGRID Infrastructure Investment Trust ("PGInvIT") on 25 May 2023 recommended distribution related to last quarter of FY 2022-23 of ₹ 3.00 per unit.

32. OTHER INFORMATION

a) The Trust does not hold benami property and no proceeding has been initiated or pending against the Trust for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder as at the end of the financial year.

b) The Trust does not have any transactions, balances, or relationship with struck off companies.

c) The Trust was not declared as a wilful defaulter by any bank or financial Institution or other lender during the financial year.

d) Ratios

Ratio	Numerator	Denominator	Current Year	Previous Year	Variance (%)	Reason for variance >25%
(a) Current Ratio	Current Assets	Current Liabilities	99.64	71.08	40.18	Due to increase in Cash and Bank balances and reduction in other current financial liabilities.
(b) Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.07	0.06	16.67	-
(c) Debt Service Coverage Ratio	Profit for the period before tax + Depreciation and amortization expense + Finance costs + Impairment	Interest & Lease Payments + Principal Repayments	23.56	10,596.05	(99.78)	The loan was availed on 31 March 2022. Hence interest included in last year was for one day only.

Notes

to the Standalone Financial Statements for the year ended March 31, 2023

Ratio	Numerator	Denominator	Current Year	Previous Year	Variance (%)	Reason for variance >25%
(d) Interest Service Coverage Ratio	Earnings before Interest, Depreciation, Impairment and Tax	Interest & Finance Charges net of amount transferred to expenditure during construction	25.20	10,596.05	(99.76)	The loan was availed on 31 March 2022. Hence interest included in last year was for one day only.
(e) Return on Equity Ratio	Profit for the period after tax	Average Shareholder's Equity	(0.03)	0.17	(117.65)	Due to higher Impairment of Investments in Subsidiaries
(f) Inventory turnover ratio	Revenue from Operations	Average Inventory	-	-	-	-
(g) Trade Receivables turnover ratio	Revenue from Operations	Average Trade Receivables (before deducting provision)	-	-	-	-
(h) Trade payables turnover ratio	Gross Other Expense (–) FERV, Provisions, Loss on disposal of PPE	Average Trade payables	-	-	-	-
(i) Net capital turnover ratio	Revenue from Operations	Current Assets – Current Liabilities	3.49	3.51	(0.57)	-
(j) Net profit ratio	Profit for the period after tax	Revenue from Operations	(0.26)	0.80	(132.50)	Due to higher Impairment of Investments in Subsidiaries
(k) Return on Capital employed	Earnings before interest and taxes	Tangible Net Worth + Total Debt + Deferred Tax Liability	(0.03)	0.08	(137.50)	Due to higher Impairment of Investments in Subsidiaries
(l) Return on investment	Income from Investment + Capital Appreciation	Average Investments	NA	NA	NA	-

e) The Trust has not received/advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) through Intermediaries during the financial year.

f) The Trust does not have any transaction that was not recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

g) The Trust has not traded or invested in Crypto currency or Virtual Currency during the financial year.

33. IMPACT OF COVID – 19

The Subsidiaries of the Trust are mainly engaged in the business of transmission of electricity and earns revenue pursuant to the long-term transmission service agreements (TSAs) with designated Inter-state customers. In addition, maintaining the availability of the assets in excess of 98% gives the subsidiaries the right to claim incentives under the respective TSAs.

There has been no material impact on the operations or profitability of the subsidiaries during the financial year due to the COVID-19 pandemic.

However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration. Trust will continue to monitor any material changes to future economic conditions.

34. RECENT PRONOUNCEMENTS

On 31 March 2023, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2023 applicable from 01 April 2023. The Trust will assess and implement the amendments in the FY 2023-24, as applicable.

35. OTHER NOTES

a) Figures have been rounded off to nearest rupees in million up to two decimals.

b) Previous year figures have been regrouped/ rearranged wherever considered necessary.

As per our report of even date

For S.K.Mittal & Co.
Chartered Accountants
FRN: 001135N

(CA Gaurav Mittal)
Membership Number: 099387
Place: New Delhi

Date: 25 May 2023

For and on behalf of Board of Directors of POWERGRID Unchahar Transmission Limited in the capacity as Investment Manager to POWERGRID Infrastructure Investment Trust.

Anjana Luthra
Company Secretary
PAN: ABYPL2312H
Place: Gurugram

Abhay Choudhary
Chairman
DIN: 07388432
Place: Gurugram

Purshottam Agarwal
Director
DIN: 08812158
Place: Gurugram

Sanjay Sharma
CEO
PAN: AENPS3382J
Place: Gurugram

Amit Garg
CFO
PAN: ACSPG1833F
Place: Gurugram

Independent Auditors' Report

To,
The Unit holders of POWERGRID Infrastructure Investment Trust ("PGInvIT")

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Consolidated Financial Statements of POWERGRID Infrastructure Investment Trust ("PGInvIT") (hereinafter referred to as "the Trust") and its subsidiaries (the Trust and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31 March 2023, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Changes in Unit Holders' Equity, the consolidated Statement of cash flows for the year then ended, the consolidated Statement of Net Assets at fair value as at 31 March 2023, the consolidated Statement of Total Returns at fair value, the Statement of Net Distributable Cash Flows ('NDCFs') of the Trust and each of its subsidiaries for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended from time to time including any guidelines and circulars issued thereunder, in the manner so required and give a true and fair view in conformity with Indian Accounting Standards (Ind AS) and/or any addendum thereto as defined in the Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, its consolidated profit and total comprehensive income, its consolidated movement of the unit holders' equity and its consolidated cash flows for the year ended 31 March 2023, its consolidated net assets at fair value as at 31 March 2023, its consolidated total returns at fair value and the net distributable cash flows of the Trust and each of its subsidiaries for the year ended 31 March 2023.

Basis of Opinion

We conducted our audit of consolidated financial statements in accordance with the Standards on Auditing (SAs) issued by Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No	Key Audit Matters	How our audit addressed the key audit matter
1	**Assessing Impairment of Goodwill, Property, Plant & Equipment (PPE) and Intangible Assets** The Group records Goodwill, Property, Plant & Equipment (PPE) and Intangible Assets (IA) at a carrying value of ₹ Nil, ₹ 86,745.51 million and ₹ 3,990.44 million respectively as at 31st March 2023. Management reviews regularly whether there are any indicators of impairment of goodwill, PPE and IA by reference to the requirements under Ind AS. Goodwill, PPE and IA is tested for impairment by the Group using enterprise value of respective subsidiaries to which the goodwill PPE and IA relates to. Enterprise value calculation involves use of future cashflow projections, discounted to present value, terminal value and other variables and accordingly, the evaluation of impairment of goodwill, PPE and IA has been determined as a key audit matter.	In making the assessment of the Enterprise Value, we relied on the valuation report issued by the independent valuer appointed by the Investment Manager in accordance with SEBI InvIT Regulations. Impact of the same has been duly accounted for in the financial statement.

S. No	Key Audit Matters	How our audit addressed the key audit matter
2	Computation and disclosures as prescribed in the InvIT regulations relating to Statement of Net Assets and Total Returns at Fair Value As per the provisions of InvIT Regulations, the Trust is required to disclose Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value which requires fair valuation of assets. For this purpose, fair value is determined by forecasting and discounting future cash flows. The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates etc. Accordingly, the aforementioned computation and disclosures are determined to be a key audit matter in our audit of the consolidated financial statements.	Our audit procedures include the following- • Read the requirements of SEBI InvIT regulations for disclosures relating to Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value. • Read/Assessed the disclosures in the consolidated financial statements for compliance with the relevant requirements of InvIT Regulations. • Relied on the valuation report issued by the independent valuer appointed by the Investment Manager in accordance with SEBI InvIT Regulations.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The management of POWERGRID Unchahar Transmission Limited ("Investment Manager") is responsible for the preparation of the other information. The other information comprises the information that may be included in the Management Discussion and Analysis, Investment Manger's report including Annexures to Investment Manager's Report and Investment Manager's Information, but does not include the consolidated financial statements and our auditor's report thereon. The other information as identified above is expected to be made available to us after the date of this Auditor's Report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read those documents including annexures, if any thereon, if we conclude that there is a material misstatement therein, we shall communicate the matter to those charged with the governance.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Management of POWERGRID Unchahar Transmission Limited ('Investment Manager'), is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position as at 31 March 2023, consolidated financial performance including other comprehensive income, consolidated movement of the unit holders' equity, the consolidated cash flows for the year ended 31 March 2023, its consolidated net assets at fair value as at 31 March 2023, its consolidated total returns at fair value of the Trust, the net distributable cash flows of the Trust and each of its subsidiaries in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1)(a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended read with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 as amended from time to time including any guidelines and circulars issued thereunder (together referred to as the "InvIT Regulations").

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the up and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the management of the Trust, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For companies included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Trust included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

We have audited the financial statements and other financial information of 2 out of 5 subsidiaries of PGInvIT, i.e. PKATL and VTL. Further, we have carried out the Limited Review of the audit of other 3 subsidiaries, i.e PPTL, PWTL and PJTL. On the Consolidated basis the financial statements reflect total assets of ₹ 68,734.72 million and net worth of ₹ 12,935.02 million as at 31 March 2023, total revenue from operation of ₹ 12,857.85 million and net cash outflows amounting to ₹ 380.49 million for the FY 2022-23 before giving effect to elimination of intra-group transactions. The financial statements and other financial information for PPTL, PWTL and PJTL have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of InvIT regulations, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors and Limited Review of audit carried out by us.

Our opinion above on the consolidated financial statements, and our reports on the Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and reports of the other auditors.

Report on Other Legal and Regulatory Requirements

Based on our audit and as required by InvIT Regulations, we report that;

a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit;

b) The Consolidated Balance Sheet, and the Consolidated Statement of Profit and Loss including other comprehensive income dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements; and

c) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards (Ind AS) and/or any addendum thereto as defined in Rule 2(1) (a) of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Trust

For **S.K. Mittal & Co.**
Chartered Accountants
FRN: 001135N

(CA Gaurav Mittal)
Partner
Membership No.: 099387

Place: New Delhi
UDIN: 23099387BGWDJZ8977
Dated: May 25, 2023

Consolidated Balance Sheet

as at 31 March 2023

₹ in million

Particulars	Note No	As at 31 March 2023	As at 31 March 2022
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	86,745.51	98,359.54
Capital work-in-progress	4	151.22	39.75
Goodwill on Acquisition	5	-	5,896.50
Other Intangible assets	6	3,990.44	4,664.66
Other non-current assets	7	624.52	467.09
		91,511.69	**109,427.54**
Current assets			
Inventories	8	308.15	308.28
Financial Assets			
Trade receivables	9	3,263.05	3,334.77
Cash and cash equivalents	10	4,994.87	5,268.59
Bank balances other than Cash and cash equivalents	11	123.14	1.74
Other current financial assets	12	32.01	39.81
Other current assets	13	199.75	160.94
		8,920.97	**9,114.13**
Total Assets		**100,432.66**	**118,541.67**
EQUITY AND LIABILITIES			
Equity			
Unit Capital	14	90,999.92	90,999.92
Other Equity	15	(13,935.03)	(1,063.66)
Non Controlling Interest		6,214.03	9,314.95
		83,278.92	**99,251.21**
Liabilities			
Non-current Liabilities			
Financial Liabilities			
Borrowings	16	5,692.00	5,720.28
Deferred tax liabilities (Net)	17	11,154.98	13,297.93
Other non current liabilities	18	-	0.05
		16,846.98	**19,018.26**
Current liabilities			
Financial Liabilities			
Borrowings	19	28.78	28.78
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises.	20	6.68	2.76
Other current financial liabilities	21	244.94	214.64
Other current liabilities	22	17.31	15.96
Provisions	23	9.05	9.95
Current Tax Liabilities (Net)	24	-	0.11
		306.76	**272.20**
Total Equity and Liabilities		**100,432.66**	**118,541.67**

The accompanying notes (1 to 53) form an integral part of financial statements.

As per our report of even date

For S.K.Mittal & Co.
Chartered Accountants
FRN: 001135N

(CA Gaurav Mittal)
Membership Number: 099387
Place: New Delhi

Date: 25 May 2023

For and on behalf of Board of Directors of POWERGRID Unchahar Transmission Limited in the capacity as Investment Manager to POWERGRID Infrastructure Investment Trust.

Anjana Luthra
Company Secretary
PAN: ABYPL2312H
Place: Gurugram

Abhay Choudhary
Chairman
DIN: 07388432
Place: Gurugram

Purshottam Agarwal
Director
DIN: 08812158
Place: Gurugram

Sanjay Sharma
CEO
PAN: AENPS3382J
Place: Gurugram

Amit Garg
CFO
PAN: ACSPG1833F
Place: Gurugram

Consolidated Statement of Profit and Loss

for the year ended 31 March 2023

₹ in million

Particulars	Note No	For the Year ended on 31 March 2023	For the Year ended on 31 March 2022
INCOME			
Revenue From Operations	25	12,857.85	12,173.39
Other Income	26	295.06	260.74
Total Income		**13,152.91**	**12,434.13**
EXPENSES			
Valuation Expenses		0.19	0.12
Payment to Auditor			
- Statutory Audit Fees		0.50	0.43
- Other Services (Including Tax Audit & Certifications)		0.35	0.42
Insurance expenses		241.42	185.11
Project manager fees		44.94	38.52
Investment manager fees		93.08	111.57
Trustee fee		0.35	0.35
Repairs and maintenance of Transmission assets		300.05	272.55
Other expenses	27	196.95	168.38
Employee benefits expense	28	11.40	3.15
Finance costs	29	414.33	0.92
Depreciation and amortization expense	30	3,148.15	2,697.50
Impairment of Goodwill, Property Plant and Equipment and Intangible Assets		15,098.10	3,679.41
Total Expenses		**19,549.81**	**7,158.43**
Profit for the period before tax		**(6,396.90)**	**5,275.70**
Tax Expense:			
Current Tax - Current Year		210.15	245.96
- Earlier Years		-	-
Deferred Tax		(2,142.95)	396.60
		(1,932.80)	**642.56**
Profit for the period after tax		**(4,464.10)**	**4,633.14**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
		-	-
Total Comprehensive Income for the period		**(4,464.10)**	**4,633.14**
Net Profit Attributable to:			
Owners of the Trust		(1,951.38)	5,068.42
Non- Controling Interest		(2,512.72)	(435.28)
Total Comprehensive Income attributable to:			
Owners of the Trust		(1,951.38)	5,068.42
Non- Controling Interest		(2,512.72)	(435.28)
Earnings per Unit			
Basic (in Rupees)		(2.14)	6.21
Diluted (in Rupees)		(2.14)	6.21

The accompanying notes (1 to 53) form an integral part of financial statements.

As per our report of even date

For S.K.Mittal & Co.
Chartered Accountants
FRN: 001135N

(CA Gaurav Mittal)
Membership Number: 099387
Place: New Delhi

Date: 25 May 2023

For and on behalf of Board of Directors of POWERGRID Unchahar Transmission Limited in the capacity as Investment Manager to POWERGRID Infrastructure Investment Trust.

Anjana Luthra
Company Secretary
PAN: ABYPL2312H
Place: Gurugram

Abhay Choudhary
Chairman
DIN: 07388432
Place: Gurugram

Purshottam Agarwal
Director
DIN: 08812158
Place: Gurugram

Sanjay Sharma
CEO
PAN: AENPS3382J
Place: Gurugram

Amit Garg
CFO
PAN: ACSPG1833F
Place: Gurugram

Consolidated Statement of Changes in Unitholders' Equity

for the year ended 31 March 2023

A. UNIT CAPITAL	₹ in million
Balance as at 01 April 2022	90,999.92
Units issued during the year	-
Balance as at 31 March 2023	**90,999.92**
Balance as at 01 April 2021	-
Units issued during the year	90,999.92
Balance as at 31 March 2022	**90,999.92**

₹ in million

B. OTHER EQUITY	Reserves and Surplus			
	Capital Reserve	**Self Insurance Reserve**	**Retained Earnings**	**Total**
Balance as at 01 April 2022	330.15	-	(1,393.81)	(1,063.66)
Total Comprehensive income for the year	-	-	(1,951.38)	(1,951.38)
Distribution during the year*^	-	-	(10,919.99)	(10,919.99)
Balance as at 31 March 2023	**330.15**	**-**	**(14,265.18)**	**(13,935.03)**
Balance as at 01 April 2021	-	-	-	-
Total Comprehensive income for the year	-	-	5,068.42	5,068.42
Distribution during the year^^	-	-	(6,824.99)	(6,824.99)
Transfer from Self Insurance Reserve	-	(0.60)	0.60	-
Transfer to Self Insurance Reserve	-	0.60	(0.60)	-
Other adjustment	-	-	362.76	362.76
Differential Amount of Non-controlling Acquisition	330.15	-	-	330.15
Balance as at 31 March 2022	**330.15**	**-**	**(1,393.81)**	**(1,063.66)**

The accompanying notes (1 to 53) form an integral part of financial statements.

** The distributions made by Trust to its Unitholders are based on the Net Distributable Cash flows (NDCF) of PGInvIT under the InvIT Regulations which includes repayment of debt by SPVs to PGInvIT.*

^ The distribution for year ended 31 March 2023 does not include the distribution relating to the quarter ended 31 March 2023,as the same will be paid subsequently.

^^ The distribution for year ended 31 March 2022 does not include the distribution relating to the quarter ended 31 March 2022, as the same was paid subsequent to the year ended 31 March 2022.

As per our report of even date

For S.K.Mittal & Co.
Chartered Accountants
FRN: 001135N

(CA Gaurav Mittal)
Membership Number: 099387
Place: New Delhi

Date: 25 May 2023

For and on behalf of Board of Directors of POWERGRID Unchahar Transmission Limited in the capacity as Investment Manager to POWERGRID Infrastructure Investment Trust.

Anjana Luthra
Company Secretary
PAN: ABYPL2312H
Place: Gurugram

Abhay Choudhary
Chairman
DIN: 07388432
Place: Gurugram

Purshottam Agarwal
Director
DIN: 08812158
Place: Gurugram

Sanjay Sharma
CEO
PAN: AENPS3382J
Place: Gurugram

Amit Garg
CFO
PAN: ACSPG1833F
Place: Gurugram

Consolidated Statement of Cash Flows

as at 31 March 2023

₹ in million

Particulars	For the Year ended on 31 March 2023	For the Year ended on 31 March 2022
A. Cash flows from operating activities		
Profit before tax	(6,396.90)	5,275.70
Adjustments for:		
Impairment of Goodwill, Property Plant and Equipment and Intangible Assets	15,098.10	3,679.41
Interest income	(164.74)	(131.98)
Depreciation & Amortization Expenses	3,148.15	2,697.50
Finance Cost	414.33	0.92
Operating Profit/ (loss) before changes in Assets and Liabilities	**12,098.94**	**11,521.55**
Adjustment for Changes in Assets and Liabilities		
- Increase/(Decrease) in Trade Payables	3.92	(10.76)
- Increase/(Decrease) in Other current financial liabilities	30.30	(191.78)
- Increase/(Decrease) in Other Current Liabilities	1.35	(3.14)
- Increase/(Decrease) in Provisions	(0.90)	9.11
- Increase/(Decrease) in Other Non Current liabilities	(0.05)	0.05
- (Increase)/Decrease in Trade Receivables	71.72	726.09
- (Increase)/Decrease in Other Current Financial Assets	5.67	(322.09)
- (Increase)/Decrease in Inventories	0.13	1.65
- (Increase)/Decrease in Bank balances other than Cash and cash equivalents	(121.40)	-
- (Increase)/Decrease in Other Current Assets	(38.81)	25.07
- (Increase)/Decrease in Other Non Current Assets	0.03	-
Cash Generated from Operations	**12,050.90**	**11,755.75**
Direct taxes (Paid)/Refund	(370.39)	(276.86)
Income Tax refund received	2.67	159.15
Net cash from operating activities	**11,683.18**	**11,638.04**
B. Cash Flow from Investing Activities:		
Property Plant & Equipment and Capital Work in Progress	(172.97)	(43.04)
Acquistion of Non Controlling Interest*	-	(3,307.85)
Purchase of Intangible Asset**	-	(3,041.50)
Interest income received	166.87	99.88
Net cash used in investing activities	**(6.10)**	**(6,292.51)**
C. Cash Flow from Financing Activities:		
Proceeds from issue of unit capital	-	49,934.83
Proceeds from Borrowings	-	5,755.85
Repayment of Borrowings	(28.78)	(49,934.83)
Finance Cost Paid	(413.83)	(0.92)
Payment of Distribution to Unitholders	(10,919.99)	(6,824.99)
Dividend paid to Non Controlling Interest holder	(588.20)	(1,167.52)
Net cash used in financing activities	**(11,950.80)**	**(2,237.58)**
Net increase in cash and cash equivalents (A + B + C)	(273.72)	3,107.95
Cash and cash equivalents as at beginning of year	5,268.59	-
Cash and cash equivalents as on the Acquisition date	-	2,160.64
Cash and cash equivalents as at year end	**4,994.87**	**5,268.59**

**Acquisition of 26% equity stake of VTL on 31 March 2022.*

***Acquisition of Rights to additional revenue due to Change in law for PPTL, PWTL and PJTL*

Consolidated Statement of Cash Flows

as at 31 March 2023

Components of Cash and cash equivalents:

₹ in million

Balances with banks	**As at 31 March 2023**	**As at 31 March 2022**
On current accounts	112.04	**57.69**
Deposit with original maturity of 3 months or less	4,882.83	5,210.90
Total cash and cash equivalents	**4,994.87**	**5,268.59**

Reconciliation between opening and closing balances for liabilities arising from financing activities (including current maturities) :

₹ in million

Particulars	**As at 31 March 2023**	**As at 31 March 2022**
Long term borrowings		
Balance at the beginning of the year	5,749.06	-
Cash flow		
- Interest	(413.83)	(0.91)
- Proceeds/(repayments)	(28.78)	5,755.85
Accrual	414.33	(5.88)
Balance at the end of the year	**5,720.78**	**5,749.06**

The accompanying notes (1 to 53) form an integral part of financial statements.

As per our report of even date

For S.K.Mittal & Co.
Chartered Accountants
FRN: 001135N

(CA Gaurav Mittal)
Membership Number: 099387
Place: New Delhi

Date: 25 May 2023

For and on behalf of Board of Directors of POWERGRID Unchahar Transmission Limited in the capacity as Investment Manager to POWERGRID Infrastructure Investment Trust.

Anjana Luthra
Company Secretary
PAN: ABYPL2312H
Place: Gurugram

Abhay Choudhary
Chairman
DIN: 07388432
Place: Gurugram

Purshottam Agarwal
Director
DIN: 08812158
Place: Gurugram

Sanjay Sharma
CEO
PAN: AENPS3382J
Place: Gurugram

Amit Garg
CFO
PAN: ACSPG1833F
Place: Gurugram

Statement of Net Assets at Fair Value

as at 31 March 2023

A. STATEMENT OF NET ASSETS AT FAIR VALUE

₹ in million

Sl. No.	Particulars	As at 31 March 2023		As at 31 March 2022	
		Book value	Fair value*	Book value	Fair value*
A	Assets	100,432.66	102,011.50	118,541.67	121,132.41
B	Liabilities (at book value)	17,153.74	17,153.74	19,290.46	19,290.46
C	Net Assets (A-B)	83,278.92	84,857.76	99,251.21	101,841.95
D	Non Controlling Interest	6,214.03	6,565.47	9,314.95	9,868.69
E	Net Assets attributable to PGInvIT (C-D)	77,064.89	78,292.29	89,936.26	91,973.26
F	Number of units	910.00	910.00	910.00	910.00
G	NAV	84.69	86.04	98.83	101.07

Fair value of the assets as disclosed in the above table has been derived based on the equity value as per the fair valuation report issued by the independent valuer appointed under SEBI (Infrastructure Investment Trusts) Regulations, 2014, book value of debt and book value of other assets and liabilities.

Project wise break up of Fair value of Assets:

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Vizag Transmission Limited	19,088.89	22,503.95
POWERGRID Kala Amb Transmission Limited	4,341.60	4,878.86
POWERGRID Parli Transmission Limited	24,031.44	27,575.46
POWERGRID Warora Transmission Limited	26,096.77	30,812.36
POWERGRID Jabalpur Transmission Limited	18,584.73	23,159.15
	92,143.43	**108,929.78**
Assets of PGInvIT	3,038.67	2,809.26
Add/(Less): Elimination and Other Adjustments*	6,829.40	9,393.37
Total Assets	**102,011.50**	**121,132.41**

**It includes eliminations primarily pertaining to inter group lending / borrowing and consolidation adjustments*

B. STATEMENT OF TOTAL RETURNS AT FAIR VALUE

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Total Comprehensive Income (As per the Statement of Profit and Loss)#	(1,951.38)	5,068.42
Add/(less): Other Changes in Fair Value (e.g., in investment property, property, plant & equipment (if cost model is followed)) not recognized in Total Comprehensive Income	-	-
Total Return	**(1,951.38)**	**5,068.42**

#Total comprehensive income as per Profit & Loss statement captures the impact of fair valuation through impairment of Investment in subsidiaries. Same is based on the fair valuation report of the independent valuer appointed under SEBI (Infrastructure Investment Trusts) Regulations, 2014.

Additional Disclosures as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016

A) STATEMENT OF NET DISTRIBUTABLE CASH FLOWS (NDCFS) OF PGINVIT

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Cash flows received from Portfolio Assets in the form of interest/accrued interest/ additional interest	7,545.27	6,408.37
Add: Cash flows received from Portfolio Assets in the form of dividend	2,945.09	3,322.93
Add: Cash flows/ Proceeds from the Portfolio Assets towards the repayment of the debt issued to the Portfolio Assets by the Trust	1,185.00	-
Add: Cash Flow / Proceeds from the Portfolio Assets for a capital reduction by way of a buy back or any other means as permitted, subject to applicable law	-	-
Add: Cash Flow / Proceeds from the sale of the Portfolio Assets not distributed pursuant to an earlier plan to reinvest, or if such proceeds are not intended to be invested subsequently	-	-
Less: Costs/retentions associated with sale of the Portfolio Assets (a) Related debts settled or due to be settled from sale proceeds of Portfolio Assets (b) Transaction costs paid on sale of the assets of the Portfolio Assets; and (c) Capital gains taxes on sale of assets/shares in Portfolio Assets/other investments"	-	-
Add: Any other income accruing at the Trust level and not captured above, including but not limited to interest/return on surplus cash invested by the Trust	57.00	26.30
Total cash inflow at the Trust level (A)	**11,732.36**	**9,757.60**
Less: Any payment of fees, interest and expenses incurred at the Trust level, including but not limited to the fees of the Investment Manager, Trustee, Auditor, Valuer, Credit Rating Agency	(527.65)	(114.37)
Less: Reimbursement of expenses in relation to the Initial Public Issue of units of the Trust, if any	-	-
Less: Repayment of external debt (principal), net of any debt raised by refinancing of existing debt or/and any new debt raised	(28.78)	-
Less: Net cash set aside to comply with DSRA under loan agreements, if any.	(122.68)	-
Less: Income tax (if applicable) at the standalone Trust level and payment of other statutory dues	(27.11)	(11.13)
Less: Proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Less: Amount invested in any of the Portfolio Assets for service of debt or interest	-	-
Less: Any provision or reserve deemed necessary by the Investment Manager for expenses which may be due in the intervening period till next proposed distribution, but for which there may not be commensurate amounts available by the date such expenses become due.	-	-
Add: Net proceeds from fresh issuance of units by the Trust	-	-
Add/Less: Any other adjustment to be undertaken by the IM Board to ensure that there is no double counting of the same item for the above calculations	0.62	(2.65)
Total cash outflows / retention at Trust level (B)	**(705.60)**	**(128.15)**
Net Distributable Cash Flows (C) = (A+B)	**11,026.76**	**9,629.45**

B) STATEMENT OF NET DISTRIBUTABLE CASH FLOWS (NDCFS) OF VTL

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit after tax as per profit and loss account (standalone) (A)	764.49	921.27
Add: Depreciation, impairment and amortisation as per profit and loss account. In case of impairment reversal, same needs to be deducted from profit and loss.	317.03	227.94
Add: Interest on loans availed from Trust as per profit and loss account	1,136.78	1,005.99
Add: Interest on unpaid interest (on account of loans availed from Trust) as per profit and loss account	-	-
Add/Less: Decrease/Increase in working capital affecting the cash flow	21.36	27.33
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Net Proceeds (after applicable taxes) from sale of infrastructure assets adjusted for the following:	-	-
- related debts settled or due to be settled from sale proceeds;	-	-
- directly attributable transaction costs;	-	-
- proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Net Proceeds (after applicable taxes) from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently.	-	-
Less: Capital expenditure, if any	-	-
Less: Investments made in accordance with the investment objective, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items), if deemed necessary by the Investment Manager, including but not limited to	-	-
- any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
- interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
- deferred tax, lease rents, etc.	(56.41)	(89.39)
Less: Any provision or reserve deemed necessary by the Investment Manager for expenses which may be due in the intervening period till next proposed distribution, but for which there may not be commensurate amounts available by the date such expenses become due	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. / net cash set aside to comply with borrowing requirements under agreements including DSRA, net of any debt raised by refinancing of existing debt or/and any new debt raised	-	-
Add/ less: Amounts added or retained to make the distributable cash flows in accordance with the Transaction Documents or the loan agreements	-	-
Add/Less: Any other adjustment to be undertaken by the board of directors of the Investment Manager (the "IM Board") to ensure that there is no double counting of the same item for the above calculation*	1.09	(100.60)
Total Adjustments (B)	**1,419.85**	**1,071.27**
Net Distributable Cash Flows (C)=(A+B)	**2,184.34**	**1,992.54**

Note: During the period, amount not less than 90% of NDCF has already been distributed to PGInvIT.

** Other adjustments are with respect to changes in other non-current assets/liabilities which are not part of Working Capital.*

Additional Disclosures as required by paragraph 6 of Annexure A to the SEBI Circular No. CIR/IMD/DF/127/2016

C) STATEMENT OF NET DISTRIBUTABLE CASH FLOWS (NDCFS) OF PKATL

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit after tax as per profit and loss account (standalone) (A)	**142.72**	**135.50**
Add: Depreciation, impairment and amortisation as per profit and loss account. In case of impairment reversal, same needs to be deducted from profit and loss.	63.56	54.80
Add: Interest on loans availed from Trust as per profit and loss account	269.70	238.67
Add: Interest on unpaid interest (on account of loans availed from Trust) as per profit and loss account	-	-
Add/Less: Decrease/Increase in working capital affecting the cash flow	108.91	(65.17)
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Net Proceeds (after applicable taxes) from sale of infrastructure assets adjusted for the following:	-	-
- related debts settled or due to be settled from sale proceeds;	-	-
- directly attributable transaction costs;	-	-
- proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Net Proceeds (after applicable taxes) from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently.	-	-
Less: Capital expenditure, if any	(95.42)	(14.56)
Less: Investments made in accordance with the investment objective, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items), if deemed necessary by the Investment Manager, including but not limited to	-	-
- any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
- interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
- deferred tax, lease rents, etc.	23.25	34.74
Less: Any provision or reserve deemed necessary by the Investment Manager for expenses which may be due in the intervening period till next proposed distribution, but for which there may not be commensurate amounts available by the date such expenses become due*	(29.60)	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. / net cash set aside to comply with borrowing requirements under agreements including DSRA, net of any debt raised by refinancing of existing debt or/and any new debt raised	-	-
Add/ less: Amounts added or retained to make the distributable cash flows in accordance with the Transaction Documents or the loan agreements	-	-
Add/Less: Any other adjustment to be undertaken by the board of directors of the Investment Manager (the "IM Board") to ensure that there is no double counting of the same item for the above calculation**	5.39	41.68
Total Adjustments (B)	**345.79**	**290.16**
Net Distributable Cash Flows (C)=(A+B)	**488.51**	**425.66**

Note: During the period, amount not less than 90% of NDCF has already been distributed to PGInvIT.

** Retention is for the purpose of funding the project awarded to PKATL under Regulated Tariff Mechanism*

*** Other adjustments are with respect to changes in other non-current assets/liabilities which are not part of Working Capital.*

D) STATEMENT OF NET DISTRIBUTABLE CASH FLOWS (NDCFS) OF PPTL

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit after tax as per profit and loss account (standalone) (A)	**403.64**	**401.49**
Add: Depreciation, impairment and amortisation as per profit and loss account. In case of impairment reversal, same needs to be deducted from profit and loss.	370.62	310.88
Add: Interest on loans availed from Trust as per profit and loss account	1,962.94	1,668.96
Add: Interest on unpaid interest (on account of loans availed from Trust) as per profit and loss account	-	-
Add/Less: Decrease/Increase in working capital affecting the cash flow	(84.59)	225.72
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Net Proceeds (after applicable taxes) from sale of infrastructure assets adjusted for the following:	-	-
- related debts settled or due to be settled from sale proceeds;	-	-
- directly attributable transaction costs;	-	-
- proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Net Proceeds (after applicable taxes) from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently.	-	-
Less: Capital expenditure, if any	(5.44)	(600.13)
Less: Investments made in accordance with the investment objective, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items), if deemed necessary by the Investment Manager, including but not limited to	-	-
- any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
- interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
- deferred tax, lease rents, etc.	142.64	164.54
Less: Any provision or reserve deemed necessary by the Investment Manager for expenses which may be due in the intervening period till next proposed distribution, but for which there may not be commensurate amounts available by the date such expenses become due	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. / net cash set aside to comply with borrowing requirements under agreements including DSRA, net of any debt raised by refinancing of existing debt or/and any new debt raised	-	-
Add/ less: Amounts added or retained to make the distributable cash flows in accordance with the Transaction Documents or the loan agreements	-	416.58
Add/Less: Any other adjustment to be undertaken by the board of directors of the Investment Manager (the "IM Board") to ensure that there is no double counting of the same item for the above calculation*	(46.29)	(2.47)
Total Adjustments (B)	**2,339.88**	**2,184.08**
Net Distributable Cash Flows (C)=(A+B)	**2,743.52**	**2,585.57**

Note: During the period, amount not less than 90% of NDCF has already been distributed to PGInvIT.

** Other adjustments are with respect to changes in other non-current assets/liabilities which are not part of Working Capital.*

Notes

to the Consolidated Financial Statements for the year ended March 31, 2023

E) STATEMENT OF NET DISTRIBUTABLE CASH FLOWS (NDCFS) OF PWTL

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit after tax as per profit and loss account (standalone) (A)	**365.18**	**364.84**
Add: Depreciation, impairment and amortisation as per profit and loss account. In case of impairment reversal, same needs to be deducted from profit and loss.	452.09	375.99
Add: Interest on loans availed from Trust as per profit and loss account	2,343.17	1,976.36
Add: Interest on unpaid interest (on account of loans availed from Trust) as per profit and loss account	-	-
Add/Less: Decrease/Increase in working capital affecting the cash flow	(182.33)	281.85
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Net Proceeds (after applicable taxes) from sale of infrastructure assets adjusted for the following:	-	-
- related debts settled or due to be settled from sale proceeds;	-	-
- directly attributable transaction costs;	-	-
- proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Net Proceeds (after applicable taxes) from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently.	-	-
Less: Capital expenditure, if any	(27.15)	(844.39)
Less: Investments made in accordance with the investment objective, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items), if deemed necessary by the Investment Manager, including but not limited to	-	-
- any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
- interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
- deferred tax, lease rents, etc.	129.70	154.48
Less: Any provision or reserve deemed necessary by the Investment Manager for expenses which may be due in the intervening period till next proposed distribution, but for which there may not be commensurate amounts available by the date such expenses become due	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. / net cash set aside to comply with borrowing requirements under agreements including DSRA, net of any debt raised by refinancing of existing debt or/and any new debt raised	-	-
Add/ less: Amounts added or retained to make the distributable cash flows in accordance with the Transaction Documents or the loan agreements	-	571.33
Add/Less: Any other adjustment to be undertaken by the board of directors of the Investment Manager (the "IM Board") to ensure that there is no double counting of the same item for the above calculation*	(31.93)	(2.11)
Total Adjustments (B)	**2,683.55**	**2,513.51**
Net Distributable Cash Flows (C)=(A+B)	**3,048.73**	**2,878.35**

Note: During the period, amount not less than 90% of NDCF has already been distributed to PGInvIT.

** Other adjustments are with respect to changes in other non-current assets/liabilities which are not part of Working Capital.*

F) STATEMENT OF NET DISTRIBUTABLE CASH FLOWS (NDCFS) OF PJTL

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit after tax as per profit and loss account (standalone) (A)	**157.96**	**386.41**
Add: Depreciation, impairment and amortisation as per profit and loss account. In case of impairment reversal, same needs to be deducted from profit and loss.	323.41	263.37
Add: Interest on loans availed from Trust as per profit and loss account	1,832.68	1,518.40
Add: Interest on unpaid interest (on account of loans availed from Trust) as per profit and loss account	-	-
Add/Less: Decrease/Increase in working capital affecting the cash flow	203.66	(329.58)
Add/less: Loss/gain on sale of infrastructure assets	-	-
Add: Net Proceeds (after applicable taxes) from sale of infrastructure assets adjusted for the following:	-	-
- related debts settled or due to be settled from sale proceeds;	-	-
- directly attributable transaction costs;	-	-
- proceeds reinvested or planned to be reinvested as per Regulation 18(7)(a) of the InvIT Regulations	-	-
Add: Net Proceeds (after applicable taxes) from sale of infrastructure assets not distributed pursuant to an earlier plan to re-invest, if such proceeds are not intended to be invested subsequently.	-	-
Less: Capital expenditure, if any	-	(823.44)
Less: Investments made in accordance with the investment objective, if any	-	-
Add/less: Any other item of non-cash expense / non cash income (net of actual cash flows for these items), if deemed necessary by the Investment Manager, including but not limited to	-	-
- any decrease/increase in carrying amount of an asset or a liability recognised in profit and loss account on measurement of the asset or the liability at fair value;	-	-
- interest cost as per effective interest rate method (difference between accrued and actual paid);	-	-
- deferred tax, lease rents, etc.	57.70	156.17
Less: Any provision or reserve deemed necessary by the Investment Manager for expenses which may be due in the intervening period till next proposed distribution, but for which there may not be commensurate amounts available by the date such expenses become due	-	-
Less: Repayment of external debt (principal) / redeemable preference shares / debentures, etc. / net cash set aside to comply with borrowing requirements under agreements including DSRA, net of any debt raised by refinancing of existing debt or/and any new debt raised	-	-
Add/ less: Amounts added or retained to make the distributable cash flows in accordance with the Transaction Documents or the loan agreements	-	823.61
Add/Less: Any other adjustment to be undertaken by the board of directors of the Investment Manager (the "IM Board") to ensure that there is no double counting of the same item for the above calculation*	(42.51)	87.22
Total Adjustments (B)	**2,374.94**	**1,695.75**
Net Distributable Cash Flows (C)=(A+B)	**2,532.90**	**2,082.16**

Note: During the period, amount not less than 90% of NDCF has already been distributed to PGInvIT.

** Other adjustments are with respect to changes in other non-current assets/liabilities which are not part of Working Capital.*

Notes

to the Consolidated Financial Statements for the year ended March 31, 2023

1. GROUP INFORMATION:

POWERGRID Infrastructure Investment Trust ("PGInvIT"/"Trust") was set up on 14 September 2020 as an irrevocable trust, pursuant to the Trust Deed, under the provisions of the Indian Trusts Act, 1882. The Trust was registered with SEBI on 7 January 2021 as an infrastructure investment trust under Regulation 3(1) of the SEBI InvIT Regulations having registration number IN/InvIT/20-21/0016.

Power Grid Corporation of India Limited ("POWERGRID") is the Sponsor to the Trust. IDBI Trusteeship Services Limited is the Trustee to the Trust. POWERGRID Unchahar Transmission Limited ("PUTL") is appointed as the investment manager and POWERGRID is appointed as the project manager to the Trust.

The investment objectives of the Trust are to carry on the activities of and to make investments as an infrastructure investment trust as permissible in terms of the SEBI (Infrastructure Investment Trusts) Regulations, 2014 read with circulars and guidelines, notifications and amendments issued thereunder (collectively the "InvIT Regulations") and in accordance with the Trust Deed. The investment of the Trust shall be in any manner permissible under, and in accordance with the InvIT Regulations and applicable law including in holding companies and/or special purpose vehicles and/or infrastructure projects and/or securities in India.

PGInvIT is holding special purpose vehicle ("SPV") / subsidiaries which are infrastructure projects engaged in the power transmission business in India. Details of the same as on 31 March 2023 are as follows:

Name of the SPV		Equity Holding
1.	Vizag Transmission Limited ("VTL") (formerly POWERGRID Vizag Transmission Limited ("PVTL"))	100%
2.	POWERGRID Kala Amb Transmission Limited ("PKATL")	74%
3.	POWERGRID Parli Transmission Limited ("PPTL")	74%
4.	POWERGRID Warora Transmission Limited ("PWTL")	74%
5.	POWERGRID Jabalpur Transmission Limited ("PJTL")	74%

The consolidated financial statements, comprise of the financial statement of PGInvIT and its subsidiaries (collectively, "the Group") for the year ended 31 March 2023, were approved by the Board of Directors of Investment manager on 25 May 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the consolidated financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the consolidated financial statements. The Consolidated financial statements of the group are consisting of the Trust and its subsidiaries.

2.1 Basis of Preparation

i) Compliance with Ind AS and InvIT Regulations

The consolidated financial statements comprise of the Consolidated Balance Sheet as at 31 March 2023, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Unit Holders' Equity for the year then ended and the Consolidated Statement of Net Assets at fair value as at 31 March 2023 and the Consolidated Statement of Total Returns at fair value and the Statement of Net Distributable Cash Flows ('NDCFs') of the Trust and each of its subsidiaries for the year then ended and a summary of significant accounting policies and other explanatory notes prepared in compliance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 and InvIT Regulations, in each case, to the extent applicable and as amended thereafter.

ii) Basis of Measurement

The consolidated financial statements have been prepared on accrual basis and under the historical cost convention except following which have been measured at fair value:

Certain financial assets and liabilities measured at fair value (Refer Note no. 2.15 for accounting policy regarding financial instruments).

iii) Functional and presentation currency

The consolidated financial statements are presented in Indian Rupees (Rupees or ₹), which is the Group's functional and presentation currency and all amounts are rounded to the nearest million and two decimals thereof, except as stated otherwise.

iv) Use of estimates

The preparation of consolidated financial statements requires estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses during the reporting period. Although, such estimates and assumptions are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years (Refer Note no. 32 on critical accounting estimates, assumptions and judgments).

v) **Current and non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

The Group recognizes twelve months period as its operating cycle.

2.2 Principles of Consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statement of the subsidiaries line by line adding together like items of assets, liabilities, equity, income, and expenses. Inter Group transactions, balances and unrealized gains on transactions between companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are harmonised to ensure consistency with the policies adopted by the Group.

The acquisition method of accounting is used to account for business combination by the group.

Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Trust.

The consolidated financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS) 110 – 'Consolidated Financial Statements'

2.3 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are recognised in the statement of profit and loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date. Goodwill arising on business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of net identifiable assets acquired and liabilities assumed. After initial recognition, Goodwill is tested for impairment annually and measured at cost less any accumulated impairment losses if any. Any impairment loss for goodwill is recognised in the statement of profit and loss.

Notes

to the Consolidated Financial Statements for the year ended March 31, 2023

2.4 Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In estimating the fair value of investments in subsidiaries, the Group engages independent qualified external valuers to perform the valuation. The management works closely with the external valuers to establish the appropriate valuation techniques and inputs to the model. The management in conjunction with the external valuers also compares the change in fair value with relevant external sources to determine whether the change is reasonable. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the projects.

At each reporting date, the management analyses the movement in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation based upon relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Quantitative disclosures of fair value measurement hierarchy (Note 38)
- Disclosures for valuation methods, significant estimates and assumptions (Note 32 and 38)
- Financial instruments (including those carried at amortised cost) (Note 9,12,16,19,20,21)

2.5 Property, Plant and Equipment

Initial Recognition and Measurement

Property, Plant and Equipment is initially measured at cost of acquisition/construction including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation / amortisation and accumulated impairment losses, if any.

Property, Plant and Equipment acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

If the cost of the replaced part or earlier inspection component is not available, the estimated cost of similar new parts/inspection component is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection was carried out.

In the case of commissioned assets, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustments in the year of final settlement.

Transmission system assets are considered as ready for intended use after meeting the conditions for commercial operation as stipulated in Transmission Service Agreement (TSA) and capitalized accordingly.

The cost of land includes provisional deposits, payments/ liabilities towards compensation, rehabilitation and other expenses wherever possession of land is taken.

Expenditure on levelling, clearing and grading of land is capitalized as part of cost of the related buildings.

Spares parts whose cost is ₹ 5,00,000/- and above, standby equipment and servicing equipment which meets the recognition criteria of Property, Plant and Equipment are capitalized.

Subsequent costs

Subsequent expenditure is recognized as an increase in carrying amount of assets when it is probable that future economic benefits deriving from the cost incurred will flow to the group and cost of the item can be measured reliably.

The cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit and Loss as incurred.

Derecognition

An item of Property, Plant and Equipment is derecognized when no future economic benefits are expected from their use or upon their disposal.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

2.6 Capital Work-In-Progress (CWIP)

Cost of material, erection charges and other expenses incurred for the construction of Property, Plant and Equipment are shown as CWIP based on progress of erection work till the date of capitalization.

Expenditure of office and Projects, directly attributable to construction of property, plant and equipment are identified and allocated on a systematic basis to the cost of the related assets.

Interest during construction and expenditure (net) allocated to construction as per policy above are kept as a separate item under CWIP and apportioned to the assets being capitalized in proportion to the closing balance of CWIP.

Unsettled liability for price variation/exchange rate variation in case of contracts is accounted for on estimated basis as per terms of the contracts.

2.7 Intangible Assets and Intangible Assets under development

Intangible assets are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Subsequent expenditure on already capitalized Intangible assets is capitalised when it increases the future economic benefits embodied in an existing asset and is amortised prospectively.

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits is recognized as an intangible asset when the same is ready for its use.

Afforestation charges for acquiring right-of-way for laying transmission lines are accounted for as intangible assets on the date of capitalization of related transmission lines.

Expenditure on development shall be recognised as intangible asset if it meets the eligibility criteria as per Ind AS 38 "Intangible Assets", otherwise it shall be recognised as an expense.

Expenditure incurred, eligible for capitalization under the head Intangible Assets, are carried as "Intangible Assets under Development" till such assets are ready for their intended use.

An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.8 Depreciation / Amortisation

Property, Plant and Equipment

Depreciation/Amortisation on the items of Property, Plant and Equipment related to transmission business is provided on straight line method based on the useful life specified in Schedule II of the Companies Act, 2013 except for the following items of property, plant and equipment on which depreciation is provided based on estimated useful life as per technical assessment and considering the terms of Transmission Service Agreement entered with Long Term Transmission Customers

Particulars		Useful life
a.	Computers and Peripherals	3 Years
b.	Servers and Network Components	5 years
c.	Buildings (RCC frame structure)	35 years
d.	Transmission line	35 years
e.	Substation Equipment	35 years

Depreciation on spares parts, standby equipment and servicing equipment which are capitalized, is provided on straight line method from the date they are available for use over the remaining useful life of the related assets of transmission business

Mobile phones are charged off in the year of purchase.

Residual value is considered as 5% of the Original Cost for all items of Property, Plant and Equipment in line with Companies Act, 2013 except for Computers and Peripherals and Servers and Network Components for which residual value is considered as Nil.

Property, plant and equipment costing ₹ 5,000/- or less, are fully depreciated in the year of acquisition.

Where the cost of depreciable property, plant and equipment has undergone a change due to increase/ decrease in long term monetary items on account of exchange rate fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such asset is depreciated prospectively.

Depreciation on additions to/deductions from Property, Plant and Equipment during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The residual values, useful lives and methods of depreciation for items of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, wherever required

Right of Use Assets:

Right of Use assets are fully depreciated from the lease commencement date on a straight line basis over the lease term.

Leasehold land is fully amortized over lease period or life of the related plant whichever is lower. Leasehold land acquired on perpetual lease is not amortized.

Intangible Assets

Cost of software capitalized as intangible asset is amortized over the period of legal right to use or 3 years, whichever is less with Nil residual value.

Afforestation charges are amortized over thirty-five years from the date of capitalization of related transmission assets following the straight line method, with Nil Residual Value.

Amortisation on additions to/deductions from Intangible Assets during the year is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed.

The amortization period and the amortization method for an intangible asset are reviewed at each financial year-end and are accounted for as change in accounting estimates in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

2.9 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized (net of income on temporary deployment of funds) as part of the cost of such assets till the assets are ready for the intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use.

All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

Borrowing costs includes interest expenses, other costs in connection with borrowing of fund and exchange differences to the extent regarded as an adjustment to borrowing costs.

2.10 Impairment of non-financial assets

The carrying amounts of the Groups' non-financial assets are reviewed at least annually to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, and deposits held at call with banks having a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.12 Inventories

Inventories are valued at lower of the cost, determined on weighted average basis and net realizable value.

Steel scrap and conductor scrap are valued at estimated realizable value or book value, whichever is less.

Spares which do not meet the recognition criteria as Property, Plant and Equipment including spare parts whose cost is less than ₹ 5,00,000/- are recorded as inventories.

Surplus materials as determined by the management are held for intended use and are included in the inventory.

The diminution in the value of obsolete, unserviceable and surplus stores and spares is ascertained on review and provided for.

2.13 Leases

Lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (i) the contract involves use of an identified asset, (ii) the customer has substantially all the economic benefits from the use of the asset through the period of the lease and (iii) the customer has the right to direct the use of the asset.

i) As a Lessee

At the date of commencement of the lease, the group recognises a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for lease with a term of twelve months or less (i.e. short term leases) and leases for which the underlying asset is of low value. For these short-term and leases for which the underlying asset is of low value, the group recognizes the lease payments on straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the inception date of the lease along with any initial direct costs, restoration obligations and lease incentives received.

Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The group applies Ind AS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss as described in the accounting policy 2.10 on "Impairment of non-financial assets".

The lease liability is initially measured at present value of the lease payments that are not paid at that date.

The interest cost on lease liability is expensed in the Statement of Profit and Loss, unless eligible for capitalization as per accounting policy 2.9 on "Borrowing costs".

Lease liability and ROU asset have been separately presented in the financial statements and lease payments have been classified as financing cash flows.

ii) As a Lessor

A lease is classified at the inception date as a finance lease or an operating lease.

a) Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is classified as a finance lease.

Net investment in leased assets is recorded at the lower of the fair value of the leased property and the present value of the minimum lease payments as Lease Receivables under current and non-current other financial assets.

The interest element of lease is accounted in the Statement of Profit and Loss over the lease period based on a pattern reflecting a constant periodic rate of return on the net investment.

b) Operating leases

An operating lease is a lease other than a finance lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

For operating leases, the asset is capitalized as property, plant and equipment and depreciated over its economic life. Rental income from operating lease is recognized over the term of the arrangement.

2.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service.

Employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

2.15 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

The group classifies its financial assets in the following categories:

- at amortised cost,
- at fair value through other comprehensive income

The classification depends on the following:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs, if any, that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement

Debt Instruments at Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Debt Instruments at Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income (OCI) is reclassified from the equity to profit and loss. Interest income from these financial assets is included in finance income using the effective interest rate method.

Equity investments

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The group may, on initial recognition, make an irrevocable election to present subsequent changes in the fair value in other comprehensive income (FVOCI) on an instrument by-instrument basis.

For equity instruments classified as at FVOCI, all fair value changes on the instrument, excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to Profit or Loss, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

Derecognition of financial assets

A financial asset is derecognized only when

i) The rights to receive cash flows from the asset have expired, or

ii) a) The group has transferred the rights to receive cash flows from the financial asset (or) retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients and

b) the group has transferred substantially all the risks and rewards of the asset (or) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the amount of consideration received/receivable is recognised in the Statement of Profit and Loss.

Impairment of financial assets:

For trade receivables and contract assets, the group applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For recognition of impairment loss on other financial assets and risk exposure, the group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month Expected Credit Loss (ECL) is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 -month ECL.

Financial Liabilities

Financial liabilities of the group are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the group.

The group's financial liabilities include loans & borrowings, trade and other payables.

Classification, initial recognition and measurement

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the EIR. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Derecognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other income or finance cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.16 Foreign Currencies Translation

The Group's financial statements are presented in INR, which is its functional currency. The Group does not have any foreign operation.

Transactions and balances

Transactions in foreign currencies are initially recorded by the group at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated with reference to the rates of exchange ruling on the date of the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.17 Income Tax

Income tax expense represents the sum of current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case the tax is also recognised directly in equity or in other comprehensive income.

Current income tax

The Current Tax is based on taxable profit for the year under the tax laws enacted and applicable to the reporting period in the countries where the group operates and generates taxable income and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the group's financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet method. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

2.18 Revenue

Revenue is measured based on the transaction price to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Amounts disclosed as revenue are net of returns, trade allowances, rebates.

2.18.1 Revenue from Operations

Transmission Income is accounted for based on orders issued by CERC u/s 63 of Electricity Act 2003 for adoption of transmission charges. As at each reporting date, transmission income includes an accrual for services rendered to the customers but not yet billed.

Rebates allowed to beneficiaries as early payment incentives are deducted from the amount of revenue.

The Transmission system incentive / disincentive is accounted for based on certification of availability by the respective Regional Power Committees (RPC) and in accordance with the Transmission Service Agreement (TSA) entered between the Transmission Service Provider and long term Transmission Customers. Where certification by RPCs is not available, incentive/disincentive is accounted for on provisional basis as per estimate of availability by the group and differences, if any, is accounted upon certification by RPCs.

2.18.2 Other Income

Interest income is recognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate, using the effective interest rate method (EIR).

Surcharge recoverable from trade receivables, liquidated damages, warranty claims and interest on advances to suppliers are recognized when no significant uncertainty as to measurability and collectability exists.

Scrap other than steel scrap and conductor scrap are accounted for as and when sold.

Insurance claims are accounted for based on certainty of realization.

Revenue from rentals and operating leases is recognized on an accrual basis in accordance with the substance of the relevant agreement.

Income from dividend on investments is accrued in the year in which it is declared, whereby the Group's right to receive is established.

2.19 Cash distributions to unit holders

The group recognises a liability to make cash distributions to unit holders when the distribution is authorised, and a legal obligation has been created. As per the InvIT Regulations, a distribution is authorised when it is approved by the Board of Directors of the Investment Manager. A corresponding amount is recognised directly in equity.

2.20 Provision and contingencies

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each Balance Sheet date and are adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are disclosed on the basis of judgment of the management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

2.21 Prior Period Items

Material prior period errors are corrected retrospectively by restating the comparative amounts for prior period presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

2.22 Earnings per unit

Basic earnings per unit is computed using the net profit or loss for the year attributable to the unitholders and weighted average number of shares outstanding during the year.

Diluted earnings per unit is computed using the net profit or loss for the year attributable to the unitholders and weighted average number of units and potential units outstanding during the year, except where the result would be anti-dilutive.

2.23 Statement of Cash Flows

Statement of Cash Flows is prepared as per indirect method prescribed in the Ind AS 7 'Statement of Cash Flows.

Notes

to the Consolidated Financial Statements for the year ended March 31, 2023

NOTE 3/ PROPERTY, PLANT AND EQUIPMENT

₹ in million

Particulars	Cost					Accumulated depreciation					Net Book Value	
	As at 01 April 2022	Additions during the year	Disposal	Adjustment during the year	As at 31 March 2023	As at 01 April 2022	Additions during the year	Disposal	Impairment	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Land												
Freehold	309.04	-	-	-	309.04	-	-	-	-	-	309.04	309.04
Buildings												
Sub-Stations & Office	314.14	8.61	-	-	322.75	29.96	9.22	-	8.74	47.92	274.83	284.18
Township	14.31	-	-	-	14.31	1.23	0.41	-	0.17	1.81	12.50	13.08
Plant & Equipment												
Transmission	94,856.07	7.63	-	-	94,863.70	10,672.11	2,571.81	-	7,685.03	20,928.95	73,934.75	84,183.96
Substation	15,236.67	45.04	-	-	15,281.71	1,749.82	413.32	-	975.01	3,138.15	12,143.56	13,486.85
Unified Load Dispatch & Communication	42.41	-	-	-	42.41	6.15	1.96	-	4.09	12.20	30.21	36.26
Furniture and Fixtures	21.11	-	-	-	21.11	3.61	1.88	-	1.71	7.20	13.91	17.50
Office equipment	2.46	0.22	-	-	2.68	1.01	0.39	-	0.10	1.50	1.18	1.45
Electronic Data Processing & Word Processing Machines	0.73	-	-	-	0.73	0.71	-	-	-	0.71	0.02	0.02
Construction and Workshop equipment	0.14	-	-	-	0.14	0.02	-	-	0.01	0.03	0.11	0.12
Electrical Installation	4.06	-	-	-	4.06	1.02	0.34	-	0.04	1.40	2.66	3.04
Workshop & Testing Equipments	25.04	-	-	-	25.04	1.09	0.90	-	0.36	2.35	22.69	23.95
Miscellaneous Assets/ Equipments	0.18	-	-	-	0.18	0.09	0.03	-	0.01	0.13	0.05	0.09
TOTAL	**110,826.36**	**61.50**	**-**	**-**	**110,887.86**	**12,466.82**	**3,000.26**	**-**	**8,675.27**	**24,142.35**	**86,745.51**	**98,359.54**

Further Note :

The Group owns 72.53 Hectare of Freehold Land amounting to ₹ 201.19 million based on available Documentation.

₹ in million

Particulars	Cost					Accumulated depreciation					Net Book Value
	Addition due to acquisition of Projects	Additions during the year	Disposal	Adjustment during the year	As at 31 March 2022	Addition due to acquisition of Projects	Additions during the year	Disposal	Impairment	As at 31 March 2022	As at 31 March 2022
Land											
Freehold	309.04	-	-	-	309.04	-	-	-	-	-	309.04
Buildings											
Sub-Stations & Office	300.11	14.06	-	(0.03)	314.14	22.39	7.57	-	-	29.96	284.18
Township	14.31	-	-	-	14.31	0.87	0.36	-	-	1.23	13.08
Plant & Equipment											
Transmission	94,859.74	0.89	-	(4.56)	94,856.07	8,396.38	2,275.73	-	-	10,672.11	84,183.96
Substation	15,174.36	64.81	-	(2.50)	15,236.67	1,385.81	364.01	-	-	1,749.82	13,486.85
Unified Load Dispatch & Communication	42.41				42.41	4.43	1.72	-	-	6.15	36.26
Furniture and Fixtures	11.42	9.69	-	-	21.11	2.12	1.49	-	-	3.61	17.50
Office equipment	2.46	-	-	-	2.46	0.65	0.36	-	-	1.01	1.45
Electronic Data Processing & Word Processing Machines	0.74	-	-	-	0.74	0.68	0.04	-	-	0.72	0.02
Construction and Workshop equipment	0.14	-	-	-	0.14	0.02	-	-	-	0.02	0.12
Electrical Installation	4.06	-	-	-	4.06	0.72	0.30	-	-	1.02	3.04
Workshop & Testing Equipments	17.65	7.39	-	-	25.04	0.32	0.77	-	-	1.09	23.95
Miscellaneous Assets/Equipments	0.18	-	-	-	0.18	0.05	0.04	-	-	0.09	0.09
TOTAL	**110,736.62**	**96.84**	**-**	**(7.09)**	**110,826.37**	**9,814.44**	**2,652.39**	**-**	**-**	**12,466.83**	**98,359.54**

Further Note :

The Group owns 72.53 Hectare of Freehold Land amounting to ₹ 201.19 million based on available Documentation.

Notes

to the Consolidated Financial Statements for the year ended March 31, 2023

NOTE 4/ CAPITAL WORK IN PROGRESS

₹ in million

Particulars	As at 01 April 2022	Additions during the year	Adjustments	Capitalised during the year	As at 31 March 2023
Buildings					
Sub-Stations & Office	-	5.72	-	5.72	-
Township	24.76	27.02	-	2.89	48.89
Plant & Equipments (including associated civil works)					
Transmission	-	7.63	-	7.63	-
Sub-Station	13.94	67.54	-	45.04	36.44
Furniture & Fixtures	-	-	-	-	-
Construction Stores (Net of Provision)	1.05	64.84	-	-	65.89
TOTAL	**39.75**	**172.75**	**-**	**61.28**	**151.22**

₹ in million

Particulars	Addition due to acquisition of Projects	Additions during the year	Adjustments	Capitalised during the year	As at 31 March 2022
Buildings					
Sub-Stations & Office	-	14.06	(14.09)	(0.03)	-
Township	29.46	19.05	(23.75)	-	24.76
Plant & Equipments (including associated civil works)					-
Transmission	-	1.11	(5.67)	(4.56)	-
Sub-Station	58.71	58.99	(34.05)	69.71	13.94
Furniture & Fixtures	-	-	9.69	9.69	-
Construction Stores (Net of Provision)	-	1.05	-	-	1.05
TOTAL	**88.17**	**94.26**	**(67.87)**	**74.81**	**39.75**

Ageing of Capital work in progress is as follows:

Particulars	<1 Year	1-2 Years	2-3 Years	>3 Years	Total
As at 31 March 2023					
Project in progress	117.66	28.53	5.03	-	151.22
Total	**117.66**	**28.53**	**5.03**	**-**	**151.22**
As at 31 March 2022					
Project in progress	34.13	5.62	-	-	39.75
TOTAL	**34.13**	**5.62**	**-**	**-**	**39.75**

NOTE 5/ GOODWILL ON ACQUISITION

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Goodwill due to acquisition of Projects	5,896.50	9,575.91
Less: Impairment	5,896.50	3,679.41
TOTAL	**-**	**5,896.50**

Refer Note 48 for Disclosures pursuant to Ind AS 103 "Business Combinations".

NOTE 6/ OTHER INTANGIBLE ASSETS

₹ in million

Particulars	Cost					Accumulated Amortisation					Net Book Value	
	As at 01 April 2022	Additions during the year	Disposal	Adjustment during the year	As at 31 March 2023	As at 01 April 2022	Additions during the year	Disposal	Impairment	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
Electronic Data Processing Software	-	-	-	-	-	-	-	-	-	-	-	-
Right of Way-Afforestation Expenses	1,802.66	-	-	-	1,802.66	179.23	50.65	-	193.64	423.52	1,379.14	1,623.43
Rights to Additional Revenue	3,041.50	-	-	-	3,041.50	0.27	97.24	-	332.69	430.20	2,611.30	3,041.23
TOTAL	**4,844.16**	**-**	**-**	**-**	**4,844.16**	**179.50**	**147.89**	**-**	**526.33**	**853.72**	**3,990.44**	**4,664.66**

₹ in million

Particulars	Cost					Accumulated Amortisation					Net Book Value
	Addition due to acquisition of Projects	Additions during the year	Disposal	Adjustment during the year	As at 31 March 2022	Addition due to acquisition of Projects	Additions during the year	Disposal	Impairment	As at 31 March 2022	As at 31 March 2022
Electronic Data Processing Software	0.07	-	-	-	0.07	0.07	-	-	-	0.07	-
Right of Way-Afforestation Expenses	1,798.60	4.06	-	-	1,802.66	134.39	44.84	-	-	179.23	1,623.43
Rights to Additional Revenue*	-	3,041.50	-	-	3,041.50	-	0.27	-	-	0.27	3,041.23
TOTAL	**1,798.67**	**3,045.56**	**-**	**-**	**4,844.23**	**134.46**	**45.11**	**-**	**-**	**179.57**	**4,664.66**

**Rights to additional revenue acquired at gross consideration of ₹ 3041.50 million from POWERGRID by respective SPVs i.e, PPTL, PWTL and PJTL.*

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to the Consolidated Financial Statements for the year ended March 31, 2023

NOTE 7/ OTHER NON-CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Advances for Other than Capital Expenditure		
Security deposits - Unsecured	3.27	3.12
Balance with Customs Port Trust and other authorities	-	0.18
	3.27	**3.30**
Others		
Advance Tax and Tax Deducted at Source	2,240.08	1,894.90
Less: Tax Liabilities - (From Note 24)	1,618.83	1,431.11
TOTAL	**624.52**	**467.09**

NOTE 8/ INVENTORIES

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
(For mode of valuation refer Note 2.12)		
Components,Spares & other spare parts	307.36	307.65
Loose tools	0.79	0.63
	308.15	308.28
Less Provision for Shortages/damages etc	-	-
TOTAL	**308.15**	**308.28**

NOTE 9/ TRADE RECEIVABLES

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Trade receivables		
Unsecured Considered good	3,263.05	3,334.77
Considered doubtful (Credit Impaired)	18.96	18.96
	3,282.01	**3,353.73**
Less: Provision for doubtful trade receivables	18.96	18.96
TOTAL	**3,263.05**	**3,334.77**

Further Notes:

Ageing of Trade Receivables is as follows:

Particulars		Unbilled	0-6M	6M-1Y	1Y-2Y	2Y-3Y	>3Y	Total
As at 31 March 2023								
Considered – Good	Undisputed	1,624.95	813.86	181.04	628.49	13.91	0.80	3,263.05
	Disputed	-	-	-	-	-	-	-
Significant increase in Credit Risk	Undisputed	-	-	-	-	-	-	-
	Disputed	-	-	-	-	-	-	-
Credit Impaired	Undisputed	-	-	-	-	0.08	18.88	18.96
	Disputed	-	-	-	-	-	-	-
		1,624.95	**813.86**	**181.04**	**628.49**	**13.99**	**19.68**	**3,282.01**

Particulars		Unbilled	0-6M	6M-1Y	1Y-2Y	2Y-3Y	>3Y	Total
As at 31 March 2022								
Considered – Good	Undisputed	1,713.44	1,154.04	288.24	177.51	0.73	0.81	3,334.77
	Disputed	-	-	-	-	-	-	-
Significant increase in Credit Risk	Undisputed	-	-	-	-	-	-	-
	Disputed	-	-	-	-	-	-	-
Credit Impaired	Undisputed	-	-	-	0.08	0.12	18.76	18.96
	Disputed	-	-	-	-	-	-	-
		1,713.44	**1,154.04**	**288.24**	**177.59**	**0.85**	**19.57**	**3,353.73**

Trade receivables includes receivables from various DICs through CTUIL.

Refer Note 49 for disclosure as per Ind AS 115 " Revenue from Contract With Customer".

**Trade Receivable includes Unbilled receivables representing Transmission Charges for the month of March 2023 including arrear bills for previous quarters, incentive and surcharge amounting to ₹ 1624.95 million (Previous year ₹ 1713.44 million) billed to beneficiaries in the subsequent month i.e. April 2023.*

NOTE 10/ CASH AND CASH EQUIVALENTS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Balance with banks		
In Current accounts	112.04	57.69
In term deposits (with maturity of 3 months or less)	4,882.83	5,210.90
TOTAL	**4,994.87**	**5,268.59**

Further Notes:

Balance in current account does not earn interest. Surplus money is transferred into Term Deposits.

NOTE 11/ BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Balance with banks		
In designated Current accounts (For Distribution Payments)*	0.46	1.74
In Term Deposits having maturity over 3 months but upto 12 months (DSRA)	122.68	-
TOTAL	**123.14**	**1.74**

Further Notes:

**Earmarked balance with banks pertains to unclaimed distribution to unitholders.*

NOTE 12/ OTHER CURRENT FINANCIAL ASSETS

(Unsecured considered good unless otherwise stated)

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Interest accrued on Term Deposits	31.76	33.89
Others	0.25	5.92
TOTAL	**32.01**	**39.81**

Notes

to the Consolidated Financial Statements for the year ended March 31, 2023

NOTE 13/ OTHER CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Advances recoverable in kind or for value to be received		
Balance with Customs Port Trust and other authorities	0.16	0.16
Service Tax Demand Pre-Deposit *	3.77	-
Others**	33.77	33.70
	37.70	**33.86**
Prepaid Expenses	162.05	127.08
TOTAL	**199.75**	**160.94**

**One of the SPV of the Trust had received Order from Commisioner of CGST & Central Excise, Nagpur-II Commissionerate with respect to the Non-Payment of Service Tax on Deposits of ₹ 335.01 million in Compensatory Afforestation Management and Planning Authority (CAMPA) Fund. The Order was against the SPV and the Department raised demand to pay the due Service Tax of ₹ 50.25 million along with penalty and applicable interest. We have filed appeal against the order in Customs Excise and Service tax Appellate Tribunal (CESTAT), Mumbai on 23 March 2023 and as a pre-requisite to the Appeal u/s 35F of the Excise Act read with Section 83 of the Finance Act 1994, a pre-deposit of ₹ 3.77 million (7.5 % of the total demand amount) was deposited with the Department on 15 March 2023.*

***Others include Entry tax deposit as per Orders of Appellate authority for stay, part of contingent liability Refer Note no. 44.*

NOTE 14/ UNIT CAPITAL

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Unit Capital		
Issued, subscribed and paid up		
909,999,200 units (Issue Price of ₹ 100 Each)	90,999.92	90,999.92
TOTAL	**90,999.92**	**90,999.92**

Further Notes:

Terms/rights attached to Units

The Trust has only one class of units. Each Unit represents an undivided beneficial interest in the Trust. Each holder of unit is entitled to one vote per unit. The Unitholders have the right to receive at least 90% of the Net Distributable Cash Flows of the Trust at least once in every six months in each financial year in accordance with the InvIT Regulations.

A Unitholder has no equitable or proprietary interest in the projects of PGInvIT and is not entitled to any share in the transfer of the projects (or any part thereof) or any interest in the projects (or any part thereof) of PGInvIT. A Unitholder's right is limited to the right to require due administration of PGInvIT in accordance with the provisions of the Trust Deed and the Investment Management Agreement.

Reconciliation of the number of units outstanding and the amount of unit capital:

Particulars	No. of Units	₹ in million
As at 01 April 2022	909,999,200	90,999.92
Issued during the year	-	-
As at 31 March 2023	**909,999,200**	**90,999.92**
As at 01 April 2021	-	-
Issued during the year*	909,999,200	90,999.92
As at 31 March 2022	**909,999,200**	**90,999.92**

**During the previous year the Trust has issued 909,999,200 units at the rate of ₹ 100.00 per unit. Out of which, Fresh issue comprised of 499,348,300 no. of units and 410,650,900 no. of units allotted to the Sponsor. In compliance with InvIT Regulations, Sponsor retained 136,500,100 no. of units and made an Offer for Sale for 274,150,800 no. of units.*

Details of Sponsor holding:

Particulars	No. of Units	% holding
Power Grid Corporation of India Limited (Sponsor)	136,500,100	15.00%

Unitholders holding more than 5 (five) percent units in the Trust:

Name of Unitholder	31 March 2023		31 March 2022	
	Nos. in million	% holding	Nos. in million	% holding
POWER GRID CORPORATION OF INDIA LIMITED (SPONSOR)	136.50	15.00%	136.50	15.00%
CPP INVESTMENT BOARD PRIVATE HOLDINGS 4 INC	91.84	10.09%	91.84	10.09%
NPS TRUST	65.12	7.16%	63.59	6.99%
CAPITAL INCOME BUILDER	59.15	6.50%	59.15	6.50%
HDFC TRUSTEE COMPANY LTD	46.17	5.07%	46.59	5.12%

NOTE 15/ OTHER EQUITY

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Reserves and Surplus		
Capital reserve	330.15	330.15
Self Insurance Reserve	-	-
Retained Earnings	(14,265.18)	(1,393.81)
TOTAL	**(13,935.03)**	**(1,063.66)**

Capital Reserve

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	330.15	-
Addition during the year*	-	330.15
Deduction during the year	-	-
Balance at the end of the year	**330.15**	**330.15**

**Difference between carrying amount of Non-controlling interest and the fair value of the consideration paid has been transferred to Capital Reserve.*

Self Insurance Reserve

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	-	-
Addition during the year	-	0.60
Deduction during the year	-	(0.60)
Balance at the end of the year	**-**	**-**

Notes
to the Consolidated Financial Statements for the year ended March 31, 2023

Retained Earnings

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	**(1,393.81)**	-
Add: Additions		
Net Profit for the period	(1,951.38)	5,068.42
Transfer from Self Insurance Reserve	-	0.60
Other adjustment	-	362.76
	(1,951.38)	**5,431.78**
Less: Appropriations		
Self Insurance Reserve	-	0.60
Distribution during the year	10,919.99	6,824.99
	10,919.99	**6,825.59**
Balance at the end of the year	**(14,265.18)**	**(1,393.81)**

Retained earnings are the profits earned till date, less any transfers to reserves and distributions paid to unitholders.

NOTE 16/ BORROWINGS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Secured Indian Rupee Loan from Banks		
Term loan from HDFC Bank Ltd.	5,727.07	5,755.85
Less: Current maturities	28.78	28.78
	5,698.29	**5,727.07**
Less: Unamortised transaction cost	6.29	6.79
TOTAL	**5,692.00**	**5,720.28**

Further Notes:

The term loan is secured by (i) first pari passu charge on entire current assets including loans and advances, any receivables accrued/ realized from those loans and advances extended by the Trust to its subsidiaries (direct or indirect) including loans to all project SPVs and future SPVs; (ii) First pari-passu charge on Escrow account of the Trust and (iii) First and exclusive charge on Debt Service Reserve Account.

The term loan from bank was raised at the interest rate of 3 months T-Bill rate plus spread of 194 basis point and repayable in 64 quarterly installments of varying amounts commencing from 30 June 2022. The spread has been revised to 160 basis points w.e.f. 9th January 2023.

There have been no breaches in the financial covenants with respect to borrowings.

There has been no default in repayment of loans or payment of interest thereon as at the end of the year.

NOTE 17/ DEFERRED TAX LIABILITIES (NET)

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred Tax Liability		
Difference in book depreciation and tax depreciation	15,212.94	16,855.75
	15,212.94	**16,855.75**
Deferred Tax Assets		
Unused Tax Losses	2,553.19	2,202.96
MAT Credit Entitlement	1,504.62	1,354.71
Provisions	0.14	0.14
Others	0.01	0.01
	4,057.96	**3,557.82**
TOTAL	**11,154.98**	**13,297.93**

Movement in Deferred Tax Liability

₹ in million

Particulars	Property, Plant & Equipment
Addition due to acquisition of Projects	**16,046.28**
Charged/ (Credited) to Profit or Loss	809.47
As at 31 March 2022	**16,855.75**
As at 01 April 2022	**16,855.75**
Charged/ (Credited) to Profit or Loss	(1,642.81)
As at 31 March 2023	**15,212.94**

Movement in Deferred Tax asset

₹ in million

Particulars	Unused Tax Losses	Provisions	MAT Credit	Others	Total
Addition due to acquisition of Projects	2,011.81	0.14	1,132.99	0.01	3,144.95
(Charged)/ Credited to Profit or Loss	191.15	-	221.72	-	412.87
As at 31 March 2022	**2,202.96**	**0.14**	**1,354.71**	**0.01**	**3,557.82**
As at 01 April 2022	2,202.96	0.14	1,354.71	0.01	3,557.82
(Charged)/ Credited to Profit or Loss	350.23	-	149.91	-	500.14
As at 31 March 2023	**2,553.19**	**0.14**	**1,504.62**	**0.01**	**4,057.96**

Amount taken to Statement of Profit and Loss

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Increase/(Decrease) in Deferred Tax Liabilities	(1,642.81)	809.47
(Increase)/Decrease in Deferred Tax Assets	(500.14)	(412.87)
Net Amount taken to Statement of Profit and Loss	**(2,142.95)**	**396.60**

NOTE 18/ OTHER NON CURRENT LIABILITIES

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Deposit/Retention money from contractors and others	-	0.05
TOTAL	-	**0.05**

NOTE 19/ BORROWINGS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Secured Indian Rupee Loan from Banks		
Current maturities of Term loan from HDFC Bank Ltd.	28.78	28.78
TOTAL	**28.78**	**28.78**

Refer Note no.16 for Borrowings.

Notes

to the Consolidated Financial Statements for the year ended March 31, 2023

NOTE 20/ TRADE PAYABLES

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
For goods and services		
Total outstanding dues of Micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than Micro enterprises and small enterprises	6.68	2.76
TOTAL	**6.68**	**2.76**

Disclosure with regard to Micro and Small enterprises as required under "The Micro, Small and Medium Enterprises Development Act, 2006" is given in Note No 37.

Further Note :

₹ in million

1. Ageing of Trade Payables is as follows:	Not Billed	<1Y	1Y-2Y	2Y-3Y	>3Y	Total
As at 31 March 2023						
MSME						
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Total						
Others						
Disputed	-	-	-	-	-	-
Undisputed	6.68	-	-	-	-	6.68
Total	**6.68**	**-**	**-**	**-**	**-**	**6.68**
As at 31 March 2022						
MSME						
Disputed	-	-	-	-	-	-
Undisputed	-	-	-	-	-	-
Total						
Others						
Disputed	-	-	-	-	-	-
Undisputed	2.76	-	-	-	-	2.76
Total	**2.76**	**-**	**-**	**-**	**-**	**2.76**

NOTE 21/ OTHER CURRENT FINANCIAL LIABILITIES

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Unclaimed Distribution	0.46	1.74
Others		
Dues for capital expenditure	224.55	191.26
Deposits/Retention money from contractors and others	15.12	12.27
Related parties	2.58	1.63
Others	2.23	7.74
	244.48	**212.90**
TOTAL	**244.94**	**214.64**

Notes

to the Consolidated Financial Statements for the year ended March 31, 2023

NOTE 22/ OTHER CURRENT LIABILITIES

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory dues	17.31	15.96
TOTAL	**17.31**	**15.96**

NOTE 23/ PROVISIONS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Provisions		
As per last balance sheet	9.95	0.88
Additions during the year	18.51	19.97
Adjustments during the year	(19.41)	(10.90)
Closing Balance	**9.05**	**9.95**

NOTE 24/ CURRENT TAX LIABILITIES (NET)

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Taxation (Including interest on tax)		
Opening Balance	1,431.22	-
Addition due to acquisitions of Projects	-	1,139.79
Additions during the year	210.15	291.43
Adjustments during the year	(22.54)	-
Total	**1,618.83**	**1,431.22**
Net off against Advance tax and TDS (Note 7)	(1,618.83)	(1,431.11)
TOTAL	**-**	**0.11**

NOTE 25/ REVENUE FROM OPERATIONS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Sales of services		
Transmission Business		
Sales of services		
Transmission Charges	12,857.85	12,173.39
TOTAL	**12,857.85**	**12,173.39**

Refer Note 49 for disclosure as per Ind AS 115 "Revenue from Contracts with Customers".

NOTE 26/ OTHER INCOME

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Interest		
Indian Banks	164.74	131.98
Others	2.39	10.69
	167.13	**142.67**
Others		
Surcharge	76.54	105.74
Liquidated damage recovery	-	0.01
Miscellaneous income	51.39	12.32
	127.93	**118.07**
TOTAL	**295.06**	**260.74**

Notes
to the Consolidated Financial Statements for the year ended March 31, 2023

NOTE 27/ OTHER EXPENSES

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Power Charges	13.44	11.54
Water Charges	-	0.61
System and Market Operation Charges	17.12	19.05
CERC license fee & Other charges	14.22	9.50
Director Sitting Fee	2.59	-
Security Expenses	17.17	14.66
Legal Expenses	1.94	1.36
Professional Charges(Including TA/DA)	3.29	1.87
RTA Fee	0.52	0.43
Rating Fee	2.06	0.59
Internal Audit and Physical verification Fees	0.09	0.05
Cost Audit Fees	0.14	0.15
Inland Travelling Expenses	0.30	-
Annual Meeting Expenses	0.38	-
Listing Fee	4.72	-
Miscellaneous Expenses	2.87	0.07
Rates and Taxes	0.56	0.54
Brokerage & Commission	-	0.01
CDSL Fee	0.09	-
Custodial Fee	0.46	-
Expenditure on Corporate Social Responsibility (CSR)	114.99	107.95
TOTAL	**196.95**	**168.38**

NOTE 28/ EMPLOYEE BENEFITS EXPENSE

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Salaries, wages, allowances & benefits	11.40	3.15
TOTAL	**11.40**	**3.15**

NOTE 29/ FINANCE COSTS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Interest and finance charges on financial liabilities at amortised cost		
Interest on Secured Indian Rupee Term Loan from Banks	413.83	0.91
Amortization of Upfront fee	0.50	0.01
TOTAL	**414.33**	**0.92**

NOTE 30/ DEPRECIATION AND AMORTIZATION EXPENSE

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Depreciation of Property, Plant and Equipment	3,000.26	2,652.39
Amortisation of Intangible Assets	147.89	45.11
TOTAL	**3,148.15**	**2,697.50**

31. EARNINGS PER UNIT (EPU)

Basic EPU amounts are calculated by dividing the profit for the year attributable to unitholders by the weighted average number of units outstanding during the year.

Diluted EPU amounts are calculated by dividing the profit attributable to unitholders by the weighted average number of units outstanding during the period plus the weighted average number of units that would be issued on conversion of all the dilutive potential units into unit capital.

The following reflects the profit and unit data used in the basic and diluted EPU computation:

Particulars	For the year ended on 31 March 2023	For the year ended on 31 March 2022
Profit after tax for calculating basic and diluted EPU (₹ in million)	(1,951.38)	5,068.42
Weighted average number of units in calculating basic and diluted EPU (No. in million)	910.00	815.90
Earnings Per Unit		
Basic (₹ / unit)	(2.14)	6.21
Diluted (₹ / unit)	(2.14)	6.21

32. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements.

a) Classification of Unitholders' Funds

Under the provisions of the InvIT Regulations, Group is required to distribute to unitholders not less than ninety percent of the net distributable cash flows of Group for each financial year. Accordingly, a portion of the unitholders' funds contains a contractual obligation of the Group to pay to its unitholders cash distributions. The unitholders' funds could therefore have been classified as compound financial instrument which contain both equity and liability components in accordance with Ind AS 32 – 'Financial Instruments: Presentation'. However, in accordance with SEBI Circulars (No. CIR/IMD/DF/114/2016 dated 20 October 2016 and No. CIR/IMD/DF/127/2016 dated 29 November 2016) issued under the InvIT Regulations, the unitholders' funds have been classified as equity in order to comply with the mandatory requirements of Section H of Annexure A to the SEBI Circular dated 20 October 2016 dealing with the minimum disclosures for key financial statements. In line with the above, the distribution payable to unitholders is recognized as liability when the same is approved by the Investment Manager.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities or fair value disclosures within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Fair Valuation and disclosure

SEBI Circulars issued under the InvIT Regulations require disclosures relating to net assets at fair value and total returns at fair value. In estimating the fair value, the Group engages independent qualified external valuer, as mandated under InvIT Regulations, to perform the valuation. The management works closely with the valuers to establish the appropriate valuation techniques and inputs for valuation. The management reports the valuation report and findings to the Board of the Investment Manager half yearly to explain the cause of fluctuations in the fair value of the projects. The inputs for the valuation are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc. Changes in assumptions about these factors could affect the fair value.

b) **Useful life of property, plant and equipment**

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The group reviews at the end of each reporting date the useful life of property, plant and equipment and are adjusted prospectively, if appropriate.

c) **Provisions and contingencies**

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets". The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

d) **Income Taxes:**

Significant estimates are involved in determining the provisions for current and deferred tax, including amount expected to be paid/recovered for uncertain tax positions.

33. PARTY BALANCES AND CONFIRMATIONS

a) Some balances of Trade Receivables and recoverable shown under Assets and Trade and Other Payables shown under Liabilities include balances subject to confirmation/ reconciliation and consequential adjustments if any. However, reconciliations are carried out on ongoing basis. The management does not expect any material adjustment in the books of accounts as a result of the reconciliation.

b) In the opinion of the management, the value of any of the assets other than Property, Plant and Equipment on realization in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.

34. Central Transmission Utility of India Limited (CTUIL) was notified as CTU w.e.f. 01 April 2021 by GOI vide Notification No. CG-DL-E-09032021-225743 and is entrusted with the job of centralized Billing, Collection and Disbursement (BCD) of transmission charges on behalf of all the IST licensees. Accordingly, CTUIL is raising bills for transmission charges to DICs on behalf of IST licensees. The debtors and their recovery are accounted based on the list of DICs given by CTUIL.

35. DISCLOSURE AS PER IND AS 116 - "LEASES"

The group does not have any lease arrangements either as a lessor or lessee therefore Ind AS 116 "leases" does not apply to the Trust".

36. CORPORATE SOCIAL RESPONSIBILITY (CSR) EXPENSES

As per Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 and Companies (CSR Policy) Amendment Rules, 2021, the Subsidiaries of the Trust are required to spend, in every financial year, at least two percent of the average net profits of the Subsidiaries made during the three immediately preceding financial years. Accordingly, subsidiaries of the Trust have spent ₹ 114.99 million during the year (₹ 107.95 million during the previous year).

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37. DETAILS OF DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS DEFINED UNDER MSMED ACT, 2006

₹ in million

Sr. No	Particulars	As at 31 March 2023	As at 31 March 2022
1	Principal amount and interest due there on remaining unpaid to any supplier as at end of each accounting year:		
	Principal	-	-
	Interest	-	-
2	The amount of Interest paid by the buyer sin terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
4	The amount of interest accrued and remaining unpaid at the end of eachaccounting year	-	-
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

38. FAIR VALUE MEASUREMENTS

The management has assessed that the financial assets and financial liabilities as at year end are reasonable approximations of their fair values.

The Trust is required to present the statement of total assets at fair value and statement of total returns at fair value as per SEBI Circular No. CIR/IMD/DF/114/2016 dated 20 October 2016 as a part of these financial statements- Refer Statement of Net Assets at Fair Value and Statement of Total Returns at Fair Value.

The inputs to the valuation models for computation of fair value of assets for the above mentioned statements are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as WACC, Tax rates, Inflation rates, etc.

The significant unobservable inputs used in the fair value measurement required for disclosures categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2023 and 31 March 2022 are as shown below:

₹ in million

Significant unobservable input	Input for 31 March 2023	Sensitivity of input to the fair value	Increase/(Decrease) in fair value 31 March 2023
WACC	9.01%	9.50%	(3,440.89)
		8.50%	3,894.31

₹ in million

Significant unobservable input	Input for 31 March 2022	Sensitivity of input to the fair value	Increase/(Decrease) in fair value 31 March 2022
WACC	7.70% to 8.00%	+0.50%	(4,597.60)
		-0.50%	5,128.00

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Quantitative disclosures fair value measurement hierarchy for assets:

₹ in million

Particulars	Date of valuation	Level 1	Level 2	Level 3	Total
Assets for which fair values are disclosed: Property Plant and Equipment, Intangible Assets and Goodwill*	31 March 2023	-	-	90,735.97	90,735.97
	31 March 2022	-	-	108,920.70	108,920.70

**Statement of Net assets at fair value and total return at fair value require disclosure regarding fair value of assets (liabilities are considered at book value). Since the fair value of assets other than the Property Plant and Equipment, Intangible Asset and Goodwill, approximate their book value hence these have been disclosed above.*

The Value disclosed above represents 100% value of the Property Plant and Equipment, Intangible Assets and Goodwill without adjustment for Non-Controlling Interest.

There have been no transfers among Level 1, Level 2 and Level 3.

39. RELATED PARTY DISCLOSURES

(A) Disclosure as per Ind AS 24 - "Related Party Disclosures"

(a) Entity with significant influence over trust

Name of entity	Place of business/country of incorporation	Relationship with Trust
Power Grid Corporation of India Limited	India	Sponsor and Project Manager / Entity with significant influence

(B) Disclosure as per Regulation 2(1)(zv) of the InvIT Regulations

(a) Parties to Trust

Name of entity	Place of business/country of incorporation	Relationship with Trust
Power Grid Corporation of India Limited	India	Sponsor and Project Manager
POWERGRID Unchahar Transmission Limited	India	Investment Manager
IDBI Trusteeship Services Limited	India	Trustee

(b) Promoters of the parties to Trust specified in (i) above

Name of entity	Promoter
Power Grid Corporation of India Limited	Government of India
POWERGRID Unchahar Transmission Limited	Power Grid Corporation of India Limited
IDBI Trusteeship Services Limited	IDBI Bank Limited
	Life Insurance Corporation of India
	General Insurance Corporation of India

(c) **Directors of the parties to Trust specified in (a) above**

(i) **Directors of Power Grid Corporation of India Limited:**

Shri K. Sreekant
Shri Vinod Kumar Singh
Shri Abhay Choudhary
Shri Ravindra Kumar Tyagi (Appointed as Director w.e.f. 12.08.2022)
Shri G. Ravisankar (Appointed as Director w.e.f. 21.09.2022)
Shri Dilip Nigam (Appointed as Director w.e.f. 06.06.2022)
Shri Mohammad Afzal (Appointed as Director w.e.f. 11.10.2022)
Shri Chetan Bansilal Kankariya
Shri Korachara Nagappa Onkarappa
Shri Ram Naresh Tiwari
Shri Madhav Rajendran Raghuraj (Appointed as Director w.e.f. 05.08.2022 and Ceased to be Director w.e.f. 11.10.2022)

(ii) **Directors of POWERGRID Unchahar Transmission Limited**

Smt. Seema Gupta (Ceased to be Director w.e.f. 31.05.2022)
Shri Abhay Choudhary (Appointed as Director w.e.f. 01.06.2022)
Shri A K Singhal (Ceased to be Director w.e.f. 31.03.2023)
Shri Korachara Nagappa Onkarappa
Shri Ram Naresh Tiwari
Shri Purshottam Agarwal (Appointed as Director w.e.f. 01.04.2023)

(iii) **Key Managerial Personnel of POWERGRID Unchahar Transmission Limited**

Shri Sanjay Sharma (CEO) (Appointed as CEO w.e.f. 02.03.2023)
Shri Purshottam Agarwal (CEO) (Ceased to be CEO w.e.f. 02.03.2023)
Shri Amit Garg (CFO)
Smt. Anjana Luthra (Company Secretary)

(iv) **Directors of IDBI Trusteeship services Limited**

Shri J. Samuel Joseph
Shri Pradeep Kumar Jain
Smt. Jayashree Ranade
Smt. Madhuri J. Kulkarni (Ceased to be Director w.e.f. 06.12.2022)
Smt. Padma V. Betai (Ceased to be Director w.e.f. 31.12.2022)
Shri Pradeep Kumar Malhotra (Appointed as Director w.e.f. 14.12.2022)
Ms. Baljinder Kaur Mandal (Appointed as Director w.e.f. 17.01.2023)

(C) The outstanding balances of related parties are as follows:

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Amounts Payable		
Power Grid Corporation of India Limited (Sponsor and Project Manager)		
Incentive on O&M Consultancy fees and PIMA fees thereon	10.77	6.33
Other Payable – Construction consultancy charges	0.89	
Total	**11.66**	**6.33**
Amount Receivable		
Power Grid Corporation of India Limited (Sponsor and Project Manager)		
CAMPA Appeal Filing with CESTAT Fees paid by the Group but to be indemnified by Power Grid Corporation of India Limited as per the Share Purchase Agreement entered with it	0.01	-

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(D) The transactions with related parties during the period are as follows:

₹ in million

Particulars	For the year ended on 31 March 2023	For the year ended on 31 March 2022
Power Grid Corporation of India Limited (Sponsor and Project Manager)		
Purchase of Equity Shares of VTL	-	14,869.21
Purchase of Equity Shares of PKATL	-	2,022.92
Purchase of Equity Shares of PJTL	-	7,234.13
Purchase of Equity Shares of PWTL	-	10,327.52
Purchase of Equity Shares of PPTL	-	9,919.16
Issue of Unit Capital	-	41,065.09
Acquisition of additional revenue on account of claims under change in Law*	-	3,041.50
Distribution paid	1,638.00	1,023.75
Dividend paid	588.20	1,167.52
Repayment of Loan during the period	-	49,934.84
Payment of Operation & Maintenance Charges (Including Taxes)	299.54	272.55
Payment of Project Implementation & Management Charges (Including Taxes)	44.94	38.52
Consultancy Fees	2.31	2.95
Reimbursement of BG extension charges (Including taxes)	-	0.05
Legal Expenses Recovered from Power Grid Corporation of India Limited	1.06	-
POWERGRID Unchahar Transmission Limited (Investment Manager)		
Payment of Investment Manager fee (Including Taxes)	93.08	111.57
IDBI Trusteeship Services Limited (Trustee)		
Payment of Trustee fee (Including Taxes)	0.35	0.35

** In March 2022, PPTL, PWTL and PJTL has purchased the Right of additional revenue from POWERGRID at ₹ 810.10 million, ₹ 1,118.40 million and ₹ 1,113.00 million respectively.*

Details in respect of related party transactions involving acquisition of InvIT assets as required by Para 4.4(b)(iv) of Section A of Annexure A to SEBI Circular dated 20 October 2016 are as follows:

(A) Summary of the valuation reports (issued by the independent valuer appointed under the InvIT Regulations):

The Trust has not made any acquisition during the current Financial Year ended 31 March 2023. However, during the Financial Year ended 31 March 2022, the Trust has acquired 74% equity share capital of POWERGRID Kala Amb Transmission Limited ('PKATL'), POWERGRID Parli Transmission Limited ('PPTL'), POWERGRID Warora Transmission Limited ('PWTL') and POWERGRID Jabalpur Transmission Limited ('PJTL') and 100% equity share capital of Vizag Transmission Limited ('VTL') from Power Grid Corporation of India Limited.

The Trust has paid the consideration for acquisition of 74% equity share capital of VTL, PKATL, PPTL, PWTL and PJTL from Power Grid Corporation of India Limited on 13 May 2021 pursuant to separate share purchase agreements. Summary of the valuation report dated 26 February 2021 issued by the independent valuer appointed under the InvIT Regulations, expressing opinion on the fair valuation of the specified SPVs as of 31 December 2020 is as follows:

SPV	WACC	Enterprise Value (₹ in million)	Equity Value (₹ in million)	No. of Shares	Value per share (₹)
VTL	7.80%	23,136.10	15,313.80	209,730,000	73.00
PKATL	7.60%	4,535.20	2,679.50	61,000,000	43.90
PPTL	7.70%	25,976.40	13,138.60	322,100,000	40.80
PWTL	7.70%	29,036.80	13,679.50	393,300,000	34.80
PJTL	7.60%	21,163.00	9,582.10	226,910,000	42.20

Further, in terms of the share purchase agreement, 26% equity share capital of VTL was acquired by PGInvIT on 31 March 2022. Summary of the valuation report dated 17 February 2022 issued by the independent valuer appointed under the InvIT Regulations, expressing opinion on the fair valuation of the VTL as of 31 January 2022 is as follows:

SPV	WACC	Enterprise Value (₹ in million)	Equity Value (₹ in million)	No. of Shares	Value per share (₹)
VTL	7.90%	21,876.20	14,568.00	209,730,000	69.50

(B) Material conditions or obligations in relation to the transactions:

Acquisition of Vizag Transmission Limited (VTL): Pursuant to the share purchase agreement dated 22 April 2021 ("SPA") (and amendments thereof) executed among Power Grid Corporation of India Limited, IDBI Trusteeship Services Limited, POWERGRID Unchahar Transmission Limited, and Vizag Transmission Limited, Trust acquired 74% equity stake in VTL.

Under the Agreement, the Trust agreed and undertook to purchase from POWERGRID and POWERGRID agreed and undertook to sell the balance 26% equity stake of VTL to the Trust.

No external financing was obtained for the above acquisition of 74% equity stake in VTL and the transaction was funded by issue of units of the Trust to POWERGRID.

No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of POWERGRID Kala Amb Transmission Limited (PKATL): Pursuant to the share purchase agreement dated 22 April 2021 ("SPA") executed among Power Grid Corporation of India Limited, IDBI Trusteeship Services Limited, POWERGRID Unchahar Transmission Limited, and POWERGRID Kala Amb Transmission Limited, Trust acquired 74% equity stake in PKATL.

Under the Agreement, the Trust agreed and undertook to purchase from POWERGRID and POWERGRID agreed and undertook to sell the balance 26% equity stake of PKATL to the Trust.

No external financing was obtained for the above acquisition of 74% equity stake in PKATL and the transaction was funded by issue of units of the Trust to POWERGRID.

No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of POWERGRID Parli Transmission Limited (PPTL): Pursuant to the share purchase agreement dated 22 April 2021 ("SPA") executed among Power Grid Corporation of India Limited, IDBI Trusteeship Services Limited, POWERGRID Unchahar Transmission Limited, and POWERGRID Parli Transmission Limited, Trust acquired 74% equity stake in PPTL.

Under the Agreement, the Trust agreed and undertook to purchase from POWERGRID and POWERGRID agreed and undertook to sell the balance 26% equity stake of PPTL to the Trust.

No external financing was obtained for the above acquisition of 74% equity stake in PPTL and the transaction was funded by issue of units of the Trust to POWERGRID.

No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of POWERGRID Warora Transmission Limited (PWTL): Pursuant to the share purchase agreement dated 22 April 2021 ("SPA") executed among Power Grid Corporation of India Limited, IDBI Trusteeship Services Limited, POWERGRID Unchahar Transmission Limited, and POWERGRID Warora Transmission Limited, Trust acquired 74% equity stake in PWTL.

Under the Agreement, the Trust agreed and undertook to purchase from POWERGRID and POWERGRID agreed and undertook to sell the balance 26% equity stake of PWTL to the Trust.

No external financing was obtained for the above acquisition of 74% equity stake in PWTL and the transaction was funded by issue of units of the Trust to POWERGRID.

No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of POWERGRID Jabalpur Transmission Limited (PJTL): Pursuant to the share purchase agreement dated 22 April 2021 ("SPA") executed among Power Grid Corporation of India Limited, IDBI Trusteeship Services Limited, POWERGRID Unchahar Transmission Limited, and POWERGRID Jabalpur Transmission Limited, Trust acquired 74% equity stake in PJTL.

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Under the Agreement, the Trust agreed and undertook to purchase from POWERGRID and POWERGRID agreed and undertook to sell the balance 26% equity stake of PJTL to the Trust.

No external financing was obtained for the above acquisition of 74% equity stake in PJTL and the transaction was funded by issue of units of the Trust to POWERGRID.

No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

Acquisition of balance 26% equity stake in Vizag Transmission Limited (VTL): Pursuant to the share purchase agreements dated 22 April 2021 ("SPA") (and amendments thereof) executed among Power Grid Corporation of India Limited, IDBI Trusteeship Services Limited, POWERGRID Unchahar Transmission Limited, and Vizag Transmission Limited, Trust acquired the balance 26% equity stake in VTL.

The above acquisition was financed through Rupee Term Loan from HDFC Bank Limited. Interest rate on term loan was 3 months T-Bill rate plus spread of 194 basis points. The spread has been revised to 160 basis points w.e.f. 9th January 2023.

No fees or commission were received/to be received by any associate of the related party in relation to the transaction.

40. INVESTMENT MANAGER FEES

Pursuant to the Investment Management Agreement dated 18 December 2020, Investment Manager fees is aggregate of

a. ₹ 72,500,000 per annum, in relation to the initial SPVs; and

b. 0.10% of the aggregate Gross Block of all Holding Companies and SPVs acquired by the InvIT after the execution of this agreement.

Further, the management fee set out above shall be subject to escalation on an annual basis at the rate of 6.75% of the management fee for the previous year. Any applicable taxes, cess or charges, as the case may be, shall be in addition to the management fee.

During the period, Trust has not acquired any assets other than initial SPVs.

Investment Manager Fees during the previous year included ₹ 24.38 million for the period from 18 December 2020 to 31 March 2021.

41. PROJECT MANAGER FEES

Pursuant to the Project Implementation and Management Agreement dated January 23, 2021, Project Manager is entitled to fees @ 15% of the aggregate annual fees payable under the O&M Agreements. Any applicable taxes, cess or charges, as the case may be, shall be in addition to the fee.

42. SEGMENT REPORTING

The Group's activities comprise of transmission of electricity in India. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS -108 have not separately been given.

43. CAPITAL AND OTHER COMMITMENTS

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	280.51	102.11

The Group has entered into separate Share Purchase agreements with POWERGRID for acquisition of balance 26% equity stake in each of the subsidiary i.e. PKATL, PPTL, PWTL and PJTL.

The Group has entered into transmission services agreement (TSA) with long term transmission customers pursuant to which the Group has to ensure minimum availability of transmission line over the period of the TSA. The TSA contains provision for disincentives and penalties.

Other commitments related to services to be rendered / procurements made in the normal course of business are not disclosed to avoid excessive details.

44. CONTINGENT LIABILITY

a) Claims against the Group not acknowledged as debts in respect of Disputed Income Tax/Sales Tax/Excise/Municipal Tax/Entry Tax Matters

i) Disputed Entry Tax Matters amounting to ₹ 96.28 million (For the Year FY 2021-22 ₹ 96.28 million) contested before the Appellant Deputy Commissioner.

In this regard, the ADC vide order dt.26 July 2018 in ADC Order No.777 had granted a conditional stay upon the Group depositing 35% of the disputed tax, i.e., ₹ 33.70 million. In hearing of the case, ADC (CT) has dismissed the appeal vide order dated 17 June 2020. The Group filed writ petition with Hon'ble High Court of the state of Telengana on 17 August 2020 and Hon'ble High Court grant stay for all further proceedings against the ADC order dated 17 June 2020. The Group is confident that this matter will be disposed off in favour of the Group.

ii) Intimation from Income Tax Department Under Section 143(1)(a) amounting ₹ 3.11 million (For the Assessment Year 2019-20) against the Income Tax Return Filed for FY 2018-19. Appeal has been made to IT Department against the same.

iii) In respect of claims made by various State/Central Government Departments/Authorities towards building permission fees, penalty on diversion of agriculture land to non-agriculture use, Nala tax, water royalty etc. and by others, contingent liability of ₹ 5.89 million (Previous Year ₹ 5.89 million) has been estimated.

iv) We have received Order from Commissioner of CGST & Central Excise, Nagpur-II Commissionerate with respect to the Non-Payment of Service Tax on Deposits of ₹ 335.01 million in Compensatory Afforestation Management and Planning Authority (CAMPA) Fund. The Order was against the Group and Department raised demand to pay the due Service Tax of ₹ 50.25 million along with interest at appropriate rate u/s 75 of the Finance Act, 1994 ("Act") as amended from time to time, penalty of ₹ 50.25 million and ₹ 0.01 million u/s 78 and 77 of the Act respectively.

v) In respect of land acquired for the projects, the land losers have claimed higher compensation before various authorities/courts which are yet to be settled. In such cases, contingent liability of ₹ 0.01 million (Previous Year 0.01 million) has been estimated.

b) Other contingent liabilities amount to ₹ 67.34 million (Previous Year ₹ 105.77 million) related to arbitration cases/RoW cases & land compensation cases have been estimated.

In the event of contingent claims against the Group becoming payable, the same shall be reimbursed by Power Grid Corporation of India Limited as per the Share Purchase Agreement entered with it.

45. FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprises of borrowings denominated in Indian rupees, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's investments and operations.

The Group's principal financial assets include trade receivables, cash and cash equivalents and other financial assets that are generated from its operations.

The Group's activities expose it to the following financial risks, namely,

(A) Credit risk,

(B) Liquidity risk,

(C) Market risk.

This note presents information regarding the Group's exposure, objectives and processes for measuring and managing these risks.

The management of financial risks by the Group is summarized below: -

(A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities on account of trade receivables, deposits with banks and other financial instruments.

A default on a financial asset is when the counterparty fails to make contractual payments within 3 years of when they fall due. This definition of default is determined considering the business environment in which the Group operates and other macro-economic factors.

Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where such recoveries are made, these are recognized in the statement of profit and loss.

(i) Trade Receivables

The Group primarily provides transmission facilities to inter-state transmission service customers (DICs) comprising mainly state utilities owned by State Governments and the main revenue is from transmission charges. CERC (Sharing of Inter-State

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Transmission Charges and Losses) Regulations, 2020 ("CERC Sharing Regulations") allow payment against monthly bills towards transmission charges within due date i.e., 45 days from the date of presentation of the bill and levy of surcharge on delayed payment beyond 45 days. However, in order to improve the cash flows, a graded rebate is provided for payments made within due date. If a DIC fails to pay any bill or part thereof by the Due Date, the Central Transmission Utility (CTU) may encash the Letter of Credit provided by the DIC and utilise the same towards the amount of the bill or part thereof that is overdue plus Late Payment Surcharge, if applicable.

Trade receivables consist of receivables relating to transmission services of ₹ 3,282.01 million as on 31 March 2023 (₹ 3,353.73 million as on 31 March, 2022).

(ii) Other Financial Assets (excluding trade receivables)

a) Cash and cash equivalents

The Group held cash and cash equivalents of ₹ 4,994.87 million as on 31 March 2023 (₹ 5,268.59 million as on 31 March 2022). The cash and cash equivalents are held with reputed commercial banks and do not have any significant credit risk.

(iii) Exposure to credit risk

₹ in million

Particulars	As at 31 March 2023	As at 31 March 2022
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Cash and cash equivalents	4,994.87	5,268.59
Balances with banks and financial institutions	123.14	1.74
Other current financial assets	32.01	39.81
Total	**5,150.02**	**5,310.14**
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)		
Trade receivables	3,282.01	3,353.73

(iv) Provision for expected credit losses

(a) Financial assets for which loss allowance is measured using 12 month expected credit losses

The Group has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. At initial recognition, financial assets (excluding trade receivables) are considered as having negligible credit risk and the risk has not increased from initial recognition. Therefore, no loss allowance for impairment has been recognized.

(b) Financial assets for which loss allowance is measured using life time expected credit losses

The Group has customers most of whom are state government utilities with capacity to meet the obligations and therefore the risk of default is negligible. Further, management believes that the unimpaired amounts that are 30 days past due date are still collectible in full, based on the payment security mechanism in place and historical payment behavior.

Considering the above factors and the prevalent regulations, the trade receivables continue to have a negligible credit risk on initial recognition and thereafter on each reporting date.

(B) Liquidity Risk

Liquidity risk management implies maintaining sufficient cash and marketable securities for meeting its present and future obligations associated with financial liabilities that are required to be settled by delivering cash or another financial asset. The Group's objective is to, at all times, maintain optimum levels of liquidity to meet its cash and collateral obligations. The Group requires funds for short term operational needs as well as for servicing of financial obligation under term loan. The Group closely monitors its liquidity position and deploys a robust cash management system. It aims to minimize these risks by generating sufficient cash flows from its current operations.

Maturities of financial liabilities

The table below analyses the Trust's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amount disclosed in the table is the contractual undiscounted cash flows.

₹ in million

Contractual maturities of financial liabilities	Within a year	Between 1-5 years	Beyond 5 years	Total
As at 31 March 2023				
Borrowings (including interest outflows)	507.45	2,080.23	9,289.62	11877.30
Trade Payables	6.68	-	-	6.68
Other financial liabilities	244.94	-	-	244.94
Total	**759.07**	**2,080.23**	**9,289.62**	**12,128.92**
As at 31 March 2022				
Borrowings (including interest outflows)	359.12	1,475.51	8,492.87	10,327.50
Trade Payables	2.76	-	-	2.76
Other financial liabilities	214.59	0.05		214.64
Total	**576.47**	**1,475.56**	**8,492.87**	**10,544.90**

(C) MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

(i) Currency risk

(ii) Interest rate risk

(iii) Equity price risk

(i) Currency risk

As on Reporting date the Group does not have any exposure to currency risk in respect of foreign currency denominated loans and borrowings and procurement of goods and services.

(ii) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group 's exposure to interest rate risk due to variable interest rate borrowings is as follows:

₹ in million

Particulars	Amount	Impact on profit / loss before tax for the year due to Increase or decrease in interest rate by 50 basis points
As at 31 March 2023		
Term Loan from Bank	5,727.07	28.73
As at 31 March 2022		
Term Loan from Bank	5,755.85	0.09

(iii) Equity price risk

The Group does not have any investments in equity shares which may be subject to equity price risk.

Notes

to the Consolidated Financial Statements for the year ended March 31, 2023

46. CAPITAL MANAGEMENT

Group's objectives when managing capital are to

- maximize the unitholder value;
- safeguard its ability to continue as a going concern;
- maintain an optimal capital structure to reduce the cost of capital.

For the purpose of Group's capital management, unit capital includes issued unit capital and all other reserves attributable to the unitholders of the Trust. Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, Group may adjust the distribution to unitholders (subject to the provisions of InvIT regulations which require distribution of at least 90% of the net distributable cash flows of the Trust to unitholders), return capital to unitholders or issue new units. The Group monitors capital using a gearing ratio, which is the ratio of Net Debt to total Equity plus Net Debt. The Group's policy is to keep the gearing ratio optimum. The Group includes within Net Debt, interest bearing loans and borrowings and current maturities of long term debt less cash and cash equivalents.

The gearing ratio of the Group was as follows:

Particulars		As at 31 March 2023	As at 31 March 2022
(a)	Long term debt (₹ in million)	5,727.07	5,755.85
(b)	Less: Cash and cash equivalents	4,994.87	5,268.59
(c)	Net Debt (a-b)	732.20	487.26
(d)	Total Equity (₹ in million) *	77,064.89	89,936.26
(e)	Total Equity plus net debt (₹ in million) (c+d)	77,797.09	90,423.52
(f)	Gearing Ratio (c/e)	0.94%	0.54%

**Total Equity includes unit capital and other equity.*

The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

Distributions

Particulars	₹ in million
Distributions made during the year ended 31 March 2023 of ₹ 12.00 per unit (Comprising Taxable Dividend – ₹ 2.37, Exempt Dividend – ₹ 1.01, Interest – ₹ 7.86, Repayment of SPV Debt–₹ 0.73 and Treasury Income – ₹ 0.03)	10,919.99
Distributions made during the year ended 31 March 2022 of ₹ 7.50 per unit (Comprising Taxable Dividend – ₹ 1.68, Exempt Dividend – ₹ 0.80, Interest – ₹ 5.01 and Treasury Income – ₹ 0.01)	6,824.99

Distribution not recognized at the end of the reporting period:

In addition to above distribution, the Board of Directors of POWERGRID Unchahar Transmission Limited in its capacity as the Investment Manager to POWERGRID Infrastructure Investment Trust ("PGInvIT") on 25 May 2023 recommended distribution related to last quarter of FY 2022-23 of ₹ 3.00 per unit.

47. INCOME TAX EXPENSE

This note provides an analysis of the group's income tax expense, and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

(a) Income tax expense

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current Tax		
Current tax on profits for the year	210.15	245.96
Adjustments for current tax of prior periods		-
Total current tax expense (A)	**210.15**	**245.96**
Deferred Tax Expense		
Origination and reversal of temporary differences	(2,142.95)	396.60
Previously unrecognized tax credit recognized as Deferred Tax Asset this year	-	-
Total deferred tax expense /benefit (B)	**(2,142.95)**	**396.60**
Income tax expense (A+B)	**(1,932.80)**	**642.56**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before income tax expense including movement in Regulatory Deferral Account Balances	(6,396.90)	5,275.70
Tax at the Group's domestic tax rate	**(3,195.43)**	**1,654.91**
Tax effect of:		
Impact of exemption u/s 10(23FC) of the Income Tax Act, 1961	3,962.57	(664.29)
Deferred Tax Expense/(Income)	(2,142.95)	396.60
Minimum alternate tax adjustments	(99.94)	(145.46)
Tax Adjustments on accounting profit	(457.05)	(599.20)
Income tax expense	**(1,932.80)**	**642.56**

(c) MAT Credit / Current Tax

As Group have option to avail MAT credit in future against Income Tax payable and hence MAT paid during earlier and in current year are carried forward.

48. DISCLOSURES PURSUANT TO IND AS 103 "BUSINESS COMBINATIONS"

i) Acquisition of subsidiaries

During the financial year ended 31 March 2023, the Trust has not acquired any assets.

Pursuant to the Share Purchase Agreements dated 22 April 2021, the Trust acquired 74% of equity stake of the VTL, PKATL, PPTL, PWTL and PJTL on 13 May 2021, the acquisition date, for an equity consideration of ₹ 41,065.09 million.

Accordingly, the financial statements of the aforesaid subsidiaries for the period 13 May 2021 to 31 March 2022 have been considered in the consolidated financial statements of the Group. The funding for the said acquisition was raised through public issue of units of the Trust. The Group has carried out a fair valuation of the net assets of the SPVs and accordingly the goodwill /gain from bargain purchase has been recorded in the consolidated financial statements.

Notes

to the Consolidated Financial Statements for the year ended March 31, 2023

ii) Assets acquired and liabilities recognised on the date of acquisition were as follows

₹ in million

Particulars	VTL	PKATL	PPTL	PWTL	PJTL	Total
Non current assets						
Property, Plant and Equipment	22,445.45	4,543.18	25,604.15	28,322.65	20,009.33	1,00,924.76
Capital Work-in-Progress	-	58.71	-	29.46	-	88.17
Other Intangible Assets	-	5.74	129.28	604.64	924.56	1,664.22
Other Non-Current Assets	0.15	67.19	201.42	235.17	122.08	626.01
	22,445.60	**4,674.82**	**25,934.85**	**29,191.92**	**21,055.97**	**1,03,303.16**
Current assets						
Inventories	108.07	-	46.60	57.52	97.74	309.93
Trade Receivables	543.15	120.25	590.59	485.40	446.81	2,186.20
Cash and Cash Equivalents	496.96	91.06	609.54	449.67	513.41	2,160.64
Other Current Financial Assets	173.34	45.23	466.82	720.08	156.48	1,561.95
Other Current Assets	54.94	20.55	40.30	45.10	25.13	186.02
	1,376.46	**277.09**	**1,753.85**	**1,757.77**	**1,239.57**	**6,404.74**
Total Assets	**23,822.06**	**4,951.91**	**27,688.70**	**30,949.69**	**22,295.54**	**1,09,707.90**
Non current liabilities						
Borrowings	7,839.88	1,860.00	13,005.00	15,400.00	11,829.95	49,934.83
Deferred Tax Liabilities (Net)	320.22	276.56	1,046.70	1,157.94	523.99	3,325.41
	8,160.10	**2,136.56**	**14,051.70**	**16,557.94**	**12,353.94**	**53,260.24**
Current liabilities						
Trade Payables	5.27	0.52	3.67	3.99	0.06	13.51
Other Current Financial Liability	0.23	80.70	222.50	425.27	161.39	890.09
Other Current Liabilities	2.20	0.46	6.44	6.24	3.76	19.10
Provisions	0.04	-	0.12	0.14	0.54	0.84
Current Tax Liabilities (Net)	30.76	-	-	-	-	30.76
	38.50	**81.68**	**232.73**	**435.64**	**165.75**	**954.30**
Total Liabilities	**8,198.60**	**2,218.24**	**14,284.43**	**16,993.58**	**12,519.69**	**54,214.54**
Net Assets at Fair Value	**15,623.46**	**2,733.67**	**13,404.27**	**13,956.11**	**9,775.85**	**55,493.36**

iii) Calculation of Goodwill / (Capital Reserve)

₹ in million

Particulars	VTL	PKATL	PPTL	PWTL	PJTL	Total
Purchase consideration	11,561.36	2,022.92	9,919.16	10,327.52	7,234.13	41,065.09
Less: 74% of Net Assets at Fair Value	11,561.36	2,022.92	9,919.16	10,327.52	7,234.13	41,065.09
Goodwill on acquisition	-	-	-	-	-	-
Goodwill on account of DTL arising due to acquisition	2,573.30	463.29	2,405.76	2,350.97	1,782.59	9,575.91
Goodwill on Business Acquisition	2,573.30	463.29	2,405.76	2,350.97	1,782.59	9,575.91

49. DISCLOSURE AS PER IND AS 115 - "REVENUE FROM CONTRACTS WITH CUSTOMER"

a) The Group does not have any contract assets or contract liability as at 31st March 2023 and 31 March 2022.

b) The entity determines transaction price based on expected value method considering its past experiences of refunds or significant reversals in amount of revenue. In estimating significant financing component, management considers the financing element inbuilt in the transaction price based on imputed rate of return. Reconciliation of Contracted Price vis-a-vis revenue recognized in profit or loss statement is as follows:

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Contracted price	12,500.76	11,825.56
Add/ (Less)- Discounts/ rebates provided to customer	(59.68)	(46.36)
Add/ (Less)- Performance bonus	417.26	394.19
Add/ (Less)- Adjustment for significant financing component	-	-
Add/ (Less)- Other adjustments	(0.49)	-
Revenue recognized in profit or loss statement	**12,857.85**	**12,173.39**

Notes

to the Consolidated Financial Statements for the year ended March 31, 2023

Project wise break up of revenue from contracts with Customers

₹ in million

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Vizag Transmission Limited	2,416.07	2,604.51
POWERGRID Kala Amb Transmission Limited	689.51	626.98
POWERGRID Parli Transmission Limited	3,361.11	2,975.01
POWERGRID Warora Transmission Limited	3,752.44	3,324.77
POWERGRID Jabalpur Transmission Limited	2,638.72	2,642.12
TOTAL	**12,857.85**	**12,173.39**

50. OTHER INFORMATION

a) The Group does not hold benami property and no proceeding has been initiated or pending against the any entity of the Group for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder as at the end of the financial year.

b) The Group does not have any transactions with struck off companies.

c) Any entity of the Group was not declared as a willful defaulter by any bank or financial Institution or other lender during the financial year.

d) Ratios

Ratio	Numerator	Denominator	Current Year	Previous Year	Variance (%)	Reason for variance >25%
(a) Current Ratio	Current Assets	Current Liabilities	29.08	33.48	(13.14)	-
(b) Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.07	0.06	16.67	-
(c) Debt Service Coverage Ratio	Profit for the period before tax+ Depreciation and amortization expense + Finance costs+ Impairment	Interest & Lease Payments + Principal Repayments	27.68	12,666.88	(99.78)	The loan was availed on 31 March 2022. Hence interest included in last year was for one day only.
(d) Interest Service Coverage Ratio	Earnings before Interest, Depreciation, Impairment and Tax	Interest & Finance Charges net of amount transferred to expenditure during construction	29.60	12,666.88	(99.77)	The loan was availed on 31 March 2022. Hence interest included in last year was for one day only.
(e) Return on Equity Ratio	Profit for the period after tax	Average Shareholder's Equity	(0.05)	0.09	(155.56)	Due to higher Impairment in Current Year.
(f) Inventory turnover ratio	Revenue from Operations	Average Inventory	41.72	78.98	(47.18)	Due to NIL Inventory as on 01 April 2021.
(g) Trade Receivables turnover ratio	Revenue from Operations	Average Trade Receivables excluding unbilled revenue (before deducting provision)	7.80	14.84	(47.44)	Due to NIL Trade Receivables as on 01 April 2021.
(h) Trade payables turnover ratio	Gross Other Expense (–) FERV, Provisions, Loss on disposal of PPE	Average Trade payables	185.98	563.36	(66.99)	Due to NIL Trade Receivables as on 01 April 2021
(i) Net capital turnover ratio	Revenue from Operations	Current Assets – Current Liabilities	1.49	1.38	7.97	-
(j) Net profit ratio	Profit for the period after tax	Revenue from Operations	(0.35)	0.38	(192.11)	Due to higher Impairment in Current Year
(k) Return on Capital employed	Earnings before interest and taxes	Tangible Net Worth + Total Debt + Deferred Tax Liability	(0.06)	0.05	(220.00)	Due to higher Impairment in Current Year
(l) Return on Investment	Interest from Investment	Average Investments	NA	NA	NA	-

e) The Group has not received/advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) through Intermediaries during the financial year.

f) The Group does not have any transaction that was not recorded in the books of accounts and has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

g) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

51. IMPACT OF COVID – 19

The Group is mainly engaged in the business of transmission of electricity and earns revenue pursuant to the long-term transmission service agreements (TSAs) with designated Inter-state customers. In addition, maintaining the availability of the assets in excess of 98% gives the right to claim incentives under the respective TSAs.

There has been no material impact on the operations or profitability of the subsidiaries during the financial year due to the COVID-19 pandemic.

However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration. The Group will continue to monitor any material changes to future economic conditions.

52. RECENT PRONOUNCEMENTS

On 31 March 2023, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2023 applicable from 01 April 2023. The Trust will assess and implement the amendments in the FY 2023-24, as applicable.

53. OTHER NOTES

a) Figures have been rounded off to nearest rupees in million up to two decimals.

b) Previous year figures have been regrouped/ rearranged wherever considered necessary

As per our report of even date

For S.K.Mittal & Co.
Chartered Accountants
FRN: 001135N

(CA Gaurav Mittal)
Membership Number: 099387
Place: New Delhi

Date: 25 May 2023

For and on behalf of Board of Directors of POWERGRID Unchahar Transmission Limited in the capacity as Investment Manager to POWERGRID Infrastructure Investment Trust.

Anjana Luthra
Company Secretary
PAN: ABYPL2312H
Place: Gurugram

Abhay Choudhary
Chairman
DIN: 07388432
Place: Gurugram

Purshottam Agarwal
Director
DIN: 08812158
Place: Gurugram

Sanjay Sharma
CEO
PAN: AENPS3382J
Place: Gurugram

Amit Garg
CFO
PAN: ACSPG1833F
Place: Gurugram

Glossary

AI	Artificial Intelligence
AUM	Assets Under Management
BOOM	Build-Own-Operate-Maintain
BSE	Bombay Stock Exchange
BU	Billion Units
CAGR	Compound Annual Growth Rate
CARE	CARE Ratings Limited
CERC	Central Electricity Regulatory Commission
CGU	cash-generating unit
ckm	circuit kilometer
COD	Commercial Operation Date
CPSE	Central Public Sector Enterprise
CRISIL	CRISIL Ratings Limited
CSR	Corporate Social Responsibility
CTUIL	Central Transmission Utility of India Ltd
CWIP	Capital Work-In-Progress
D/C	Double Circuit
DCF	Discounted Cash Flow
DIC	Designated ISTS Customers
DPU	Distribution Per Unit
DSRA	Debt Service Reserve Account
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
ECL	Expected Credit Loss
EPU	Earnings per Unit
ESG	Environment, Social and Governance
Final Offer Document	Final Offer Document of PGInvIT dated May 6, 2021
FVOCI	Fair Value in Other Comprehensive Income
FY	Financial Year
GoI	Government of India
GW	Gigawatt
ICRA	ICRA Limited
IM	Investment Manager
IMT Ghaziabad	Institute of Management Technology, Ghaziabad
Ind AS	Indian Accounting Standards
InSTS	Intra-State Transmission System
InvIT	Infrastructure Investment Trust
InvIT Regulations or SEBI InvIT Regulations	SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended
IPA	Initial Portfolio Asset
IPO	Initial Public Offer
ISTS	Inter State Transmission System
ITSL	IDBI Trusteeship Services Limited
kV	kilovolt
LILO	Loop-In-Loop-Out
MD&A	Management Discussion and Analysis
ML	Machine Learning
MSEDCL	Maharashtra State Electricity Distribution Company Limited
MSME	Micro, Small and Medium Enterprises
MVA	Mega Volt Ampere
NAV	Net Asset Value
NDCF	Net Distributable Cash Flows
NIT	National Institute of Technology
NMP	National Monetisation Pipeline
NSE	National Stock Exchange
NTPC	NTPC Limited
O&M	Operation & Maintenance
OPGW	Optical Ground Wire
PAT	Profit After Tax
PGInvIT	POWERGRID Infrastructure Investment Trust
PJTL	POWERGRID Jabalpur Transmission Limited
PKATL	POWERGRID Kala Amb Transmission Limited
POWERGRID	Power Grid Corporation of India Limited
PPTL	POWERGRID Parli Transmission Limited
PSU	Public Sector Undertaking
PUTL	POWERGRID Unchahar Transmission Limited
PVTL	POWERGRID Vizag Transmission Limited
PWTL	POWERGRID Warora Transmission Limited
RBI	Reserve Bank of India
RE	Renewable Energy
REIT	Real Estate Investment Trust
ROU	right-of-use
RoW	Right of Way
RPC	Regional Power Committee
Rupees or ₹	The Indian Rupee
SEBI	Securities and Exchange Board of India
SPV	Special Purpose Vehicle
TBCB	Tariff-Based Competitive Bidding
TDS	Tax Deducted at Source
Trust	POWERGRID Infrastructure Investment Trust
TSA	Transmission Service Agreement
WACC	Weighted Average Cost of Capital

DISCLAIMER

This report is prepared for the consumption of the unitholders of POWERGRID Infrastructure Investment Trust ("PGInvIT") pursuant to the Securities and Exchange Board of India (Infrastructure Investment Trusts), 2014, as amended, and issued by POWERGRID Unchahar Transmission Limited (the "Investment Manager") in its capacity as the Investment Manager of PGInvIT. This report (a) is for information purposes only without regards to specific objectives, financial situations or needs of any particular person, (b) should not be construed as legal, tax, investment or other advice, (c) should not be considered as a prospectus, an offer/offer document, an advertisement or a recommendation to any person to purchase/subscribe to any units or any other securities / instruments issued or proposed to be issued by PGInvIT, and (d) should not be disclosed, reproduced, retransmitted, summarized, distributed or furnished, in whole or in part, to any other person or persons.

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पीजीइन्विट
PGInvIT

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