

April 24, 2025

POWERGRID Infrastructure Investment Trust: Rating assigned for bank facilities and reaffirmed for issuer ratings

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer ratings	-	-	[ICRA]AAA (Stable); reaffirmed
Long term – Fund-based - Term loan	-	1,073	[ICRA]AAA (Stable); assigned
Long term – Unallocated limits	-	27	[ICRA]AAA (Stable); assigned
Total	-	1,100	

*Instrument details are provided in Annexure I

Rationale

POWERGRID Infrastructure Investment Trust (PGInvIT) is an infrastructure investment trust sponsored by Power Grid Corporation of India Limited (PGCIL, rated [ICRA]AAA(Stable)/[ICRA]A1+). The Trust has five special purpose vehicles (SPVs) – Vizag Transmission Limited (VTL; formally known as POWERGRID Vizag Transmission Limited), Kala Amb Transmission Limited (KATL; formally known as POWERGRID Kala Amb Transmission Limited), Parli Power Transmission Limited (PPTL; formally known as POWERGRID Parli Transmission Limited), Warora Transmission Limited (WTL; formally known as POWERGRID Warora Transmission Limited) and Jabalpur Power Transmission Limited (JPTL; formally known as POWERGRID Jabalpur Transmission Limited). In December 2024, post completion of the equity lock-in period, the Trust acquired the remaining 26% stake in the four SPVs (KATL, PPTL, WTL and JPTL), which was previously held by PGCIL. The acquisition was completed at a total consideration of Rs. 506.6 crore and was majorly funded through a term loan of Rs. 506 crore availed at PGInvIT's level. Earlier, in May 2021, the Trust had acquired 74% stake in the five SPVs (VTL, KATL, PPTL, WTL and JPTL), and the remaining 26% stake in VTL in March 2022 from PGCIL. The Trust now holds 100% stake in all five SPVs. The five SPVs do not have any external debt as on date.

The rating continues to factor in the high revenue stability due to the presence of transmission service agreements (TSAs) for 35 years (average residual TSA period of ~28 years) from the commissioning date (COD) for the inter-state transmission assets of the five SPVs, with revenues linked to the transmission system availability. The assets are operational, with availability higher than the target annual availability of 98%, resulting in full recovery of the transmission charges plus incentives since COD. The transmission projects housed in the five SPVs were awarded to PGCIL through the competitive bidding route and are a part of the inter-state transmission system (ISTS).

The rating also considers the timely realisation of transmission charges, as per the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, through the Central Transmission Utility of India Limited (CTUIL), which substantially limits the counterparty credit risk, evident from the timely payments and high collection efficiency. Further, ICRA notes that the 74% stake acquisition in the five SPVs was funded entirely from the unit holder's capital raised by PGInvIT, while the acquisition of the 26% stake in the SPVs has been funded through external debt. The net debt to AUM remained low at 0.13% as of September 2024 but is estimated to have increased to ~10% as of March 2025 on account of the Rs. 506-crore debt raised for acquiring the remaining 26% stake in KATL, PPTL, WTL and JPTL. However, considering the current leverage level, there is still a significant headway available for PGInvIT to make debt-funded acquisitions, in line with the regulations prescribed by SEBI for InvITs.

The rating is, however, constrained by operational risks associated with power transmission and the ability of PGInvIT to ensure annual availability above the target annual availability of 98%, which shall be critical for the recovery of transmission charges.

However, the operational risk is mitigated to some extent with PGCIL as the project manager, which is responsible for the operation and maintenance of transmission assets of the five SPVs. Further, the entity remains exposed to interest rate risk for the debt availed as the transmission charges are fixed in nature for the tenure of the TSA (except an escalable component for transmission charges for VTL).

The Stable outlook on the [ICRA]AAA rating reflects ICRA's opinion that PGINVIT shall benefit from the stability in cash flows, aided by the availability of TSAs, a satisfactory operational profile of the transmission assets of the five SPVs and the timely payments from the customers under CERC regulations, which would result in strong debt service coverage indicators, going forward.

Key rating drivers and their description

Credit strengths

Satisfactory operational track record of the inter-state transmission projects acquired by PGINVIT – The SPVs acquired by PGINVIT have consistently demonstrated high annual system availability since COD, which is more than the normative level of 98% under the CERC norms, ensuring the recovery of annual transmission charges and earning incentive for the annual availability being higher than the normative levels.

High cash flow stability, aided by availability of TSA and CERC norms for collection of transmission charges – The presence of TSAs for 35 years from the COD for all the five SPVs, with availability-linked tariff billing, results in long-term revenue visibility. The presence of CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020, for the collection of transmission charges, with the CTU being responsible for the billing and collection, leads to high cash flow stability and supports the rating.

Billing and collection through CTU mitigates counterparty credit risk to a large extent – The transmission systems of the five SPVs are a part of the ISTS network and, hence, are eligible for billing and collection, as per the CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020, through CTUIL. This mitigates the counterparty credit risk to a large extent due to the diversification of counterparties. The low counterparty credit risk is evident from the overall collection efficiency of 101% in FY2024 and 101.5% in 9M FY2025. Further, the consolidated debtor days (excluding unbilled revenue) of ~41 days in 9M FY2025 are in line with 40 days in FY2024.

Strong financial risk profile characterised by stable cash flows – ICRA notes that the purchase of 74% stake in the five SPVs (in line with the equity lock-in clauses in the TSAs) in May 2021 was funded entirely from the unit holder's capital raised by PGINVIT. The acquisition of the remaining 26% stake in VTL and the additional revenue rights¹ in PPTL, WTL and JPTL were funded through external debt raised in March 2022. Further, in December 2024, PGINVIT raised an external debt of Rs. 506 crore to fund the acquisition of the remaining 26% stake in the four SPVs (KATL, PPTL, WTL and JPTL) for a total consideration of Rs. 506.6 crore. This increased the net debt to AUM to around 10% as of March 2025 from the lows of 0.13% as of September 2024. However, considering the current leverage level, there is sufficient headway for the InvIT to acquire new assets through debt funding. The acquisition of new assets remains a key monitorable.

Presence of PGCIL as project manager provides comfort – PGCIL {rated [ICRA]AAA(Stable)/[ICRA]A1+} acts as a project manager of PGINVIT and is responsible for the operation, maintenance and management of the transmission assets of the SPVs. PGCIL, being the largest transmission player in the country, has a long and satisfactory track record of setting up and operating transmission assets in India. The demonstrated operational track record of the transmission assets of PGCIL is evident from the availability being higher than the CERC norms.

¹ PGINVIT acquired rights for additional revenue as approved by CERC due to change in law from PGCIL in three of the SPVs at a consideration of ~Rs. 304 crore in March 2022.

Credit challenges

Ability to maintain availability in line with target annual availability critical for recovery of transmission charges – The ability of PGINvIT to maintain transmission availability above the target annual availability of 98% remains critical for the recovery of transmission charges. The transmission assets of the five SPVs have demonstrated satisfactory operational performance, with the annual availability being higher than 98% in the past since COD. The risk is also mitigated by the presence of PGCIL as the project manager, which is responsible for the operation, maintenance and management of the transmission assets of the five SPVs.

Interest rate risk – The transmission charges for the five SPVs in which PGINvIT has acquired stakes are fixed for the tenure of the TSAs, except the escalable component of transmission charges for VTL. Hence, PGINvIT shall be exposed to interest rate risk, as the fluctuations in interest rate shall not be passed through, which can adversely impact the debt service coverage indicators and debt/asset under management.

Environmental and social risks

Environmental consideration – The SPVs of PGINvIT exhibit low environment risks as their revenues are derived from transmission assets which have low exposure to the lack of availability of natural resources or the risk of not meeting emission or carbon footprint norms. Also, there were no major pending show cause/legal notices from the respective authorities at the end of 2023-24.

Social consideration – PGINvIT’s SPVs have low exposure to social risks arising from the right-of-way (ROW) requirement for setting up the transmission assets. It has only commissioned assets in its existing portfolio, thus exhibiting low social risks.

Liquidity position: Strong

The liquidity of the five SPVs, on a consolidated basis, is strong, supported by cash and liquid investments on a consolidated basis of ~Rs. 300 crore as on March 31, 2025 {which includes debt service reserve amount (DSRA) for the subsequent one quarter of debt servicing in the form of fixed deposits} and expected cash flow from operations of ~Rs. 1,000 crore in FY2026 and FY2027. These sources of funds are expected to be sufficient to meet the scheduled annual debt servicing obligations of Rs. 85-90 crore, as well as additional equity spending for the planned capex and dividend payouts in FY2026/FY2027. Also, the company has sufficient headroom to raise funds for the acquisition of new assets.

Rating sensitivities

Positive factors – Not Applicable.

Negative factors – Lower-than-targeted annual availability of the transmission assets and/or delays in collecting payments from customers and/or a large debt-funded acquisition, resulting in a significant deterioration of the debt coverage metrics, may warrant a downgrade. Further, pressure on the rating could arise if there is any deterioration in the asset credit quality or diversification into segments other than inter-state power transmission.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Power Transmission Infrastructure Investment Trusts (InvITs)
Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has consolidated the business and financial risk profile of all the five SPVs acquired by PGINvIT as the cash flows shall be fungible among the SPVs due to direct control of PGINvIT

About the company

POWERGRID Infrastructure Investment Trust (PGInvIT) is an infrastructure investment trust (InvIT) sponsored by Power Grid Corporation of India Limited (PGCIL). PGINVIT has a 100% stake in the five SPVs, which were previously the subsidiaries of PGCIL, namely Kala Amb Transmission Limited (KATL; formally known as POWERGRID Kala Amb Transmission Limited), Parli Power Transmission Limited (PPTL; formally known as POWERGRID Parli Transmission Limited), Warora Transmission Limited (WTL; formally known as POWERGRID Warora Transmission Limited) and Jabalpur Power Transmission Limited (JPPL) and Vizag Transmission Limited (VTL; formerly known as POWERGRID Vizag Transmission Limited; formally known as POWERGRID Jabalpur Transmission Limited) as on December 31, 2024. These five SPVs own inter-state transmission lines which were awarded through competitive bidding to PGCIL.

Vizag Transmission Limited has two transmission lines across Andhra Pradesh and Telangana. The project was commissioned in February 2017.

Kala Amb Transmission Limited has one transmission line and one sub-station in Himachal Pradesh. This project has been operational since July 2017. It also commissioned one bus reactor at Kala Amb substation along with two associated bays under the regulated tariff mechanism (RTM) in February 2024.

Parli Power Transmission Limited has three transmission lines and one sub-station in Maharashtra. The project was commissioned in June 2018. The company is also implementing a one-line bay at Parli substation under RTM which is expected to get commissioned by December 2025.

Warora Transmission Limited has four transmission lines in Madhya Pradesh and Maharashtra and one substation in Maharashtra. The project was commissioned in July 2018.

Jabalpur Power Transmission Limited has one transmission line in Madhya Pradesh. The project has been operational since January 2019.

Power Grid Corporation of India Limited is the project manager and POWERGRID Unchahar Transmission Limited is the investment manager for PGINVIT.

Key financial indicators (audited)

PGInvIT Consolidated	FY2023	FY2024	9M FY2025
Operating income	1,293.4	1,265.5	955.2
PAT	-446.4	981.7	485.1
OPBDIT/OI	93.1%	92.7%	93.4%
PAT/OI	-34.5%	77.6%	50.8%
Total outside liabilities/Tangible net worth (times)	0.2	0.2	-
Total debt/OPBDIT (times)	0.5	0.5	1.2
Interest coverage (times)	29.1	25.0	25.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)			Chronology of rating history for the past 3 years							
			FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Issuer ratings	Long term	-	Apr 24, 2025	[ICRA]AAA (Stable)	Nov 05, 2024	[ICRA]AAA (Stable)	Oct 20, 2023	[ICRA]AAA (Stable)	Oct 12, 2022	[ICRA]AAA (Stable)
Term loan	Long term	1,073.00	Apr 24, 2025	[ICRA]AAA (Stable)	-	-	-	-	-	-
Unallocated limits	Long term	27.00	Apr 24, 2025	[ICRA]AAA (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer ratings	Not Applicable
Long term – Fund-based - Term loan	Simple
Long term – Unallocated limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Issuer ratings	NA	NA	NA	-	[ICRA]AAA (Stable)
NA	Long term – Fund-based - Term loan	Mar 2022 and Dec 2024	-	March 2038 and Dec 2040	1,073.00	[ICRA]AAA (Stable)
NA	Long term – Unallocated limits	NA	NA	NA	27.00	[ICRA]AAA (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	PGInvIT ownership	Consolidation approach
POWERGRID Infrastructure Investment Trust	100.00% (rated entity)	Full consolidation
Vizag Transmission Limited	100.00%	Full consolidation
Kala Amb Transmission Limited	100.00%	Full consolidation
Parli Power Transmission Limited	100.00%	Full consolidation
Warora Transmission System Limited	100.00%	Full consolidation
Jabalpur Power Transmission Limited	100.00%	Full consolidation

Source: POWERGRID Infrastructure Investment Trust

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Vikram V

+91 40 6939 6410

Vikram.v@icraindia.com

Ritabrata Ghosh

+91 33 7150 1107

ritabrata.ghosh@icraindia.com

Asmita Pant

+91 96 4345 4364

asmita.pant@icraindia.com

Rohit Shahu

+91 22 61693300

rohit.shahu@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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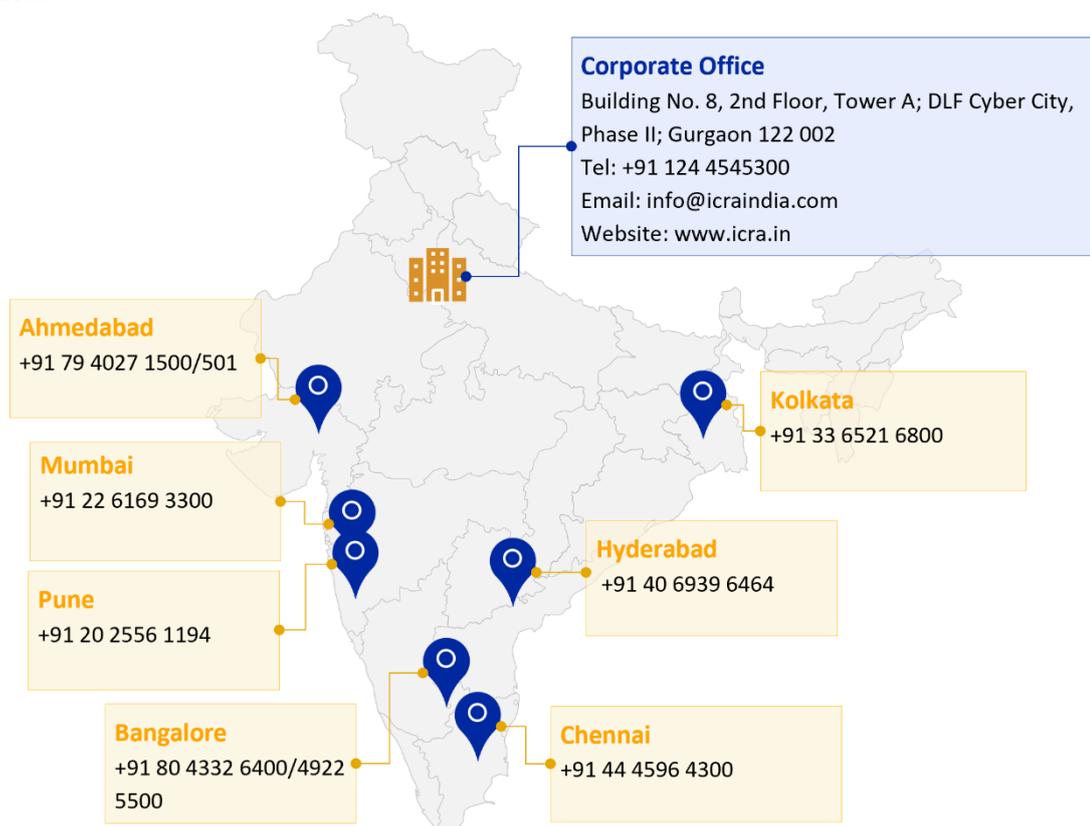
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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