

Cabinet nod for asset monetization of subsidiaries of Power Grid through InvIT

By TIOL News Service



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THE Cabinet Committee on Economic Affairs has given its approval to:

Power Grid Corporation of India Limited (POWERGRID) to undertake monetization of its Tariff Based Competitive Bidding (TBCB) assets, held in existing Special Purpose Vehicle (SPVs), through Infrastructure Investment Trust (InvIT)

Power Grid Corporation of India Limited (POWERGRID) to monetize through InvIT, its other TBCB SPVs including those which are either under construction or shall be acquired by the company in future, as per the directives and targets fixed by the Government of India,

Change in CPSE character of POWERGRID's SPVs covered in (i) and (ii) above.

The approval would facilitate POWERGRID, a Central Public Sector Enterprise under Ministry of Power, to undertake asset monetization of its identified TBCB transmission assets through InvIT, so that the proceeds from the asset monetization could be utilized for fresh investment in the transmission network expansion and other capital schemes of the company. In the first block, POWERGRID would be able to monetize 5 TBCB assets of gross block of Rs 7164 crore (as on September 2019).

The approval would facilitate POWERGRID to undertake asset monetization of its identified transmission assets through InvIT, so that the proceeds from the asset monetization could be utilized for fresh investment in the transmission network expansion and other capital schemes of the company and the premium generated would augment the net worth of POWERGRID.

The assets proposed for monetization through InvIT are operational assets proposed to be managed by the existing manpower of POWERGRID already deputed for this purpose and therefore no additional employment generation is envisaged with regard to them. However, additional employment opportunities are likely in services incidental to InvIT, such as merchant banking, legal advisory, trusteeship, financial and taxation consultancy, valuation, printing, advertisement and in allied activities.

The Budget 2019-20 emphasized investment led growth and indicated that new and innovative financial instruments including Infrastructure Investment Trusts (InvITs), have been launched as part of the brown field asset monetization strategy for augmenting infrastructure investment.

POWERGRID, a public limited company under the administrative control of the Ministry of Power, Government of India, started its commercial operation in the year 1992-93 and is today, a Maharatna company, engaged in the business of power transmission. The Company, along with its wholly owned subsidiaries acquired through the tariff based competitive bidding process (TBCB), owns and operates a pan India transmission network.

Against this background, POWERGRID would undertake monetization of its TBCB transmission assets through InvIT.

Monetization of first block of eligible TBCB SPVs- in FY 2020-21. Based on the experience gained and depending upon the eligibility for monetization of TBCB SPVs, further monetization shall be carried out in future, as per the directives and targets fixed by the Government of India.