POWERGRID

Fastest Growing Electric Utility in the World

Analysts’ Meet
February 12, 2015  Mumbai
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- Annual Accounts for FY2013-14 have been approved by the shareholders.
Recent Highlights

POWERGRID Today

Financial Highlights

Project Execution

Operations Highlights

Other Businesses Highlights

New Initiatives

Investment & Funding Programme
Recent Highlights

Activities commenced for projects beyond XII Plan

- 6000MW HVDC Bipole/ Other schemes between WR & SR
- Trans. System for Solar Parks in 7 States

Tariff Based Competitive Bidding

- Secured ‘Trans. System Strengthening for Vindhyachal –V’ under TBCB

Energy Efficiency-Upcoming Opportunity

- ‘Negawatt Makes-A-Watt’
  A Report on Energy Efficiency Opportunities in India released by POWERGRID

Recognition

- ‘Star PSU of the Year Award’ by Business Standard Annual Awards 2014
- Award for Excellence in Corporate Governance from ICSI
POWERGRID Today

A ‘NAVRATNA’ ENTERPRISE
CENTRAL TRANSMISSION UTILITY
LISTED COMPANY since 2007
GOVT. SHAREHOLDING 57.90%
PAYING DIVIDEND SINCE 1993-94

Vision
World Class, Integrated, Global Transmission Company With Dominant Leadership in Emerging Power Markets
Ensuring Reliability, Safety and Economy

Tr. Lines (as on 11-2-2015)
113,838 ckm
937 Nos.

MVA & S/S (as on 11-2-2015)
220,394 MVA
189 Nos.

Operating Parameters (Apr-Dec14)
Availability: 99.88%
Reliability(*): 0.41

Credit Ratings
• AAA
• Stable
CRISIL

• AAA
• Stable
ICRA

• AAA
CARE

• BBB (-)
• Stable Outlook
Fitch

• BBB (-)
• Stable Outlook
S&P

(*) Trippings/line
# Financial Performance: Q3 FY14-15

<table>
<thead>
<tr>
<th></th>
<th>Quarter ended</th>
<th>Nine months ended</th>
<th>FY 2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Transmission Charges</td>
<td>4183</td>
<td>3470</td>
<td>12054</td>
</tr>
<tr>
<td>- Consultancy Income: Services</td>
<td>102</td>
<td>63</td>
<td>224</td>
</tr>
<tr>
<td>- Consultancy Revenue: Sale of Products</td>
<td>0</td>
<td>86</td>
<td>0</td>
</tr>
<tr>
<td>- Telecom</td>
<td>69</td>
<td>65</td>
<td>196</td>
</tr>
<tr>
<td>- Other Income</td>
<td>132</td>
<td>115</td>
<td>396</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>4486</td>
<td>3799</td>
<td>12870</td>
</tr>
<tr>
<td>- Operating Expenses(including prior period adjustment)</td>
<td>613</td>
<td>580</td>
<td>1781</td>
</tr>
<tr>
<td><strong>EBITDA-Gross Margin</strong></td>
<td>3873</td>
<td>3219</td>
<td>11089</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1301</td>
<td>990</td>
<td>3667</td>
</tr>
<tr>
<td>Interest</td>
<td>1025</td>
<td>787</td>
<td>2942</td>
</tr>
<tr>
<td>Tax</td>
<td>318</td>
<td>400</td>
<td>913</td>
</tr>
<tr>
<td><strong>Profit after Tax</strong></td>
<td>1229*</td>
<td>1042</td>
<td>3567*</td>
</tr>
</tbody>
</table>

*Profit After Tax is affected to the tune of ~₹ 70 crore on account of one-time and prior period expenses.
## Financial Highlights - Q3FY14-15

<table>
<thead>
<tr>
<th></th>
<th>As on 31.03.2014</th>
<th>As on 30.06.2014</th>
<th>As on 30.09.2014</th>
<th>As on 31.12.2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross Fixed Assets</strong></td>
<td>96,504</td>
<td>101,382</td>
<td>106,085</td>
<td>113,278</td>
</tr>
<tr>
<td><strong>Capital Work-in-Progress</strong></td>
<td>53,330</td>
<td>53,345</td>
<td>54,827</td>
<td>53,925</td>
</tr>
<tr>
<td><strong>Debt</strong></td>
<td>80,470</td>
<td>84,685</td>
<td>88,110</td>
<td>91,007</td>
</tr>
<tr>
<td><strong>Net Worth</strong></td>
<td>34,413</td>
<td>35,526</td>
<td>36,753</td>
<td>37,978</td>
</tr>
<tr>
<td><strong>Earning Per Share (Rs)</strong></td>
<td>9.36</td>
<td>2.17*</td>
<td>4.47*</td>
<td>6.82*</td>
</tr>
<tr>
<td><strong>Book Value per Share (Rs)</strong></td>
<td>65.78</td>
<td>67.91</td>
<td>70.25</td>
<td>72.59</td>
</tr>
</tbody>
</table>

### Key Financial Ratios

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Debt : Equity</strong></td>
<td>70:30</td>
<td>70:30</td>
<td>70.6:29.4</td>
<td>70.6:29.4</td>
</tr>
<tr>
<td><strong>Return on Net Worth</strong></td>
<td>13.07%</td>
<td>3.20%*</td>
<td>6.36%*</td>
<td>9.39%*</td>
</tr>
</tbody>
</table>

* Not Annualised
Billing & Realization

Billing: ₹ 11,888 crore
Realization: ₹ 11,390 crore
Percentage realization: 96%

Avg. Monthly Billing: ₹ 1,321 Crore => 2 months (60 days) billing = ₹ 2,642 crore

**Dues as on 06.02.2015**

(A) Due < 60 days (not outstanding as 60 days allowed by CERC) = ₹ 1,262 crore

(B) Outstanding > 60 days = 417 *

Tied-Up payments (in installments) = 55

* Excludes disputes on account of surcharge/bills.

Outstanding equivalent to ~9 days billing
Project Execution: FY 14-15 (Apr-Dec)

Capitalisation (₹ in crore)
- Q1: 4,878
- Q2: 4,703
- Q3: 7,193
- Total: 16,774
  - Till date
    - ₹ 17,300 cr.

Capex (₹ in crore)
- Q1: 5,844
- Q2: 4,850
- Q3: 4,882
- Total: 15,576
  - Till date
    - ₹ 17,700 cr.

X-formation Capacity (MVA)
- S/S: 4 Nos.
- Total: 13,156
  - 14,471
    - (S/S: 5 Nos.)

Tr. Line (GW-ckm)
- Total: 9,622
  - 9,719

Project Execution – 3 years

Physical

GW-ckm Addn.

<table>
<thead>
<tr>
<th></th>
<th>FY12-13</th>
<th>FY13-14</th>
<th>FY14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>1206</td>
<td>3027</td>
<td>4157</td>
</tr>
<tr>
<td>9mth (Apr-Dec)</td>
<td>4330</td>
<td>5876</td>
<td>9622</td>
</tr>
</tbody>
</table>

Financial

Capex

(₹ in crore)

<table>
<thead>
<tr>
<th></th>
<th>FY12-13</th>
<th>FY13-14</th>
<th>FY14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>5536</td>
<td>5587</td>
<td>4882</td>
</tr>
<tr>
<td>9 mth (Apr-Dec)</td>
<td>12713</td>
<td>16482</td>
<td>15576</td>
</tr>
</tbody>
</table>

Capitalization

(₹ in crore)

<table>
<thead>
<tr>
<th></th>
<th>FY12-13</th>
<th>FY13-14</th>
<th>FY14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3</td>
<td>3281</td>
<td>3045</td>
<td>7193</td>
</tr>
<tr>
<td>9 mth (Apr-Dec)</td>
<td>9552</td>
<td>12492</td>
<td>16774</td>
</tr>
</tbody>
</table>
Projects in FY15

**Transmission Lines**
- ~ 15,000 GW-ckm

**Sub-Stations**
- 17 Nos.
- ~ 30,000 MVA

**Inter-Regional Capacity**
- 7,300 MW

**Major Lines**
- Nellore-Thiruvalem
- Bina – Gwalior
- Champa-Raipur, Champa-Dharamjaygarh
- Indore - Vadodara
- Raichur – Kurnool, Nellore - Kurnool
- Rihand – V’chall
- Jharsuguda – Dharamjaygarh
- Thiruvalam – Sholinganallur
- Annupur - Jabalpur
- Balipara - Bongaigaon
- Satna – Gwalior
- Wardha – Aurangabad, Raipur - Wardha
- Kurnool – Thiruvalam, Vijayawada – Nellore
- Sholapur - Pune
- V’chall – Satna
- Angul-Jharsuguda
- Gwalior – Jaipur, Jaipur – Bhiwani
- Barh – Gorakhpur
- Raigarh - Champa
- Silchar – Purba Kanchan Bari, Silchar - Imphal
- Salem – Madhugiri, Dharmapuri - Somnathalli
- Biswanath Chariyali – Agra (NE-NR/WR Interconnector)
- Meerut - Moga
- Kanpur - Jhatikara

Aggregate ckm: ~10,000 (765kV: >60%)

**Sub-stations**
- Rangpo (GIS)
- Shahjahanpur
- Magarwada (GIS)
- Chaibasa
- Tuticorin
- Pune (GIS)
- V’chall Pooling Stn.
- Madhugiri
- Salem (Dharmapuri)
- Navi Mumbai (GIS)
- Bareilly
- Vadodara (GIS)
- Champa
- New Melli (GIS)
- Kanpur
- Biswanath Chariyali HVDC
- Agra HVDC

**Inter-Regional**
- Jharsuguda – Dh’jaygarh (4,200MW)
- Barh - Gorakhpur
- Biswanath Chariyali – Agra (NE-NR/WR Interconnector)

**Physical Performance (Apr-Dec14)**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9,622 (9,719)</td>
<td>4</td>
<td>13,156 (14,471)</td>
<td>4,200 (4,200)</td>
</tr>
</tbody>
</table>

Red font indicates assets likely to be commissioned shortly
Green font indicates assets commissioned till date
Operations Highlights

Asset Management

Assets
- Network length: 113,389 ckm [765kV(*): 18%]
- 928 no. of lines
- 188 S/S [765kV(*): 21%]
- X-frm capacity: 219,079 MVA

(*) including 765kV, 765kV charged at 400kV & HVDC

Performance (Apr-Dec, 2014)
- Availability: 99.88%
- Reliability: 0.41
- ERP Operation commences

New Initiatives
- NTAMC - Operational
- Aerial patrolling by helicopters – begun
- Insulated Bucket Trucks
- TL maintenance using helicopters

Grid Management\(^1\) (POSOCO)

I-R Transfer (BU)

- Apr13-Dec13: 56.71
- Apr14-Dec14: 63.14
- 11%

STOA (Transactions)
- Total: 28,231 Nos.
- Bilateral: 9,141 Nos.
- Collective: 19,090 Nos.

STOA Energy
- Total: 61.7BUs
- Bilateral: 40.1BUs
- Collective: 21.6 BUs

REC Trading
Huge accumulation of RECs

Registration
- 1038 projects; 4,660MW

RECs traded (Q3)
- ₹ 94 crore (Q3FY15) vs ₹152 crore (Q3FY14)

RECs issued till Dec14: 194 lakh
RECs traded till Dec14: 74 lakh
- 62% RECs unsold

Need for policy intervention
Other Businesses Highlights – Q3FY15

**Domestic**

- **Orders**
  - Total Nos.: 6
  - (Govt. Utilities: 5; Dist. works: 1)

- **Under execution**
  - > 125 Assignments;
  - Projects worth: ~ ₹19,800 cr. (Bal. Cost)
  - (as on 31-Dec-14)

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**International**

- **Orders**
  - Total Nos.: 4
    - (incl. 3 orders related to Capacity Building)

- **Under execution**
  - 14 Assignments
    - (as on 31-Dec-14)

- **Orders from DTL for Strengthening of 400kV/220kV TS in NCT of Delhi**

- **Order received from Bangladesh for 2nd block of 1x500MW B2B Station at Bheramara (Bangladesh)**

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**Telecom – Q3FY15 Update**

- **Orders**
  - **New Clients**: 9 (6 Govt., 3 Pvt)
  - **MPLS**: 1 New Order

- **Income**
  - ~ ₹ 69 crore (6% increase over Q3FY14)

- **NKN Project**
  - POWERGRID Scope: ₹ 900 cr.
  - Project under operation

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**NOFN**

- **Execution in 4 States**
- **Work commenced for ~ 6,000 Gram Panchayats**
# New Initiatives - Updates

## Renewable Energy Integration
- **Green Energy Corridors**
  - (Inter-State portion: ₹ 13,000 cr.)
  - Implementation of Green Energy Corridors commences
  - Euro 500mn sovereign guaranteed loan signed with KfW
- **Grid Integration of Solar Parks**
  - POWERGRID assigned construction of transmission lines and pooling sub-stations for Solar Parks in 7 States

## Smart Grid
- Smart Meter manufactured
- Patent filed for ‘Energy Efficient All Season Roof Screening’ process
- Chhattisgarh - Proof-of-Concept implementation started

## Technology Development
- Superconducting cable
  - EoIs invited. Parties shortlisted for further activities

## Disaster Management
- Dedicated Unit in place
- Strategic locations being equipped with advance equipment for quick restoration of transmission lines and sub-stations
- Report on ‘Building Climate Change Resilient Electricity Infrastructure’ under preparation
**Energy Efficiency Opportunities ahead**

‘Negawatt Makes-A-Watt’

- An Energy Efficiency Industry Report by POWERGRID

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**Enablers**

India - A Net Importer of Energy

- Huge dependence on imported crude and fossil fuel

Energy Security - An important issue in changing geo-political Environment

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**Estimated Energy Saving**

67 lakh toe (by Mar’15)

- ~ 70% (Thermal Power Plants & Iron & Steel Inds)
- ~ 26% (Cement, Fertilizer & Aluminum)
- Rest 4% in Pulp & Paper, Textile & Chlor-Alkali Inds

(* toe - tonnes of oil equivalent)

**Other Potential Areas:** Comml. & Residential Buildings; Municipal Street Lighting; Transportation; Agri pumps; Ceramic Inds; SME Sector; Coal Mining; Power T&D; Sugar

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**Investment Potential**

- ₹ 12 lakh crore

**Energy Saving potential**

- Aggregating ~ 10mtoe, 88mtce & ~245 Bus
- Effectively ₹ 2.4 lakh crore per year

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**POWERGRID’s readiness to tap EE opportunity**

- Grade 1 ESCO
- Large & increasing pool of Qualified Energy Auditors
- Experience in major industries
- Avoided Gen > 1.1GW identified
- Repeat Orders from satisfied clients

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Report available on POWERGRID website

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Investment & Funding Programme

Capital Outlay
(Rs.110,000 crore)
- FY13: ₹ 20,037 cr
- FY14: ₹ 22,324 cr
- FY15: ₹ 22,450 cr
- FY16: ₹ 22,500 cr
- FY17: ₹ 22,550 cr

Funding Requirement
- Debt & Equity in the ratio 70:30 as per Tariff guidelines

Projects/ Schemes
- HCPTCs
- Generation linked
- Grid Strengthening
- Green Energy Corridors
- TBCB projects
- JVs with States

Sources of Funds
- **Equity**: Internal Accruals, FPO (2013)
- **Debt**:
  - Domestic Bonds/ Loans
  - Intl: Loans from WB, ADB; Suppliers’ Credit; ECB

INVESTMENT & FUNDING PROGRAMME

Investment Approvals till Jan’15: ~ ₹ 15,759 crore
Contracts Awarded till Jan’15: ~ ₹ 13,290 crore
Utilization of FPO funds - Update

FPO funds

Funds raised:
₹ 5321 crore

Funds utilized till Dec14:
~ ₹ 4,171 crore

~ 45 elements of 16 identified projects commissioned during Dec13 – Oct14

- TS associated with Rihand-III & V’chal-IV
- TS for Phase-I Generation Projects in Odisha (Part-C)
- SRSS – XIX
- TS strengthening in western part of WR for IPPs in Chhattisgarh
- TS associated with Krishnapatnam (Part-B)
- Common System associated with ISGS Projects in Krishnapatnam area of Andhra Pradesh
- Establishment of Pooling Stations at Champa and Raigarh (near Tamnar) for IPP generation projects in Chhattisgarh
- Establishment of Pooling Stations at Raigarh (Kotra) and Raipur for IPP generation projects in Chhattisgarh
- SRSS – XVIII
- TS for Phase-I generation projects in Odisha (Part-A)
- TS for IPP generation projects in MP & Chhattisgarh
- Integration of Pooling Stations in Chhattisgarh with central part of WR for IPP Generation Projects at Chhattisgarh
- TS for Phase-I generation projects in Odisha (Part-B)
- NRSS – XXI
- TS for establishment of 400/220kV GIS sub-station at Magarwada in UT Daman & Diu
- TS for transfer of power from generation projects in Sikkim to NR/WR – Part B
Thank You