

30<sup>th</sup> May, 2023

To  
The General Manager (Listing),  
National Stock Exchange of India Limited,  
Exchange Plaza, C 1/G Block,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai.

To  
The General Manager, (Listing)  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai.

**Reference: NSE-SCRIP ID: POWERGRID; BSE Scrip Code: 532898**  
**EQ – ISIN INE752E01010**

**Sub: Transcript of Investors & Analysts' Meet held on 22<sup>nd</sup> May, 2023**

Dear Sir,

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the copy of Transcript of Investors & Analysts Meet held on 22<sup>nd</sup> May, 2023.

Thanking You,

Yours faithfully,

**(Mrinal Shrivastava)**  
**Company Secretary &**  
**Compliance Officer**

## Power Grid Corporation of India Limited

### Transcript of Investors and Analysts' Meet held on 22/05/2023

- **Mr. Mrinal Shrivastava – Company Secretary, Power Grid Corporation of India Limited:**
- I'm Mrinal Shrivastava, Company Secretary, Power Grid Corporation of India limited. I have the privilege of introducing our Board of Directors. They are present here. We welcome Chairman and Managing Director, Shri K. Sreekant. Right to him is G Ravisankar, he is the Director (Finance) and Chief Financial Officer. Beside him we have with us Shri V. K. Singh, he is Director (Personnel). Our Chairman and Managing Director is joined with Director (Operations), Shri R. K. Tyagi, he is left to him and then extreme left, we have with us, Shri B. Anantha Sarma, he is Executive Director Corporate - Planning, Materials Management, and Contracts. Ladies and gentlemen, please I request you all to give few minutes to our corporate movie. Please.
- Thank you so much. Now, I request our Chairman and Managing Director to address the gathering with his speech please.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- A very good morning. I think that was more a context setting video than a corporate presentation. Thank you for your time. So, I'll just briefly cover about POWERGRID, the major highlights of this last quarter, performance overview for 22-23 outlook. We have grown to be 37 subsidiaries, showing the growth of TBCB's in our fold, 174,000 circuit kilometers, 272 substations, 97,290 megawatts of interregional transmission capacity, system availability we will talk a little later. About 45% of the power transmitted goes through our network in the country. This year we acquired 12 + 1; 12 ISTS and 1 intrastate transmission company under the TBCB Bidding, about 1,200 crores of tariff.
- One of the highlights in our operational performance for the year 21-22, there is a benchmarking by ITOMS; International Transmission Operators and there we got to be the best utility in terms of transformer maintenance and 3<sup>rd</sup> best in terms of vegetation management. I have a slide on this going forward. One of the major achievements is that we transmitted 6.6 gigawatts from Chhattisgarh to Southern region through our Raigarh–Pugalur link. This is I believe the highest through a single line in the country and we are very proud of this because this line was commissioned during the pandemic in very difficult times and it is serving its purpose well. Coming to the performance highlights of 22-23, first on CapEx. We have done capital expenditure of 9,200 crores against our target of 8,800 crores for 22-23 and we have capitalized 7,413 crores of assets both the numbers on a consolidated basis.
- POWERGRID Medinipur Jeerat, this is in West Bengal, Bihar, Jharkhand. This system has been completed, Bhuj which was critical for RE evacuation from Gujarat. Rampur Sambhal Intrastate Transmission Project in UP, and Bhind Guna; this is an intrastate transmission in Madhya Pradesh; both these have been completed in this

year. We added 29,000 MVA of transformation capacity, 9 new substations, and 2,972 circuit kilometers of lines. Operational performance, we maintained consistently 99.8%+ availability, 99.75% is the threshold for incentive as you are aware and we have been consistently above that. In terms of reliability, tripping's per line per year have come down from 0.34 to 0.27 in 22-23. Yeah, this is the ITOMS ranking International Transmission Operation & Maintenance Study. This is an independent study of participating transmission utilities all across the world, I think about 26 such utilities have participated and this measures performance on two parameters; cost and efficiency. So, POWERGRID is in the top quadrant, best performance quadrant of high efficiency and low cost both for transmission lines as well as substation maintenance.

- So, we are one of the six utilities globally who participated in this study and are in the top quadrant and it shows the best internationally comparable performance parameters of POWERGRID in terms of operations & maintenance. Some of the new technologies we have adopted, methanol marker test kit for assessment of the insulation of our transformers and reactors. We have introduced resin impregnated bushings at 765 KV. These have been introduced in the line reactor at Satna and then we started with a model for detection of line defects through AI & ML. So, we created inhouse model, which will identify based on image processing the defects, so we expect this - right now it is in demo version or what is the before we go for it's in the proto kind of a thing, it is having an accuracy of more than 70% in this and we are expecting it to come full-fledged in the current financial year.
- We have released the numbers on Friday, so I will not dwell much into this. This quarter we had a consolidated income of 12,557 crores, 13% growth. PAT had gone to 4,320 crores. Annually, the revenues were 45,968 crores on a standalone basis and 46,605 crores on a consolidated basis and consolidated profit has been 15,417 crores. Last year, we had an InvIT Monetization Program due to which the profits were higher by about 3,700 crores. This year you won't see that, so if you adjust for that, still we have a good 10% growth in the profits. In terms of our capital work in progress as of 31<sup>st</sup> March, it is about 14,752 crores. Our debt equity has improved from 63:37 to 60:40. Return on net worth is 18.57% compared to 18.89% last year and EPS has been 22.10. Some of the other key data which you seek, we have put it here. That will be available on the net shortly. Surcharge income has come down this year to 182 crores compared to 375 crores, incentive has gone up 544 crores, and then average cost of borrowing is at 7.5%. Marginal increase maybe 40-50 basis points compared to last year. Dividend, we have increased the payout from 60% to 67% just to maintain the ₹14.75 per share which we gave last year and we are balancing the requirement of equity infusion for our CapEx and the payout.
- As I mentioned several times in the past as well, we don't want to keep idle cash, so to the extent we need, we will retain the equity and then we will distribute. Telecom, one of the major segments we have other than transmission. This year the income has been 729 crores. One major development CERC has approved the formation of subsidiary and transfer of telecom business to the subsidiary, so we hope that by next quarter we should be seeing the telecom business hived off into a separate subsidiary. ILD connectivity also we have got the licenses, we have got the

equipment, and we are going to start this business as well. So, we expect to give more focus to the telecom business in our quest to cross four-digit turnover through this separate subsidiary. Consultancy, again formed a subsidiary POWERGRID Energy Services Limited, we will transfer this consultancy businesses and also the various other businesses such as metering and operation maintenance solar into this new subsidiary. Coming to commercial performance 44,000 crores of billing, 43,688 of realization; about 99% realization. We improved in terms of debtor days significantly. Whatever has been settled under onetime settlement or the late payment surcharge rules, we have been receiving very regularly. In terms of the works in hand today it's about 50,000 crores, ongoing RTM about 11,500, new where we are yet to give the investment approvals 25,000 allotted but yet to take off.

- TBCB projects under execution are about 13,000 crores. Again, we have targeted this year about 8,800 crores of CapEx, but I think there is a potential to push this up. Overall if we look at these sectoral growth opportunities, as you are aware there is a significant push for the renewable generation capacities and transmission plan for 500 gigawatts up to 2030 has been drawn and released by the government. So, adjusted for the projects which have already been bid out, we see today by 2030 an opportunity of 1,90,000 crores in the Interstate transmission system, about 1,96,000 crores in the intrastate, cross-border transmission about 20,000 crores, and then there is on top of it whatever green hydrogen requirement is there, so for that there will again be transmission. So, by and large we see a sectoral investment in excess of 4 lakh crores in the transmission sector in the next 7-8 years kind of a time-frame. So, that shows definitely a significant opportunity set for the company even after we factor for TBCB and the competition. Of course, there are other areas which we are pursuing, I hope that in solar generation, we will be able to start something this year. We have invited bids in 22-23, but then we got a higher price, but now with the change in the rules for sourcing, we expect better prices. We have already invited the revised bids and they are under consideration. Smart metering, we have given the offer for 67 lakh meters to Gujarat, it is under consideration. We hope that it will be soon settled so that we can start this work. International transmission project is in developer mode. We got the approval from the Kenyan government for a PPP mode project in Kenya with about \$250 million investment in association with Africa 50. So, we are now entering into the project development phase with the KETRACO. Few of the awards, Platts Global Energy under corporate impact critical response category, ATD for talent development, one of the best companies to work for in India. Then, CSR World Award, best organization for women 2023 by Economic Times. So, I conclude here my presentation. Thank you for your patient hearing.
- **Mr. Mrinal Shrivastava – Company Secretary, Power Grid Corporation of India Limited:**
- Thank you so much, CMD, POWERGRID. Now, the floor is open for interactive session. I request the participants to please introduce themselves with the name of the organization they are associated with before asking the questions. Thank you so much. Please.
- **Mr. Mohit Kumar – ICICI Securities:**

- Sir, good afternoon. I'm Mohit Kumar from ICICI Securities. So, my first question is on the transmission CapEx, as you said 4 trillion number, which includes the interstate, intrastate, and the cross-border, my question is the government has lined up 2.4 trillion which is for renewables, so how do we marry all these number with 2.4 trillion and secondly do you see the intrastate transmission activity picking up? We're still talking about 88 billion CapEx in FY24 while the requirement is as per your projection roughly 500 billion, so when to expect this number to go up for us and the industry?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- Yeah, 190 number is flowing from the report of the CEA for the interstate transmission setting off whatever projects which have already been bid out. The others are our estimates. Further, when will these intrastate transmissions come into play, there are right now UP for example is coming out with 3-4 bids for intrastate transmission, but some of them are doing it on their own and it is a bit delayed. Interstate projects are quickly coming. But intrastate, I'm not able to put a finger and say it will come so quickly or not. But overall - see 8,800 crores which we targeted was kind of based on last year estimate so to say. When all these projects have not yet been fully decided, so that is why I'm saying I'm optimistic that when the revised estimates are made, we may increase this CapEx.
- **Mr. Mohit Kumar – ICICI Securities:**
- So, the related question is that are we seeing transmission bidding activity picking up massively in FY24?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- Yes, definitely.
- **Mr. Mohit Kumar – ICICI Securities:**
- So, what is the number - you ballpark number you can talk about?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- It is very difficult to put a ballpark number because it is a function of the projects which come and how much we will win in the TBCB mostly, but I'm very sure that there is a secular increasing trend in the transmission investments.
- **Mr. Mohit Kumar – ICICI Securities:**
- Sir, second question is on the monetization right. We have been talking about for this for last few years, but are you hopeful of doing any monetization or you're looking for alternate opportunities to monetize?

- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- We have the issue of monetization of cash flows, when we did the first tranche, the NMP was not released. So, we transferred the shareholding to the InvIT and you know of our five operating assets. After the NMP has been released, there has been a very subtle shift in the stance that ownership will not be transferred, there will be a transfer of rights to the cash flows and then the assets should come back to the original owner and so on and so forth. So, in that matrix, we found rather than InvIT model, securitization of cash flows to be a better opportunity. A more cost effective, easy to do transaction, so that is what we have done this year. We have raised more than 3,400 crores - 3,400 plus crores in this year through securitization. So, monetization, securitization I mean is fundraising ultimately at the end of the day. Whether we use the InvIT model or not going forward, we are not very sure about it. In the sense, we have to evaluate it, any given time what is the cost of funding? what is the government policy framework for that? and then take that call and at the current moment securitization is a better option, which we have done.
- **Mr. Mohit Kumar – ICICI Securities:**
- Sir, lastly on the consultancy income, revenue is negative for the fourth quarter what is the reason?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- So, there was a certain change in the terms of one contract with the government, so we had to make adjustment for that revenue for the past periods.
- **Mr. Mohit Kumar – ICICI Securities:**
- Has this any impact on the profitability?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- Yeah definitely.
- **Mr. Mohit Kumar – ICICI Securities:**
- How much can you quantify that number?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- About 150 crores.
- **Mr. Mohit Kumar – ICICI Securities:**
- Okay. Thank you, Sir. Thank you.

- **Mr. Ramesh Bhojwani – Mehta & Vakil:**
- Sir, Ramesh Bhojwani from Mehta & Vakil. First and foremost, your presentation is all-encompassing, it has covered each and every detail and every aspect of the company, and very heartening to see that you have registered a growth of 12% in the top line and a 10% in the bottom line. Would like to know will this be improved upon in the coming year or will it be maintained at the same levels?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- No, I mean it is a function of our asset addition and also you know, I don't think I mean double digit growth, 10% continuously is difficult to maintain, let me put it very clearly.
- **Mr. Ramesh Bhojwani – Mehta & Vakil:**
- But top line of 12% is achievable?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- No.
- **Mr. Ramesh Bhojwani – Mehta & Vakil:**
- No. Okay. Second thing you mentioned that you are in the process
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- We should be seeing around 7%-8% kind of growth.
- **Mr. Ramesh Bhojwani – Mehta & Vakil:**
- 7%-8%, okay Sir.
- **Mr. Ramesh Bhojwani – Mehta & Vakil :**
- Sir, the second thing is that you mentioned you are actively executing or pursuing the 67 lakh smart meter order from Gujarat. Because smart meters I believe are a need of the hour looking at the T&D losses or putting it plain and simple, power thefts happening all around the country. So why only Gujarat? Why not on an all India basis a tender be floated and or these meters be installed?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- We have a joint venture called EESL. It in turn has a joint venture called Intellismart. This Intellimart and EESL, both are into smart metering business. We have been mandated by the government to put up one crore meters under nomination route.

So that is how we have gone to Gujarat. We have a demand for about 67 lakh meters there. We are pursuing that.

- **Mr. Ramesh Bhojwani – Mehta & Vakil:**

- And lastly, as you have isolated, separated, created a telecom subsidiary and a consulting company subsidiary are you intending to take both these subsidiaries public going forward in the coming year?

- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**

- That is premature at this stage. Let us see how they go, how they do this. Telecom definitely has a certain potential.

- **Mr. Rohit – Antique Stock Broking Ltd.:**

- This is Rohit from Antique Stock Broking. So, you said something about the data centre business and international transmission projects in developer mode. Could you throw some colour on it, what exactly the opportunity size, the quantum, the numbers? That will be really helpful.

- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**

- In the international transmission, we are pursuing two opportunities. One in Kenya and one in Tanzania. Tanzania is still behind. We are engaging with the authorities. But in Kenya it is much more advanced. We have covered lot of ground and we got the in-principle approval to start with the discussions for the contractual documents and all. For the transmission system in Kenya, the investment there is about \$250 million. So, we will be having I think 40% stake and Africa 50 will have 60% stake in SPV equity. So, this is the opportunity set. What we are now required to do is we have given a definitive proposal to them. So, we have to now negotiate the transmission service agreement, payment security and things like that and execute it once we get the final approvals. Tanzania also I think is about 400 million. But then it is still at an early stage. Besides these, there are no concrete proposals which we are pursuing. I mean, this is we are eager to do in Africa, but then we want to go with Africa 50 or some way where the risk of that investment is mitigated either implicitly or through some agreements.

- As far as data centre business is concerned, we got approval of CERC to set up one at our Manesar complex. That is, we are in tendering stage. Once we have certain grip on it, then we would like to pursue it further. But relative to our transmission, this is not going to be a very significant business. But within the telecom, it will be significant. So, the idea is that because it is remaining within the larger balance sheet, it is not getting the due attention. So, once it goes into a separate company with their own revenue targets, so they should be able to push this further.

- **Mr. Rohit – Antique Stock Broking Ltd.:**



- Just to add on this, if you could touch upon the generation part, how big is that number that you are strategically pursuing?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
  - We have a bid right now for 85 MW in Nagda, Madhya Pradesh. As I mentioned, we did one round of tendering, but the prices were a bit high. So, with the change in procurement, we have again gone for tender. In addition, opportunity of another hundred megawatts at three, four sites together is there. So overall, we have about 260 odd megawatts, which is available and which we want to pursue. So, our target is to get 50% of our total energy consumption through renewable sources, either in house or through contracting by 2025. This is also part of our SGD initiatives.
- **Mr. Rohit – Antique Stock Broking Ltd.:**
  - Sure. Thank you.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
  - We have today around 8.5 MWP of solar, rooftop solar at different locations. But those are all smaller installations.
- **Mr. Shubdeep – Novama:**
  - Good morning, sir. This is Shubdeep here from Novama. I have two questions. Firstly, on the HVDC projects, would you be able to give us an update as to how do you see those four large HVDC projects coming up in terms of tendering and ordering activity?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
  - I think they will come for tendering sooner. I think one of them is under reconsideration, whether it should be HVDC or not but the Fatehpur-Bhadla system, that one is more likely to come sooner for tendering. Globally, HVDC demand is very high right now, so it will be quite a challenge to meet the timelines also, because in Europe, and all because of RE integration offshore, there is a lot of HVDC demand and suppliers are only two, three. So, it is a challenge.
- **Mr. Shubdeep – Novama:**
  - Sir, do you see the domestic suppliers of HVDC technology not really having the ability or facing some kind of technology shortfall in case these?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**

- No there is no technology shortfall. Don't mistake me. There is no technology shortfall here. It is the capacity constraint. It is the manpower constraint which can come in the way of meeting these tight timelines, because global demand is very high.
- **Mr. Shubdeep – Novama:**
- Understood. So, we understand that the Leh Ladakh project might take some time to come in terms of ordering. Is there any other project that you mentioned which is now being reconsidered?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- Leh Ladakh is right now, studies are going on. We have to do FEEDS, what is called front end engineering and design study, FEED study. Typically, we used to in the past award the contract, and then this design used to take place. But because of the harsh weather conditions, geographical conditions of that place, it is not possible to give a good bid without doing much of these design aspects first. So, we have engaged Hitachi as well as Siemens to do their study. So, they are doing the study in two parts. First, part they will do the system, that is the network studies. Because in that location there is lot of inverter-based generation. It will be wind, solar, and then there will be battery. So, all these three inverter based will interact with the HVDC system and the network. So, there is no other source of power there. Because of that, they need to do detailed network studies first to determine the parameters of their system and it is unique to each service provider. So that is one. Then they will do studies to design the IGBT, the controllers and the other equipment, the hardware, because it has to operate in those temperature conditions, there is issue of cosmic rays and so on and so forth. So, they have to design. So, these two studies will take place then they will be in a position to freeze their technical parameters to make a good bid. So, the work is on. It is not that work is not on. Work is on but only thing is we don't have a bid and ordering in the conventional sense of it. Otherwise we have placed two orders. One order on Siemens and one order on Hitachi to do the studies.
- **Mr. Shubdeep – Novama:**
- Understood. Which is the project that you mentioned is now being reconsidered. Is it the Khavda project?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- I think the Khavda project...I have to check that.
- **Mr. Shubdeep – Novama:**
- Okay, understood.
- **Mr. R. K. Tyagi – Director (Operations), Power Grid Corporation of India Limited:**

- From Khavda to Akola.
- **Mr. Shubdeep – Novama:**
- Understood.
- **Mr. R. K. Tyagi – Director (Operations), Power Grid Corporation of India Limited:**
- Khavda 2, KPS 2
- **Mr. Shubdeep – Novama:**
- Understood, thank you. Last question from my side. You also had some plans of partnering with discoms and partnering on the CapEx side of discoms or the interest rate CapEx and I think there were some discussions...
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- They have not taken off.
- **Mr. Shubdeep – Novama:**
- Understood. Thank you so much.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- I stand corrected. The Tanzanian investment is about \$300 million.
- **Mr. Sagar – Fintute Investments:**
- Good morning sir. Sagar here from Fintute Investments. I have a couple of questions. The first one is from the stage like the Smart Meter project that you took. Based on the last call's data, you shared that the project CapEx would be something around 5.5K to 6000 Cr. and we would be generating an income of something around Rs. 700 crore on annual basis. So don't you think it's a bit of an ROE dilutive? And I just wanted to ask, based on this, like whatever projects or CapExes that you are doing, what is the IRR that you are targeting or the payback period that you have in mind before you take any project? On an average, what is the rule that you follow? The second question would be on the debt schedule, like the current debt that we have. Are we comfortable on it? What are we looking in the next couple of years and what could be our peak debt seeing the CapExes which are planned? That will be all.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- As far as smart meters is concerned, relative to our size and all, it is not a very big opportunity, but it is not ROE dilutive. It is certainly not ROE dilutive. It doesn't require so much of investment also, that is what we realized. Because the moment you install the meter it will start earning its own. So, there is lot of cash flows which

it throws up. So, it's not ROE dilutive. As far as the current...I mean, payback period is quite long for a transmission asset. I don't think payback is the right measure. But as far as returns are concerned, because of competition, we have to go with the market. We cannot have a targeted benchmark like ROE 15.5% we will do a project, otherwise we will not do the project. No, that will not work. We have to see what is the current market condition and fight accordingly because it is all competitive bidding.

- And peak debt, I think peak debt, we have already crossed in a way because today we have 125,000 and 60:40 debt equity ratio. I remember we used to be around close to 69:31 kind of numbers for debt equity. So, we have pared down indebt quite a bit and not only repayments, but also internal accruals and then the declining capital investment, all these have contributed to this improvement in the debt ratio. Absolute number may go up a bit. That's not the key measure. But in terms of the ratio, we have crossed the peak.

- **Mr. Sagar – Fintute Investments:**

- Okay. Sir you said that we do competitive bidding. There's no ballpark number that we can give on returns. But something like...so, if you could just give me an average. So what was the average returns on whatever CapExes you took in the last three to four years? What could be the assumption in the CapExes that we have....

- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**

- See the last three year results are before you so you can make an assessment what we are making or what we are not making. I'm not going to give any number on that and I am not going to even disclose what is the kind of rate of return for which we are targeting or bidding. It is a competitive market out there. We have to get a market share. We can't leave the market totally out and wait for the best returns we have in mind. So whatever market is offering, we have to take it and then wait for opportunities.

- **Mr. Sagar – Fintute Investments:**

- Thank you, sir.

- **Mr. Atul – City Research:**

- Sir, I'm Atul from City Research. Just a couple of questions. Could you elaborate on capitalization plans for FY24 and 25?

- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**

- Okay, I'll just give it to you. Any other next question?

- **Mr. Atul – City Research:**

- And sir, my second question is on your comment regarding the asset monetization strategy. So of course, securitization is an easier way, but after all it remains a debt on the balance sheet while injection into InvIT, the money comes as equity to the company. What are your thoughts regarding that difference between debt and equity?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- Yeah, 23-24 we are likely to do about Rs. 10,000-11,000 crores of capitalization. If you do transfer to InvIT and all then there is a counter to it in the argument that it hampers the growth or there is no growth and continuous cash flows will not be there. Debt is not all that bad. We have only 60 40. We have the capacity to take that debt and it doesn't matter in TBCB how much debt you inject or you don't. So why we should be...I mean, it's not that debt is to be avoided. We are not too highly levered that we need equity, okay? We are generating enough internal resources. So as on date, from purely cost of funding point of view, securitization is more beneficial.
- **Mr. Atul – City Research:**
- Yeah.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- The margin or the delta between raising through InvIT and raising through securitization is a bit steep today compared to what it was when we did the first transaction. So, we believe today this suits us better, it is good for the company. So we are adopting this.
- **Mr. Atul – City Research:**
- Thank you, sir. And one more. For financial year FY25, I know obviously CapEx and capitalization numbers would not have been frozen as of now, but could you qualitatively comment? Could we see, say a substantial increase from this 9000 and 11,000 crore rupees number or will it likely be in the ballpark of say 5-10% only?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- No, it should be higher than that. That is what the first question was about. So we believe that 24-25, 25-26 should see a substantial pickup in the CapEx because that will be required to support the kind of RE expansion that is planned. So definitely it will be there.
- **Mr. Girish – Morgan Stanley:**

- Sir, Girish from Morgan Stanley. Just on your international business that you just spoke about, a few clarifications. Is this a dollar tariff? And the 250 million, is that 100% of your stake? And the third one was....
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- No, 250 million is the project size.
- **Mr. Girish – Morgan Stanley:**
- Project size.
- **Mr. Girish – Morgan Stanley:**
- Okay. What kind of returns should be normalized? Will it be in line with your regulated returns or it'll be lower than that number?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- See, in Kenya there is no concept of regulated return. So, we have to engage with them. We have been engaging with their regulator about the availability-based tariff for transmission. Otherwise there is a system of payment on a per unit basis. So, we said that won't work, you need to adopt the Indian system of payment on availability. That in principle they have agreed, but those contours have to be drawn and also...but let me put it this way, that our partnership with Africa 50 has been on the fundamental that the returns are much attractive.
- **Mr. Girish – Morgan Stanley:**
- And how soon do you close this...I mean, the firm approvals from...
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- This year we are targeting to do the financial closure for the Kenyan project.
- **Mr. Girish – Morgan Stanley:**
- So, it will be executed over next two years, FY25-26?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- 2-2.5 years it should be executed.
- **Mr. Girish – Morgan Stanley:**
- Thank you.

- **Mr. Bakul Gala – Ad Factors:**
- Last one or two questions please. Over there, mic please.
- **Ms. Deepika Mundra – JP Morgan:**
- Sir, this is Deepika Mundra from JP Morgan. Regarding the bidding pipeline, I think last time you all had mentioned that you're looking at close to Rs. 60,000 crores of new project bids coming up and of course, last few months we've seen POWERGRID win a substantial number of projects. Can you give us some color as to how does the bid pipeline look for the next couple of years? And in terms of the competitive intensity and number of players that you see participating now, is there any difference.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- In terms of competitive intensity, there is not much change. Though there were two projects recently, I won't take them as indicators. There were only two bids, but those are very small projects. So I won't draw much meaning from them. There were only two bidders in those two projects. The projects are very difficult and very small. In terms of our bidding pipeline about 31,000 is right now under bidding. So it is continuously coming.
- **Ms. Deepika Mundra – JP Morgan:**
- And sir, any update on when are we likely to see the CERC tariff for the next five year block in terms of, when are you expecting the first draft paper to come?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- It will come anytime. They will first issue an approach paper, then a draft regulation and all so...they are working on it. Typically, they issue the regulations in January or so...
- **Ms. Deepika Mundra – JP Morgan:**
- Okay, thank you.
- **Mr. Sudhanshu Bansal – JM Financial:**
- Sir, this is Sudhanshu Bansal from JM Financial. Sir, in telecom business particularly, how do we see monetization of this opportunity? And in next five years, what is our vision for that?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- No, telecom we are not looking to do any monetization.

- **Mr. Sudhanshu Bansal – JM Financial:**
- Monetization, I mean the opportunity like user opportunity...
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- Opportunity is good, telecom opportunity is good. See we have about Eighty plus thousand kilometers of OPGW. Our network is on top of the towers so it is rodent free and it is very reliable. Near 100% backbone availability we are giving. So we have good set of customers and we are increasing it. Our target is this year to get thousand crores income.
- **Mr. Sudhanshu Bansal – JM Financial:**
- I'm just interested in knowing the long-term vision like, how we are going to capitalize on this? So much of assets we have. In the time like today, it's Rs. 1000 crore. Let us say after five years how much it will be.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- It's very difficult. I won't hazard such number. But the issue is there is an increasing demand for quantum but the prices fall. Telecom is such a business, the prices continuously fall. 10% discount is like a norm. So it's very difficult to kind of project that we will become Rs. 1200 crore, 1500 like that and I won't hazard such guess.
- **Mr. Sudhanshu Bansal – JM Financial:**
- Thank you, sir.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- But the idea to separate it out is to insulate from any kind of you know some future shock like that AGR demand and second to give more focus and kind of see that growth and whether at some good time we can take it out public or do something. So that kind of opportunity is there.
- **Mr. Koundinya – JP Morgan:**
- Yeah. Hi sir, Koundinya from JP Morgan again. Thanks for the opportunity. Sir, I just want to understand a bit on a capitalization front. FY24 capitalization was still maintained 110 billion despite a sort of miss in FY23 and I understand it's a project business therefore there could be some spillover effect. So should we understand that maybe FY24 guidance is sort of conservative and there can be an upside over there?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**



- Upside over CapEx or the...
- **Mr. Koundinya – JP Morgan:**
- On the capitalization front.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- Capitalization will give 10-11 thousand kind of guidance.
- **Mr. Koundinya – JP Morgan:**
- I mean that is, I am asking this question because in FY 23 there was a miss. So, if there is a spillover ideally it should have picked up in FY24. So...?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- That is factored here.
- **Mr. Koundinya – JP Morgan:**
- That is sort of factored, understood. And sir on the receivables front I can see sort of improvement. Is it driven by that Pugalur project where there were some pending receivables or...?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- Pugalur Project there has been final tariff order so we got the money. The late payment surcharge rules and the subsequent payment system it is working well. So, we are getting all the money whatever arrears for Pugalur, they also settled that.
- **Mr. Koundinya – JP Morgan:**
- Understood. Lastly, if I may ask one more question. On the peer benchmarking that based on the study if I look on the substation front I think there's still some scope for improvement when compared with the peers. Correct me if I am wrong and given the substantial RE integration that needs to be done and with significant CapEx over there on the substation front, do you see some scope of improvement or if you can also throw some colour on competition within India over there, how we rank in that front? Thank you very much.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- No substation front you are very right. In terms of cost, we are closer here than that. We are trying to make efforts in that direction. It's a continuous process. Actually we are also reviewing, maybe you can supplement in terms of what we are doing to reduce cost. You have been very quick to catch this, I must say.

- **Mr. R. K. Tyagi – Director (Operations), Power Grid Corporation of India Limited:**
- Actually, it is comparative studies. If we do better, other utilities also do still better. So, to maintain a very efficient at low cost is a challenge. However, with the technology we are trying to optimize our cost for operation all stations are remotely operated, remotely controlled as on today. Now we are working in the direction of patrolling by helicopter, patrolling by drone and even for transformer and breakers asset health indexing we have introduced. So, we are hopeful that our performance and our efficiency will further improve. By that way, we can still improve the efficiency and cost for substation equipments also.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- In substation big cost is manpower cost, okay? So, on manpower cost you cannot reduce beyond a point. We are trying to do...through TBCB how we are trying to ...that is the reason to shift it to PESL. Through PESL we will adopt a model which can have more outsourcing, more different wage structure so that we can reduce the cost. So that is one idea.
- **Mr. Koundinya – JP Morgan:**
- Sir just on that, I mean how do we compare with the peers within our country when the competition exists essentially TBCB projects out here. If you can throw some colour on that.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- How do we compare? I will not compare. But we are fighting for that market share and then we are trying to evolve our business model in terms of what manpower deployment, what kind of maintenance practices. We have identified few elements of cost which are high in our case structurally because of the...say for example, security. We have to follow a certain security protocol, certain sourcing of security services and that pushes up the cost. So, we have to navigate through that and find ways. And if we cannot reduce it, then we have to sacrifice something else. Of course, there is always a constant effort to identify because O&M cost is a significant part of that tariff. It moves the tariff significantly.
- **Mr. Koundinya – JP Morgan:**
- Sir, if I may squeeze in one more question. Sir just on the TBCB front how do the lenders differentiate between your RTM projects and TBCB projects with respect to interest rate differential or terms?
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- Why do they have to differentiate?

- **Mr. Koundinya – JP Morgan:**
- Okay, so essentially you mean to say the terms and rate of interest remain the same.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- Yeah, I mean we are giving them the balance sheet. How does it matter whether we put it on the TBCB or on RTM?
- **Mr. Koundinya – JP Morgan:**
- Got it, sir. Thank you very much.
- **Mr. K. Sreekant -- Chairman & Managing Director, Power Grid Corporation of India Limited:**
- So, we can conclude.
- **Mr. Mrinal Shrivastava – Company Secretary, Power Grid Corporation of India Limited:**
- Thank you so much for so much of active interaction with our team of Board of Directors. We would like to convey that our lunch, you are all invited to the lunch. It will start, there is a bit time in that. We will start at 12:30. Thank you.

**End of Transcript**