

पावरग्रिड

'ONE NATION, ONE GRID'

Investor Presentation

December 2013

Strictly Private and Confidential



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- ✘ For Financial Statements:
 - FY 2009 - FY 2010 standalone financial numbers and FY 2011 - FY 2013 consolidated financial numbers are presented through the presentation as reported by the Company. Prior to FY 2011, the Company did not prepare consolidated financial statements.

Offer Summary

Issuer

✦ Power Grid Corporation of India Limited (“POWERGRID”)

Selling Shareholders

✦ President of India, acting through the Ministry of Power, Government of India

Size

✦ 787,053,309 Equity Shares (17.0% of pre issue capital)

Price Band

✦ INR 85 - 90 per share

Discount to Retail Investors and Employees

✦ INR 4.5 per share

Offering Structure

✦ Fresh issue of 601,864,295 Equity Shares (13.0% of pre issue capital) and an offer for sale of 185,189,014 Equity Shares (4.0% of pre issue capital) held by the Selling Shareholder

Allocation Details⁽¹⁾

✦ Qualified Institutional Buyers: 50% of net offer; Retail Individual Investor: Not less than 35% of net offer; Non-Institutional Investors: Not less than 15% of net offer

Employee Reservation

✦ Employee reservation of 3,000,000 shares (0.38% of Gross Issue Size of 787,053,309 shares)

Offer Format

✦ Rule 144A / Regulation S

Use of Proceeds

✦ To meet capital requirements for the implementation of certain transmission projects and general corporate purposes

Bidding Programme

- ✦ Bid/Offer opens on December 3, 2013 (Tuesday)
- ✦ Bid/Offer closes, for QIB Bidders, on December 5, 2013 (Thursday)
- ✦ Bid/Offer closes, for non-QIB Bidders, on December 6, 2013 (Friday)

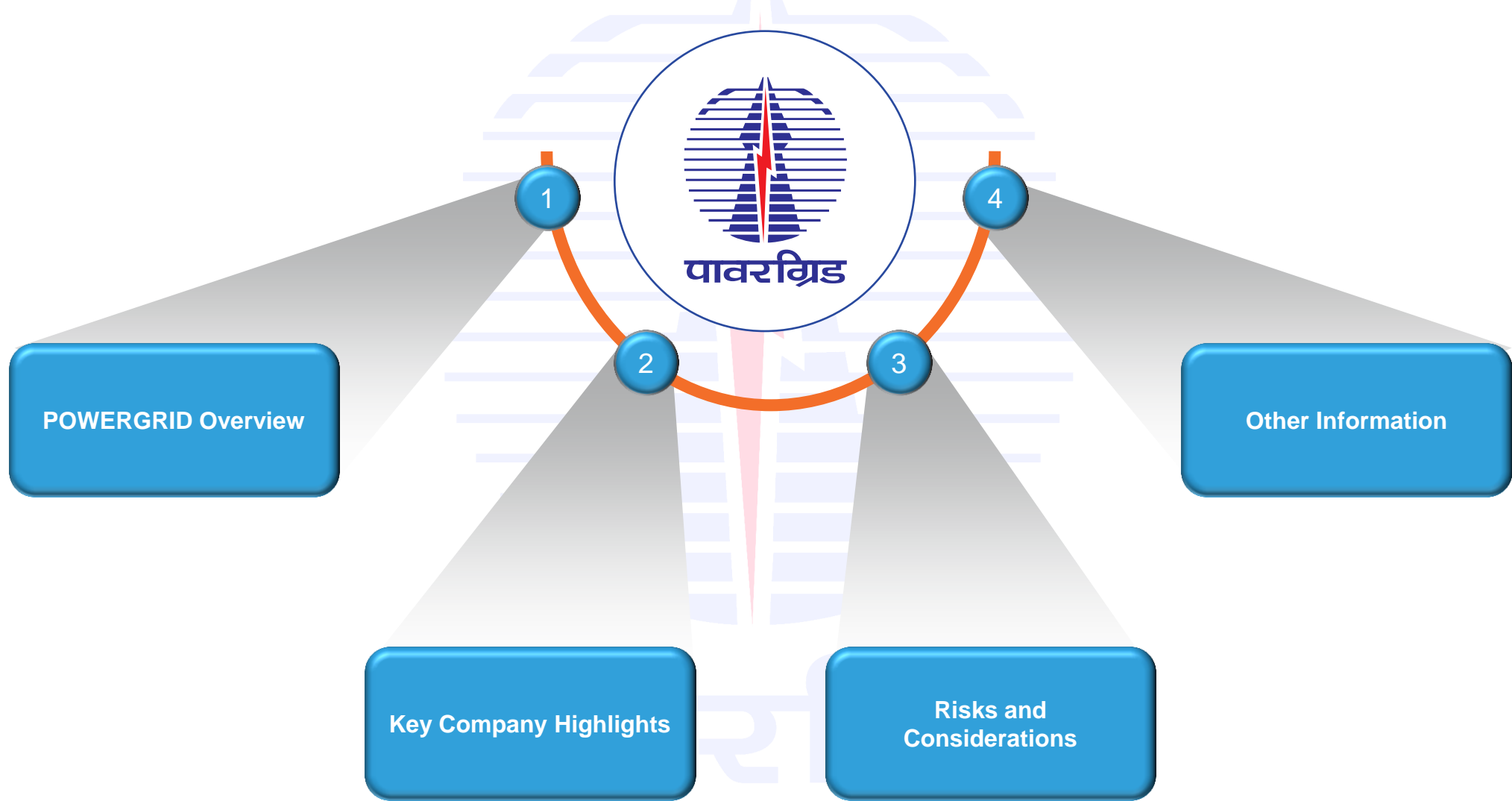
Book Running Lead Managers

✦ SBI Capital Markets Limited, Citigroup Global Markets India Private Limited, ICICI Securities Limited, Kotak Mahindra Capital Company Limited, UBS Securities India Private Limited

Note: 1. For details, please refer to the Red Herring Prospectus.

Presentation Outline

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1. POWERGRID Overview



POWERGRID: India's Principal Power Transmission Company

VISION

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

Transmission

- India's Power Transmission leader owning more than 90%¹ of Inter state transmission system (ISTS)
 - Provides transmission of electricity through inter-state, inter-regional and transnational links
- Central Transmission Utility (CTU) of the country, responsible for planning and coordination related to ISTS

Grid Management

- Real-time Grid Operation and Management
- Non-discriminatory short term open access

Consultancy

- In-house expertise in areas of transmission, distribution and telecom consultancy in project planning, design, engineering, load dispatch, financing and project management

Telecom

- Leverages POWERGRID's nationwide transmission infrastructure for providing bandwidth to all major telecom players
- Partnering with Gol in strategic initiatives

CTU

Transmission Lines
102,109 ckm

Transformation Capacity
172,378 MVA

Sub-Stations
172 Nos

System Availability
99.90%²

Bulk of inter-regional capacity

Reliability
0.32 T/L²

Innovation
± 800kV HVDC / 1200kV AC

Grid mgmt. through POSOCO³

STOA

Green Energy Certificates
>5mm RECs⁴

Energy Accounting
Nodal Agency

Executed Projects
Over 460

Ongoing Domestic
Over 115 Projects

Ongoing International
20 Projects

Project Spread
14 countries

Telecom Network
29,279 km

Connecting
290 cities

System Availability
99.92% (FY13)

NKN and NOFN

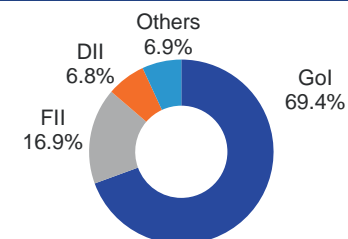
Income Statement⁵

(In INR cr)	FY12	FY13	H1FY14
Revenue ⁷	11,074	13,727	7,738
EBITDA ^{7,8}	9,326	11,777	6,627
Net Profit	3,303	4,313	2,280

Balance Sheet⁵

(In INR cr)	FY12	FY13	H1FY14 ²
Gross Fixed assets (ex-CWIP) ⁹	64,519	82,316	87,107
Total Debt ¹⁰	52,697	67,206	77,710
Net Worth ¹¹	23,583	26,377	28,476

Shareholding Pattern⁶



Note: 1. As on 30th September 2013. 2. For period from April - Sept 2013. 3. Wholly owned subsidiary of POWERGRID. 4. Since commencement till March 2013 - REC Registry of India. 5. Audited consolidated financials for FY12 and FY13, reviewed standalone financials for H1FY14. 6. BSE data as of 30th September 2013. 7. Includes Other Income. 8. EBITDA = Profit before Tax + Finance Cost + Depreciation and Amortization (excluding prior period adjustments). 9. Includes Tangible and Intangible Assets. 10. Total Debt: Long Term Borrowings + Current Maturities of Long Term Debt. 11. Excludes CSR Activities reserve of INR 26.5 cr for FY13 and INR 42.6 cr for H1FY14.

POWERGRID: Business Overview



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A Gol Navratna Enterprise

Transmission

(FY13 Revenue: INR 12,211 cr¹)

Grid Management

(FY13 Revenue: INR 220 cr^{1,2})



Consultancy

(FY13 Revenue: INR 315 cr¹)

Telecom

(FY13 Revenue: INR 231 cr¹)



- Owns and operates ~90% of India's ISTS
- Inter-state, inter-regional and transnational links
- Transmission systems for UMPPs, CGS, IPPs
- Grid strengthening
- High Capacity Transmission Corridors
- Development of 1,200kV UHV-AC

- Real-time grid operation
- Optimum scheduling and dispatch
- Energy accounting and settlements
- Provides non-discriminatory short term open access
- Administering green energy certificates mechanisms

- Leverages in house expertise for providing services in areas of transmission, distribution and telecom
- Provides services to:
 - State power utilities, private sector and government utilities domestically and internationally including in Asia, Africa and other SAARC countries

- Leverages POWERGRID's nationwide transmission infrastructure
- Owns and operates 29,279 kms³ of telecom networks
- Implement GOI's strategic initiatives:
 - National Knowledge Network ("NKN")
 - National Optic Fiber Network ("NOFN")

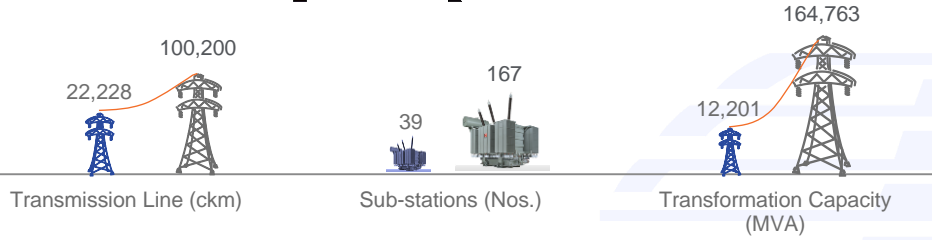
1. Standalone revenue from operations.
 2. Revenue for Power System Operation Corporation Ltd. (POSOCO) 100% subsidiary of POWERGRID.
 3. As of September 2013.



POWERGRID: Major Corporate Milestones

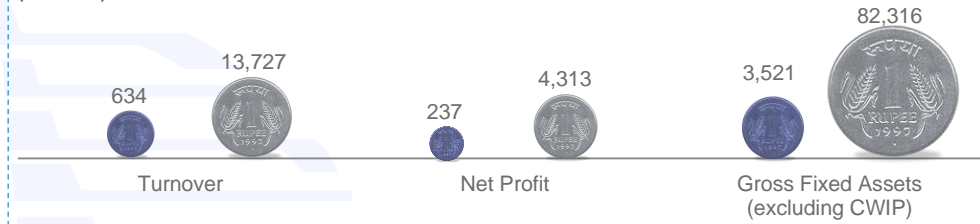
Physical

■ FY92 -93 ■ FY12 -13

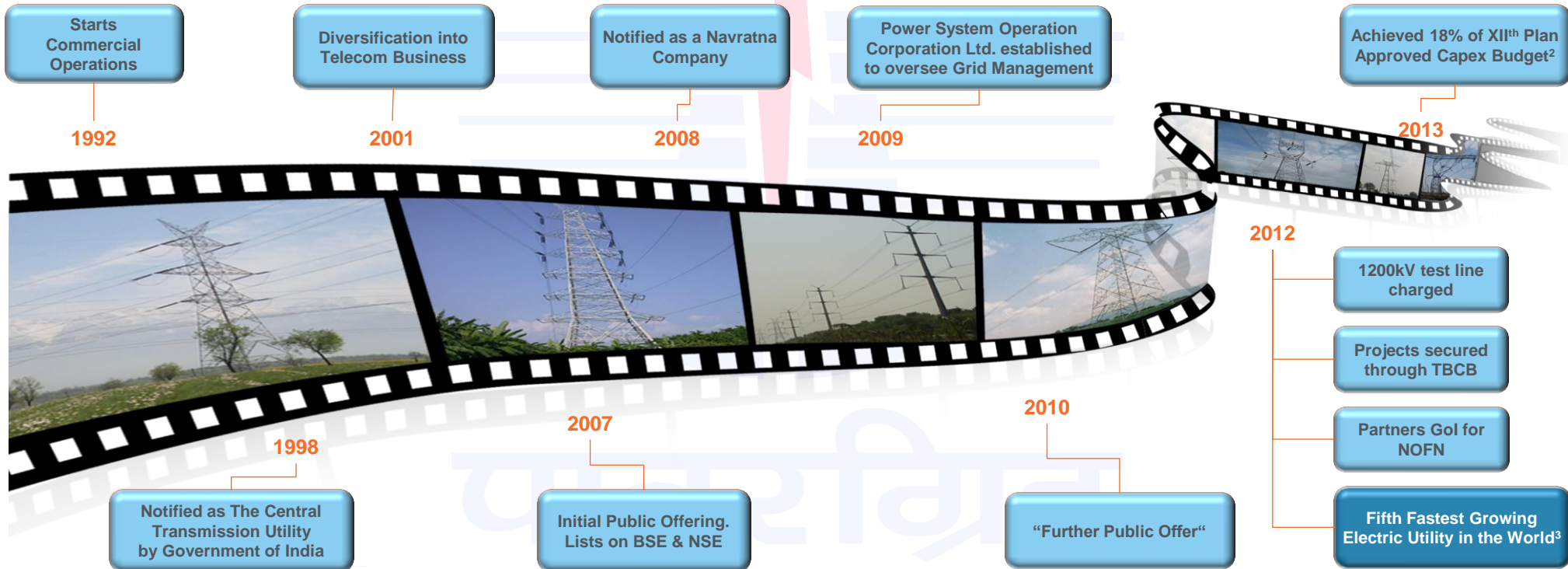


Financial¹ (INR cr)

■ FY92 -93 ■ FY12 -13



Manpower: Only 1.6x Increase!



1. On a standalone basis for FY93 and consolidated basis for FY13.
 2. As of March 31, 2013 on standalone basis.
 3. On the basis of Revenue CAGR for last three years by Platts.



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2. Key Company Highlights



Key Company Highlights

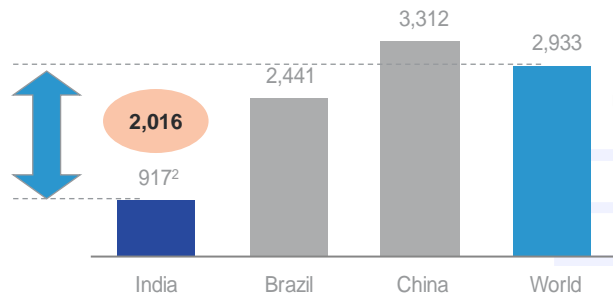


- 1 Compelling Industry Dynamics
- 2 Leadership Position in India's Transmission Sector
- 3 Effective Project Implementation and Focused Growth Plans
- 4 High Operational Efficiency
- 5 Stable Business Model with Comparatively Low Risk
- 6 Diversification and New Business Initiatives
- 7 Strong Financial Track Record
- 8 Skilled and Experienced Management Team with Extensive Industry Experience

1 Compelling Industry Dynamics

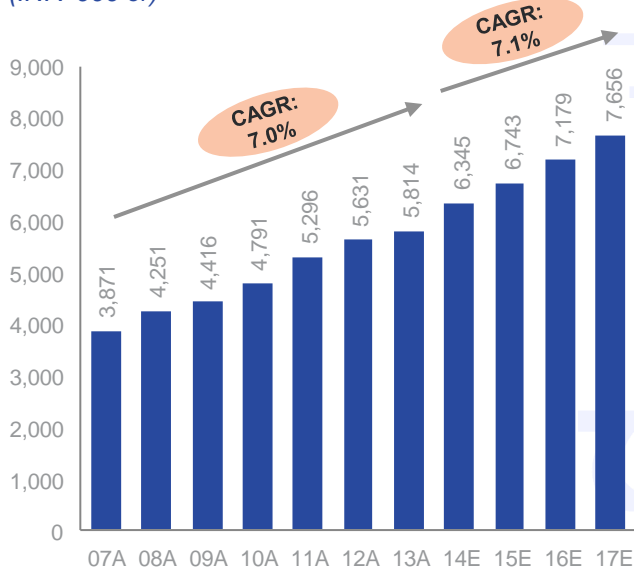
A Low Per Capita Power Consumption and Electrification¹...

(kWh/Year for 2011)



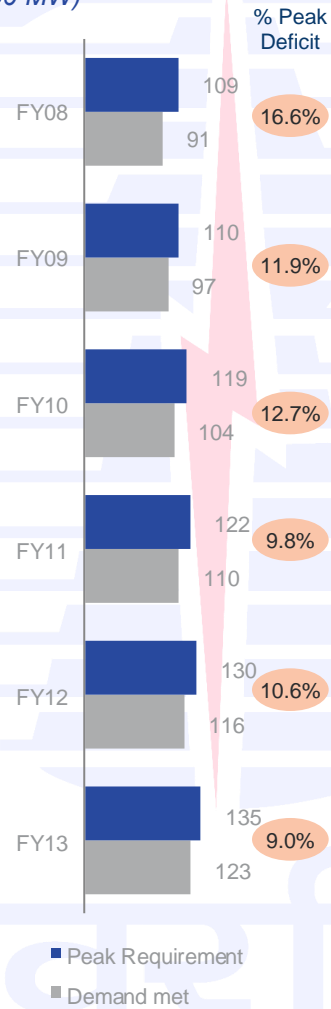
B ...Rising Income in India⁴ (Base year: 2004-05)...

(INR '000 cr)



C ...And India's continued Power Deficits³...

('000 MW)



D ...Driving Capacity Addition Across Power Sector to Meet Demands

(Capacity additions and expenditure)

XIIth Plan Estimated

Generation

- Investment requirement: INR 838,700 cr
- Non-renewable capacity addition of 88GW
- Renewable energy capacity addition of 30GW

Transmission

- Investment requirement : INR 180,000 cr
 - Centre : INR 100,000 cr
 - State : INR 55,000 cr
 - Private: INR 25,000 cr
- ckm addition : 107,440
- MVA addition : 270,000

Distribution

- Investment requirement : INR 306,235 cr
 - Including INR 9,500 cr for Smart Grid
- ckm addition (<33kV) : 1,305,000
- MVA addition (33/11kV) : 138,000

Note: 1. IEA Key World Energy Statistics 2013. 2. Provisional data for the period April 2012 - March 2013, CEA. 3. CEA LGBR Report 2013-14, CEA Power Scenario at a Glance November 2012, Report of The Working Group on Power for 12th Plan, 12th Five Year Plan 4. RBI- Handbook of Statistics on Indian Economy 2012-13, IMF- World Economic Outlook Database, October 2013

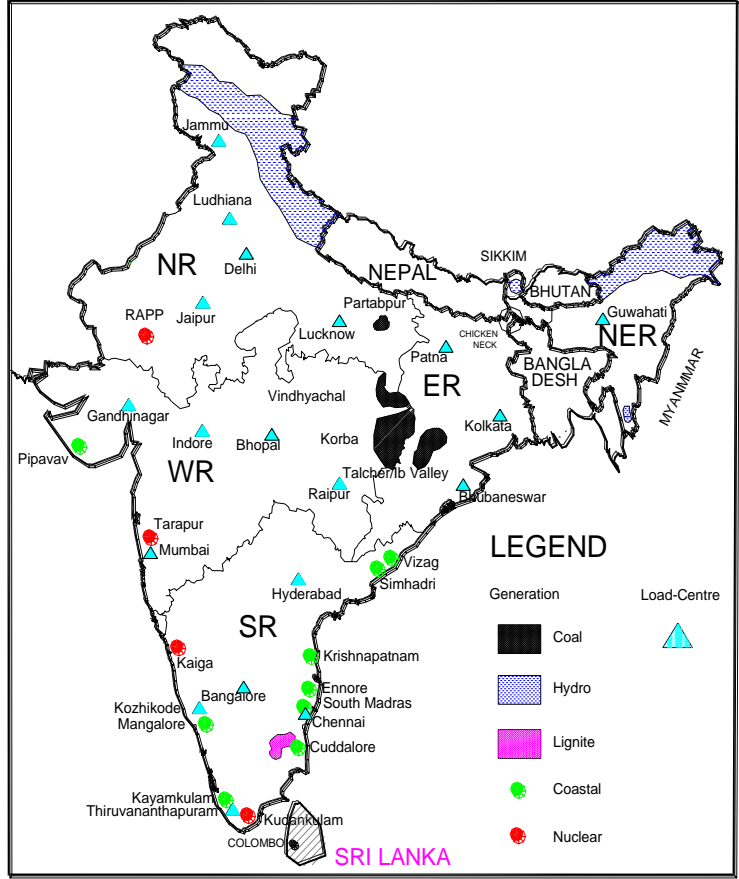
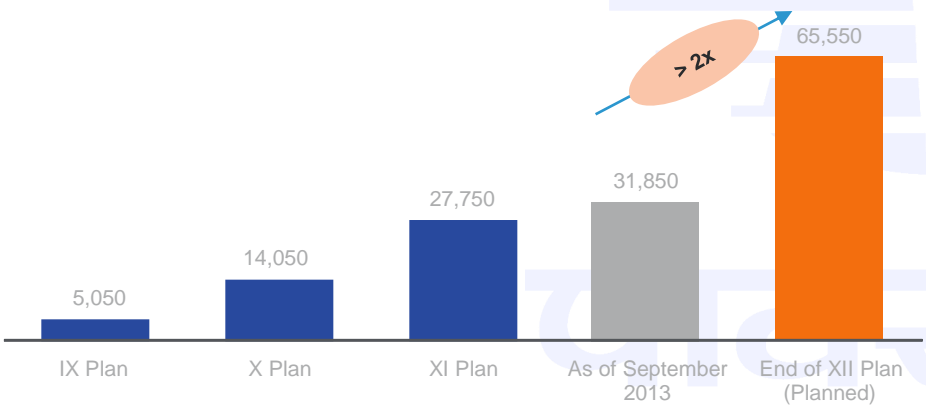
1 Compelling Industry Dynamics (Cont'd)

Strengthening National Grid through inter-regional high capacity transmission corridors

- ⚡ Large pit-head stations under central as well as private sector
- ⚡ Hydro projects in NER, Himachal Pradesh, Uttarakhand and J&K
- ⚡ Large import coal based power projects along the sea coast
- ⚡ Need for strong pan-India Transmission Network
- ⚡ Estimated cost INR 75,190 cr
 - Majority projects being implemented by POWERGRID

Paradigm Shift
From "Self Sufficiency at Regional Level" concept to "National Level"

Inter-regional capacity (MW)



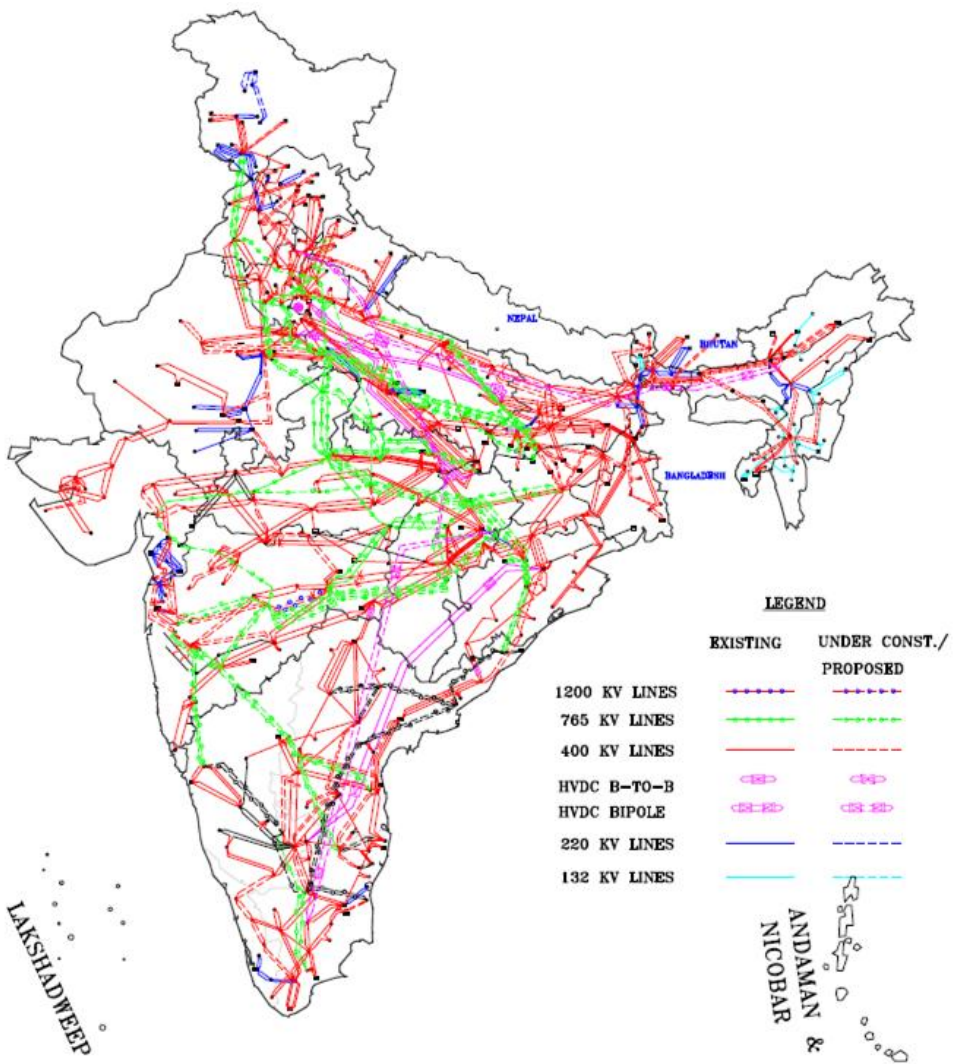
⚡ Power needs to travel from generation centers to demand centers, propelling the need for high capacity transmission corridors

Source: Planning Commission of India – 11th Five Year Plan and 12th Five Year Plan, CERC Order.



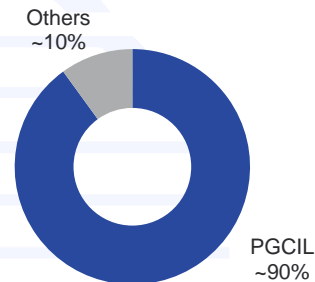
2 Leadership Position in India's Transmission Sector

Sole Central Transmission Utility and National Grid Manager

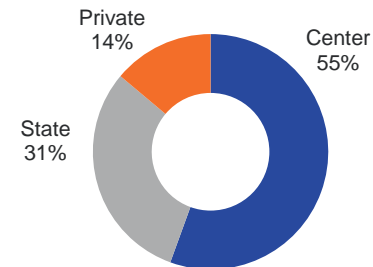


India's Transmission Backbone

Share of Inter-State Transmission System



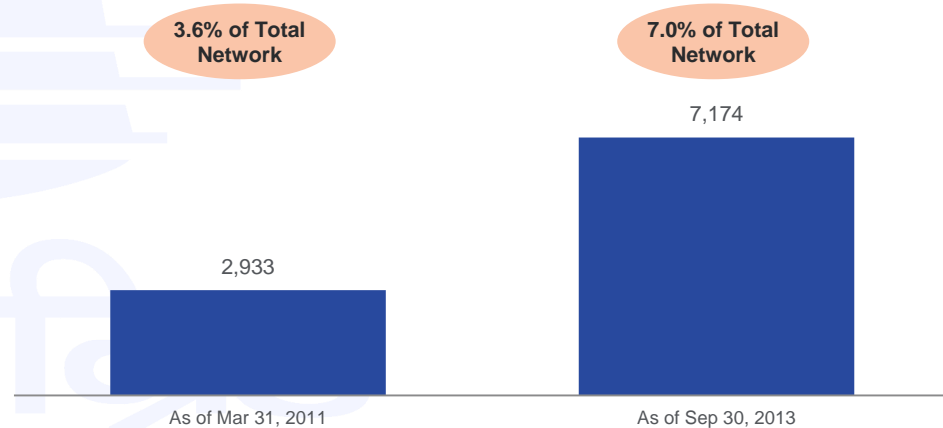
Share of XIIth Plan Capex (Transmission)



Total: INR 180,000 cr

POWERGRID's Approved Plan: INR ~109,650 cr¹

Growth in 765kV lines (ckm)



Source: POWERGRID data from company filings. Factset.

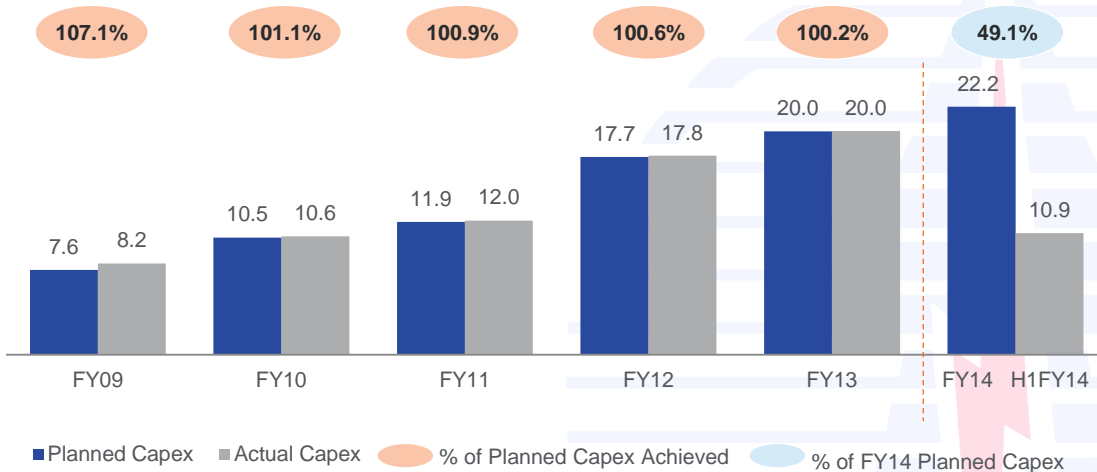
Note: Map not to scale. Outlines indicative.

1. On a standalone basis; earlier plan of INR 100,000 cr was revised to ~INR 109,650 cr to include new initiatives and TBCB projects.

3 Effective Project Implementation...

POWERGRID has Consistently Beaten Capex Targets¹...

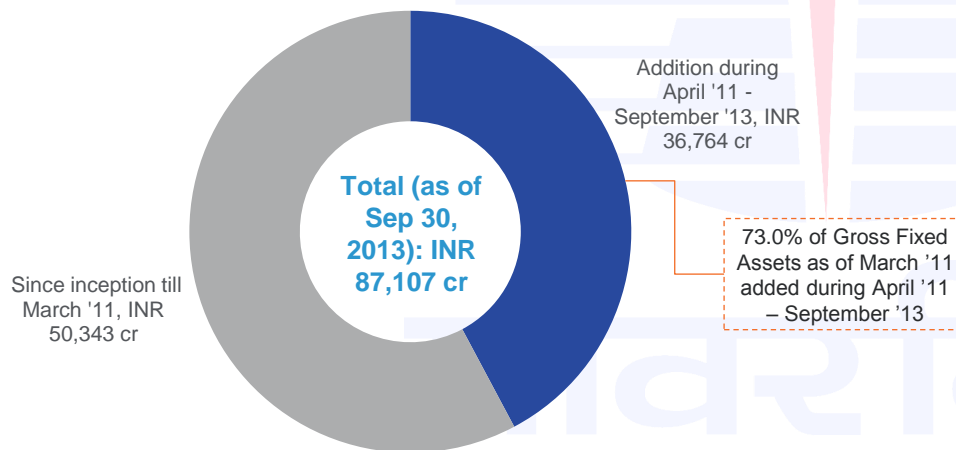
(INR '000 cr)



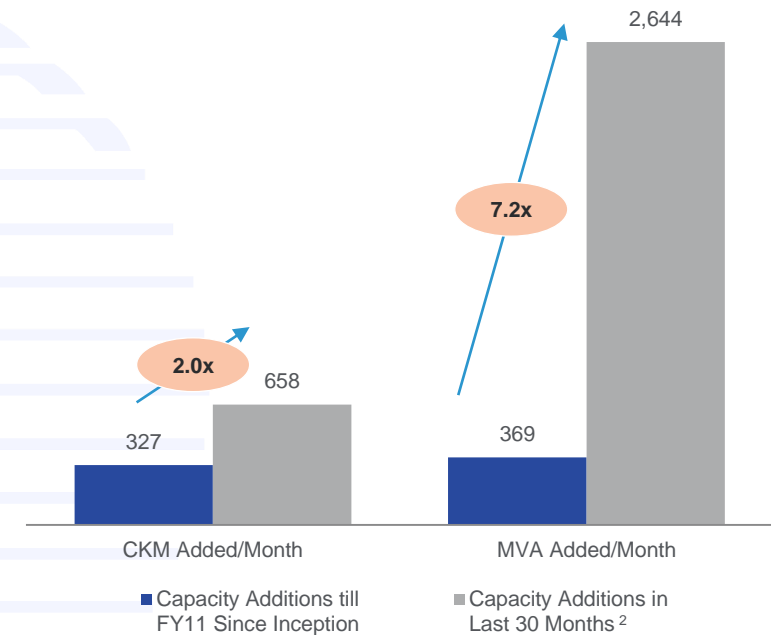
... With Accelerated Pace of Capitalization

Gross Fixed Assets (excluding CWIP)¹

(INR cr)



Accelerated Capacity Addition



Pace of Capacity Addition has Increased Significantly!

- ⚡ 19,754 ckm added in the last 30 months (April '11 – September '13) as compared to 82,355 ckm added in first 252 months (Inception – March '11)
- ⚡ 79,328 MVA capacity added in the last 30 months (April '11 – September '13) as compared to 93,050 MVA added in first 252 months (Inception – March '11)

Source: Company data.

1. On a standalone basis.

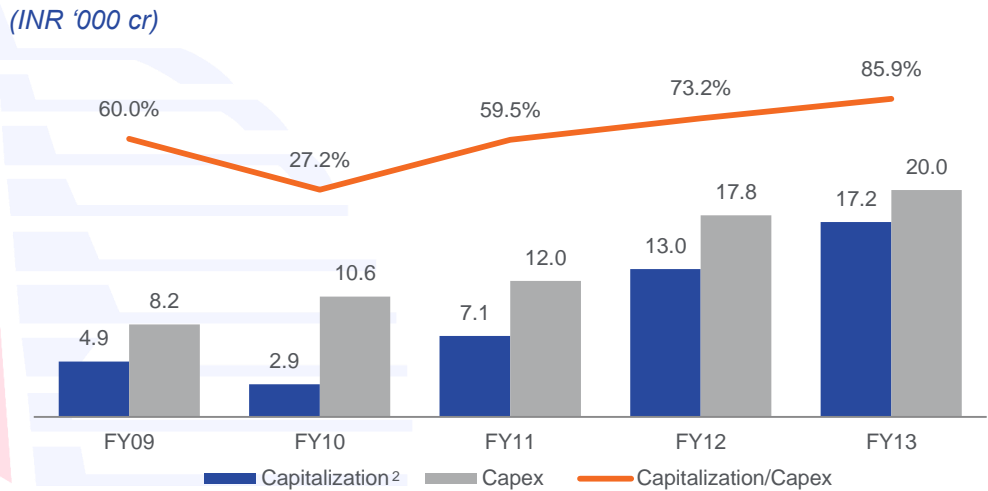
2. Data for the period from April 1, 2011 to September 30, 2013.

3 ... And Focused Growth Plans

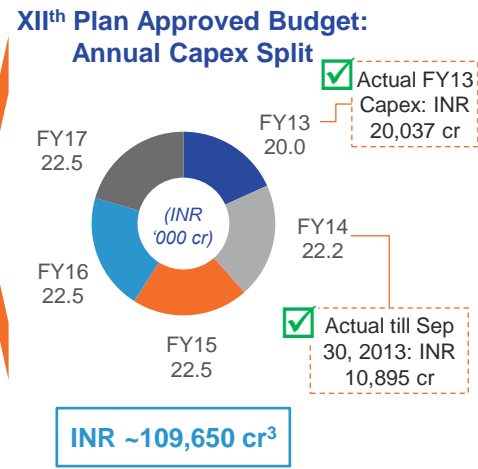
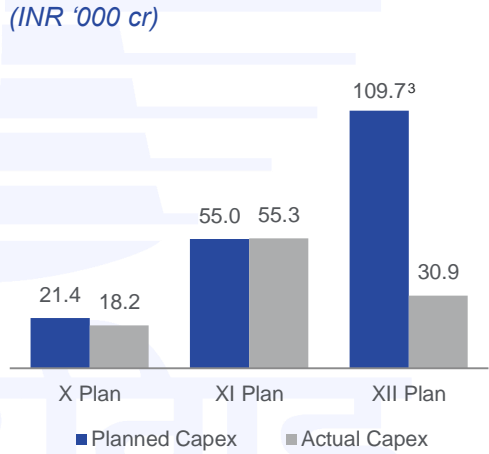
Elements of Following Major Projects to be Commissioned in FY14-15

- 1 Common Scheme for 765 KV Pooling Station and Network associated with DVC & Maithon Right Bank Project
- 2 Transmission System associated with Mundra UMPP
- 3 Transmission System of Vindhyachal-IV and Rihand-III (1000MW each) Generation Projects
- 4 Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal - Part-B
- 5 Transmission System for Phase-I Generation Projects in Orissa - Part-B
- 6 Supplementary Transmission System associated with DVC & Maithon Right Bank Project
- 7 Transmission System for Phase-I Generation Projects in Orissa - Part-C
- 8 Transmission System for Phase-I Generation Projects in Jharkhand and West Bengal - Part-A2
- 9 Kudankulam - APP Transmission System (Balance lines)
- 10 Trans. System associated with Pallatana Gas Based Power Project and Bongaigaon Thermal Power Station (BTPS)
- 11 Transmission System strengthening in Western part of WR for IPP Generation Projects in Chhattisgarh - Part-D
- 12 Transmission System for Phase-I Generation Projects in Orissa - Part-A

Capitalization / Capex¹



Capex Plans¹



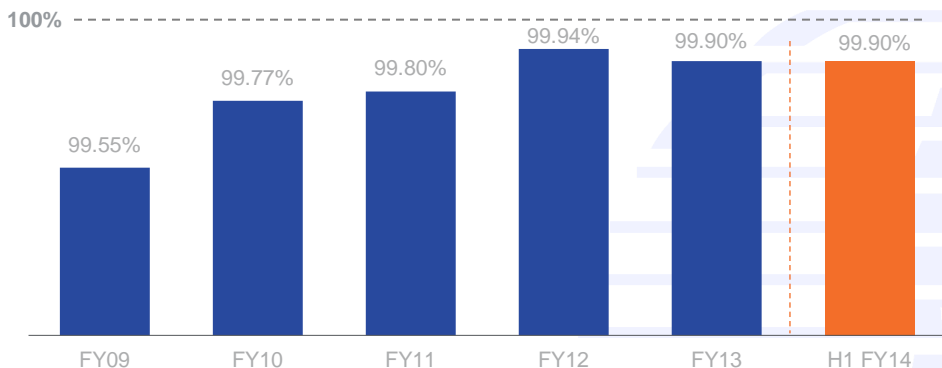
✦ In FY13 and H1FY14 (18 months), 28.2% of XIIth Plan capex target has already been achieved

Source: Company data.
 1. On a standalone basis.
 2. Capitalization = Change in Gross Fixed Assets (excluding CWIP).
 3. Includes new initiatives and TBCB projects..



4 Highly Efficient Operations

Consistently High Availability...



Incentives in the form of higher RoE if targets are exceeded

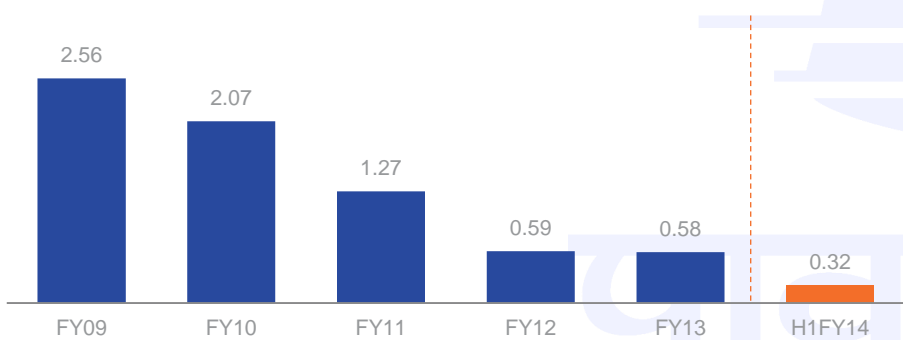
✓ AC system > 98% Availability

✓ HVDC bi pole links > 92% availability

✓ HVDC B2B¹ stations > 95%

...And Continuously Improving Reliability

Tripping per line



Improving Productivity²

	FY13	FY09-13 CAGR
Gross Fixed Assets (ex CWIP) / Employee (INR cr / Employee)	8.6	CAGR: 15.1%
Capacity / Employee (MVA / Employee)	17.6	CAGR: 16.2%
Revenue / Employee (INR cr / Employee)	1.4	CAGR: 17.5%
PAT / Employee (INR cr / Employee)	0.5	CAGR: 21.8%

Adopting Modern Technologies

- ✓ Hot line maintenance
- ✓ Insulator washing in polluted areas using helicopters
- ✓ Aerial patrolling of transmission lines
- ✓ Remote operation of substations
- ✓ Remote maintenance hub through National Transmission Asset Management Centre (under implementation)

Source: Company filings

1. B2B: Back to Back
2. On a standalone basis

5 Stable Business Model With Comparatively Low Risk

1

Changing Regulatory Framework

Framework on Cost Plus Basis

- ✓ Revenue model on assets built and annual fixed charges basis
- ✓ 15.5% guaranteed ROE + 0.5% for timely completion
- ✓ Recovery of operating costs, including debt servicing charges and currency depreciation / hedging
- ✓ Debt : Equity of 70:30
- ✓ Availability based incentives
- ✓ Existing tariff norms applicable up to March 2014

Regulated returns

TBCB

New Framework Post January 2011

- ✓ Following projects will continue under the cost plus model
 - All existing projects
 - All under construction projects
 - All projects for which agreements have been signed before January 2011 but are yet to start implementation
 - New projects allotted by GOI on nomination basis
- ✓ All future ISTS projects, except certain scheme, to be awarded through tariff based competitive bidding (“TBCB”) route, in line with tariff policy of GoI, will be done by independent SPV Companies

2

Secure Payment Collection

- ✓ LC coverage from Designated ISTS Customers adequate to cover monthly billing
- ✓ Regulation of power supply of defaulting entities as per CERC regulations
- ✓ Denial of Short Term Open Access to consistent defaulting entities being pursued with CERC
- ✓ Disconnection of feeders being contemplated for the entities who neglect to pay the transmission charges

3

Right of Way

- ✓ Enjoys Right of Way (“RoW”) under the Indian Telegraph Act, 1885
 - Significantly reduces project execution timelines

4

Secure Tariff Mechanism

- ✓ Linked to the transmission network availability
 - Independent of actual power transmitted or transmission losses through the network
- ✓ Transmission charges allocated to all customers based on CERC’s Sharing Methodology and adjustable on actuals on a quarterly basis

5

GoI Assistance

- ✓ Operational: RoW, forest clearances and land acquisitions
- ✓ Sovereign rating
- ✓ Assistance in collecting dues from State Power Utilities (“SPUs”)

6 Increasing Diversification: Consultancy and Telecom Verticals

Consultancy Services



Domestic

International Footprint

Clientele

State Utilities

Govt. Institutions

CPSUs (Power and Metal Sectors)

Private Sector (Utilities, IPPs and Corporates)

Nepal	Bangladesh	Sri Lanka	UAE
Bhutan	Afghanistan	Myanmar	Nigeria
Kenya	Ethiopia	Tajikistan	Kyrgyz Republic
Pakistan	Congo		

Over 115 domestic projects under execution

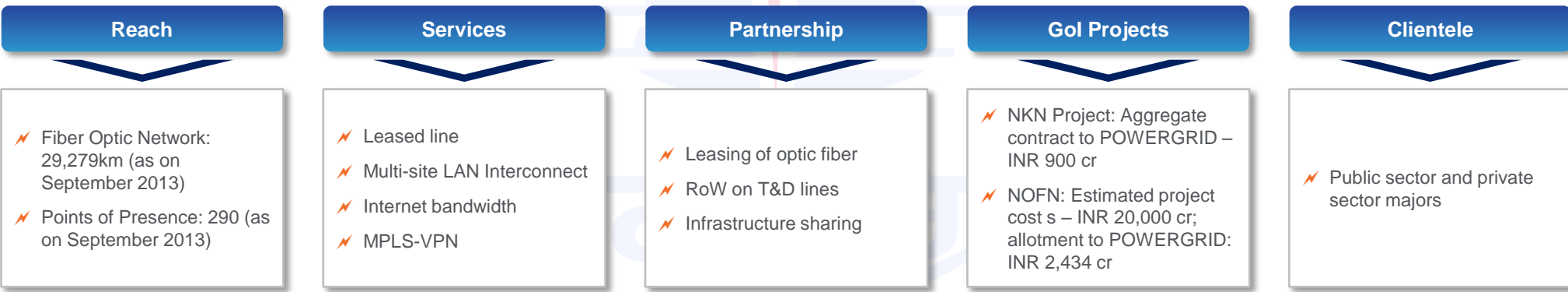
WB NER Project

Signed agreement with 6 NER states to provide technical / managerial support for intra-state T&D system improvement

20 international consultancy projects under execution in 14 Countries

IFC Consultant for EPC and O&M agencies for CASA-1000 project

Telecom Vertical



6 New Business Initiatives

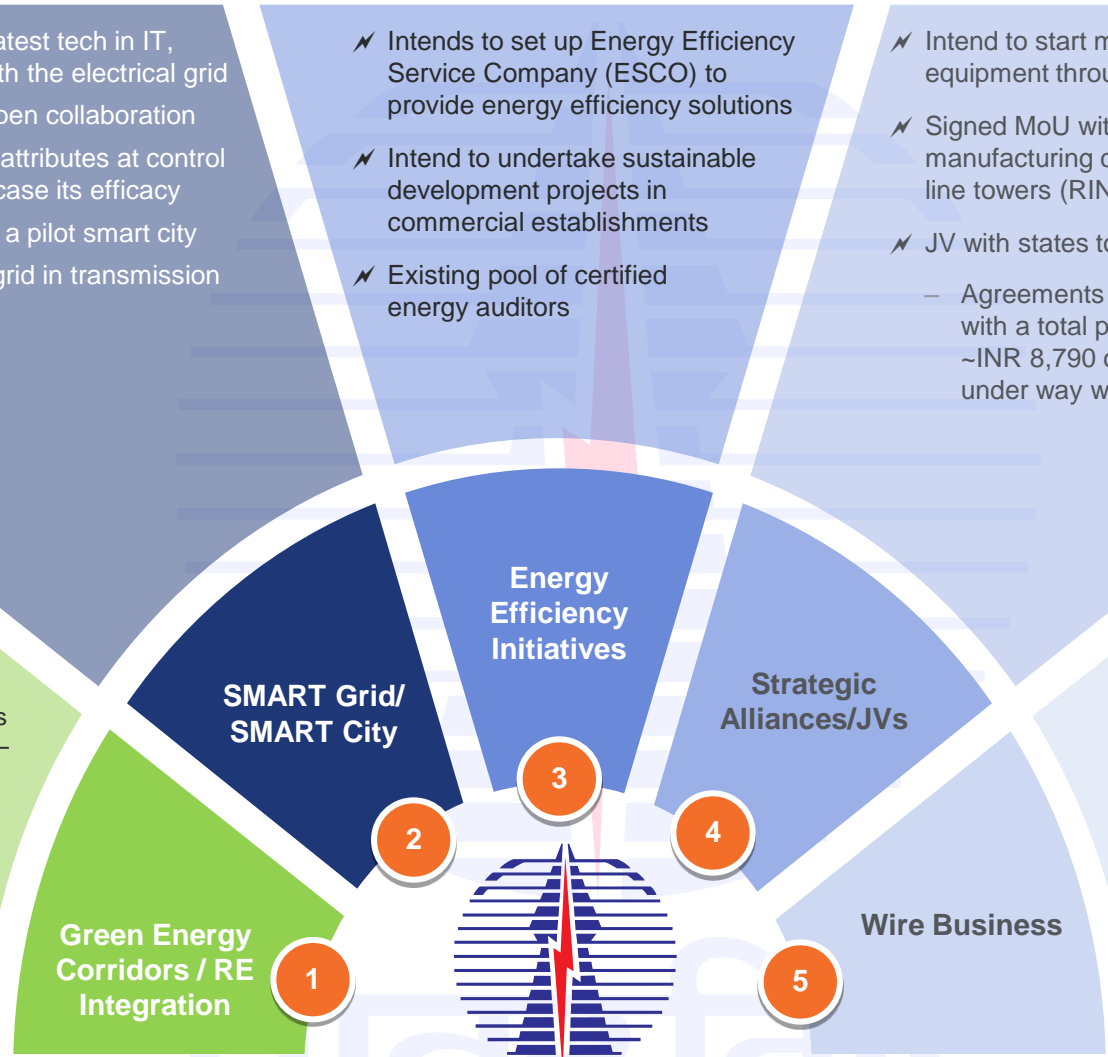
- ✔ SMART Grid (SG) integrates latest tech in IT, communication, automation with the electrical grid
- ✔ Developing SG pilot through open collaboration
- ✔ Successfully integrated all SG attributes at control center at Puducherry to show case its efficacy
- ✔ Promoting SG technology with a pilot smart city
- ✔ Implementing real time smart grid in transmission using WAMS

- ✔ Intends to set up Energy Efficiency Service Company (ESCO) to provide energy efficiency solutions
- ✔ Intend to undertake sustainable development projects in commercial establishments
- ✔ Existing pool of certified energy auditors

- ✔ Intend to start manufacturing towers, conductors and equipment through JVs
- ✔ Signed MoU with other PSUs to explore opportunities in manufacturing conductors (NALCO) and transmission line towers (RINL and SAIL)
- ✔ JV with states to develop intra-state transmission lines
 - Agreements with Bihar & Odisha with a total project cost of ~INR 8,790 cr finalized; discussions under way with other states

- ✔ Developed comprehensive master plan for RE grid integration and capacity addition in XIIth Five Year Plan across India through Green Energy Corridors with investments envisaged in power transmission – anticipated RE capacity ~33GW
- ✔ Covers intra-state and inter-state transmission systems for grid interconnection
- ✔ Includes control infrastructure like forecasting tools, RE mgmt. centers, provisions for flexi generation etc.

- ✔ Intends to undertake distribution wire business & operational management of distribution circles
 - Applied for license in Odisha



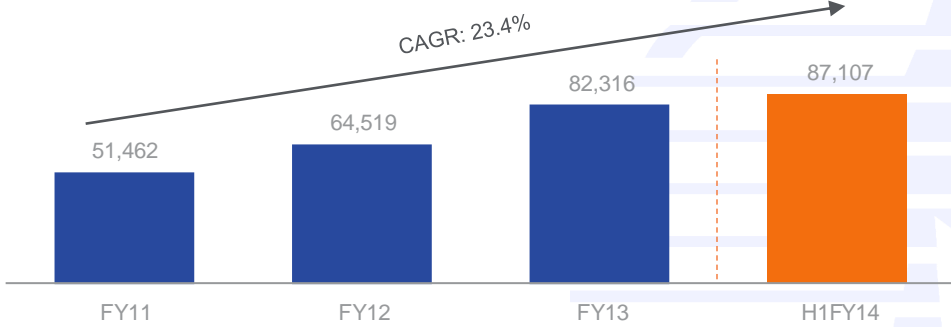
Source: Company data.



7 Strong Financial Track Record

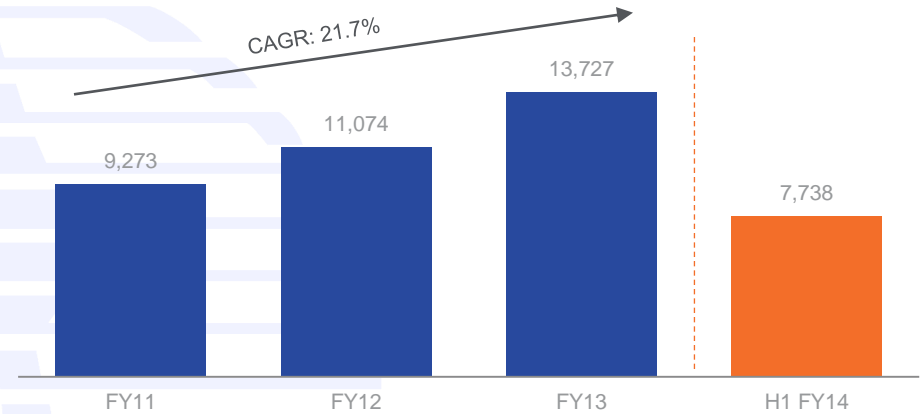
Gross Fixed Assets (Excluding CWIP)¹

(INR cr)



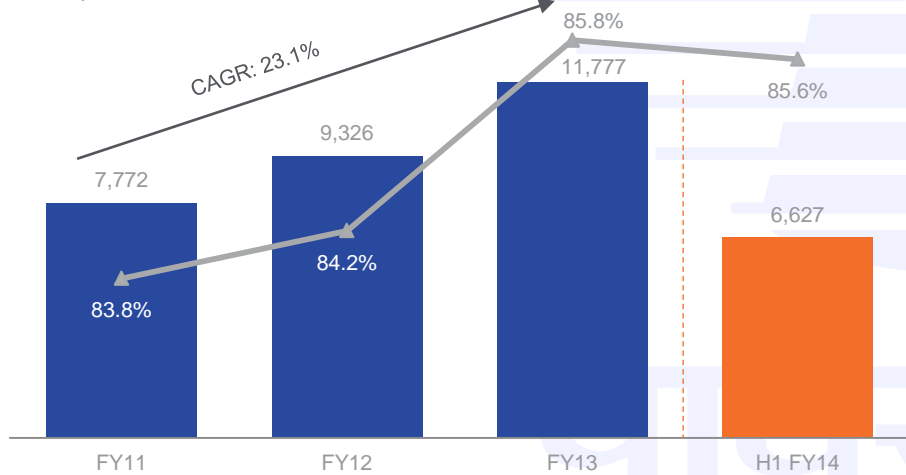
Total Revenue^{1,2}

(INR cr)



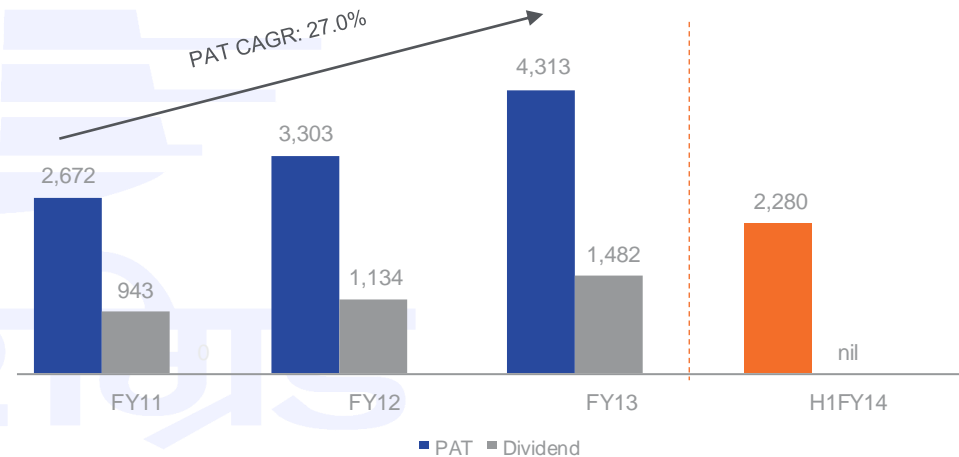
EBITDA^{1,2,3} and EBITDA Margin^{1,2,3}

(INR cr / %)



PAT¹ and Dividend⁴

(INR cr)



Source: Company filings.

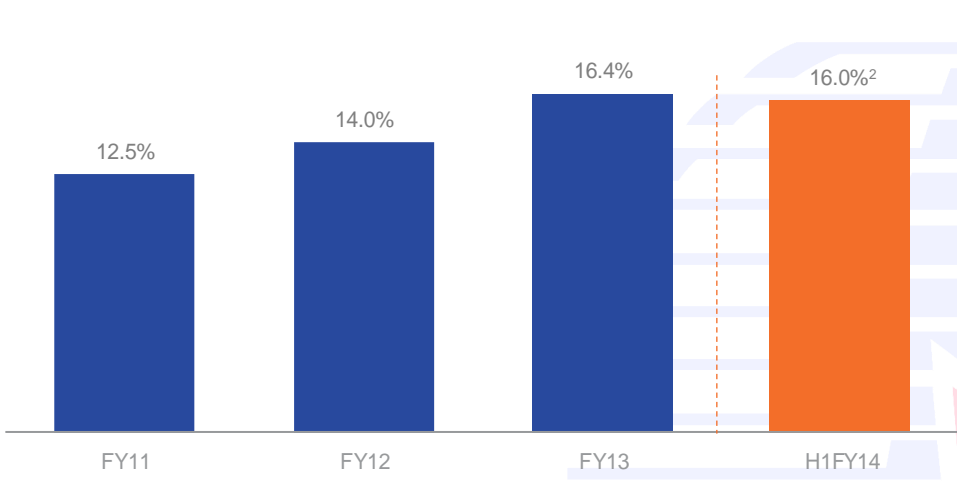
'ONE NATION, ONE GRID'

1. Based on audited consolidated financials for FY11-13 and reviewed standalone financials for 1 H FY14. 2. Includes Other Income 3. EBITDA = Profit before Tax + Finance Cost + Depreciation and Amortization (excluding prior period adjustments) 4. Includes Dividend Paid out and Dividend Distribution Tax, on a standalone basis.

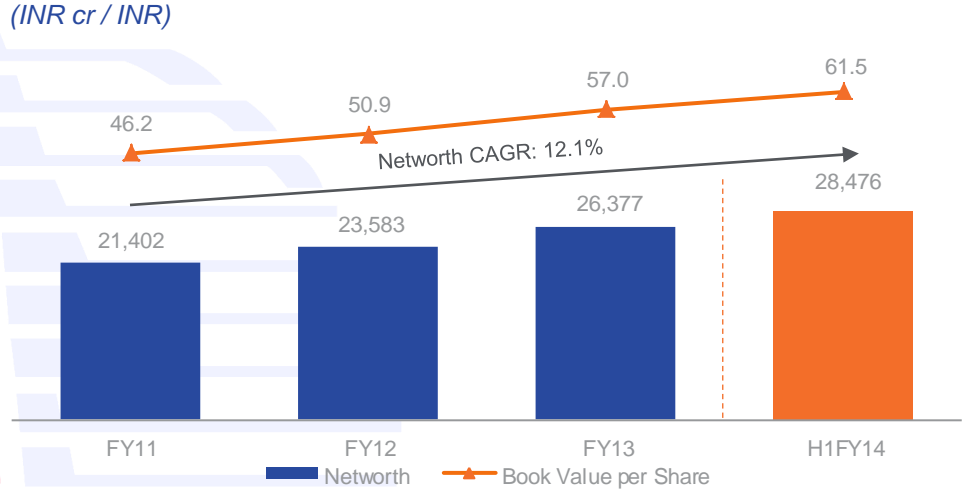


7 Strong Financial Track Record (Cont'd)

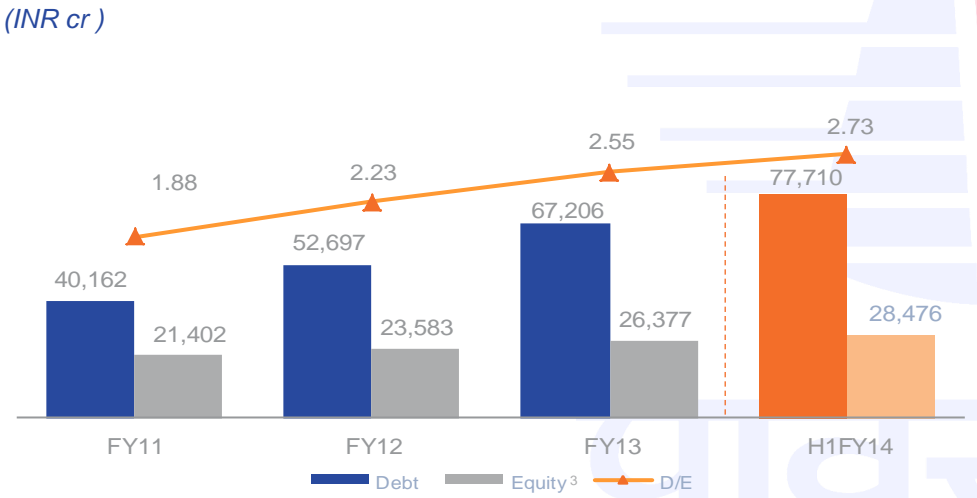
RoE¹



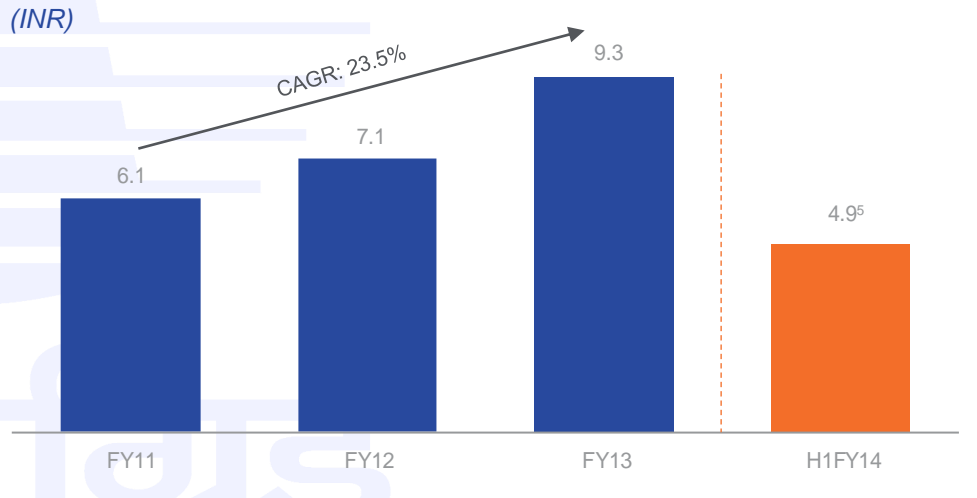
Net Worth^{1,3} and BVPS¹



Financial Leverage^{1,4}



EPS¹



Source: Company filings.

1. Based on audited consolidated financials for FY11-13 and reviewed standalone financials for 1 H FY14. 2. Annualized. 3. Excludes CSR Activities reserve of INR 13.2 cr for FY11, INR 26.5 cr for FY13 and INR 42.6 cr for H1FY14. 4. Total Debt= Long Term Borrowings + Current Maturities of Long Term Debt. 5. Not annualized



The management team of POWERGRID is highly experienced and qualified to execute the Company's strategic plan

Senior Management

1 R.N. Nayak, Chairman and Managing Director



- ✓ 35 years of experience, primarily in power sector
- ✓ Over 21 years of experience in POWERGRID
- ✓ Worked at NTPC, also had a stint with SAIL
- ✓ Featured in the list of '2013 All-Asia Executive Team: Best CEOs' by Institutional Investor

2 I.S. Jha, Director—Projects



- ✓ 32 years of experience, primarily in power sector
- ✓ Served as ED (Engg.) in the company, also worked as ED Corporate Monitoring Group and ED of North Eastern Region
- ✓ Prior to joining POWERGRID, he has worked at NTPC

3 R.T. Agarwal, Director—Finance



- ✓ Over 32 years of experience in finance and accounts
- ✓ Worked in NTPC before joining POWERGRID in 1991
- ✓ Understanding of execution and operational issues of power sector

4 Ravi P. Singh, Director—Personnel



- ✓ Over 31 years of experience in power sector
- ✓ Held position of ED (HR), ED (Eastern Region – II)
- ✓ Worked at NTPC, prior to joining POWERGRID

5 R. P. Sasmal, Director—Operations



- ✓ Over 31 years of experience in power sector
- ✓ Worked in NTPC prior to joining POWERGRID
- ✓ Recognized as a 'Distinguished Member of CIGRE' (International Council on Large Electric Systems) in 2012
- ✓ Currently the national representative for India at CIGRE for HVDC and power electronics

Government Nominees and Independent Directors

6 Rita Acharya, Govt. Nominee Director



- Joint Secretary, Ministry of Power (MoP)**
- ✓ Officer of Central Secretariat Service
 - ✓ Handled various assignments while working at the Ministry of Finance (Department of Economic Affairs) and the Home Ministry of the Government of India

7 Pradeep Kumar, Govt. Nominee Director



- Joint Secretary & Financial Adviser, MoP**
- ✓ IAS officer with over 26 years of experience
 - ✓ Held positions such as Principal Secretary, Environment and Forest Department, Government of Kerala

8 Rita Sinha, Independent Director



- ✓ Retired from the Indian Administrative Service in July, 2010
- ✓ Held post of Secretary to the GoI, Department of Land Resources, Ministry of Rural Development

9 Santosh Saraf, Independent Director



- ✓ Over 36 years of experience as a practicing Chartered Accountant in the field of finance and tax
- ✓ Served various institutions such as the Employees Provident Fund Organization of the GoI and the Associated Chambers of Commerce and Industry of India

10 R K Gupta, Independent Director



- ✓ Professor of Human Behaviour & Organization Development at MDI, Gurgaon
- ✓ Was a member of the Advisory Group on Human Resources Issues of public sector banks set up by the Ministry of Finance of the Government of India
- ✓ Also a Professional Member of the Indian Society of Applied Behavioral Science

11 Dr. K Ramalaingam, Independent Director



- ✓ Over 36 years of experience in the aviation sector
- ✓ Previously employed at the Directorate General of Civil Aviation, National Airports Authority, Kochi International Airport and the Airports Authority of India
- ✓ Has been on the board of various airlines and airport authorities

12 R Krishnamoorthy, Independent Director



- ✓ Fellow Member of the Institute of Cost Accountants of India
- ✓ More than 37 years of experience in Power & Financial Sector
- ✓ Ex-member CERC and ex-Chairman of PFC

13 Mahesh Shah, Independent Director



- ✓ Over 36 years of work experience in the field of corporate governance, corporate finance, investment banking and financial management
- ✓ Director of Inter Corporate Financiers & Consultants Ltd, an authorized Category-I Merchant Banker
- ✓ Has been president of bodies like ICSI, ICWAI

14 Ajay Kumar Mittal, Independent Director



- ✓ Over 27 years of experience in Finance, Project Appraisal, Financial Management and Government statutory compliances
- ✓ Fellow Member of ICAI

Chief Vigilance Officer

Parvez Hayat, Chief Vigilance Officer



- ✓ IPS Officer of Jharkhand Cadre with over 25 years of experience
- ✓ Worked in various capacities in State and Central Govt. such as S.P./Sr.S.P of five Districts of Bihar/Jharkhand; PS to the Union Minister of Home Affairs

Risks and Considerations

Macroeconomic Risk

- ✔ Limited exposure to business cycles - GDP 'slowdown-proof' business model given regulated return
- ✔ Planned capex of ~INR 109,650 cr in the XIIth Plan; 28.2% incurred during April '12 – September '13
 - Historically exceeded capex targets
- ✔ No impact of fuel shortages

Regulatory Risk

- ✔ All existing and under construction projects continue to remain under cost plus mechanism
- ✔ Tariff structure given by the regulator considering the sectoral development
 - Regulator has historically maintained consistency in tariff structure
- ✔ GoI assistance: Related to Right of Way, MoEF Clearances, land acquisition where applicable

Operational Risk

- ✔ System availability consistently over 99%
- ✔ Trippings per line substantially reduced
- ✔ Employs modern technologies for maintenance of vast network

Business Risk

- ✔ Continued demand / supply mismatch - driving growth in transmission sector
- ✔ Ready for competition from the private sector
 - Future ready: Since January 2011, POWERGRID has won 3 projects under the TBCB regime
 - Widespread network allows advantage over new entrants
- ✔ Consultancy and telecom are emerging business verticals
- ✔ Projects secured after January 6, 2011 under TBCB are executed through SPVs and are not covered under cost plus mechanism

Payment Risk

- ✔ Low payment collection risk given LC from customers
- ✔ Regulation of power supply of defaulting entities

Financing

- ✔ Comfortable leverage position
- ✔ Ease of access to low cost debt – international ratings capped at sovereign ratings and domestically highest rating by CRISIL, ICRA & CARE
- ✔ Robust financial performance

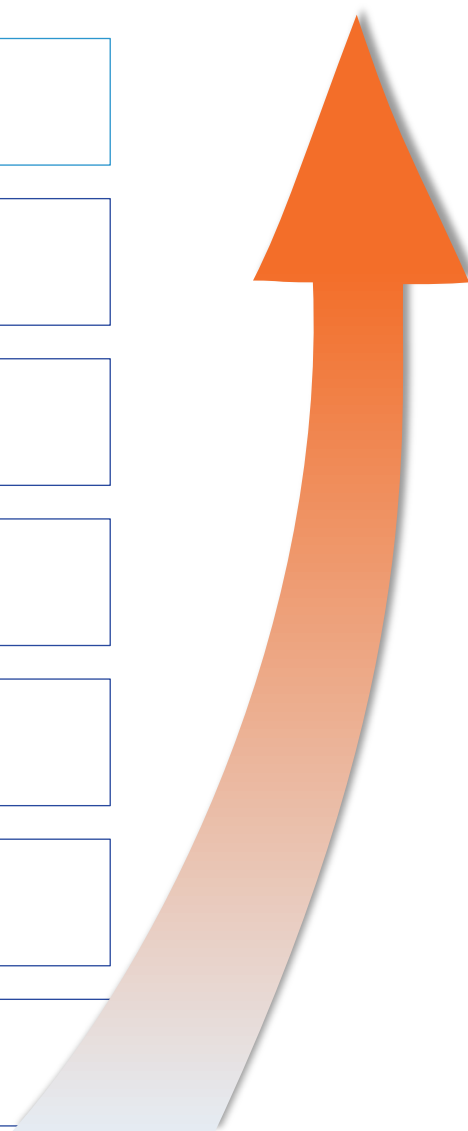
Currency Risk

- ✔ Tariff Mechanism allows for pass-through of foreign exchange variation cost and interest on outstanding debt
- ✔ Major equipments / works sourced domestically

Source: Company data.
1. On a standalone basis.

POWERGRID: Company Highlights

- ✓ **Attractive Industry Dynamics**
- ✓ **Market Leader**
- ✓ **Stable Business Model**
- ✓ **Government of India Support**
- ✓ **Strong Financial Position**
- ✓ **Emerging Business Verticals: Telecom and Consultancy**
- ✓ **Management Focused on Growth with Extensive Project Execution Experience**



POWERGRID: Targets and Achievements

Delivered Comprehensively on Targets

In September 2007

In November 2010

Target

Achievement

Target

Achievement

Invest INR 55,000 cr
Over Next Five
Years

Exceeded planned
capex targets every year

Achieved

Capex of INR 29,559
cr¹ in FY11 & FY12

Exceeded
planned capex

Achieved

Maintain System
Availability
Above 99%

Maintained
availability above 99%

Achieved

Continue to
Maintain High
Operational
Efficiency

Trippings reduced from
2.07 in FY10 to 0.32 during
April – September 2013

Achieved

Take Advantage of
Diversification
Opportunities

Successfully tapped
Telecom and Consultancy
business opportunities

Achieved

Increase
International
Footprint

From presence in 7
countries in 2010 to 14
countries presently

Achieved

Continue to
Collaborate with
Customers

Entered into JVs with
SEBs and private
sector players

Achieved

Sustainable
Development

First power sector PSU to
release a “Sustainability
Report”

Achieved

1. On a standalone basis.



पावरग्रिड

3. Other Information



Sustainability Framework

Environmental and Social Policy & Procedures (ESPP)

Environment and Social Policy Statement

“POWERGRID is committed to the goal of sustainable development and conservation of nature and natural resources. While continually improving its management systems, accessing specialist knowledge and introducing state of the art and internationally proven technologies, POWERGRID strictly follows the basic principles of Avoidance, Minimization and Mitigation in dealing with environmental and social issues. Where necessary, restoration and enhancement is also undertaken”

Environmental Objectives

- ✦ Avoid operations in environmentally sensitive areas, eco-sensitive zones, forests, sanctuaries, national parks, tiger/biosphere reserves, and CRZ covered coastal areas
- ✦ Consider environmental implications of location, terrain, and sensitive areas in impact identification and mitigate these with innovative/practical engineering solutions
- ✦ Application of efficient and safe technology practices
- ✦ Abate pollution in all activities and operations
- ✦ Minimize energy losses and promote energy efficiency

Social Objectives

- ✦ Take due precautions to minimize disturbance to human habitations, tribal areas and places of cultural significance
- ✦ Take due care of Project Affected People (PAP)
- ✦ Involve affected people from inception stage to operation and maintenance
- ✦ Consult affected people in issues of RoWs, land acquisition or loss of livelihood
- ✦ Encourage consultation with communities in identifying environmental and social implications of projects
- ✦ Pay special attention to marginalized and vulnerable groups and secure their inclusion in overall public participation
- ✦ Guarantee entitlements and compensation to affected people as per its R&R policy
- ✦ Share information with local communities about environmental and social implications
- ✦ Always maintain highest standards of health and safety and adequately compensate affected persons in case of any eventuality

Certifications



Occupational Health & Safety Management System ISO 18001:2007



Environment Management System ISO 14001:2004



Social Accountability System SA 8000:2008



Quality Management System ISO 9001:2008



Integrated Management Registration PAS 99:2006

Company certified with a PAS based Integrated Management Section

World Bank has selected POWERGRID's ESPP as the first candidate for 'Use of Country Systems' in India

Sustainability Initiatives

1. Land Acquisition

- Aim to locate sub-stations on government/waste land as far as possible
- Private land selected keeping in mind social impact on account of land loss
- Site selection planned on the basis of avoiding irrigated land, homestead land/houses, religious structures, cultural property or public infrastructure.
- Strictly follow procedures under the National Law for acquisition of private properties i.e. the Land Acquisition Act 1894, when land is acquired for the construction of sub-stations



Barren Land Before Construction of Gwalior S/S



Gwalior S/S After Construction

2. Community Development Work

- In addition to Rehabilitation & Resettlement (R&R) measures, community development works are also undertaken for the overall improvement of surrounding village and community
- Based on social assessment outcomes, POWERGRID implements need based development
- Undertakes construction of roads, drinking water facilities, school buildings, community centers etc. in association with local authorities



Tubewell in Lucknow Under CD Works

3. Reduction in Forest Land Usage

- The forest land usage as a percentage of total land utilization in POWERGRID projects as been brought down from 6% till 1998 to 0.9% in 2011



Environment Management



Multi Circuit Tower in Forest

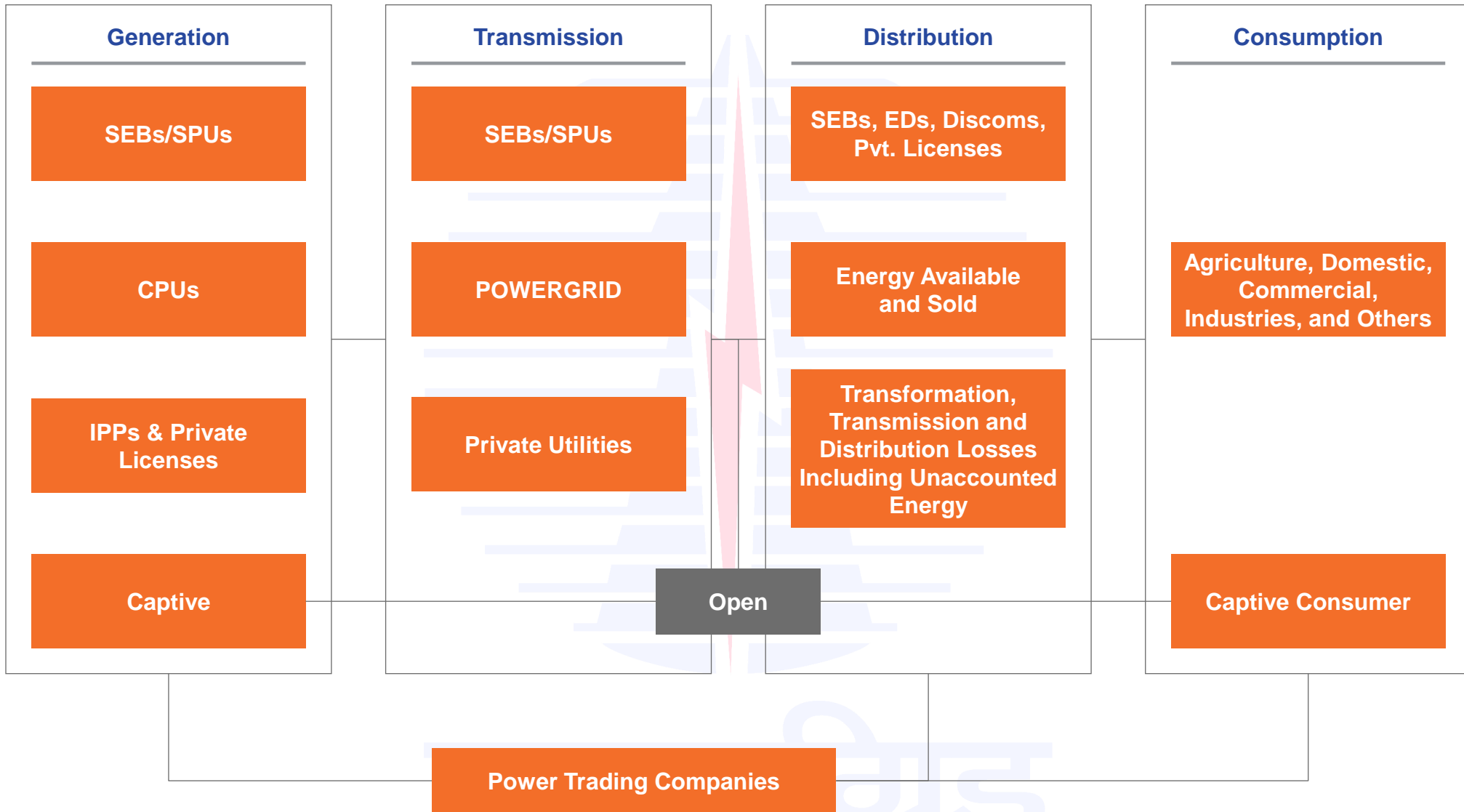
4. Commitment to Social Responsibility

- Adopted Integrated Management Policy, Environmental and Social Policy & Procedures, Rehabilitation Action Plan (RAP), etc.
- 1% of previous year's standalone net profit after tax invested towards CSR initiatives



Renovation of Govt. Primary School Building at Barabanki

Indian Power Sector



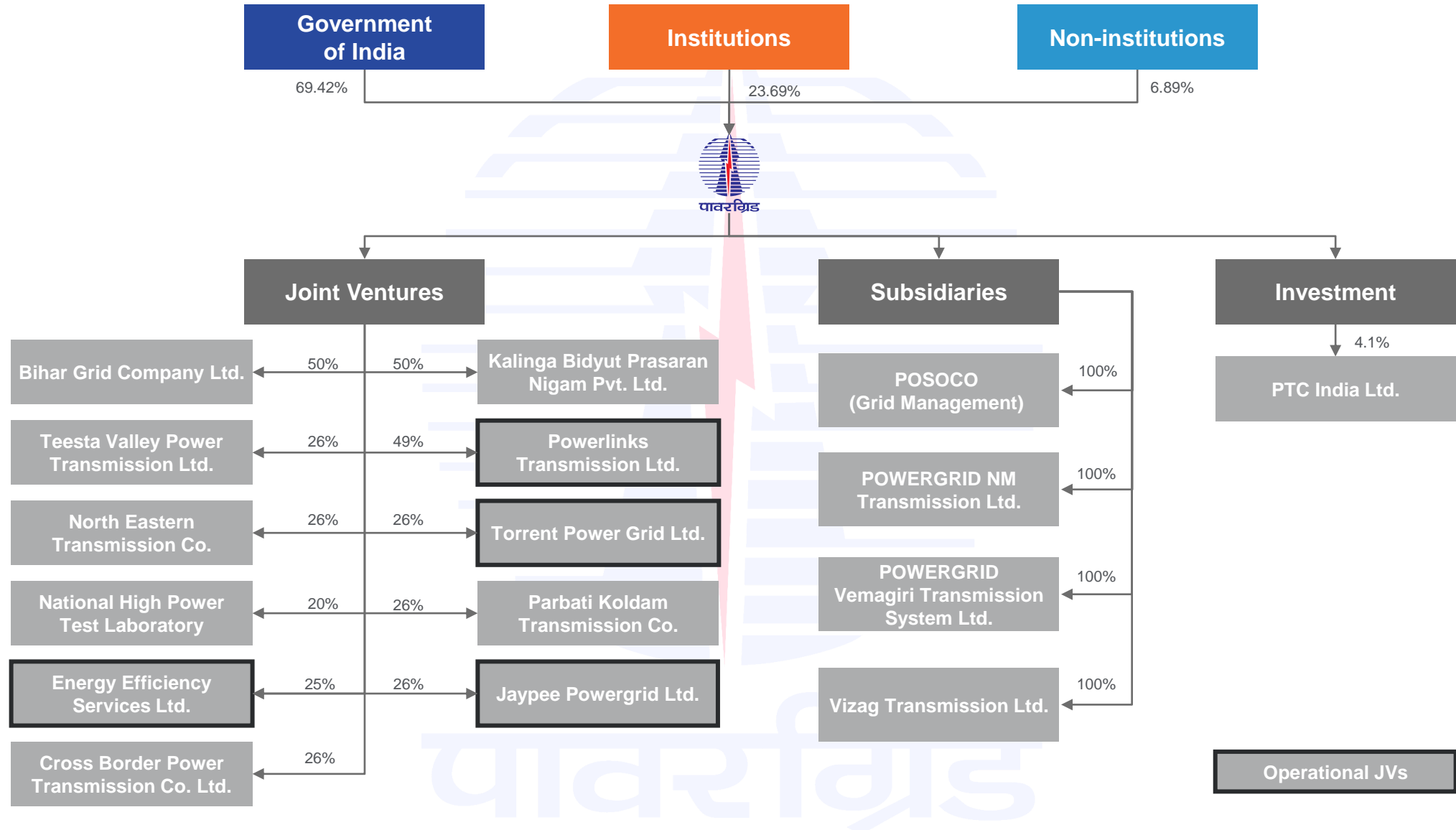
Financial Summary

INR cr	For the Year Ended March 31			For Six Months Ended 30 September
	FY11	FY12	FY13	HY14
Income Statement				
Total Revenue ¹	9,273	11,074	13,727	7,738
EBITDA ^{1,2}	7,772	9,326	11,777	6,627
EBITDA Margin	83.8%	84.2%	85.8%	85.6%
EBIT ³	5,499	6,688	8,349	4,696
Profit after Tax	2,672	3,303	4,313	2,280
Balance Sheet				
Total Assets	77,662	92,132	113,384	127,425
Gross Fixed Assets (Ex. CWIP)	51,462	64,519	82,316	87,107
Total Debt ⁴	40,162	52,697	67,206	77,710
Net Worth ⁵	21,402	23,583	26,377	28,476
Dividend Paid Out ⁶	943	1,134	1,482	nil

Source: Company annual reports. FY11–13 data is based on consolidated financials and H1FY14 data is based on standalone financials.

Notes: 1. Includes Other Income. 2. EBITDA = Profit before Tax + Finance Cost + Depreciation and Amortization (excluding prior period adjustments). 3. EBIT = EBITDA - Depreciation and Amortization (excluding prior period adjustments). 4. Total Debt: Long Term Borrowings + Current Maturities of Long Term Debt. 5. Excludes CSR Activities reserve of INR 13.2 cr for FY11, INR 26.5 cr for FY13 and INR 42.6 cr for H1FY14. 6. Includes dividend distribution tax, on a standalone basis

Corporate Overview (Cont'd)



Note: Shareholding pattern as of 30th September 2013.
Power Transmission Company Nepal Limited not included as POWERGRID is yet to infuse capital into the company.

List of Abbreviations

AG	Accountant General
CBT	Central Board of Trustees
CTC	Central Transmission Utility
EPFO	Employees Provident Fund Organization
ESCO	Energy Efficiency Service Company
ESPP	Environment and Social Policy & Procedure
FERV	Foreign Exchange Rate Variation
FPO	Follow-on Public Offer
ICWA	Institute of Cost and Works Accountants of India
IWC	Interest on Working Capital
ISTS	Inter State Transmission System
JS&FA	Joint Secretary and Financial Adviser
NKN	National Knowledge Network
NLDC	National Load Dispatch Center
NOFN	National Optic Fiber Network
PAS	Publicly Available Specification
POSOCO	Power System Operation Corporation Limited
RoE	Return on Equity
RoW	Right of Way
SAARC	South Asian Association for Regional Cooperation
TBCB	Tariff Based Competitive Bidding
UMPP	Ultra Mega Power Projects