

3rd February, 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
INE752 E01010**

Sub: Transcript of Investors & Analysts' Meet held on 2nd February, 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 2nd February, 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 02/02/2023

– **Moderator – IIFL Securities:**

- Greetings ladies and gentlemen! On behalf of IIFL I would like to welcome you all for the 3rd Quarter FY23 Earnings Call with POWERGRID Management to discuss company's business and share the performance outlook. Today we have the entire senior management team of POWERGRID. It's my pleasure to welcome and introduce
- Mr. K. Sreekant – Chairman & Managing Director
- Mr. G. Ravisankar – Director (Finance) & CFO
- Mr. Abhay Choudhary – Director (Projects)
- I'd now request the CMD to make the presentation and the opening remarks, subsequent to which the floor will be opened for Q&A. Over to you sir.

– **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**

- Thank you, Harsh and very good morning, to all the participants. I welcome you to the investor interaction for the 3rd Quarter results following. I would make initially a very brief presentation and would look forward to your queries and interaction.
- We are today the 3rd largest CPSE in terms of Gross Block, we have our PAN India transmission network, 28 subsidiaries primarily for the TBCB ventures and then 11 joint ventures. This is the summary of our asset base. 1,73,790 ckm with 1,448 nos of lines. 270 sub-stations all across the country, 85% of the inter-regional transmission capacity is owned by POWERGRID.
- In terms of current year's performance highlights, on the project execution front against a target of 8,800 crores capex we have done 5,429 crores. On a consolidated basis, by the end of Q3, our capitalization was about 5,190 odd crores. And in terms of our...
- Operational performance 99.81% has been the availability, which is above the 99.75% cut-off for the purpose of receiving incentives. Trippings per line are better at 0.21 compared to 0.28 for the corresponding period in the previous year. In terms of ya...
- These are some of the technologies which we continue to adopt for the asset management, including use of drones and helicopters for patrolling. A lot many apps and software have been developed for asset management in-house, these include asset health indexing. And also, particularly for large equipment such as transformers and reactors. And then, there are plans to develop an in-house AI/ML based tool to do asset defect identification and rectification planning.
- You would have seen the financial performance which we have disclosed day before yesterday. For this quarter there has been a growth income by 8% PAT has seen a growth of 11%. This quarter the consolidated income has been 11,530 crores and PAT was 3,645 crores.

On a 9 month basis, consolidated revenues were 34,048 crores and the PAT is 11,097 crores. Again, about 8% growth of on the topline and 11% on the bottomline.

- I think I'll skip these slides, you can see them in the presentation which we'll upload giving the details. I'll just draw your attention to this slide here. The debt-equity has been steady at 61:39. Going forward we will see little bit more improvement in the debt-equity primarily because of the deleveraging that is happening following repayment of debt, which has been deployed in the past for construction projects.
- These are some of the key information which is of interest of Analysts question. Based on our experience with analysts' questions, we have given this. Incentive for the quarter has been 130 crores, for the previous 9 months it has been 408 crores. Surcharge income has been 146 for 9 months. I think these are some of the key... one of the major points is that the short-term loan has been repaid in this period, but I think this is a temporary thing. We may again have to raise short-term loans.
- In terms of our other two key businesses – telecom and consultancy, this quarter we had about 187 crores of revenues from telecom. About 68 crores worth of orders have been received, new customers have been added. This is one of the key growth areas we are looking at on the data centre business where we have received the approval from the CERC for the use of land at Manesar substation to set up a data centre. And, we are also expanding our own network of OPGW through agreements with other state utilities to increase our reach.
- On the consultancy side, our income this quarter was 142 crores, primarily in the transmission and sub-transmission works. Commercial performance, though billing & realisation shows a tad less, 86% realisation compared to 34,000 billing. We had about 30,000 crores of realisation. This is primarily because of the past dues for the Raigarh - Pugalur systems. So, that is yet to be realised. A large bidding has been done for the past period. But otherwise, receivable position is fairly quite okay. The Prapti portal system is working, so dues beyond 75 days are automatically recovered. It is quite okay.
- Other businesses – Smart Metering, we have received the tenders. Price bids have been opened. So, now we are in discussion with Gujarat for the price and other parameters. Solar also, the 85 MW plant at Nagda, we have opened the financial bids and hopefully next year we should see the work start there.
- This is one key award which we have received during this quarter. The 2022 Platts Global Energy Awards under Corporate Impact for one of the CSR initiatives. We have received two patents which we have filed long back. One is for the Energy efficient all-season roof-screening and another is Smart Socket and Smart Home Energy Manager, which we developed in collaboration with IIT Kharagpur. These are more demonstration projects. I'm not sure what will be the commercial potential of these patents.
- Now briefly I would turn towards the sectoral outlook. In terms of the total power sector as such, as you are aware, there is an energy transition, so focus on renewables. You can see that the installed capacity is expected to grow at a CAGR of 9.55% from the current 404 to 838 GW by 2030. But, the renewable capacities are likely to go at about 20% CAGR. And, in terms of energy requirements, we see about 5.06% CAGR growth. And, that requires significant investment in the transmission sector. There has been a plan released by the CEA for development of transmission system for integration of over 500 GW renewable capacities by

2030. It covers various schemes such as RE Park in Leh, Fatehgarh, Bhadla, Bikaner schemes and in Gujarat Khavda. Wherever there is potential, how do we plan to integrate that into the grid? These are the various schemes identified and shown. Nearly 51,000 ckm of transmission lines are planned at an investment of 2,44,200 crores. Currently, bids have been submitted and processes all for an investment in a project cost of about 23,000 crores. Another 34,000 crores investments have been approved and they will be put to bid shortly. So, there is a robust pipeline of transmission projects which come predominantly in the TBCB category.

– As far as POWERGRID is concerned, we have works in hand about 47,000 crores. The ongoing 7000, 20000 crores including TBCB. As I mentioned, our capex plan is about 8,800 crores this year and we are putting all efforts to achieve this target by the end of 31st March 2023.

– So, I conclude my presentation here. Thank you very much for a patient hearing. I'm open to your questions. Thank you.

– **Moderator – IIFL Securities:**

– Great sir, thank you very much. Ladies & gentlemen the floor is open for Q&A now. I'd request you to raise your hand, there's a Raise Hand tab there and then we'll call out your names and also unmute you line. Alternatively, you can also type in your question in the chatbox and I'll read out the question for the management for them to answer.

– So we'll take the 1st question from Lavina Quadros. Vedashree, can you unmute the line. Lavina, go ahead. Lavina your line is unmuted, please go ahead. Can you be a bit louder.

– **Ms. Lavina Quadros:**

– Am I clear now or no? Let me type my question, you can move on to the next question. I think there is an issue in my line.

– **Moderator – IIFL Securities:**

– The next question is from Mohit. Mohit, your line is unmute, go ahead.

– **Mr. Mohit:**

– Hi, good morning. Can you hear me?

– **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**

– Good morning, we can.

– **Mr. Mohit:**

– Sir, thanks for the opportunity. The first question is on the monetisation, why is the monetisation getting delayed? And, is there a new timeline which you're looking at? I understand it's not expected in FY23, but how do you see it in FY24? That's the first question.

– **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**

– As far as monetisation is concerned, this year we had initially targeted about 6,800 crores. There has been an uptick in the interest rate regime and the yield expectations have gone up. So we are seeing a decline in the valuations compared to what we had initially at the time of

the IPO for the initial round of monetisation assets. That is one. And second, in terms of... there is also a change in the basic thought process that the assets have to come back under the NMP structure. So, we have to... what we did last time was, we transferred the shareholding and it was completely transferred. There's no getting it back at the end of the concession period or any such thing. But, under the current NMP, this is one of the requirements that the asset is to be handed back to the owner. So, preparing a new structure for that which is tax efficient and all took time. I think instead of monetisation through InvIT, we are looking at securitisation of the cashflows and raising funds. So, that is something which we are doing, and hopefully about 3,000 crores we would raise before the end of this fiscal through this route.

– **Mr. Mohit:**

– So, does it mean that we'll not transfer the asset in InvIT in FY24 also? Is that a right understanding?

– **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**

– We have to look at it. I mean, it's not that we will not do, but then there are issues which we'll have to resolve in terms of a fair price discovery, in terms of the yield expectations and then see that how do we balance the interest of our shareholders, the requirements of funds and raise funds at an optimal cost for POWERGRID. So, I think these are all considerations which would go into this monetisation decision.

– **Mr. Mohit:**

– Understood sir. The second question is on the Smart Meter; I think you have conducted a bid. That's for 1 crore smart meters, right? Are we doing this smart metering only for 1 discom or all 3 discoms of Gujarat? And my second question is, is there any more opportunity in smart metering apart from Gujarat?

– **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**

– Yes. We are looking at 2 discoms where we have MOU in Gujarat. We are also looking at Mizoram and then other places progressively. Once we gain a little of an experience, we'll look at it.

– **Mr. Mohit:**

– Last question is on the transmission bidding. Of course, we have a very large opportunity to integrate the renewables. But, the bidding is very slow; there has hardly been any bidding in the last 9 months. How do we see it going forward, especially for FY23 and FY24?

– **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**

– Sorry Mohit, your voice was cracking.

– **Mr. Mohit:**

– Sir, I was talking about the transmission bids. The bidding has been very muted for 9 months.

– **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**

- Now you will see much more pickup. As I mentioned, 22,000 crores bids have been submitted. Today there is one project for which reverse auction is on. Day before we won a small project in reverse auction. So, there are 22,000 crores worth projects. For about 14 of them bids have been submitted. Another 33,000 crores have been approved. So they will come for bidding shortly. There is a good pickup, I believe.
- **Mr. Mohit:**
- Thank you and all the best.
- **Moderator – IIFL Securities:**
- Thank you. Ladies and gentlemen, I request you to please limit your questions to one in the initial round so that we can get maximum participation. Can you unmute the line of Nitin Jain. Nitin, go ahead.
- **Mr. Nitin Jain:**
- Am I audible?
- **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**
- Yeah.
- **Mr. Nitin Jain:**
- Sir, thank you for the opportunity. I have two questions. So, YoY and QoQ there has been a drop in the total borrowings, but the finance cost has gone up in the last 2 quarters. So, is it due to rise in interest rates? And if yes, then what is the quantum of rise that we have experienced? And secondly, we have loans to related parties. So, who are these related parties and what are the securities that we have against these loans? Thank you.
- **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**
- Loans to related parties are all loans to our own wholly-owned subsidiaries. So, these are not secured. They are wholly-owned subsidiaries. So, there is no security which we have. And these are typically all lent for the purpose of TBCB projects. It is more efficient to raise debt at parent level and to lend to the subsidiaries. Regarding the increase in the finance cost, there are 2-3 reasons. One is the increasing capitalisation; that is one. Second, FERV i.e. the exchange rate variation, a part of it is treated as finance cost as per the accounting standards. So that has contributed because the Rupee has depreciated vis-à-vis the Dollar and we have some foreign currency borrowing is concerned. And third is, the increase in the interest rates of the floating debt. So, as far as POWERGRID a significant amount is fixed debt in terms of debentures. So, there is no impact of interest rate movement there. But, we also have borrowings from the financial institutions which are on a floating rate basis, where due to the change in the base rates, the MCLR, we are seeing the increase in cost. So typically, we borrow at MCLR. So, the impact is whatever movement you have seen in the SBI MCLR or HDFC MCLR, that is the kind of impact we have. A couple of them are linked to Repo, so the Repo movement is also impacting it.
- **Mr. Nitin Jain:**

- Okay great. And just one last follow up, if I may sir? The total employee count has been declining over the last 3-4 years. So, how should we read this development from a growth point of view for the company?
- **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**
- That employee count, it will increase. But at the same time, we are also kind of rejigging a bit of our composition, going for outsourcing and engaging on a fixed tenure basis. So, it will be stable to moderate increase, but it will not be significantly declining.
- **Mr. Nitin Jain:**
- Okay. Thank you sir. That's all from me.
- **Moderator – IIFL Securities:**
- Thank you. The next question is from Uneet from HSBC.
- **Mr. Uneet – HSBC:**
- Hi, can you hear me?
- **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**
- Yeah please go ahead.
- **Mr. Uneet – HSBC:**
- My first question is with respect to the bidding pipeline. You said the total opportunity is 2,44,000 crores. That would all be ISTS, I would presume, right? Can you identify the opportunities outside the ISTS and will you be participating in the same?
- **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**
- You're right, these lines are investment opportunities for ISTS. I mean, it's very difficult to say how much requirement is there in the intra-state because it is all fragmented state by state and assessments are not readily available. But a rule of thumb, I would believe that similar investment will be warranted in the intra-state system also. But, the opportunity set there is a bit limited, because some of the states are doing it on their own. They're doing it at a slow pace, but they're doing it on their own, they're now doing any bidding process. Few states like UP, Rajasthan, MP are doing bidding, but again, the pace is not commensurate with the requirement, in my view.
- **Mr. Uneet – HSBC:**
- Okay. And, for the ISTS, what kind of comparative intensity are you seeing?
- **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**
- It is extremely high currently. We can see anywhere between 7 to 8 bids if the project size is smaller. Where the project size is larger, there are 5-6 bids. So, when I talk of large, I mean about 900-1,000 crores kind of bid investments. There are schemes where the investments

are less than 500 crores. There we see more bidders. But as such, the competitive intensity has significantly gone up.

– **Mr. Uneet – HSBC:**

– And, will it be fair to say, when you say the reverse auction was conducted, you get to see the other person's bid and you can lower your bid? That's the same process, right?

– **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**

– That's absolutely true. You are very right. The moment you see a bid, you feel that if somebody else can do it at this price, I can always do it less than 0.25% and then the race starts. So, there is this issue which we are facing.

– **Mr. Uneet – HSBC:**

– Understood. That's very helpful. And secondly, on the smart metering side, is it possible to quantify the opportunity set in Mizoram and how more can you do in Gujarat and what is the pace of execution there?

– **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**

– The pace of execution is that this has to be done in the next couple of years. Though the total requirement in the country is about 25 crores, initially 10 crores is being targeted. We are targeting to do about 1-2 crores of meters here.

– **Mr. Uneet – HSBC:**

– In the next 2-3 years?

– **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**

– We are doing it directly ourselves, and also through one of the joint ventures of our joint venture. So, IntelliSmart, which is a joint venture of EESL and NIIF, is in the business. They are targeting to do about 2 crores, and we have 33% stake in EESL. So, there is a kind of indirect participation there as well.

– **Mr. Uneet – HSBC:**

– But, how do you view this competition between IntelliSmart and POWERGRID?

– **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**

– We don't compete.

– **Mr. Uneet – HSBC:**

– So, they have a separate opportunity set and you're looking at another one? Is that how you work?

– **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**

– In a way, yes.

- **Mr. Uneet – HSBC:**
- Okay. That’s great. I’ll come back and join the queue. Thank you so much.
- **Moderator – IIFL Securities:**
- Vedashree, could you unmute Anuj Suneja please. Anuj go ahead. Your line is unmuted.
- **Mr. Anuj Suneja:**
- ... the capex that has been outlaid for the next 7-10 years. Another competitor of yours was mentioning that their capex outlay was 4,10,000 crores, but we are working with I think very different numbers of about 2.5 lakh crores even though 500 GW numbers have just come in. So, can you please give the difference between or some clarity on how these numbers are different and what would be the right number to look at?
- **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**
- I think the 2,44,000 is the number in respect of ISTS. And then, there are investment opportunities other than that in intra-state and all. So maybe, we are not putting a number there and somebody is venturing out to put a number perhaps.
- **Moderator – IIFL Securities:**
- Anuj, does that answer your question? I think there’s some issue with his line.
- **Mr. Anuj Suneja:**
- My second question is on the lines of what would be the impact of tax singles on InvIT, and post like policy changes would it ever go ahead, that’s the second question.
- **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**
- I think InvIT questions I will pass.
- **Mr. Anuj Suneja:**
- Okay, thank you, sir.
- **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**
- Thank you.
- **Moderator – IIFL Securities:**
- Vedashree, can you unmute line of Anshuman please. Anshuman, go ahead.
- **Mr. Anshuman:**
- Good morning, sir. Sir, the first question on the Ladakh transmission line. So, yesterday the finance minister had also remarked on it and announced that the project cost is 20,700 crores and the grant is 8000 crores from the central government. Sir, just wanted to know some details on it, does it include the battery storage component as well and on the timelines of the project.

- **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**
- It does not include any battery storage component. As far as timelines are concerned, after the approval we have to bid out and it will be about 5 years at least to execute the project.
- **Mr. Anshuman:**
- And, sir, should we assume that the project capex should start from FY24.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- Yeah.
- **Mr. Anshuman:**
- Sir, previously we had mentioned that the total project cost is 27,000 crores including the battery component. So, is that true?
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- There was our battery of 1 gigawatt which has since been changed. So, there has been as the process was in deliberation, the project was under deliberation and review at various stages where it has undergone slight modification in the scope. Current cost is 20,772, that doesn't include the IDC. So, if you add the IDC and all it becomes somewhere around 22,500 or so.
- **Mr. Anshuman:**
- Okay. Sir, the second question, in the notes to accounts, we have mentioned that as per the LPS rules the total charge that we have taken is around 94 crores on the fair value difference. This was 127 crores in Q2 which we had mentioned. So, has there been any reversal or how should we look at this?
- **Mr. K. Sreekant – Chairman and MD, Power Grid Corporation of India Ltd:**
- So, it is like this that you initially recognize the total discount at 127 and then it gets revised to, every quarter you again fair value it and then account for the interest, so, in effect it becomes 97.
- **Mr. Anshuman:**
- Okay.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- 127 will get unwound and recognized as income at the end of whatever 48 months or 36 months.
- **Mr. Anshuman:**
- Sir, what is the total outstanding receivables which has been converted.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- 2400 was the total, 2400 we have converted out of which 600 we have received.

- **Mr. Anshuman:**
- 600 has been received. And any further amount which is expected to be converted through these rules.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- That is fast, that is only one time upto June whatever was there so it was done.
- **Mr. Anshuman:**
- Okay, thank you so much, sir, for answering my questions.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- Thank you.
- **Moderator – IIFL Securities:**
- Sir, if you don't mind we will take a couple of questions from the chat box. The first question is from Krishnakumar and the question is are you planning to exit your stake in PTC India. If yes, what is the reason.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- What?
- **Moderator – IIFL Securities:**
- Are you planning to exit your stake in PTC India Limited, and if so, what is the reason?
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- It is an option on the table. Next question is what is the capex in the last 5 years?
- **Moderator – IIFL Securities:**
- Yes, I think partly this has been answered so that is the reason why we will move onto the other one. The other question is what is the status of the GEC Phase II and what is the opportunity size available here if you can quantify.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- GEC Phase II is mostly being executed by the states themselves so it is partly funded by the grant of the government and partly funded out of debt being provided by the multi laterals through the government. So, there is hardly any opportunity set there, I think, they are not going to bid out these projects. It is mainly intra-state.
- **Moderator – IIFL Securities:**
- You know, the potential opportunity with upcoming thermal capex by NTPC and some other states what extent of it is included in 2028 interim plan. Can you help with total transmission opportunity size on RE Plus conventional power projects until 2030.

- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- Conventional is not yet very clear where are the new projects coming though there has been some deliberation to add I think merely 27 gigawatts or so of conventional power. But then it is still, those plans are not yet formed up so we are not having the transmission schemes drawn for them. As far as RE potential is concerned the roadmap has been given in this plan for reaching 500 gigawatts RE by 2030 which I discussed briefly in the presentation. About 51070 kms of transmission lines from various RE potential zones in Rajasthan, Gujarat, Tamil Nadu, Karnataka, all over the country have been drawn and that has a potential identified investment opportunity of about 2.44 lakh crores.
- **Moderator – IIFL Securities:**
- OK. We will come back to the questions live questions now. Vedashree, can you unmute line of Sumit Kishore.
- **Mr. Sumit Kishore:**
- Over this fiscal so far how many TBCB projects have been bid out in value terms and how much have you won. And what is your equity IRR expectations for the projects won?
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- Which period you are asking for?
- **Mr. Sumit Kishore:**
- So far this fiscal FY 22 so far?
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- I think there haven't been many projects. We won two projects and in terms of that I will just get back. We will go to the next question, I will come back to you in terms of this number.
- **Mr. Sumit Kishore:**
- And we will also want the total value that has been awarded so far this year including your win. Then what is your capitalization target for FY23 and FY24 could you please refresh those expectations as well? And within your works in hand what is the value of the Leh-Ladakh project currently, you know, was that the portion that was spoken about in the budget yesterday as well.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- Yeah, in the works in hand Leh-Ladakh is about 22,000 crores. Next year we should be seeing capitalization of about 10,000 crores. And as far as the return expectations on TBCB projects are concerned, I think the margins are under severe strain because of the intense capital, I mean intense competition. I think there will be some time we have to focus on market share and you know, forego some amount of returns to maintain the market share.
- **Mr. Sumit Kishore:**

- So, in the next 12 months because there has been less award in the last couple of years, what would be your rational expectations of awards in TBCB projects.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- As I mentioned the next 12 months, we should see somewhere around 22 + 33, so say nothing less than 40 to 50,000 crores.
- **Mr. Sumit Kishore:**
- That will be very good to see. Finally, just one more....
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- 22 is already under bidding, 33 odd has been approved. So, 33 when it goes to the market and then gets awarded it should be 6 months. So, I believe in the next 12 months definitely 40 to 50,000 crores will be there for awards.
- **Mr. Sumit Kishore:**
- Just one bookkeeping point, if I look at the P&L for the first 9 months the tax, the total tax has reduced by 51% to 11.8 billion rupees and if I were to exclude reduction in taxes then the profit growth gets wiped out. How should I understand this?
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- Sorry, it is not clear.
- **Mr. Sumit Kishore:**
- I said if I look at the total tax in 9 month period that you have in your P&L, it is down 51...
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- Yeah, if you compare the PBT.
- **Mr. Sumit Kishore:**
- Yes.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- I think part of it is that you know you also have to adjust for the regulatory deferral receipt for the exchange rate variation because exchange rate variation expense which is there in the other expenses and finance cost is offset through the regulatory deferral. So, you need to adjust for that as well.
- **Mr. Sumit Kishore:**
- And that has a large tax impact.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**

- It is not tax impact because it is below the profit before tax and regulatory. So, you need to adjust for that.
- **Mr. Sumit Kishore:**
- No, we made that adjustment at the EBITDA level, we took those, you know, line items above the EBITDA line and we looked at PBT, there was almost a flattish to a slight decline in PBT for the first 9 months.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- No, no, it is not. See, if you look at this presentation where the EBITDA gross margin is given, you will see that movement in regulatory deferral balances is adjusted, therefore you see about 6% growth here. It is for the quarter has grown upto 6%.
- **Mr. Sumit Kishore:**
- Sure, we will look at the presentation when it gets uploaded.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- Sure, please have a look at the presentation, right.
- **Mr. Sumit Kishore:**
- Thank you.
- **Moderator – IIFL Securities:**
- Vedashree, can you take the next question from Chinmay Kabra.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- I think just one follow up, we have the information for there one question was how many we won in '22-23, there were 5 projects we won 2 out of the 5 in the TBCB.
- **Moderator – IIFL Securities:**
- Helpful, sir. Vedashree, can you please unmute line of Chinmay Kabra. Chinmay, go ahead.
- **Mr. Chinmay Kabra:**
- Hi, sir, I might have missed it. if you could just repeat what is the expected commissioning in FY24 and FY25 if you could probably just repeat it.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- It will be about 10,000 crores.
- **Mr. Chinmay Kabra:**
- Great. And this is total FY'24 and '25?
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**

- No, in '23-24.
- **Mr. Chinmay Kabra:**
- And could you give the breakup on standalone consol level?
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- This will be on consol level including TBCB.
- **Mr. Chinmay Kabra:**
- Alright, thank you.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- Much of it will be TBCB.
- **Mr. Chinmay Kabra:**
- Sorry.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- Much of it will be TBCB.
- **Mr. Chinmay Kabra:**
- Alright, understood, thank you, sir, that's my question, thank you.
- **Moderator – IIFL Securities:**
- Vedashree, can you please take question from Sunil Kothari. Yes, Sunil.
- **Mr. Sunil Kothari:**
- One broad question, looking at last 5-7 years' experience and looking at 5-7 years ahead, how do you see the change and what will be the opportunity for us.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- 5-7 years going ahead I think one is the RE and related transmission because that is one very apparent trajectory we will see that there will be growth in the solar and wind renewable energy capacities and therefore there has to be more transmission further, that is one. Second, which is potential is the battery storage, though there is a lot of discussion around pump storage and investment and approvals for pump storage. So, that is one area but then we don't have much of an opportunity there as POWERGRID, because pump storage is more civil oriented and generation-oriented business. So, whatever battery storage opportunities which will arise that is something we have to look at, but at present the battery storage costs are still high. The third opportunity set is in terms of transmission for hydrogen and offshore wind. That is a bit more time-consuming, the horizon is much longer than 5 to 7 years. In 5 to 7 years, we will definitely see crystallization of offshore wind on the Tamil Nādu coast or Gujarat coast and the projects would have taken off. And as far as green hydrogen is concerned I think there is significant push in terms of investments in green hydrogen and for

export and all. So, there will be opportunities for the transmission of electricity for green hydrogen, related RE projects. So, I think these are some of the dimensions for which we can see growth going forward.

– **Mr. Sunil Kothari:**

– My last question. And we being investor of POWERGRID, it seems that...

– **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**

– Can you be loud and clear please?

– **Mr. Sunil Kothari:**

– It seems that securitization is better opportunity than monetizing assets through InvITs. So, what is your thought process, why we should not do more securitization and get this asset building going up.

– **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**

– That is right, securitization being better opportunity, it is one of the ways to raise funds. We are definitely adopting it.

– **Mr. Sunil Kothari:**

– Right, sir, thanks a lot.

– **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**

– Thank you.

– **Moderator – IIFL Securities:**

– Sir, can we take a couple of more questions from chat box and then we will come back live. One question is 'can you give us some guidance on smart metering capex over the next couple of years', that's number one.

– **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**

– One is smart capex, you know, it is about say for a crore of meters we can see somewhere around 5500 to 6000 plus crores of investment.

– **Moderator – IIFL Securities:**

– Great. And the second question is can you provide some more colour on why receivables have gone up.

– **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**

– The receivables have gone up primarily because there has been order for the Raigarh-Pugalur system which is effective somewhere around September '19 I think when the first poll was commissioned. So, that has accumulated a bit and the entire amount had to be billed when the orders have been received from the CERC in the last quarter and the previous one. And therefore, there is accumulation. The states of Tamil Nadu, Andhra Pradesh, Telangana they

are also asking for this system to be declared as a national transmission scheme, so that it is you know, apportioned to all the constituents. As it is right now it is predominantly loaded in favour towards dissolved states. That is one of the reasons why they are not paying up until this is resolved. But I think this will get sorted sooner than later and we should see a reduction in the receivables. This is one of the main reasons. Otherwise, beyond 75 days nobody is holding up any amount.

– **Moderator – IIFL Securities:**

– That's great to know, sir, thank you. Vedashree, let's, you know, come back to the online questions. Can you unmute line of Swati Jhunjunwala please? Swati, go ahead.

– **Ms. Swati Jhunjunwala:**

– Thank you for taking my question. Just a small question on capex, so what is your expected capex for the next year. And secondly the 1 crore smart meters which you are saying is around 5500 to 6000 crores, what is the timeline for this to be completed.

– **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**

– So, the smart meters will be completed I think in 2 years' time. And as far as the next year capex is concerned it will also be similar number about 8000-8800 crores. Again, it depends if we get more projects out of this TBCB which are under bidding we should be able to increase this guidance.

– **Moderator – IIFL Securities:**

– Great, sir, thank you. Swati, do you have any further questions? Okay, Vedashree, let's move on, can you unmute line of Anuj Upadhyay.

– **Mr. Anuj Upadhyay:**

– Sir, what is the capitalization target for the current fiscal and the work in hand which we have to the tune of 47000 crores, can you mention the executable time for this project.

– **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**

– This year we should be seeing around 10,000-12,000 crores of capitalization and the 47,000 crores includes Leh scheme which is about 22,000 odd. So, the rest should be executed within the next 2 to 3 years. And this scheme will take more about 5 to 6 years.

– **Mr. Anuj Upadhyay:**

– Got it, sir. And one on the smart metering thing you just mentioned that it would take around 2 years' time, were you referring to the Gujarat tender for 1 crore smart meters, or it was something else.

– **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**

– Same thing.

– **Mr. Anuj Upadhyay:**

- Okay, and how much would be our proportion of revenue should I say it is revenue or it would directly flow to the EBITDA level, how much would be our section because I don't think so we are venturing into the manufacturing of the smart metering, we are acting more as a consultant.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- No, no, it is purely rental for the smart meter which we are talking of.
- **Mr. Anuj Upadhyay:**
- No, no, so on an annualized basis I mean okay on an annualized basis how much do we target to earn from this thing.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- Sir, revenues will be when the 1 crore meters are all on, they should give you revenue of around 700 crores.
- **Mr. Anuj Upadhyay:**
- This is for our price you are saying, sir, or it is portion of the income which you are referring to which would be attributable to POWERGRID.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- It is our direct 1 crore meters.
- **Mr. Anuj Upadhyay:**
- Our power, our section, you are saying that POWERGRID would receive somewhere around 700 crores through this 1 crore meter.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- Yeah.
- **Mr. Anuj Upadhyay:**
- Okay, thank you, sir, that's it from my end, thanks for the opportunity.
- **Moderator – IIFL Securities:**
- Sir, if you don't mind, I would like to ask a question on behalf of one of our shareholders who has not been able to attend the meeting. And the question is mainly on the policy of dividend distribution. This year the board has been quite generous and looks like of the Rs. 15 standalone EPS, Rs. 10 has already been paid out. If you can lay or guide us in terms of how would this dividend distribution policy be for FY23 and can we expect continuation of the same policy in FY24.
- **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**
- Yeah, I think our dividend distribution is well disclosed and it is followed also. So, since last few years there has been significant increase in the pay-out. So long as we will continue to

balance the requirement for our capex and distribution, I mean it will continue I don't think, last year we distributed around 60%, right, that is the pay-out which we have done. I don't see any reason to reduce it.

– **Moderator – IIFL Securities:**

– That's great to know, sir. I think in the interest of time that was actually the last question. I really appreciate, sir, for sparing your time and giving great insights. Any last remark that you would like to make before we conclude this session.

– **Mr. K. Sreekant - Chairman and MD, Power Grid Corporation of India Ltd:**

– Thank you very much for your participation and support and we look forward to your continued interest in POWERGRID.

– **Moderator – IIFL Securities:**

– Thank you very much, sir.

– Ladies and gentlemen, on behalf of IIFL, I thank you all for joining in for this webinar. You may please disconnect your lines, thank you.
