

Analyst Presentation

Annual Results FY19-20

June 22, 2020

NSE: POWERGRID

BSE: 532898



पावरग्रिड
POWERGRID

A constituent of

S&P 3SE
SENSEX

Nifty50

FTSE4Good

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- *Annual Accounts for FY2019-20 have not yet been approved by the shareholders.*

- **FY2019-20 MAJOR HIGHLIGHTS**
- **POWERGRID OVERVIEW & TBCB PORTFOLIO OVERVIEW**
- **PROJECT EXECUTION HIGHLIGHTS**
- **ASSET MANAGEMENT HIGHLIGHTS**
- **FINANCIAL HIGHLIGHTS**
- **OTHER BUSINESSES HIGHLIGHTS**
- **BUSINESS OUTLOOK**
- **IMPACT OF COVID**
- **RESPONSE TO COVID & LOCKDOWN**

New Identity

- *Maharatna*
- New Logo



Guidance Met

- Capex
- Capitalization

Major Projects completed

- ± 800 kV HVDC WR-NR
- GEC- ISTS portion incl. 11 REMCs
- PSITSL (TBCB)

New Order Intake (₹ 13,414 crore)

- RTM : ₹ 6,815 crore
- TBCB: ₹ 6,599 crore

Global Outreach

- Uganda – New Country
- Office opened in Nepal
- MoU with Africa50

Events Hosted

- 6th GRIDTECH (2019)
- Trans. Conference in Africa

Major Accolades & Recognitions

Fastest Growing
Electric Utility in Asia
for sixth consecutive
year, since 2014

National CSR Award &
Swachhta Awards
from Hon'ble
President of India

One of India's 'Best
Companies to Work
for 2019'

All three awards in
Navratna category for
2nd successive year at
D&B PSU Awards

CBIP Award 2020 for
Best Transmission
Utility in India

Maharatna CPSE

**Gol Holding
51.34%**
(31st Mar'20)

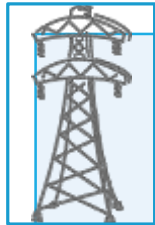
**Central
Transmission
Utility**

**Listed Company
M-Cap Rs.89,643
crore¹**

**Owns >85% India's
ISTS²**

**3rd Largest CPSE in
India (Gross
Block)³**

1- Based on BSE closing price of ₹171.35/ share on Jun 18, 2020 2- Based on Annual Tr. Charges billed for FY19-20 3- As per DPE (Gol) PE Survey 2018-19



Transmission Lines

- **163,222 ckm**
 - **> 1260 nos.**
- 92% Tr. Lines
>400kV



Substations

- **>409,898 MVA**
 - **248 Nos.**
- 90% S/S
>400kV



I-R Capacity:

- **87,090MW**
- 85% of
India's I-R
Capacity

As on 31.3.2020

POWERGRID Group

19 Subsidiaries

10 Joint Ventures

Excl. Subsidiaries and JVs under closure

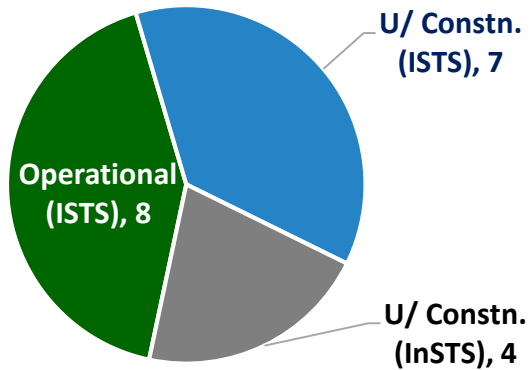
Credit Ratings

- Domestic: 'AAA' (CRISIL, ICRA, CARE)
- International: Baa3 (Moody's); BBB- (S&P and Fitch)- at par with sovereign

ESG Coverage

- MSCI Rating 'A' (Dec'19). Constituent: MSCI EM ESG Index
- Constituent of FTSE 4GOOD Index Series

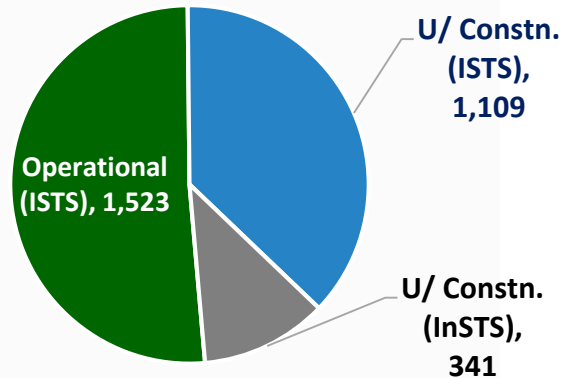
No. of Projects (19)



ISTS – Inter State

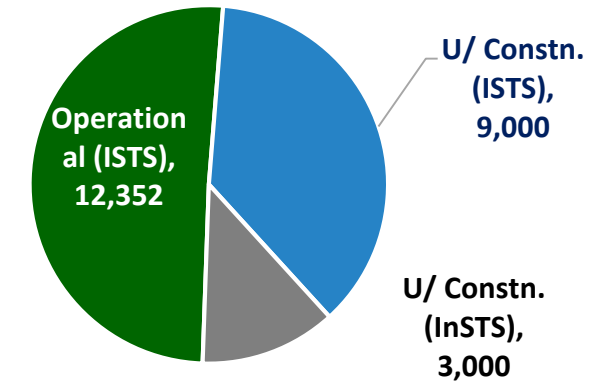
InSTS – Intra State

ALTC (₹2,973 cr.)*



* Annual Levelised Transmission Charges

Size(> ₹24,000 cr.)#



Actual Cost for Operational Projects; Estimated Cost for U/ Constn. Projects

Operational Projects

- 19 lines; 6,258 ckm
- 4 Substations; 9,630 MVA

U/ Constn. Projects

- ISTS- 4 Projects acquired in FY20 (all linked to RE Generation)
- InSTS- 3 Projects in UP; 1 in MP

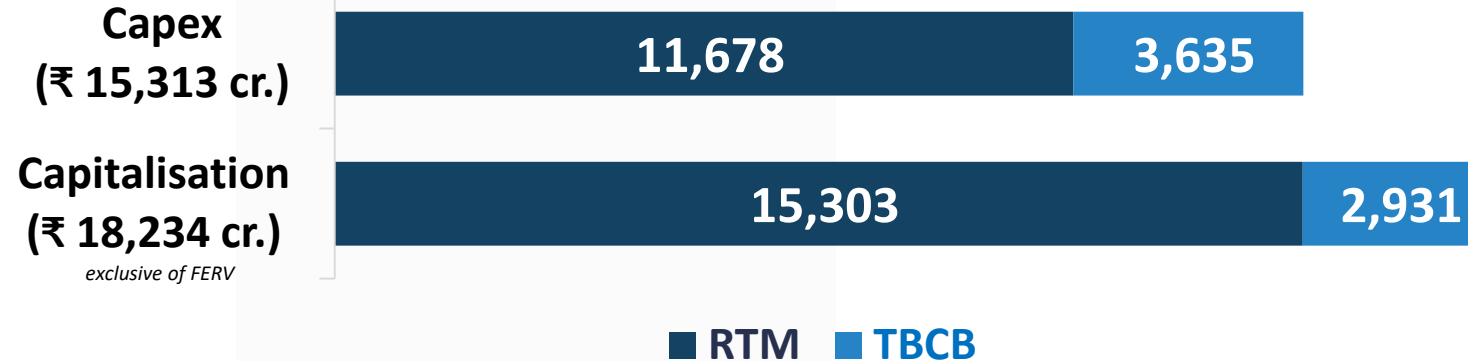
5.4%

*Share of TBCB
Projects in
POWERGRID's Total
Gross Block*



**Guidance
Successfully Met**

Capex & Capitalisation



Capitalisation in Q4FY20: Consol.: ₹ 7,317 crore; Standalone: ₹ 4,639 crore

Capex in Q4FY20: Consol.: ₹ 4,828 crore; Standalone: ₹ 3,553 crore

PSITSL (TBCB) and ±800kV HVDC (WR-NR) Project fully commissioned in Q4



Transmission Lines

- Pole III; Pole IV of $\pm 800\text{kV}$ Champa – Kurukshetra HVDC
- Madhugiri – Yelhanka
- Edamon (KSEB) - Muvattupuzha (PG)
- Ajmer – Bikaner, Bikaner – Moga with bay extn at Bikaner & Moga S/s
- Bhadla – Bikaner
- Tumkur-Yelhanka I; Hiriya-Mysore I
- Singrauli – Allahabad
- Purnea – Farakka portion of Rajarhat – Purnea line
- Kishenganga HEP: Amargarh-Wagoora
- Nabinagar-Patna
- Vemagiri – C'peta; C'peta-Cuddapah (TBCB- PSITSL)



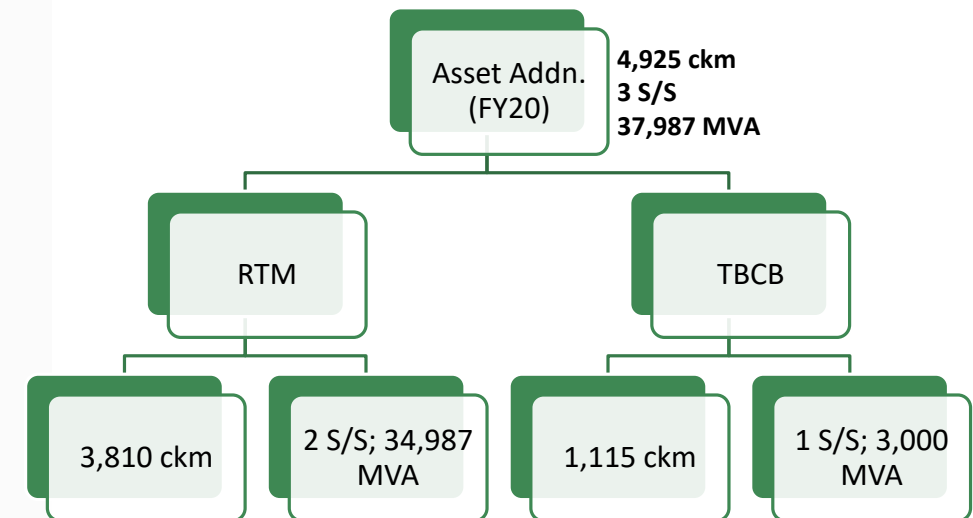
Sub-stations

- Bhadla
- Bikaner
- Chilakaluripeta (TBCB- PSITSL)
- STATCOMs at Hyderabad, Udumalpet and Trichy S/S



Inter-Regional

- Pole III; Pole IV of $\pm 800\text{kV}$ Champa – Kurukshetra HVDC (3,000MW)



±800kV HVDC Raigarh- Pugalur line Update

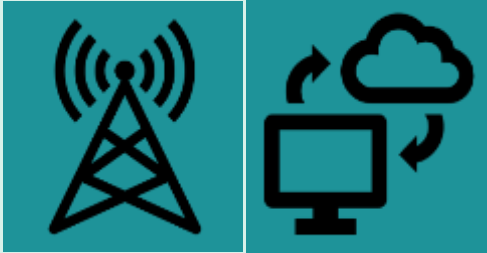
- **Pole-I & II**
 - Low Power Testing completed
 - High Power Testing to commence shortly

Bipole-I
~ Rs.10,000 crore

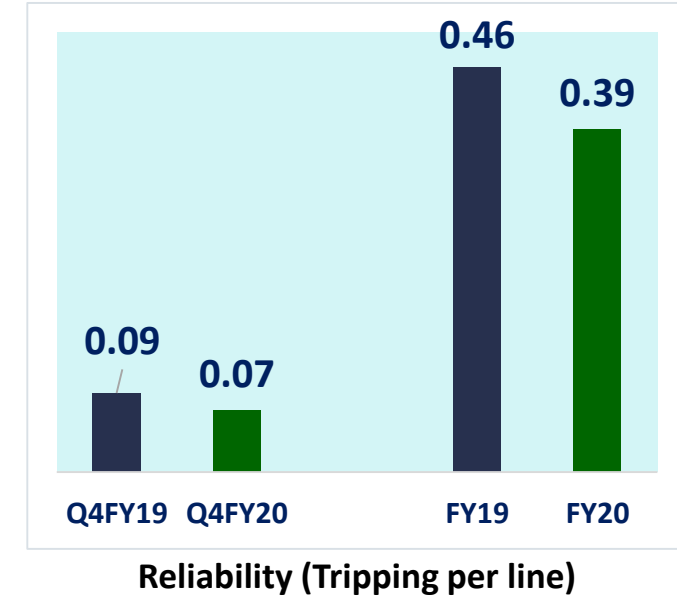
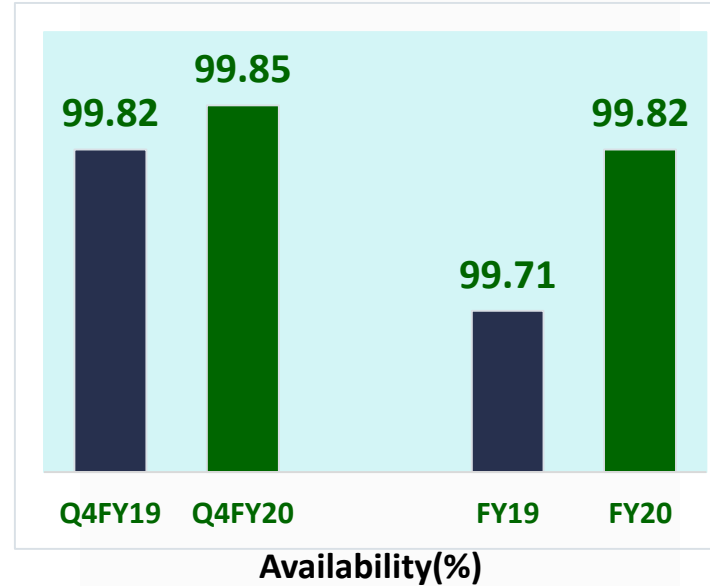
Bipole-II & VSC
~ Rs.6,000 crore

Balance Portion

Transmission System	Completion Progress
Bipole-I & associated AC lines	Bipole I completed. AC lines by Jul'20
HVDC Bipole II; associated AC lines	70-75% completed. AC lines matching with Bipole II by Dec'20
±320kV HVDC line & VSC Terminal	Matching with Bipole II. Expected by Dec'20



Automation & web-enabled Technologies Driving Efficiencies.....



NTAMC

- 234 substations under remote operation
- 24 substations integrated with NTAMC in FY20

Asset Health Indexing Software

- Developed in house
- Remote monitoring of around 2,800 transformers and reactors

Installation of Travelling wave fault locators

- First time use in critical 765kV lines for accurate detection of fault and early restoration

Patrolling of Transmission Lines

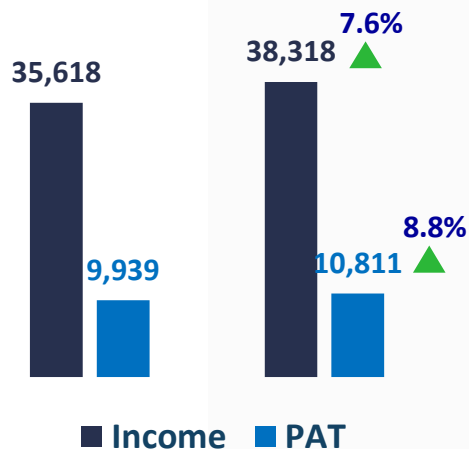
- Use of GPS Enabled App
- High Resolution Camera
- GIS Mapping of Lines

* Performance for RTM Assets

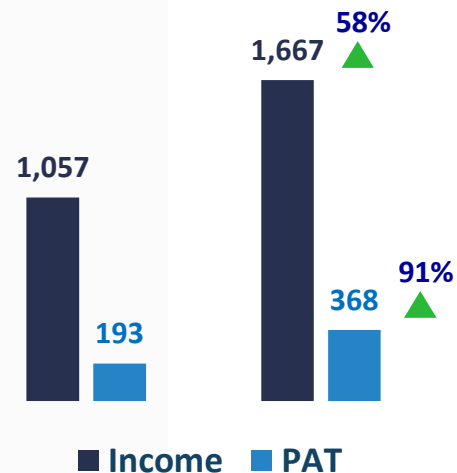


**Sustained
Performance.....
Sustained Shareholder
Returns**

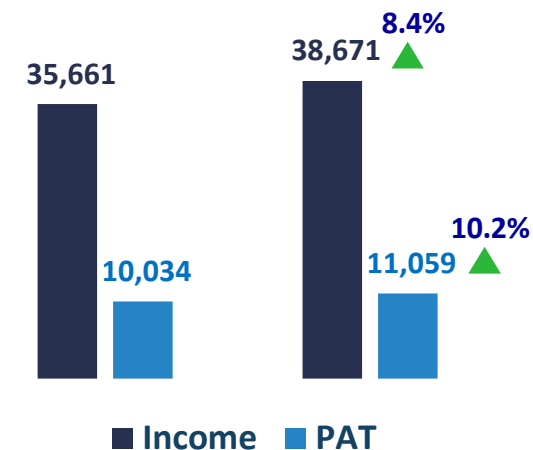
Standalone



Subsidiaries



Consolidated



Dividend

- ₹ 10 per Share (100% on FV of ₹ 10)
- Interim (paid in Mar20: ₹ 5.96 per Share)
- Final (proposed): ₹ 4.04 per Share

Total Payout
~ 54%
(incl. DDT)

(₹ in crore)

Description	Standalone (Year ended)		Growth (%)	Consolidated (Year ended)		Growth (%)
	31.03.20	31.03.19		31.03.20	31.03.19	
Income						
- Transmission Charges	34,877	32,845	6%	36,532	33,894	8%
- Consultancy – Services	611	611	0%	514	502	2%
- Telecom	698	663	5%	698	663	5%
- Other Income	2,132	1,499	42%	927	602	54%
Total Income	38,318	35,618	8%	38,671	35,661	8%
Operating Expenses (including movement in regulatory deferral balance other than DA for DTL)	4,042	4,585	-12%	4,061	4,586	-11%
Share of Net Profits of investments accounted for using Equity Method				155	129	
EBITDA-Gross Margin	34,276	31,033	10%	34,765	31,204	11%
Depreciation	11,073	10,201	9%	11,607	10,541	10%
Interest	9,814	9,092	8%	9,509	8,737	9%
Tax (Net of DA for DTL)	2,578	1,802		2,590	1,892	
Profit After Tax	10,811	9,938	9%	11,059	10,034	10%

(₹ in crore)

Financial Highlights

	Consolidated		Standalone	
Description	As on 31.03.2020	As on 31.03.2019	As on 31.03.2020	As on 31.03.2019
Gross Fixed Assets	2,27,543	2,07,215	2,15,191	1,97,793
Capital Work-in-Progress	35,933	38,827	30,972	34,635
Debt	1,45,270	1,42,076	1,44,980	1,41,786
Net Worth	64,695	59,088	64,440	59,017
Earning Per Share (₹)	21.14	19.18	20.67	19.00
Book Value per Share (₹)	123.66	112.95	123.17	112.81
<u>Key Financial Ratios</u>				
Debt : Equity	69:31	71:29	69:31	71:29
Return on Net Worth	17.09%	16.98%	16.78%	16.84%

(₹ in crore, unless stated otherwise)

Other Key Financial Information

(₹ in crore)

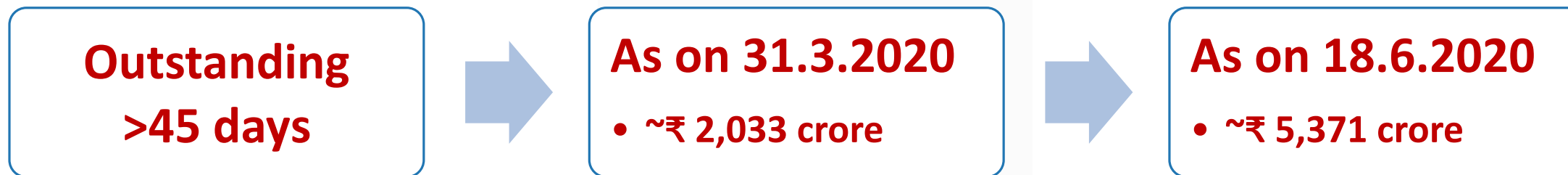
	FY20	FY19
Surcharge Income (Consol.)	309	203
Incentive (Consol.)	427	217
Int. from Subsidiaries & JVs	934	762
Dividend from Subsidiaries	228	87
Dividend from JVs	69	58
CSR Expenses	346	196
Trade Receivable (Consol)	5,041	4,728
FERV (Gross Block)	2,095	1,456
Equity in TBCB- Operational	2,201	1,276
Equity in TBCB- U/ Constn.	535	515
Short Term Loan	3,000	4,300

Funds Mobilised	FY20
Debt	10,326[#]
Internal Resources	4,682
Grant	305
Total	15,313

Domestic Bonds: Rs.5,020 crore; Term Loans: Rs.1,371 crore; ECB & Multilateral: Rs.3,935 crore

Avg. Cost of Borrowing
6.66%
(vs. 7.22% in FY19)

Billing in FY20	Collection in FY20 (incl. arrears)	Realization (incl. arrears)
₹36,881 crore	₹36,882 crore	100%



Almost half (~49%) of the total O/S attributable to Uttar Pradesh, J&K, Telangana and Rajasthan

Realizations expected to improve on the back of *Atmanirbhar Bharat* Package of Govt



**Diversifications
contributing to margins**

3%

*Telecom &
Consultancy
Share in
Total Income*

Income from Telecom & Consultancy

(₹ in crore)

■ FY19 ■ FY20

663

698

Telecom

502

514

Consultancy



Income from International Business in FY20

~ ₹ 50 crore equi.

Domestic

- 31 new assignments in FY20
- > 80 ongoing assignments (end FY20)
- Clientele: State Power Utilities, CPSEs, RE Developers, NHAI, Railways etc.

International

- 10 new orders in FY20
- 14 ongoing assignments (end-FY20)
- Nepal; Bangladesh; Kenya; Uganda (1st ever assignment)
- Cooperation Agreement signed with Africa50 for PPP project in Kenya

New Orders

- >125 Orders in FY20
- Clients: Govt. Deptts., PSUs, State Govts., Telecom Operators, IT Companies, Corporates, etc.

Network (as on 31.3.2020)

- ~ 67,000 km Fibre Optic Network (incl. own and leased)
- >700 Points of Presence (>50% in POWERGRID substations)
- Network Availability: 99.97% in FY20 (Backbone)

**BharatNet (NOFN)
Phase-1**



**~94% GPs and Block
Hqs service ready**



**~89% GPs opened for
service**

Update of Telecom Subsidiary

- *NITI Aayog approval received*
- *CERC Approval in Process*

Exploring New Opportunities

**Telecom Tower
Business with
solution for Green
& Clean Power**

ILD Business

**Data Centre
Business**

Energy Management

- MoU signed with IIT Roorkee – 3 Campuses to be made Energy Efficient; On campus W2E Plant
- MoUs with Energy Mgmt Centre Kerala & NIT Warangal to provide sustainable energy solutions
- Energy Management works to be undertaken through separate subsidiary- Govt. approval under process

eV Charging Infrastructure

- Hyderabad- 4 eV Fast Chargers installed; 2 more under implementation
- Collaboration with Indian Oil – 1 installed at Kochi; More under installation at Delhi, Gurgaon, Bengaluru, Kozhikode & Ahmedabad
- Installation of 11 eV Fast Chargers in Shillong under FAME Phase-II Scheme of GoI - Agreements being signed

Substantially low per capita electricity consumption in India vis-a-vis- global average and target to enhance it to 2984 units (i.e. 2.5x) by 2040

Gol's long term plan of increasing electricity share in energy to 26% by 2040 from 17% in 2016

Gol's thrust on RE Capacity (175 GW by 2022) and commitment to meet the requirement of 40% of installed capacity from non-fossil fuel sources by 2030

Increased DISCOM performance through proposed Amendments to Electricity Act 2003

**Accelerated
demand driven by
NIP of Gol for
2025-**

**Vision 2025 for
Power Sector**

24x7 Clean and affordable Power for All

Thermal Capacity to rise to about 290GW from 230GW now (50% share)

RE Capacity Share of about 39%; RE Consumption of 20%

Per Capita Electricity Consumption 1,616 units

Promotion of Grid Storage and Offshore Wind Energy

Reforms in Distribution – Open Access, Cost reflective tariffs, Smart Metering, Use of digital platforms

eV Charging infrastructure

***~ ₹ 3 lakh crore works
in Transmission, of
which ₹ 1.9 lakh crore
in States***

FY21 Capex Plan
₹ 10,500 crore

Ongoing Projects ~ ₹ 34,000 crore

New Projects ~ ₹ 6,000 crore

TBCB Projects ~ ₹ 12,000 crore

Total Works in Hand ~ ₹ 52,000 crore

Immediate Upcoming Opportunities

- Transmission Works for RE: ~Rs.23,000-24,000 crore works envisaged
- Intra-State works in TBCB

20 Projects

**Estimated Cost
₹ 23,400 crore**

Inter-State:
Transmission for RE

14 Projects

Estimated Cost: ~ ₹ 16,000 crore

Intra-State:
Jharkhand & MP

6 Projects

- Jharkhand - 4
- MP - 2

Estimated Cost - ₹ 7,400 crore

- Jharkhand - ₹ 5,400 crore
- MP - ₹ 2,000 crore

RfQ/ RfP submission in progress

Impact of Covid

- Significant portion of working season lost due to lockdown.
- Work progressively resumed at many of the sites with available manpower.
- State/local administrations not permitting resumption of work due to local situation. Local residents unwilling to let labour from outside state work at site.
- Restrictions on movement of labour within and across the States;
- Stringing and Erection gangs have depleted due to migrant labour returning to home states.
- Remobilising the workforce and achieving normal level of progress expected to take few months.

Transmission as Essential Service-

- Continued Operations as per guidelines and protocols
- Transmission System maintained with high Availability
- Extensive use of NTAMC/RTAMC
- On-site Repair of critical equipment
- Enhanced use of IT & Comm.

Employee Health & Safety

- Work from Home & Working with skeletal staff during Lockdown
- Working with Safe Distancing; Daily disinfection of bldgs.
- Sanitizer Dispensing Units at multiple locations; Distribution of PPE kits etc.
- Support to Covid19 positive employees & their family members

Care for Customers-

- No coercive measures for realization
- Assisting States wherever required
- Rebate to DISCOMs of Rs.1,075 crore
- Support to Telecom Clients
- Support to West Bengal during Amphan cyclone
- Stand-by support for Nisarga cyclone in Western India

Support to Vendors

- Enabling cash flow to contractors, vendors and service providers by enhancing use of digital platform for bill submission, inspections reports, tender submissions
- Food and Payment to contractor's labour stuck up at POWERGRID sites during lockdown

Support for the Less Fortunate

- Distribution of Food and PPE kits to poor and needy- Sanctioned Rs. 30 crore
- Support to State administration through infrastructure & funds
- Contribution of Rs.200 crore to PM CARES FUND by Company
- Contribution by Employees to PM CARES Fund

Technology Adoption

- Fast transition to a digital work place
- Technology embraced openly
- Meetings on web platforms, accelerated migration to e-office
- e-learning Sessions from in-house as well as equipment & technology suppliers

'Together We Can'

Thank you