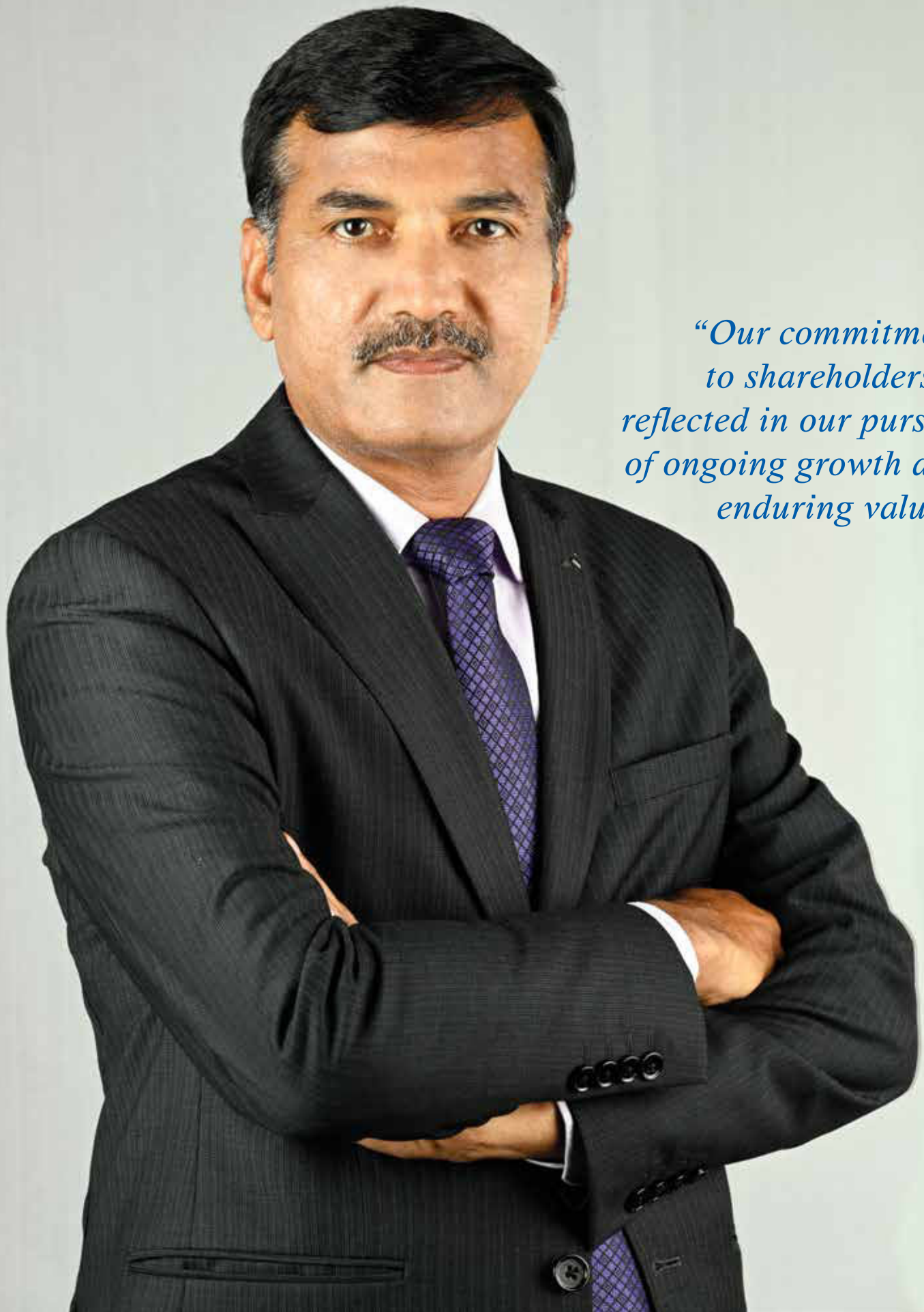


LETTER FROM THE CHAIRMAN & MANAGING DIRECTOR



*“Our commitment
to shareholders is
reflected in our pursuit
of ongoing growth and
enduring value.”*



Dear Shareholders,

It is my great pleasure to write to you following a remarkable year of growth across our businesses, highlighting our strong financial health and operational excellence. Our commitment to shareholders is reflected in our pursuit of ongoing growth and enduring value, and as we reflect on the past year, I am pleased to share the significant strides POWERGRID has made in delivering value to stakeholders. This achievement has been made possible through a culture of innovation, continuous improvement, and global outlook.

I am proud to report that we surpassed a market capitalization of ₹3 lakh crore in May 2024, a significant milestone achieved in a short span from ₹2 lakh crore in December 2023. In the last four years, POWERGRID's market capitalization has increased by an impressive 210%. The consolidated income of your Company for the year reached ₹46,913 crore, resulting in a Profit After Tax (PAT) of ₹15,573 crore. This year, we paid a dividend of ₹10,463 crore, compared to ₹10,289 crore last year, representing 68% of our PAT, up from 67% the previous year. This reflects our commitment to balancing dividend payments with retained earnings to support future growth.

Your Company issued Bonus Shares in the ratio of 1:3 during FY 2023-24.

We maintain our leadership position in transmission system in India and continue driving the energy transition. Our transmission network spans the entire country, encompassing over 1,77,000 circuit kilometers of transmission lines and 278 substations with a transformation capacity of over 5,27,000 MVA. Our interregional capacity stands at approximately 99,580 MW, accounting for an impressive 84% of the total interregional capacity of the country.

This robust infrastructure is supported by state of the technologies like 765kV and 400kV EHVAC substations, LCC as well as VSC HVDC stations, and advanced reactive power management systems that utilize SVCs and STATCOMs.

Our commitment to minimise the environmental footprint is evident from the fleet of GIS substations for areas with limited land, employing technology up to 765kV.

High Transmission system availability is essential for enabling secure energy transition. Last year, we achieved transmission system availability of 99.85%, one of the highest globally, and our tripping rates are also among the best in the world. Our technical experts work tirelessly to ensure the availability and reliability of India's power transmission system.

Efficient operation and control of our vast transmission system are managed through the National Transmission Asset Management Centre (NTAMC) and Regional Transmission Asset Management Centres (RTAMCs). Our commitment to technology adoption is reflected in our expenditure of ₹218.07 crore in Research & Development and innovation initiatives during the year. We have digitally mapped our assets and the implementation of Reliability Centered Maintenance, has enabled us to monitor, analyze, and effectively manage our asset risks. Our Control Center in Manesar houses a Center of Excellence for control and protection systems, ensuring the security and reliability of our transmission network. We are excited to announce that POWERGRID is in the process of implementing an Asset Management Performance system, utilized by leading utilities globally, which is expected to reduce operational costs by at least 10% while enhancing reliability, security, and risk management.



Your Company has become the largest transmission utility in the world to receive ISO-55001 certification, the global standard for Asset management practices.

Your Company has maintained its leadership position in developing the transmission projects in India. In fiscal year 2024, we aimed for a project execution target of ₹8,800 crore. With invaluable support from our partners, we surpassed expectations, achieving a Capex of ₹12,500 crore, which constitutes over 4% of our Gross Block valued at approximately ₹2,75,000 crore. During the year, POWERGRID added 4,036 circuit kilometers of Extra High Voltage transmission lines, 19,720 MVA of transformation capacity, and six new substations. Among the key projects commissioned were the POWERGRID Neemuch Transmission Limited, the 400kV Mohanlalganj substation, and the 400 kV D/c Lower Subhansiri - Biswanath Chariyali -II, along with 400 kV 2xD/C Khetri-Bhiwadi and several others.

Your Company has demonstrated exceptional project management prowess, keeping the average cost and time overruns well below the industry standards. This has been made possible despite several challenges pertaining to tough terrain, extreme weather conditions and RoW issues. Use of technology, active policy advocacy and proactive planning have been instrumental in overcoming these challenges.

In line with our commitment to sustainable development, we have integrated ESG principles into our core business operations and adopted our ESG vision and targets. We are actively working towards achieving our goals of net zero emissions by 2047, 50% of our energy consumption from renewable sources by 2025, zero waste to landfill by 2030, and being net water positive by 2030. This

year, we witnessed a reduction in scope 1 emissions and made strides towards replacing diesel vehicles with electric vehicles for our business operations. Additionally, rainwater harvesting systems have been implemented across our facilities.

Our commitment to ESG is evident in our robust policies, including an ESG Policy, Water Management Policy, and Waste Management Policy, along with our Supplier Code of Conduct. We are continuously exploring greener alternatives, such as phasing out SF6 gas and adopting technologies like digital substations and drone patrolling to minimize our environmental impact.

Looking ahead, we are preparing to capture ESG disclosures across our value chain, further solidifying our commitment to sustainable business practices. Our Green Hydrogen Pilot Project at Neemrana aims to provide hands-on experience in Green Hydrogen technologies, with plans for commercial-scale projects in the future. Additionally, we are implementing a solar power project at Nagda, with a capacity of 85MW/105MWp.

Your Company has been awarded with Anti-Bribery Management System (ABMS) IS/ISO 37001 certification by the Bureau of Indian Standards (BIS). This reflects our dedication to governance and integrity.

With a strong order book amounting to over ₹110,000 crore, we anticipate higher Capex in the coming years. We are working tirelessly to achieve a capex target of around ₹18,000 crore in FY25. In FY 2024, POWERGRID secured 13 ISTS TBCB projects across the Northern, Western, and Southern regions. In terms of NCT cost, these projects represent about 65% of the total project bids in FY 2023-24, with an annual tariff accounting for 64% of the total. The cabinet approved the Green



Energy Corridor for Ladakh, including the Pang to Kaithal HVDC and VSC stations with associated AC transmission lines at Pang and Leh, in FY 2023-24.

We signed MoU with RVPNL, Rajasthan, to develop intrastate transmission projects worth about ₹10,000 crore. Similar discussions are ongoing with APTRANSCO, Assam, and Uttar Pradesh, indicating our plans to develop intrastate transmission systems. We have also signed a supplementary agreement with Ladakh Power Development Department (LPDD) to implement border area works of Ladakh UT, sanctioned under the RDSS scheme.

Internationally, POWERGRID has established a strong presence in 23 countries across South Asia, Central Asia, Africa, and Europe, successfully undertaking projects in some of the toughest geographies. Our partnership with Africa50 to develop the first PPP mode transmission project in Kenya exemplifies our commitment to expanding our reach. We are currently engaged in several international assignments, including projects for TANESCO in Tanzania, the Zambia Transmission Line in Africa, transmission line construction in Fiji, work for UETCL in Uganda, and the Nepal Gorakhpur Butwal transmission line for international cross-border interconnection. Further in the international consultancy segment, our project in Kenya is progressing well; we have received in-principle approval, and final details are being worked out, with work expected to commence soon. We anticipate significant progress in our other business ventures, including solar generation, smart metering, and data centers.

As we celebrate these achievements, we also take pride in the recognition POWERGRID has garnered over the year, including the Platts Global Energy Award, International CSR Award, and Brandon Hall Group Human Capital Management Award. Additionally, we have received accolades such as the SHRM HR Excellence Award for human capital excellence and learning development. Notably, we have been honored with the esteemed ATD BEST Award 2024 for the third time, highlighting our strategic use of talent development to achieve enterprise-wide success. Our commitment to community engagement through extensive CSR programs has positively impacted numerous lives, and we remain dedicated to improving the quality of life in the areas where we operate.

I want to take this opportunity to express my heartfelt gratitude to all our employees for their dedication to the Company, with special recognition to our women employees. Notably, women in STEM make up 80% of our total women workforce, and women constitute 8% of POWERGRID's total employee strength.

On behalf of the Board of Directors and the entire team at POWERGRID, I extend my sincere appreciation for your continued trust and support. We are dedicated to creating long-term value for you, our valued shareholders, and I look forward to your continued partnership as we embark on this journey of growth and excellence.

Thankyou for your confidence in POWERGRID.

Your truly,

(Ravindra Kumar Tyagi)
Chairman & Managing Director

Date: 31st July, 2024

Place : Gurugram