

# POWERGRID- Empowering the Nation with Reliable Power

## Dear Shareholders,

It gives me great pleasure to welcome you all to 21st Annual General Meeting of your Company. On behalf of the entire organization, I thank you and look forward to your continued patronage and encouragement.

The year 2009-10 was tough, marked by economic turbulence in Middle-East and Europe. From the recent crisis it is evident that even the developed economies can come under sovereign risk. Taking cue from the European crisis, the Indian government took timely measures, sending out confidence-building signals to the global investor community. Investors' confidence propels growth which will lead to upturn in industrial activity, exports and service sector activities. To facilitate this growth, sufficient, reliable & quality power at optimum cost is a necessity, which can be realised through appropriate investment in the power sector.

I am happy to tell you, that even in a difficult period, your company continued on its path of growth and its progress was even better than earlier years. I can assure you of a similar growth story in the coming years as well.

Your Company has planned an investment of about ₹ 55,000 Crore during XI Plan to cater to the evacuation requirement of central sector



projects and other projects including Ultra Mega Power Projects (UMPPs). In terms of resource mobilisation, your Company is placed in a comfortable position, as it enjoys an excellent credit rating with financial institutions at national and international level. Loan requirement shall be met through borrowings from multilateral funding agencies, such as The World Bank and Asian Development Bank / supplier's credit and balance from domestic sources on yearly basis as per requirement. Presently, about 80% of fund requirement has already been tied-up or identified and balance shall be mobilized as per requirement.

To meet the equity requirement of the planned investment, your Company is going to come up with a follow-on public offer (FPO), constituting 20% of its existing paid-up capital. The issue will comprise 10% equity dilution by the government and 10% fresh equity by the Company.

Even in a turbulent period, your Company fared very well and concluded the year with a net profit of ₹ 2041 Crore, a year-on-year growth of 20.7%. Your Company also made an investment of ₹ 10,617 Crore, an increase of about 30% year-on-year.

**We believe that human resource is the most vital asset of the organization and our sterling performance year after year has been possible because of the investment made in building capabilities**

As an initiative to increase grid reliability, your Company is in the process of setting-up a **National Transmission Management Centre** which will remotely operate and control most of the sub stations. This will also improve productivity leading to optimum utilisation of resources and reduced maintenance expenditure. As another initiative, **Aerial patrolling** of transmission lines, using helicopters, is also being explored. The year saw the company soar to new heights operationally as we achieved a transmission system availability of **99.77%**, highest so far in the history of the Company. As a result of initiatives, such as use of polymer insulators and their cleaning through helicopters, I am proud to inform you, that there was no major grid disturbance in any part of the country during the year and regional grids were operated smoothly.

We believe that human resource is the most vital asset of the organization and our sterling performance year after year has been possible because of the investment made in building capabilities. This year around 6600 employees have undergone classroom, in-house and external training programs. Your Company has also taken up training of employees of State Electricity Boards and other power utilities within the country and overseas. In order to cope up with the increased workload and challenges, your Company recruited about 1200 professionals, including campus recruitments from IIMs, IITs and NITs etc., in a time when others were downsizing. Your Company appreciates the importance of providing adequate incentives to its workforce and



Speech of **Shri S.K. Chaturvedi**, Chairman & Managing Director at the **21<sup>st</sup> Annual General Meeting** held on **24<sup>th</sup> September, 2010**

has been the front runner to implement the revised pay scales and perks, which are best among the PSUs.

Your Company was awarded certificates of appreciation by Hon'ble Minister of Energy and Water, Afghanistan in recognition of the contribution made by your Company by constructing the Pul-e-Khumri to Kabul transmission system, despite the difficulties and challenges involved in project implementation. It is a great achievement which showcases our project implementation capability on the international front.

For the year 2009-10, the Company has posted "Excellent" rating under the MoU with Ministry of Power. Also, for FY 2008-09 the Company has achieved a perfect MoU Score of "1.00" based on its sterling performance and poised to get the **"MoU Excellence Award"**. POWERGRID also featured in the **list of top 250 global energy companies compiled by Platts**, a leading provider of energy and commodities information and was also named in the **20 fastest-growing Asian companies**. Taking the baton further, your Company has also been included in the **Forbes Global 2000 list**. Your Company has been conferred with three Gold Shields and one Silver Shield in the National Awards for Meritorious Performance in Power Sector for the year 2008-09 for project completion and Transmission System Availability. Your Company has also been conferred with **"Certificate of Merit Award"** for its contribution towards Human Resource Development (HRD) by **International Federation of Training and Development Organization Limited, Geneva, Switzerland** and has also received **"INFOCOM CMAI National Telecom Award 2009"** for **"Utilities Providing Best Telecom Infrastructure"**.

As a responsible Corporate Citizen, your Company has evolved a CSR Policy that promotes Community Development around its offices and sub-stations with focus area on Education, Health-care & Infrastructure Development and support Ecology & Environment Conservation and Disaster Relief in the country. The CSR initiatives are aimed to improve quality of life of the local people and bringing the marginalised people in the mainstream of development. From this year, the budget towards CSR has been increased from 0.75% to 1.00% of the Company's net profit after tax of the preceding financial year.

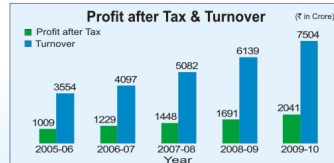
**Even in a turbulent period, your Company saw a year-on-year growth of 20.7% in net profit and 30% in investment**

The industrialization and rapid growth of economies is a major concern for the environment and it is imperative for corporations and individuals to move towards sustainable development. Your Company endeavours to achieve sustainable development and maximise the triple bottom line made up of "social, economic and environmental" goals. To emphasize the seriousness of the Company on the issue, this year we have come up with detailed **Sustainability Reporting**. Through this initiative, the Company aims to objectively and transparently report the actual value of, and costs of depreciation to, natural resources and social capital.

In our efforts towards sustainable development, your Company is constantly working on optimisation of Right of Way (RoW) requirement and forest involvement. We have taken various measures like best possible route alignment, moving towards higher voltage level transmission systems with higher power carrying capacity, etc. In fact, the share of 765 KV transmission lines is increasing in our transmission system. Also, implementation of +800KV HVDC Bi-pole line from Biswanath Chariali in North-Eastern Region to Agra in Northern Region has already commenced and we are working on 1200 KV HVAC transmission system. These Ultra High Voltage lines will have 3 to 6 times higher power transmission capacity per meter of Right of Way, as compared to existing 400 KV double circuit lines. We are developing multi-circuit, tall, compact and pole type towers which help in reducing the RoW requirement. Route surveys are being conducted using remote sensing, aerial survey, GPS based survey techniques etc. which not only save time but also help in optimising route alignment & tower spotting. Advance actions are also being taken to ensure timely forest clearances.

Backed by the strong in-house expertise in all areas of its operation, your Company is executing various consultancy assignments at the national and international level. On the domestic front, we expanded our portfolio and got 47 orders during FY 2009-10 which included 24 repeat orders from our clients, showing the satisfaction level and confidence of our esteemed customers in us.

In the international arena, we have expanded business to South Asia, Middle East and African region and are currently providing consultancy services in United Arab Emirates (UAE), Nigeria, Bangladesh and



(S.K. Chaturvedi)  
Chairman & Managing Director

Place: New Delhi  
Date: September 24, 2010  
*(This does not purport to be a record of the proceedings of the Annual General Meeting)*

**POWER GRID CORPORATION OF INDIA LIMITED**  
(A Government of India Enterprise)  
Registered Office : B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi-110016 (INDIA)  
Corporate Office : 'SAUDAMINI', Plot No. 2, Sector-29, Gurgaon - 122 001(Haryana) (INDIA)  
Website: [www.powergridindia.com](http://www.powergridindia.com)  
**A 'NAVRATNA' Company**

Afghanistan. Your Company has collaborated with internationally reputed organizations to make further in-roads in international markets. Efforts are also being made to provide interconnection with neighbouring countries to facilitate energy exchange amongst the SAARC nations. Transmission links with Bhutan and Nepal already exist and they are being further strengthened matching with addition in generation capacity. Your Company is in the process of setting up transmission links with Bangladesh and those with Sri Lanka are under final stages of planning.

**POWERGRID featured in the list of top 250 global energy companies and 20 fastest-growing Asian companies**

In the telecom business, your Company is doing very well and has made major expansion plans which include further diversification into Data Centres, Tower Infra business and value added services such as MPLS-VPN, NLD Switched Voice, etc. With the focus now shifting from urban to rural connectivity, POWERGRID's role in telecom becomes even more significant as it has presence in rural and remote areas of the country by way of its Power Transmission network. The vast network is proposed to be leveraged extensively to provide telecom services in such areas by **co-locating Telecom Antennas on Power Towers**, resulting in appreciable stream of revenue. The Govt has launched an ambitious **National Knowledge Network (NKN) project**, which envisages a gigantic three-layer Telecom network of all knowledge centres across the country such as IITs, IISc, etc. on high speed connectivity at an estimated project cost of about ₹ 6,000 Crore. POWERGRID is a **consortium member** for implementing this project of national importance.



To cater to the increasing demand for power in the country, a number of generation projects are being set up by Independent Power Producers (IPPs), and their number is poised to rise rapidly in the coming years. To facilitate evacuation of this power, your Company has adopted the integrated planning of transmission system, keeping overall economy and feasibility in mind. To start with, nine High Capacity Power Transmission Corridors (HPTCO) have been evolved in consultation with CEA, IPPs, beneficiaries and CERC.

**Follow-on Public offer (FPO), constituting 20% of existing paid-up capital**

Your Company takes pride in the excellent development and operation of transmission network in the country implemented by it. It lives up to the expectations as a 'Navratna Company' and at the same time seeks to set new standards in corporate citizenship. It is this sense of pride in our work and commitment towards the people of this great country that drives us to outperform ourselves even in the face of adversity. At this point I would like to acknowledge the dedication of our employees who have contributed with all their might over the years and salute them on another year of achievements.

I take this opportunity to convey my sincere gratitude to the Government agencies, particularly the Ministry of Power, the Ministry of Finance, the Department of Public Enterprises, Planning Commission, Ministry of Environment & Forests, Ministry of External Affairs, Central Electricity Authority, Central Electricity Regulatory Commission, Statutory Auditors, Comptroller and Auditor General of India (C&AG) and Employee Unions for their confidence and support to the company. I would like to thank our Directors especially our Independent Directors for their valuable inputs and commendable support.

I would also like to express my gratitude to the State Power Utilities, domestic and international Financial Institutions and all our esteemed shareholders for their confidence in the Board of Directors and the Management of the Company and support provided at all times. Their active interest has been a source of constant inspiration for us.

Thank you, Ladies and Gentlemen.

Size: 26x28 = 728 sq. cms.