



**R. N. Nayak**  
Chairman & Managing Director

**Chairman's Speech  
at the  
22<sup>nd</sup> Annual General Meeting**

**Dear Shareholders,**

It is my privilege to welcome you all to the 22<sup>nd</sup> Annual General Meeting of your Company.

This is my first Annual General Meeting as Chairman of your Company and I feel extremely honored to head your esteemed Company with a deep sense of humility. I also take this opportunity to thank you and look forward to your continued trust and support. Friends, for the period ending 31st March, 2011, the Director's Report and the final accounts of the Company have already been provided. With your permission, I take them as read.

Our country has shown resilience during the recent global economic slow down and our economy registered 8.5% GDP growth in FY 2010-11 as against 8% achieved in FY 2009-10. For the FY 2011-12, the Government of India through its Economic Outlook, has aimed economic growth of 8.2%, which is close to the GDP rate achieved in the last two years. One of the major requirements to meet sustainable economic growth is the development of adequate and reliable electric power sector. Development of transmission infrastructure in the country will be a great catalyst in achieving 'Vision India 2020' of making India a developed country by 2020.

**Eleven High Capacity Transmission Corridors have been planned and CERC has already granted regulatory approval for nine High Capacity transmission corridors with an estimated cost of about ₹ 58,000 cr.**

To meet the growing demand and sustainable development, Govt has taken a number of initiatives like encouragement to private sector participation through mandatory tariff based bidding for all aspects of power sector i.e. generation or transmission, Ultra Mega Power Projects (UMPPs), energy efficient technologies, utilization of renewable & non-conventional energy potential of the country, National Solar Mission, demand side management etc. With the development of sector, the other challenges like land acquisitions, environment & forest clearances, Right of Way, supply side constraints, fuel linkages, availability of skilled manpower etc. need to be addressed in a focused manner.

To ensure that end users reap benefits, it is imperative that transmission and distribution sector should keep pace with capacity addition to ensure supply of quality electricity on demand with reliability, security and economy. This area has started getting its due place, as may be seen from the initial estimates of CEA for XII Plan, investment in transmission and distribution has been kept at 21% of total investments in power sector as against 13% during XI Plan.

Your Company, being the Central Transmission Utility (CTU) of the country, is the flag bearer of the Indian transmission sector and is playing a key role in Indian Power Sector through co-ordinated development of inter-state transmission system and National Grid with the aim of transfer of power without any constraints from one corner of the country to another. Your Company today owns and operates more than 95% of India's inter-state and inter-regional electric power transmission system. Your Company has been successfully implementing its projects on time bound basis and operating & maintaining the huge networks with efficiency, reliability and security on sound commercial principles. I am happy to share that in inter-state Transmission Sector (ISTS), your Company, relying on its sound fundamentals, is fully geared up to face the challenges, be it for completion of ongoing projects in a time bound manner or for operating efficiently

and effectively in the changing business environment and regulatory scenario. I am hopeful that riding on its strengths and experience, your Company will continue to maintain its leadership position in Transmission sector both in domestic and International level.

**Your Company reported a net profit of ₹ 2,697 crore for the FY 2010-11, a 32% rise year-on-year. The turnover of the Company stands at ₹ 9,100 crore, up by 21% over previous year.**

Dear investors, before moving forward to present the various highlights of the year gone by, I must first put on record, my heartfelt gratitude for your overwhelming response to the follow-on public offer (FPO) of your Company in November 2010, which was oversubscribed handsomely in all categories. POWERGRID share today is one of the most widely held PSU share in terms of participation by small investors. This is corroborated by the fact that as at the end of first quarter of the current financial year, more than 5% of the equity was held by nearly 11 Lakh small shareholders.

On the financial front, your Company reported a net profit of ₹ 2,697 crore for the FY 2010-11, a 32% rise year-on-year. The turnover of the Company stands at ₹ 9,100 crore, up by 21% over previous year. The growth in financials resulted in increased dividend recommended for shareholders of ₹ 1.25 per share on the enhanced equity base in addition to interim dividend of ₹ 0.50 per share paid earlier for the year.

On the physical front, your Company added 6760 ckm of EHV transmission lines, 11 nos. of sub-stations and transformation capacity of about 9500 MVA during the year. The Company continues to add capacities in the current year too, and presently (as on 31-Aug-2011), your Company owns and operates a network of more than 86,000 ckm. of EHV transmission lines, 138 sub-stations and transformation capacity of about 95,000 MVA. The cumulative inter-regional power transfer capacity of National Grid has been enhanced to about 23,800 MW. Your Company transmitted more than 400 billion units of energy over its total transmission network across the country.

On the operational front, use of latest techniques & pro-active preventive measures ensured that your Company was successful in maintaining its massive asset base with a system availability of 99.80% during FY 2010-11. It gives me immense pride to share that your Company's performance in terms of system availability ranks amongst the best in the world. Further, the tripping per line was also contained to a new low of 1.7 FY 2010-11. Power System Operation Corporation Limited (POSOCC), the fully owned subsidiary of POWERGRID also became operational during FY 2010-11 and has been successfully managing the National and Regional Grids. There was no major grid disturbance in any part of the country and major Grid parameters of voltage and frequency were maintained within stringent IECG prescribed limits for most of the time. During FY 2010-11, POSOCC executed Short Term Open Access (STOA) transactions to the tune of 19883 nos. for total energy of

**On the operational front, use of latest techniques & pro-active preventive measures ensured a system availability of 99.80% during FY 2010-11. Your Company's performance in terms of system availability ranks amongst the best in the world.**

52.23 billion units. Central Electricity Regulatory Commission (CERC) has provided a framework for trading in Renewable Energy Certificates (RECs). The REC was launched in November '10 and National Load Dispatch Centre (NLDC) has been designated as Central Agency by CERC. Nearly 1,25,000 RECs have been issued till date and more than 79,000 RECs have been redeemed in six trading sessions through Power exchanges.

# POWERGRID

## Transmitting Quality Power with Reliability, Security & Economy

Transmission Assets worth ₹ 7,313 crore were commissioned during the year, which was more than twice of what was achieved in the previous year. Commissioning of the assets during this year and in the coming years is going to be the thrust area for your company to maximize returns to our shareholders.

In terms of fresh investments, your Company made an investment of ₹ 12,005 crore during FY 2010-11. With this, your Company has already made capital expenditure of approx. ₹ 31,000 crore in the first four years of the XI Five Year Plan. In the current year, your company plans to take up investment of more than ₹ 17,700 crore. Further, your Company has targeted investments to the tune of approx. ₹ 100,000 crore in the XII Plan, which is nearly twice of targeted capital expenditure in XI Plan which will add nearly two times the asset base that we have built till date.

Your Company, as CTU, is also responsible for providing long term access (LTA) on its inter-state transmission system. During XI and XII Plan, private sector participation in capacity addition is envisaged to be 32% and 57% respectively. To facilitate transmission of this large quantum of power, LTA has already been granted to 135 nos. of independent power producers for about 90,000 MW. Numbers of new applications for LTA are also under process.

**In the current year, your Company plans to take up investment of more than ₹ 17,700 crore. Further, your Company has targeted investments to the tune of approx. ₹ 100,000 crore in the XII Plan, which is nearly twice of targeted capital expenditure in XI Plan which will add nearly two times the asset base that we have built till date.**

In order to evolve an economical transmission system to transfer such large quantum of power across long distances, eleven (11) High Capacity Transmission Corridors have been planned and CERC has already granted regulatory approval for nine (9) High Capacity transmission corridors with an estimated cost of about ₹ 58,000 crore. Your Company is also taking up lead initiatives among the SAARC member countries. While links between Bhutan & Nepal already exists, your Company has initiated further steps to establish additional transmission links with Nepal & Bhutan and Sri Lanka. With Bangladesh, one 500 MW HVDC interconnection is already under implementation. These interconnections will go a long way in developing a SAARC electric market.

At present size of Indian grid is about 180 GW, out of which about 130 GW is operating as a single synchronous grid called New Grid and other part is Southern Region grid of about 50 GW connected with HVDC links. This is one of the largest synchronous grids in the world. In the next 2-3 years, Southern Region will also be integrated with the rest of the country synchronously.

With an objective to improve reliability through better situational awareness and visualization, optimization of resources by gradual introduction of automation, increasing interaction with system operator and aligning with international best practices & experiences, your Company has initiated the process of establishing a 'National Transmission Asset Management Centre' at Gurgaon. This will facilitate operation and control of the sub-stations remotely at a central place and through 'Maintenance Service Hubs', for group of substations.

Many other initiatives like Mobile sub-stations for faster restoration of supply in case of any eventuality, aerial patrolling of transmission lines using helicopters and automated line inspection using robots are also being contemplated.

**On technology adoption and development front, your Company has taken further strides. 1200kV class Transformers were successfully tested and are already on the way to Bina Test Station. By this year end, the under construction single circuit line under pilot project will be test charged at 1200kV level.**

As an active participant, your Company is operating the Secretariat of India Smart Grid Task Force (ISGTF), an initiative of Govt. of India. Your Company is also hosting the web portal of ISGTF for coordination and communication interface among various stakeholders.

Aligning itself to adopting international best practices, your Company has also initiated action to deploy Enterprise Wide IT System for facilitating integrated operation of different business processes with optimal use of resources.

Good work done by your Company has been commended from time to time by external bodies both at National and International level. This year also, your Company successfully maintained its track record of achieving highest rating i.e. 'Excellent' rating for its performance against targets of Memorandum of Understanding (MoU) signed with Govt. of India and receiving prestigious 'MOU Excellence Award'. Your Company was also conferred with 'Scope Award for Excellence and Outstanding Contribution to the Public Sector Management (2008-09) Large Scale PSE Category' and 'National Awards for Meritorious Performance in Power Sector'.

Your Company's performances were also recognized at International level and it was ranked as 8<sup>th</sup> Fastest-Growing Asian Company and 18<sup>th</sup> Fastest-Growing Global

Company in the 'Platts Top 250 Global Energy Company' rankings for the year 2010. This year, your Company also made an entry into the 'Fortes Global 2000' list. Apart from the above, the Company also received many awards and accolades.

In order to create wealth for its stakeholders, your Company has been putting special efforts in businesses like Telecom and Consultancy Services.

With an intention of opening up a new stream of revenue from the Telecom Business, during the year, your Company entered into an Infrastructure Sharing Agreement with Telecom Infrastructure Service Provider for using power line towers for mounting of Telecom Antennas, in the states of Punjab, J&K and Himachal Pradesh. Similar action for other states in Northern India has also been initiated. Your Company is also one of the three agencies selected by Govt. of India for providing connectivity for the prestigious 'National Knowledge Network' project which aims to connect all knowledge centres across the country such as IITs, IISc etc. on high speed connectivity. The part of the work assigned to your Company is of ₹ 900 crore. For 'Excellence in Innovation in Tower Management', your Company has been conferred with the 'National Telecom Award'.

Govt. of India is in the process of finalization of modus operandi for the implementation of National Optic Fiber Network for providing connectivity to 2,50,000 Gram Panchayats in the country. Your Company sees this as an emerging business opportunity in the Telecom segment.

The International Business Division of your Company increased its global footprint and today it is working in seven countries namely Afghanistan, Bhutan, Bangladesh, UAE (Dubai), Nepal, Sri Lanka and Nigeria, and is venturing into countries like Burma, Vietnam, China, Ethiopia, Uzbekistan etc.

**POWERGRID was ranked the 8<sup>th</sup> Fastest-Growing Asian Company and the 18<sup>th</sup> Fastest-Growing Global Company in the 'Platts Top 250 Global Energy Company' rankings for the year 2010.**

Your Company is a service organization and the human capital represented by its employees is not only its core strength but also its most valuable asset. Your Company's employees have been a pillar of support and it is their hard work and the 'MUST DO' attitude that has helped all of us in accomplishing our shared aspirations.

Apart from capacity building in terms of physical assets, capability building is also an important feature within your company and a lot of trust is given to training, re-training, continuous learning and skill development programs in order to enhance productivity and satisfaction level of individuals.

As a responsible Corporate Citizen, your Company is committed for contributing to national goals of sustainable and inclusive growth. In this regard, your Company has been undertaking CSR initiatives in various areas of Community Development around its offices and sub-stations and from FY 2010-11, the non-appealable CSR budget has been increased to one percent (1%) of the net profit of the preceding financial year.

On behalf of the Board, I would like to acknowledge the dedication, commitment and tireless efforts of our employees and the backend support extended by their families, which has helped the Company to reach these glorious heights of performance and achievements.

Shri S. K. Chaturvedi, who was spearheading this company for the last three years demitted office on 31st August 2011 on attaining superannuation and I take this opportunity to record my sincere thanks and regard to the invaluable contribution made by him for furthering the business interest of the Company. I would also like to thank independent directors with whom I had the opportunity to work, during the years gone by, for bringing in their diversified experience and providing valuable inputs and support during their tenure. I would also like to acknowledge the contribution, of all fellow Members on the Board, to your Company's success and believe that I would continue getting their invaluable guidance in managing your Company and taking it to next higher echelon of public sector.

I also take this opportunity to convey my sincere gratitude to the Government of India, particularly to the Ministry of Power, the Ministry of Finance, the Department of Public Enterprises, Planning Commission, Ministry of Environment & Forests, Ministry of External Affairs, CEA, CERC, Regional Power Committees, DOT, Statutory Auditors, CSAG, SEBI, NSE, BSE and Employees Unions for their confidence and support to the Company. I would also like to express my thankfulness to the State Power Utilities, our customers; domestic and international financial institutions, multilateral funding agencies; and our suppliers/contractors who are our partners in building your great Company.

Thank you, Ladies and Gentlemen.

(R. N. Nayak)  
Chairman & Managing Director

**Place:** New Delhi

**Date:** September 19, 2011

**Note:** Excerpts from Chairman's Speech at the 22<sup>nd</sup> Annual General Meeting held on 19th September, 2011 at New Delhi. 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