



LETTER TO SHAREHOLDERS

Dear Shareholders,

My greetings and best wishes for the good health and safety of you and your loved ones.

Last year and half have been like no other before, truly testing us on many fronts and I am happy to share that your company's performance has been exemplary even in these trying times.

Performance under challenging conditions

The COVID-19 pandemic has had a significant impact on all our stakeholders. We lost several colleagues and their family members owing to COVID-19. My heartfelt condolences to all the bereaved families. We have introduced several measures and revised the benefits under existing schemes to provide for the economic and other rehabilitation support to the dependent family members of our deceased employees.



In the beginning of the fiscal, as the whole country went into COVID-19 lockdowns, challenges mounted due to restricted movement and disrupted supply chains. We proactively adopted measures to combat the adverse impacts across our business functions. We have provided assistance to the contract labor at our worksites as well as to the needy people around our sub-stations/work places. Vaccination drives were launched across all our establishments to achieve 100% vaccination of our employees and contract workers.

The indefatigable commitment of the POWERGRID family has helped the organization overcome the challenges in FY 20-21. We have been able to close the FY 20-21 with exemplary performance which I am delighted to share with you.

Your Company added 7,403 circuit km (ckm) of transmission lines, 27,624 Mega Volt Ampere (MVA) transformation capacity and 13 new substations at the group level. At the end of FY 20-21, the total transmission assets of POWERGRID and its subsidiaries stood at 1,70,685 ckm of transmission lines, 261 substations and 4,37,523 MVA of transformation capacity. On the operational front, your Company has maintained 99.78% system availability with number of tripping per line for the year contained at 0.36 which was lowest in five years. This is even more commendable in view of various constraints arising due to the prevalent pandemic situation.

On financial front, Total Income for the year grew by 6% from ₹ 38,671 crore to ₹ 40,824 crore and Profit after Tax (PAT) grew by 9% from ₹ 11,059 crore to ₹ 12,036 crore for the group. Your company achieved Capital Expenditure (CAPEX) of ₹ 11,284 crore and capitalized assets worth ₹ 21,467 crore on consolidated basis. In line with our policy to balance dividend payouts and retained earnings for new investments, dividend of ₹ 9.75 per share (adjusted for bonus) was declared for FY 20-21 comprising Interim dividend of ₹ 6.75 per share paid and proposed final dividend of ₹ 3 per share which shall be paid upon your approval. The total dividend and dividend distribution tax for the year amounts to ₹ 6,801 crore which would be about 57% of the Profit after Tax as compared to 54% for the previous year.

Your Company emerged successful in 5 Inter State Transmission System (ISTS) projects under TBCB with an aggregate annual levelized tariff of ₹ 515.84 crore which will facilitate the evacuation of renewable energy.

Committed to the welfare of the communities in which it operates, your company spent ₹ 240.48 crore against a CSR budget of ₹ 233.79 crore during FY 20-21. As many as 119 new CSR projects worth ₹ 179.77 crore were sanctioned during the year.

Together for the brighter future

Your company has continued focus on gaining market share in the TBCB domain and going forward, the company aims to further capitalize on available investment options in Inter-State and Intra-State transmission systems.

To aid in Govt of India's endeavor to increase renewable penetration in the capacity mix, your company has prepared and submitted a detailed project report for evacuation from renewable energy parks of 10GW in Ladakh. In addition, RE projects of 30GW in Gujarat and 25GW in Rajasthan are creating investment opportunities in the inter-state/intra-state sector.

The Government of India has recently announced the Revamped Distribution Sector Scheme, a Reforms-based and Results-linked Scheme with an outlay of ₹ 3,03,758 crore over a period of five years from FY 2021-22 to FY 2025-26 with the objective to improve the quality, reliability and affordability of power supply to consumers through a financially sustainable and operationally efficient distribution sector. We believe this scheme would significantly strengthen the electricity delivery system for our people and also provide an opportunity for your company to participate in the strengthening of the intra-state transmission, distribution infrastructure, smart metering etc.

Your company aims to strengthen its global presence in emerging markets of Africa and has taken further steps to take up investments in Kenya under public-private partnership model through a joint venture with Africa 50. Internationally, for enhancing the connectivity with Nepal, formation of JV (50:50) between POWERGRID and NEA is underway for construction of Indian portion of 400kV D/C Gorakhpur - New Butwal (Nepal) Transmission line.

Your company is also focused on increasing the share of non-transmission income and is considering opportunities to increase the revenues from its telecom and consultancy segments.

Looking ahead, your company sees immense opportunities for business growth, for sectoral development, and for transformational initiatives. I am confident that the company with its vast experience is well placed to capitalize on the upcoming opportunities and challenges with renewed vigor and experience.

On behalf of the Company, I want to thank you for your continued support and trust reposed. As we navigate together these challenging times, I assure that the company shall continue to generate and deliver value.

With best wishes.

Yours sincerely,



(K. Sreekant)

Chairman & Managing Director

Date: 26th August, 2021

Place: New Delhi.