

12th November, 2025

To
The General Manager (Listing)
National Stock Exchange of India Limited
Exchange Plaza, C 1/G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai.

To
The General Manager (Listing)
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai.

Reference: NSE-SCRIP ID: POWERGRID; BSE Scrip Code: 532898
EQ – ISIN INE752 E01010

Sub: Transcript of Webinar held on 04th November, 2025.

Dear Sir,

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find attached herewith copy of Transcript of Webinar held on Tuesday, 04th November, 2025 at 04:00 P.M. for Investors & Analysts.

Thanking You.

Yours faithfully,

(Satyaprakash Dash)
Company Secretary &
Compliance Officer

Encl.: As above.



Power Grid Corporation of India Limited

Transcript of Webinar

(For Q2 and Half Year ended 30th September, 2025)

04th November, 2025 04:00 P.M. (IST)

Management

- Dr. R. K. Tyagi -- Chairman and Managing Director
- Shri G. Ravisankar -- Director (Finance) and Chief Financial Officer
- Dr. Yatindra Dwivedi – Director (Personnel)
- Shri Naveen Srivastava -- Director (Operations)
- Shri Burra Vamsi Rama Mohan -- Director (Projects)

Company Secretary and Compliance Officer

Shri Satyaprakash Dash

Moderator

Shri Mohit Kumar -- ICICI Securities

Moderator: Ladies and gentlemen, good day and welcome to the Power Grid Corporation of India Limited Q2 FY '26 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Kumar from ICICI Securities. Thank you and over to you.

Mohit Kumar: Thank you. Good evening. On behalf of ICICI Securities, I welcome you all to the Q2 FY '26 earnings call of Power Grid Corporation of India Limited. We'll start with detailed presentation which will be followed by Q&A and I would like to thank the management for giving us the opportunity. Without much delay, now I hand over the call to Shri Satyaprakash Dash, Company Secretary and Compliance Officer at Power Grid. Thank you and over to you, sir.

Satyaprakash Dash: Yes, thank you. Good afternoon, ladies, and gentlemen. It's my pleasure to welcome you all to this Webinar for analysts and investors of Power Grid Corporation of India Limited. Today, our Functional Directors and Senior Management Team will discuss the company's business and share our performance outlook based on our recently announced financial results.

I would like to introduce our esteemed Functional Directors, Dr. R.K. Tyagi, Chairman and Managing Director, Shri G. Ravisankar, Director (Finance) and CFO, Dr. Yatindra Dwivedi, Director (Personnel), Shri Naveen Srivastava, Director (Operations), Shri Burra Vamsi Rama Mohan, Director (Projects).

I would now like to invite our Chairman and Managing Director, Dr. R. K. Tyagi to deliver the opening remarks and presentation. Following that, we shall have a Q&A session. Over to you, sir.

R. K. Tyagi: Good evening, all. I will give a brief presentation about Q2 results. So, my presentation will consist of key highlights, project execution, operations, financials, other businesses, business outlook, ESG, CSR, and awards which we got.

POWERGRID is India's flagship power transmission utility, where the Government of India share is about 51.34%. We have excellent MOU rating since 1993-1994. And we are a dividend-paying company since 1993. Our current ratings, credit ratings have been at par with the Sovereign credit rating, which in domestic it is AAA, and in international, it is BBB-.

We have in our Board, Director (Finance), Shri G. Ravisankar; Dr. Yatindra Dwivedi, Director (Personnel); Shri Burra Vamsi Rama Mohan, Director (Projects); Shri Naveen Srivastava, Director (Operations), Independent Directors, Shri Shiv Tapasya Paswan ji, Shri Rohit Vaswani ji, Smt. Sajal Jha and Government Nominee Directors, Dr. Saibaba Darbamulla, and Shri Abhay Bakre.

We have a transmission system of about 1,81,000 circuit kilometers, 287 substations and the world's largest 765 kV transmission network is being operated by POWERGRID. So, we have the largest 765 kV transmission network in the world.

We have an innovation milestone. We have developed insulated cross arm for 400 kV transmission lines, which will reduce right of way. And apart from that, even trees being cut in various areas, so it will be good for environment also. And it is a step towards Atmanirbhar Bharat. So, this insulated cross arm is being used in our 400 kV transmission line between Narela to Maharanibagh in Delhi. So, it will enable about 20% reduction in right of way apart from saving trees.

To take care of any damage because of natural calamities and disasters, we have developed India's first 220 kV mobile GIS in collaboration with Toshiba. And this 220 kV mobile bay can be used anywhere, any station. It is mobile, and it can be even used in a flood hit station or any other natural calamity, we can immediately use within 48 hours.

And in case of RE generation where the bay is immediately required for evacuation of power, so this can be used as a spare bay also. So, it will be good for evacuation of renewable power from RE generations. So, this has been used and we are in the process of procurement of another 220 kV and 132 kV also, trailer mounted.

Recently, we have been accorded in principle approval for upgradation of Sasaram HVDC project at an estimated cost of Rs. 3,440 crores under RTM. This will be for 500MW capacity. It was LCC-based HVDC. It will be 1,000MW VSC-based HVDC. And unique feature will be that it will be by developing indigenous semiconductors and supply chain will be from India for HVDC technology.

Our asset management practices have been benchmarked by OHROS Consulting Group from Netherlands. POWERGRID has been ranked in first quadrant with high score in asset management practices with high operational performance in overall benchmark and 12 other major utilities from Asia, Europe, Australia, South America, and Middle East also participated.

Our score is 4.14 out of 5, whereas the global average is 3.68. In 2023, in last benchmarking, we got about 3.22. So, there is an improvement in our asset management performance.

In project execution and commissioning, we have done a capex of Rs. 15,385 crores as against Rs. 10,002 crores in last financial year. As far as capitalization, it is Rs. 4,587 crores till date as against Rs. 4,006 crores in last financial year. These are the elements which have been commissioned so far.

At Khavda III, 3 number 1500 MVA ICTs have been commissioned. At Ahmedabad, 2 numbers 1500 MVA ICTs have been commissioned. Then 2 number ICTs at New Navsari, 2 number 1500 MVA ICTs at Fatehgarh III, and 1 number 1500 MVA ICT at Bikaner. Then, 6 numbers at 400 kV in Kurnool III, 2 numbers at New Navsari, then 1 number at Nalagarh, 1 number at Hassan Substation, and 1 number at Fatehgarh III Substation.

In transmission line, we have commissioned Khavda II, Khavda III line. Then Banaskantha to Ahmedabad 765 kV line. Then Banaskantha to Sankhari, Jeypore-Jagdalpur, it is an inter-regional link between western region and eastern region. Then LILO of Agra-Jaipur at Dausa. Then Namsai-Kathalguri Circuit 1 and Circuit 2 have been commissioned about five months ahead of schedule.

And substations, we have commissioned 765/400 kV Khavda III, 765 kV/400 kV Khavda II, and then Ahmedabad substation and Dausa substation. This 220 kV underground cable in Zojila Pass, it was a very critical project. It has been commissioned yesterday. Then Narela also has been commissioned, 765/400 kV. And Kishanpur-Kishtwar and ICT-IV at Kurnool III, these have also been commissioned.

Our availability is good as normally it is more than 99.75%, at which we get maximum incentive. So, this time also it is 99.83%. Trippings per line is also within limit, it is 0.17 trippings per line.

In half yearly result, total income is Rs. 23,115 crores, EBITDA is Rs. 19,109 crores, profit after tax is Rs. 7,197 crores, net worth is Rs. 98,932 crores, and our gross fixed asset is Rs. 2,95,148 crores, debt equity ratio is 58:42. If you see from here that transmission charges in half yearly, first half is Rs. 21,356 crores, consultancy service is Rs. 821 crores, telecom Rs. 495 crores and other income Rs. 443 crore. Total income is Rs. 23,115 crores, operating expenses Rs. 3,903 crore and profit after tax is Rs. 7,197 crores.

On standalone basis, our income is Rs. 22,605 crores, EBITDA is Rs. 19,313 crores and profit after tax is Rs. 7,208 crores. These are some financial performance parameters, gross fixed asset at Rs. 2,95,148 crores, capital work in progress Rs. 47,782 crores. We have debt of Rs. 1,35,923 crores, net worth Rs. 98,932 crores, earning per share Rs. 7.74 per share, book value per share is Rs. 106.37, debt equity of 58:42, return on net worth is about 7.27.

Then these are some other key financial information for Q2 financial year 2026, income for previous period is Rs. 93 crores, interest on tariff Rs. 296 crores, interest from subsidiaries and joint ventures Rs. 794 crores, incentive Rs. 159 crores, dividends from JVs Rs. 24 crores, dividend from subsidiaries Rs. 300 crores, dividend from Associates and others Rs. 18 crores. Then FERV Rs. 491 crores, equity in TBCB it is Rs. 4,956 crores, equity in TBCB under construction it is Rs. 3,448 crores, short term loan we have Rs. 2,209 crores.

Commercial performance has been good against billing of Rs. 18,248 crores, realization is Rs. 18,737 crores which is about 102% of realization. Outstanding dues is Rs. 2,899 crores as against Q1 of Rs. 3,151 crores. Major dues are from Tamil Nadu, Uttar Pradesh, and Telangana.

In telecom our revenue is Rs. 570 crores as compared to last financial year H1 results which was Rs. 544 crores. We got orders from worth Rs. 84 crores for multi-year project. Then customer added 22 numbers. Backbone availability has been 100% as always. We have telecom network of about 1 lakh kilometer.

In consultancy, our income has increased up to Rs. 821 crores from Rs. 255 crores, mainly because of smart meter business being done by PESL. In domestic, we have opportunities in RE, intrastate, diversion, BESS, green hydrogen. In international, we are pursuing transmission

opportunities across South Asia, Africa, America, Europe, and Australia. We got 15 new orders domestically and ongoing about 81. So TBCB and other projects we have 187. Then in international we got 3 orders, ongoing 14 numbers. We have footprints in 25 countries.

As you know that key enablers for our growth are \$10 trillion economy. This is vision of our Honorable Prime Minister which will require rapid industrialization and urbanization. There will be lot of EVs, green hydrogen, data centers which will demand electricity. Then there will be huge requirement for energy storage. There will be BESS 47GW by 2032 and pump hydro storage will be about 36GW by 2032 and in global energy integration One Sun, One World, One Grid.

That will create lot of opportunities for POWERGRID also. Next. In Brahmaputra basin recently there is a scheme or plan announced by Ministry of Power which will require about Rs. 1,91,000 crores up to 2035 and beyond 2035 it will require about Rs. 4,51,935 crores. So put together we will have opportunity for Rs. 6,42,944 crores.

It will have HVDC, 42GW of HVDC corridors and it will mainly have HVDC stations at Namsai, in Arunachal, Roing (New) in Arunachal, Niglok, Silapathar, Gogamukh (New) and Rowta for bulk power transfer from North Eastern region to rest of the country. And there will be PSP integration 3.7 gigawatt by 2035 and 7.4 gigawatt beyond 2035. So, there is a huge opportunity in Brahmaputra basin. Next. This is what we have works in hand. We have about Rs. 1,52,000 crores worth projects in hand out of which Rs. 1,03,000 crores projects are from TBCB.

Next. So, these are the details of our works in hand. So Rs. 1,52,287 out of which Rs. 1,02,992 crores in TBCB. Then the new under RTM Rs. 37,100 crores. Then ongoing RTM Rs. 9,542 crores and others like data center, and cross border, smart metering about Rs. 2,653 crores.

Our commitment for capex for financial year 2025-26 is about Rs. 28,000 crores which will have TBCB projects worth Rs. 19,062 crores and RTM projects Rs. 3,554 crores and others will be about Rs. 5,384 crores. We are having eight pink station which are headed and operated managed by only female employees. Four were announced in last financial year and four have been added recently.

These are mainly in Gurgaon, then Lucknow, Pune, and Bidadi. So, eight stations, four were earlier there. So today we have eight pink stations which are headed by female employees.

In environmental energy management, we have 29% of power from green tariff, 33% share of renewables in total power consumption. Water management, we have 43% capacity increased for rainwater harvesting.

Our 90% of waste generated is being diverted from disposal through recycling and reuse. In green mobility, we have recently donated electric buses to AIIMS New Delhi and in Homi Bhabha Cancer Hospital and Research Centre Vizag. We have donated India's first ring gantry linear accelerator machine at this center.

Honorable President of India conferred scope eminence award for human resource management to POWERGRID. Then Rajbhasha Kirti first prize was given to POWERGRID on the occasion of Hindi Diwas. Then our Director (Personnel) was conferred 'People's Leader of the Year 2025' award. Then Exceptional Employee Experience PSUs, we got award in ETHRWorld Awards 2025. Then education for violence affected children in Chhattisgarh we also got award in that. Then Star Performer award was also given to POWERGRID. Thank you.

Moderator: Should we begin with the question and answer session sir?

R.K. Tyagi: Please carry on.

Moderator: Thank you. Ladies and gentlemen we will now begin the question and answer session. We'll take our first question from the line of Mahesh Patil from ICICI Securities. Please go ahead.

Mahesh Patil: Yes hi sir. Thanks for the opportunity. Sir my first question is on the capitalization number. Given that we had achieved around 46 billion of capitalization in the first half and we have guided about 220 billion for the full year. Do we still maintain that target and second related question is what are the challenges we are facing to get this number up and what are you doing to kind of accelerate the execution?

R.K. Tyagi: Okay so as far as capitalization is concerned we are committed for increasing capitalization or commissioning of our projects. Mainly we are facing problems from RoW from landowners and Government of India is very positive. They are helping us. We have got one guideline issued by Government of India on this 21st March, 2025 for increasing land compensation rates as against 30% for RoW in urban areas from 30% to 60% and 45% in semi-urban area.

And earlier RoW and land compensation was paid based on circle rates. Now it is based on the actual market rate. For market rate there is also methodology given in the guideline that there will be three valuers. First valuer will be selected by farmers. Second valuer will be selected by POWERGRID and third valuer will be selected by District Magistrate.

Then first valuer of farmer and second valuer of POWERGRID they will submit the report. Then average of these two will be considered as the base value for market rate. If difference is more than 20% in that case the third valuer rate will be opened and if third valuer is closer to farmer's valuer then it will be average of farmer's valuer and the third valuer.

If rate is closer to POWERGRID valuer, the average of these two valuers will be taken. So this methodology is being used by Delhi, Haryana, and now other states. So based on the Government of India guidelines issued in March, 2025, the state of Haryana and Delhi have issued somewhere in June and July and other states are also issuing such guideline.

So, Government of India guidelines are being adopted by various states and based on those guidelines the rates by valuers is being finalized which are being adopted or notified by respective DMs and based on that, we are working in various lines. So this has taken some considerable time because of that some projects have been delayed which are likely to be commissioned in Q3 and Q4. So we are still targeting about Rs. 20,000 crores projects to be

capitalized by this financial year 25-26. By March 2026, we should be in position to commission up to Rs. 20,000 crores projects.

Mahesh Patil: Okay sir, thanks for the detail updates. My second question is on the equipment ordering. Have we tied up for the equipment for the next 2 years, 3 years of our execution and is there any shortage in terms of transmission equipment, HVDC etc.?

R.K. Tyagi: Yes, you are right that there is a shortage of some equipment like transformer, GIS, and HVDC equipment. For transformer, especially delivery time is more than one year because manufacturing and testing itself takes more than one year. So, what we are doing, we are procuring these transformers and reactors well in advance as bulk procurement and these procured transformers and reactors are allocated for various projects which we win in future so that this constraint of transformer supply is not there.

As far as HVDC equipment are there, they cannot be procured in advance because they are specific to a specific project. For that, the Government of India is giving us 4 years to 5 years for commissioning. So, in that period, we are able to get this HVDC equipment also. So similarly GIS also, there is a shortage, but still we are getting these equipment on time and we will be able to commission our projects on time. Thank you.

Mahesh Patil: Okay, sir. And so my last question is, sir, have you started tendering for the Leh Ladakh HVDC project?

R.K. Tyagi: Leh Ladakh HVDC project, actually we have gone to the market. We came out with a tender and we also got one bid, but that bid was not acceptable to us because there were so many queries and we came to a conclusion that HVDC project may not be feasible in this Leh to Kaithal project. Now, Government of India is considering this project to be replaced by AC project. So, we will have 400 kV transmission line from Leh-Pang to Kaithal and that project is under discussion and very shortly, we will get some information about that.

Mahesh Patil: Okay, sir. Thank you so much.

Moderator: Thank you. Next question is from the line of Puneet from HSBC. Please go ahead.

Puneet: Thank you so much. My first question is just on Leh Ladakh, when you move from HVDC to AC, will your commissioning timeline increase or reduce and your capex goes up, goes down or should one think about this?

R.K. Tyagi: Actually, this project when we considered HVDC project about three years back, that time cost was about Rs. 20,000 crores and now considering this supply chain constraint, even if we consider that this is a feasible project, we took even cost estimate from our various bidders. Now, cost is coming about Rs. 42,000 crores, considering various challenges and constraints shown by manufacturers or suppliers,

So, it may not be possible for us to continue with HVDC and we have already done detailed studies. So, AC is another option which we are considering and cost of AC will be in the range

of about, it will be close to Rs. 30,000 crores. So, capex will not be less as compared to earlier estimate of Rs. 20,000 crores. It will be more than that.

Puneet: And timeline?

R.K. Tyagi: Timeline we will be able to maintain as of now, because all 400 kV and these technologies are already available in the market except synchronous condensers which may take some time. So still we are expecting that by 2029, this project can be commissioned.

Puneet: Understood. And on your standalone accounts, you in a way end up paying effective tax rate of 20% or even less than that. How long will that benefit last?

R.K. Tyagi: I request Director (Finance) to reply.

G. Ravisankar: Pardon. Please, can you come again?

Puneet: Yes. So, the effective tax rate when I look at on your standalone balance P&L comes to less than 20% over the last few quarters, almost eight, nine quarters. When do you think, this will go to normalize 25%?

G. Ravisankar: It will, see, it will come to normal when the capitalization comes down and when the income tax profit is more than your profit as per the CERC rates. But again, we don't foresee that because once the capitalization picks up again, we'll be going into the same MAT and then the profit as per Income Tax, it will come down and then again, we'll be switching over to the MAT only.

Puneet: Understood. That's helpful. And lastly, any progress on the Rajasthan JV on the transmission side?

R.K. Tyagi: Can you repeat?

Puneet: Rajasthan JV.

R.K. Tyagi: Yes. Rajasthan JV, Joint Venture Company. Yes. Actually, their regulator has put some limit on the projects which are to be considered on nomination basis, beyond which they are considering under TBCB.

So, they were trying to take some exemption so that those projects can be executed by this JV company. But so far, we have not got any communication from Rajasthan Government. So as of now, there is no progress.

Puneet: Okay, that's helpful. And lastly, your participation on the battery side, last time you said you would look at it as it progresses. Any further thoughts there?

G. Ravisankar: Battery energy storage participation.

R.K. Tyagi: Battery energy storage, we have participated in some tender, but we lost that and we are again participating in some other projects. And we will continue participation and hopefully we will execute some projects in days to come.

- Puneet:** Understood. That's very helpful. Thank you so much and all the best.
- Moderator:** Thank you. We'll take our next question from the line of Ketan Jain from Avendus. Please go ahead.
- Ketan Jain:** Thank you. Good evening, sir. Thank you for the opportunity. Sir, my first question is on the other expenses. We've seen an increase by 77% of other expenses, O&M expenses. What is the primary reason for this and is this passed on or how is it?
- G. Ravisankar:** The other expenses actually include the FERV, which is the pass-through. So that is covered in the net movement of the regulatory deferral. And then also you see now we are in the business of the smart metering where we are doing the accounting through the service concession agreement where it is shown as the income side as well as the expenses side.
- The expenses side in the consol around Rs. 450 crores is included in that. So, corresponding to that, we have an income also. So, that is why it is appearing to be on the higher side, but not like that.
- Ketan Jain:** Understood. And also, sir, I have a question. Do we have any O&M expense impact from the new CERC regulations, which cap the O&M expenses and we are actually incurring more expenses? Is there any impact from that?
- R.K. Tyagi:** Last time there was impact that we got less O&M charges for O&M recovery, what we got from various constituents as per the new regulation. But this year there is no change from the last year. So, the impact was only last year.
- This year it is only incremental change because of increased DA and other normal expenditure will increase every year. So, it is only nominal expenses which have increased. Otherwise, there is no impact of CERC regulations.
- Ketan Jain:** Understood. So going forward, we will be recovering all the O&M expenses. There will not be any additional under-recoveries on that? Am I right, sir?
- R.K. Tyagi:** Yes, yes.
- Ketan Jain:** Sir, also what is your guidance on capitalization for 2026, you told Rs. 20,000 crores, but what would be that for '27 and '28? Any guidance?
- R.K. Tyagi:** Like last year we did capex of about Rs. 26,000 crores. This year we are expecting about Rs. 28,000 crores and next year it will be about Rs. 35,000 crores. So, from capex to capitalization, there will be a gap of about 2 years.
- So, like this year, we will have Rs. 20,000 crores projects are likely to be commissioned, capitalized. And next year it will follow like it may be about Rs. 25,000 crores, Rs. 26,000 crores because last year we got CAPEX of Rs. 26,000 crore. So, we expect that about Rs. 25,000 crore work projects will be capitalized next year. And similarly, in '27, '28 also, it will be around Rs. 28,000 crores. So, it will be in that range. Rs. 25,000 crores next year, Rs. 28,000 crores next to next year.

Ketan Jain: Understood. Just one last question, sir. Just one last question.

Moderator: Ketan, I request you to join back the queue, please, as we have other participants waiting for their turn.

Ketan Jain: Okay.

Moderator: Thank you. We'll take our next question from the line of Dhruv Muchhal from HDFC AMC. Please go ahead.

Dhruv Muchhal: Yes, sir. Thank you so much. Sir, in the consolidated numbers, the other income for last year was about Rs. 560 crores and this year is about Rs. 190 crores, a sharp drop. So, anything abnormal probably in this quarter or last year quarter?

R.K. Tyagi: I could not get why this is breaking?

Moderator: Dhruv, can you use your handset mode, please, and repeat the question?

Dhruv Muchhal: Yes. So, in the consolidated numbers, the other income last year same quarter was Rs. 560 crores and this year quarter is about Rs. 190 crores. There is a sharp drop here. So, anything abnormal probably in the last year quarter or this quarter?

G. Ravisankar: Normally, the other income includes some of the like interest and differential tariffs on the CERC orders and all, which are all normally used to be one time. So, on a yearly basis, the difference of variations of around Rs. 100 crores-Rs. 200 crores is the normal one.

Dhruv Muchhal: So, nothing abnormal in the numbers, either last quarter or current quarter?

G. Ravisankar: Nothing.

Dhruv Muchhal: Okay. Okay. Because if I adjust for the other income, your consolidated part is showing a decline in Y-o-Y. But if I adjust for the other income, the PAT is showing an increase. So, I'm just wondering, it's probably all because of the other income. So just trying to understand if there is something. No worries, sir. Sir, the other thing was the awarding seems to have slowed down a bit. Any particular reason why this is happening or probably just the tenders will happen and we'll start seeing momentum make up again?

R.K. Tyagi: Yes, TBCB, it is a cycle. Basically, sometimes it is very fast, sometimes it takes some time. So, it is likely to pick up.

Dhruv Muchhal: It's not because there are already a lot of...

R.K. Tyagi: We have so many projects in pipeline, but because of various approvals and you understand that there will be a lot of approvals required for any bidding process. So, there will be variations in the speed of this bidding process. So, it is likely to improve now. So, there's nothing to worry.

- Dhruv Muchhal:** Okay. And the last small question is your CAPEX for first half is about Rs. 15,000 crore. Generally, I believe 2H is much better than 1H given monsoons and everything. So, is it possible that we'll exceed Rs. 28,000 crores CAPEX number or Rs. 28,000 crore is safe to assume?
- R.K. Tyagi:** It will be Rs. 28,000 crore plus. So that we can assure it may go up.
- Dhruv Muchhal:** I was trying to understand the degree of plus here. How much higher than 28?
- R.K. Tyagi:** It may be somewhere between Rs. 28,000 crore to Rs. 30,000 crore.
- Dhruv Muchhal:** Okay, sir. Thank you so much. That's all and all the best.
- Moderator:** Thank you. Next question is from the line of Atul Tiwari from J.P. Morgan. Please go ahead.
- Atul Tiwari:** Yes, thanks a lot. Sir, you gave a guidance of about Rs. 25,000 crores to Rs. 26,000 crores capitalization in FY27 and Rs. 28,000 crore in FY28. I believe in some of the previous conference calls, you have guided to Rs. 35,000 crores to Rs. 40,000 crores rupees of capitalization in those years. So, is there some like persistent slowdown in the pace of capitalization that the company is seeing because of the issue or is this issue limited to this year only?
- R.K. Tyagi:** What we are saying that there is a time lag of about two years from capex to capitalization. So that is only because there will be many challenges of RoW and other things will be there. But considering that, you can assume that there will be two years of lagging. So last year, it was Rs. 26,000 crores. So, capitalization after two years will be about Rs. 25,000 crores to Rs. 26,000 crores. And since we are considering Rs. 28,000 crores capex, so I am saying that this capitalization will be about Rs. 28,000 crores.
- Atul Tiwari:** Okay, sir. And how much of transmission awarding is yet to be done as per NEP over next three years?
- R.K. Tyagi:** So exact figure I will check, but it is somewhere about Rs. 3.5 lakh crores out of Rs. 9.15 lakh crores is still pending. So, the exact figure I can confirm after this.
- Atul Tiwari:** So Rs. 3.5 lakh crores and all belonging to ISTS.
- Moderator:** I request you to join back the queue.
- Atul Tiwari:** Yes, I just have this one doubt on the answer. So, Rs. 3.5 lakh crores is the ISTS or it will take to report?
- G. Ravisankar:** Only ISTS.
- R.K. Tyagi:** ISTS. Yes.
- G. Ravisankar:** Only ISTS.
- Atul Tiwari:** Okay.

- Moderator:** Next question is from the line of Sumit Kishore from Axis Capital.
- Sumit Kishore:** Thanks for the opportunity. My first question is in relation to what is the bid pipeline at the moment for the next second half of the fiscal? And what is the status of the two HVDC projects which you had mentioned and we expected to get awarded in this fiscal? So, are they still on track or there are delays in their tendering and all? That's my first question.
- G. Ravisankar:** Sumit, your voice is not audible. Your voice is not clear. Can you please repeat?
- Moderator:** Sumit, please use your handset mode and repeat the question, please.
- Sumit Kishore:** Is this better?
- G. Ravisankar:** Yes.
- Moderator:** Yes.
- Sumit Kishore:** Yes. Sir, my question was in relation to the bid pipeline for the balance fiscal second half for the market for transmission and the status of the two HVDC projects that were expected to be awarded this fiscal. Is the tendering and award activity on track or is there a risk of spillover the next financial year? That's my first question.
- R.K. Tyagi:** Yes. You are talking about this Khavda to South Olpad is already finalized. And this Barmer to South Kalamb, it is likely to be completed in this financial year. So, we are expecting very soon that it is already approved in NCT and it is likely to be finalized in this financial year itself. Other projects may take some time.
- Sumit Kishore:** Okay. And so what is the total bid pipeline now for the balance fiscal for transmission?
- R.K. Tyagi:** Let me check the figure. We will come back.
- G. Ravisankar:** Around Rs. 45,000 crores.
- R.K. Tyagi:** We will exactly tell, but it may be around Rs. 45,000 crore worth. It may be more. Actually, considering HVDC, it will be more.
- G. Ravisankar:** Yes.
- R.K. Tyagi:** So we will revert. We should not give wrong feedback.
- G. Ravisankar:** Okay.
- R.K. Tyagi:** So we will look with that...
- Sumit Kishore:** Okay. Sir, when you said the Khavda South...
- Moderator:** I request you to join back the queue, please. As we have other participants waiting for their turn. Yes. Next question is from the line of Nikhil Nigania from Bernstein.

- Nikhil Nigania:** Hi. Sir, my first question is on the RoW point. The process you laid out on three different valuers, I think it seems quite adverse. So, if you could tell us, how much time is it adding to a project timeline in months or so?
- R.K. Tyagi:** For this finalization of a valuer and giving report by this valuer will be somewhere about one month.
- Nikhil Nigania:** That's it. Okay.
- R.K. Tyagi:** Because we are in the learning process. So, it took more time in Delhi. But the Government of India is in the process of issuing guidelines that within one month, this should be finalized.
- Nikhil Nigania:** And other states are also close to adopting this guideline, Rajasthan, Gujarat, etc.
- R.K. Tyagi:** So, yes, we are following up with all the states, including Ministry of Power is also considering and talking with all the states to adopt similar guidelines.
- Nikhil Nigania:** Got it, sir. Sir, my second question is...
- Moderator:** Nikhil, I request you to join back the queue, please.
- Nikhil Nigania:** Yes.
- Moderator:** Next question is from the line of Apoorva Bahadur from IIFL Capital.
- Apoorva Bahadur:** Hi, sir. Two questions. Firstly, on the equipment supply, you said it is improving and we are ordering in advance. Any chances of Chinese imports again being allowed in, especially in certain categories? And secondly, sir, we have been one of the early movers in the data center business. Any update on that now that we're finally seeing the traction over there? Any plans?
- R.K. Tyagi:** Yes. This Chinese import, as far as the present situation is there, we are not expecting it will continue. But we will have some progress, like the Chinese companies, which have set up their companies in India. So, there is some progress or there is some development in that area. So, we may have some approval for manufacturers -- Chinese manufacturers, who have developed factories in India. So, there may be some development in that area. But direct import from China, so far, we are not hearing anything.
- Apoorva Bahadur:** Okay, sir. And on the data center bit?
- R.K. Tyagi:** And data center -- for data center, actually, it is a learning curve for us. There have been some issues being faced and there are so many clarifications, and it is delayed -- data center is delayed. So maybe by Q4 only, we should be able to commission this, not in Q3.
- Apoorva Bahadur:** Sir, what size is this?
- R.K. Tyagi:** It is 1000 racks.
- Apoorva Bahadur:** Understood sir.

- Moderator:** We'll take our next question from the line of Bharani from Avendus.
- Bharani:** Yes. So, first question is a little bit conceptual. So, though we had close to Rs. 9000 crores of capitalization last year, the first half revenue, EBITDA, PAT is flat to a down minor -- in a minor way. So how should one understand it conceptually, because as a fixed cost-plus RoE model, there should be growth. So that is my first question.
- R.K. Tyagi:** Actually, so far, we have been executing projects under RTM. And now we are executing projects under TBCB. So, there is a difference in financial modeling or revenue modeling of these two projects -- two types of projects. In RTM, we used to get about 17% revenue on any project.
- Breakup was that we will get about 15.5% return on equity, which is about 30%. So 15.5% into 30%, which will be about 4.65%. Then there will be 70% loan. So, there will be about, say, 7%, assuming 7% interest rate. So, there will be about 4.9% will be interest on loan. And depreciation for initial 12 years will be 5.28%. Then there will be O&M charges in the range of about 1.8% to 2%. And then interest on working capital may be about 0.2% to 0.3%.
- So, this makes about 17% or 17% plus of revenue against any project. After 12 years, because we have projects which have been commissioned in 2010, 2011, 2012, 2013, in that range, which are getting completed 12 years of age. So, after 12 years, 5.28% depreciation will reduce to about 1.2%, 1.3%, because by 12 years, most of the depreciation has been recovered. So only balance may be about 27% in 23 years. So, making it about 1.1% to 1.2% per year depreciation as against 5.28% depreciation in initial 12 years. So, there will be net difference of about 4% revenue reduction only because of this.
- Second point will be that interest on loan because after 12 years, we will be paying most of the loan. So, interest on loan component will also become almost zero. So, this 4.9% plus 4%, so almost 9% reduction will be there in our revenue. So, assuming that there will be say last 12 years back, we commissioned about say Rs. 15,000 crores projects. So, Rs. 15,000 crore projects into 9%, it makes about Rs. 1,350 crores revenue will reduce each year.
- So, this financials, also our revenue has come down because of these two reasons, depreciation, and interest on loan. Whereas whatever projects we have commissioned, so normally we will get projects because our tariff is fixed for 35 years. So, we get about 11% to 12% of project cost as revenue.
- So, if we commissioned projects last year, about Rs. 9,500 crores worth projects, so maybe about Rs. 900 crores will be the increase in revenue because of these commissioned projects. So, net difference will be Rs. 400 crores to Rs. 500 crores difference will be there in revenue. So, that difference you will see in our revenue also. So, these are the basic, like you can say the rough calculations, the details we can share with you.
- G. Ravisankar:** No. I'd like to add to this. Actually, you see in the regulatory framework, EBITDA is not actually a right parameter to monitor in the sense that when we commissioned a new project as the Chairman was explaining, the EBITDA used to be in the range of 89%. And when you complete the life for the 35 years, the EBITDA will come down to 74%.

But your profit will remain same because I have a return on equity constant for the entire period. So, there is no worry that the profit is going to come down, but the EBITDA is not the right parameter to monitor. And another added to that, if you see the half year to half year, when you are comparing last half year, actually we have spent CSR of about Rs. 100 crores lesser than the current half year, which actually will get normalized over the full year.

And last half year, we got an order of POWERGRID Southern Interconnector Transmission System Limited, where we appealed to the regulatory authorities for waiving of the penalties and where we got around Rs. 209 crores as a one-time order impact in the last half year. So, these things added to only you are showing -- you are seeing a decline of around Rs. 300 crores. So, it is only because of this one-time impact. Otherwise, as such, there is no worry that the EBITDA is coming down or something.

And added to that, you see going forward also, we have a smart metering business where the EBITDA is hardly 10% to 15%. So, we are merging that in the consol. So, where the income and expenditure side, it was added. So, that is why you are seeing a lesser EBITDA of like 3% to 4%, it is declining. But as such, there is no worry that the profits are taken away by any expenditure or something like that.

Bharani: Sir, my follow-up...

Moderator: I request you to join back the queue, please. Next question is from the line of Anuj Upadhyay from Investec.

Anuj Upadhyay: Yes. Hi. Sir, two questions. One is on a clarification. When you mentioned that the Leh-Ladakh project price has now been revised to Rs. 30,000 crore. So is this Rs. 30,000 crore factor in our working hand of Rs. 153,000 or it is yet to be factored in?

Secondly, any further comment on the Brahmaputra opportunity, which you mentioned throws a robust opportunity, but when can we expect the tendering to be out or it would be directly allotted to the POWERGRID or it would be on a TBCB basis?

R.K. Tyagi: Yes. As far as Leh-Ladakh, we are still maintaining Rs. 20,000 crores only, because we have not got direction from Government of India about DC or AC. So, as we get this communication regarding AC network, then we will accordingly revise this guideline also for our CAPEX.

As far as this Brahmaputra, it is still in this study stage and it is likely to take some time. And third point, what you mentioned that whether it will be nominated to POWERGRID, it is unlikely because these are normal HVDC projects in plain area and it may be under TBCB. So far, we are not expecting that it will be based on nomination to POWERGRID.

Moderator: We'll take our next question from the line of Mahesh Patil from ICICI Securities.

Mahesh Patil: Yes. Sir, my first question is on the FY '28 CAPEX number. You have mentioned Rs. 35,000 crore for next year. Sir, what is the estimate for FY '28?

R.K. Tyagi: Estimated? Come again.

Mahesh Patil: Capex for FY '28.

G. Ravisankar: FY '28.

R.K. Tyagi: FY '28, we told it is Rs. 45,000 crore.

G. Ravisankar: Rs. 45,000 crore.

R.K. Tyagi: Rs. 35,000 crores is FY '27. FY '28 is Rs. 45,000 crores.

Mahesh Patil: Okay, sir. And sir, lastly on this Andaman-Paradeep project, what is the status there? If you can share some info.

R.K. Tyagi: Yes. Still there are discussion and approvals being taken by Government of India and there is no firm communication. You are talking about Andaman HVDC project undersea?

Mahesh Patil: Yes, sir. Yes.

R.K. Tyagi: Yes. So, there is no clear approval or direction from Government of India so far.

Mahesh Patil: Okay. And sir, last -- yes. If I may, sir, lastly, in terms of, sir, EESL, if you can share some update, what were the losses in this quarter and what are our plans regarding EESL, Energy Efficiency Services?

R.K. Tyagi: Yes. I request Director (Finance).

G. Ravisankar: Yes. Current half year -- around Rs. 126 crores in the half year has been included, from EESL compared to Rs. 92 crores in the last half year. And there is an additional Rs. 29 crores against the last quarter of around Rs. 58 crores, which is again on the adjustment of the final accounts. You can say that around Rs. 30 crores has been added on account of EESL in our consol.

Mahesh Patil: Okay, sir.

Moderator: Ladies and gentlemen, due to time constraints, we'll take that as the last question for today. I now hand over the call to management for closing comments. Over to you, sir.

R.K. Tyagi: Yes. So, thank you very much all investors for participation, for your valuable time. POWERGRID is committed to take care of your interest and we thank for your support in promoting POWERGRID in India. Whatever challenges we are having today because in power sector, especially in transmission business, when we go for erecting any tower in land of any landowner, there will be obvious resistance by landowner.

So, we are facing on daily basis, we are facing problems everywhere, wherever we are working. But we have a very dedicated team of our engineers and POWERGRID officials to take care and to improve efficiency of our execution.

As far as challenges of the supply of various equipment because of lot of demand in power sector, in ISTS, intrastate, then RE generation, and now we will be having more demand because

of green hydrogen transmission network, data center transmission network. So, these challenges are going to increase in days to come. But rest assured that we are very competent -- we have very competent team to take these challenges and work for the interest of our stakeholders. Thank you very much.

Moderator:

Thank you members of the management team. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.