

July 29, 2010

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES/INSTRUMENTS AND ASSIGNS A 'CARE AAA' RATING TO THE LONG-TERM BORROWING PROGRAMME OF POWER GRID CORPORATION OF INDIA LTD.

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Borrowing Programme for FY11	6,368.0	'CARE AAA' (Triple A)	Assigned
Long-term Borrowing Programme for FY10	6,878.0	'CARE AAA' (Triple A)	Reaffirmed
Long-term Borrowing Programme for FY09	3,697.5	'CARE AAA' (Triple A)	Reaffirmed
Long-term Bonds Issue (Series XXVI & XXVII)	1,704.0	'CARE AAA' (Triple A)	Reaffirmed
Long-term Bank Facilities	845.84	'CARE AAA' (Triple A)	Reaffirmed
Short-term Bank Facilities	1350.0	'PR1+' (PR One Plus)	Reaffirmed
Total Facilities	20,843.34		

Rating Rationale

The ratings continue to take into account PGCIL's pivotal role in the Indian power sector through developing and maintaining inter-state and inter-regional electric power transmission system and national grid management, consistent increase in revenue and profitability through high operating efficiency. The ratings also consider the favourable regulatory framework having a cost plus tariff structure and majority ownership by the Government of India (GoI). Going forward, sustaining timely collection of dues from its customers (State-owned utilities having relatively weak credit risk profiles) and successfully managing the large capital expenditure plans would be the key rating sensitivities.

Company Profile

PGCIL, incorporated in October 1989 is India's principal electric power transmission company. It owns and operates most of India's interstate and inter-regional electric power transmission systems with inter-regional power transfer capacity of about 20,800 MW and wheels nearly 45% of total power generated across India. GoI holds 86.36% stake in PGCIL.

¹Complete definition of the ratings assigned are available at www.careratings.com including other CARE publications

Total operating income of PGCIL increased by 25% to Rs.7,127 cr during FY10 on account of commissioning of new projects and increased revenue from telecom & consultancy segments. PGCIL maintained strong operational efficiency with system availability of 99.77% during FY10 ensuring stable operating cash flows. The company earned PAT (after prior period items) of Rs.2,041 cr for FY10.

Analyst Contact

Name: Jyotsna Gadgil

Tel: 011-23716199

Mobile: 9811552926

Email: jyotsna.gadgil@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Praladnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail : Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar Hyderabad - 500 029 Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>