



पावरग्रिड

POWER GRID CORPORATION OF INDIA LIMITED

Our Company was incorporated in New Delhi on October 23, 1989 under the Companies Act, 1956 (the "Companies Act 1956") as a public limited company under the name "National Power Transmission Corporation Limited". For more information on change in the name of our Company and our registered office, see "History and Certain Corporate Matters" on page 131 of the Red Herring Prospectus dated November 15, 2013.

Registered Office: B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi 110 016, India **Tel:** +91 (11) 2656 0112 **Fax:** +91 (11) 2656 4849
Corporate Office: "Saudamini", Plot No.2, Sector 29, Gurgaon 122 001, Haryana, India **Tel:** +91 (124) 2571 700 **Fax:** +91 (124) 2571 848;
Company Secretary and Compliance Officer: Ms. Diviya Tandon, Company Secretary **Tel:** +91 (124) 2571 968 **Fax:** +91 (124) 2571 891
E-mail: investors@powergridindia.com **Website:** www.powergridindia.com

ADDENDUM NOTICE TO THE INVESTORS

Promoter: President of India, acting through the Ministry of Power, Government of India ("MoP") and the Ministry of Development of North Eastern Region, Government of India ("MoDoNER")

FURTHER PUBLIC OFFER OF 787,053,309 EQUITY SHARES OF ₹ 10 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF ₹ 90* PER EQUITY SHARE OF POWER GRID CORPORATION OF INDIA LIMITED ("POWERGRID", "OUR COMPANY" OR "THE ISSUER") AGGREGATING ₹ 69,586.4* MILLION (THE "OFFER"). THE OFFER COMPRISES A FRESH ISSUE OF 601,864,295 EQUITY SHARES BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 185,189,014 EQUITY SHARES BY THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF POWER, GOVERNMENT OF INDIA (THE "SELLING SHAREHOLDER") (THE "OFFER FOR SALE"). THE OFFER COMPRISES A NET OFFER TO THE PUBLIC OF 784,053,309 EQUITY SHARES ("THE NET OFFER") AND A RESERVATION OF 3,000,000 EQUITY SHARES FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED IN THE RED HERRING PROSPECTUS) (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER WOULD CONSTITUTE 15.04% OF THE POST OFFER PAID-UP EQUITY CAPITAL OF OUR COMPANY AND THE NET OFFER WOULD CONSTITUTE 14.99% OF THE POST OFFER PAID-UP EQUITY CAPITAL OF OUR COMPANY.

OFFER PRICE: ₹ 90 PER EQUITY SHARE*

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH AND THE OFFER PRICE IS NINE TIMES THE FACE VALUE.

*Discount of ₹ 4.5 to the Offer Price was offered to Retail Individual Investors ("Retail Discount") and Eligible Employees bidding in the Employee Reservation Portion (the "Employee Discount").

#Subject to adjustment for any withdrawals in the Employee Reservation Portion and the Retail Category along with the Employee Discount and the Retail Discount offered to the Eligible Employees and the Retail Individual Investors, respectively, and subsequent reallocation in the Net Offer.

In relation to the Offer, our Company has filed the Red Herring Prospectus dated November 15, 2013, (the "RHP") with the Registrar of Companies, National Capital Territory of Delhi and Haryana ("RoC").

Investors should note the following:

The CERC released the draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 ("Draft Tariff Regulation") specifying the terms and conditions of tariff for the control period from April 1, 2014 until March 31, 2019. CERC has sought comments or suggestions on the Draft Tariff Regulation on or before January 8, 2014 and the public hearing on the Draft Tariff Regulation will be held on January 15, 2014 and January 16, 2014.

While the Draft Tariff Regulation has retained the computation of return on equity at the base rate of 15.5% for transmission systems, it has proposed certain amendments to the Tariff Regulations, including (i) in the event the commercial operation date is delayed beyond 180 days from the date of issue of the tariff order, the transmission licensee shall be required to file a fresh application for determination of tariff after the date of commercial operation; (ii) in the event of excess recovery of tariff in case the capital cost considered in the tariff exceeds the actual capital cost by more than 5%, the transmission licensee will refund the excess tariff recovered corresponding to the excess capital cost, as approved by the CERC, along with interest at the rate of 1.2 times of the bank rate as prevalent on April 1 of the respective year. In case of under recovery of tariff, in case the capital cost considered in the tariff falls short of the actual capital cost by more than 5%, the transmission licensee will recover the shortfall in tariff, as approved by the CERC, along with interest at the rate of 0.8 times of the bank rate as prevalent on April 1 of the respective year; (iii) for claiming full transmission tariff, the Normative Annual Transmission Availability Factor (NATAF), in percentage is 98% in respect of alternate current system, 95% in respect of HVDC back-to-back stations and 95% in respect of HVDC bi-pole link. Pro-rata recovery, in accordance with the tariff determination formula, shall be affected if the availability of network falls below the above mentioned normative availability. However, for the purpose of incentive, the NATAF has been proposed to be 99% for alternate current system and 98% for HVDC back-to-back stations and bi-pole links; and (iv) any tax on other income stream (including incentive) shall not be recovered from customers/ D/C and shall be payable by transmission licensee.

It is uncertain whether the Draft Tariff Regulation will be adopted in its present form and the adverse impact of any amendment to the Tariff Regulations on our Company is currently unclear. There can be no assurance that the terms discussed above either in its current form or in any modified form in the final tariff regulations will not adversely affect the business, financial condition and results of operations of the Company.

The Prospectus to be filed by our Company with the RoC will be updated accordingly and suitable disclosures will be made in the "Risk Factors", "Regulations and Policies in India" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Capitalized terms used herein and not specifically defined herein shall have the respective meanings assigned to them in the RHP.

For Power Grid Corporation of India Limited

On behalf of the Board of Directors

Place : New Delhi

Date: December 10, 2013

Sd/-
Chairman & Managing Director

Power Grid Corporation of India Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make a further public offering of its equity shares and has filed a Red Herring Prospectus with the Registrar of Companies, National Capital Territory of Delhi and Haryana and the Securities and Exchange Board of India ("SEBI"). The Red Herring Prospectus is available on the website of the SEBI and the websites of SBI Capital Markets Limited, Citigroup Global Markets India Private Limited, ICICI Securities Limited, Kotak Mahindra Capital Company Limited and UBS Securities India Private Limited, the BRLMs. Any potential investors should note that investment in equity shares involves a high degree of risk. For details, potential investors should refer to the Red Herring Prospectus which has been filed with the Registrar of Companies, National Capital Territory of Delhi and Haryana, including the section titled "Risk Factors".

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933 or any state securities laws in the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act of 1933 and in accordance with any applicable U.S. state securities laws. The Equity Shares are being offered and sold only (1) in the United States to persons reasonably believed to be "qualified institutional buyers" as defined in Rule 144A, and (2) outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdiction where such offers and sales occur. Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this advertisement constitutes an offer or an invitation by or on behalf of either the Issuer or the Selling Shareholder or the BRLMs or the Syndicate Members to subscribe for or purchase any of the securities described therein. If a jurisdiction requires that the offering be made by a licensed broker or dealer and either the BRLM or a Syndicate Member or any affiliate of such BRLM or Syndicate Member is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such BRLM or Syndicate Member or any of its eligible affiliates on behalf of the Issuer and the Selling Shareholder in such jurisdiction. No public offering of securities is contemplated in the United States or any other jurisdiction outside India.