# INVasset Corporate Insights

# पावरग्रिड POWERGRID

11th March, 2024

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India's Best Performing and Most Customer Centric PMS

Power Grid Corporation of India Limited (PGCIL) is a Maharatna CPSU and India's largest electric power transmission company.
Established in 1989. PGCIL, has emerged as the foremost player in India's power transmission sector. Its expertise lies in the deployment of extra-high voltage alternating current (AC) and high-voltage direct current (HVDC) transmission lines, essential for efficient power distribution across the country.
Government of India (GoI) holds a majority stake of 51.34% . The substantial GoI stake underscores the company's strategic importance in India's energy landscape, ensuring alignment with national priorities.

**Revenue Breakdown:** Transmission charges contribute 89% to the company's revenue, highlighting its core business focus. Diversification into consultancy (1.2%) and telecom (1.8%) sectors ensures a balanced revenue stream. PGCIL's revenue streams are primarily derived from transmission charges, reflecting its core competency in power transmission operations. However, the company also diversifies its income sources through consultancy and telecom services, mitigating risks and ensuring financial stability.

**Government Strategic Importance:** Plays a vital role in India's power sector development, owning 85% of the interstate transmission network and carrying 45% of power generated in India. Receives government support for strategic projects and equity reinforcement, ensuring continued growth and project awards. PGCIL's significance in India's power sector cannot be overstated. With a vast network covering 85% of the interstate transmission and handling nearly half of India's power, the company is pivotal in ensuring energy security and grid stability.

**Infrastructure Highlights:** Boasts an extensive transmission network comprising 172,192 ckm of transmission lines and 264 substations. Consistently maintains system availability exceeding 99%, with a transformation capacity of 469,607 MVA. PGCIL's robust infrastructure includes a vast network of transmission lines and substations. With a remarkable system availability rate exceeding 99%, the company demonstrates its capability to meet the nation's growing energy demands with utmost reliability and efficiency.

**Innovation and Research Development:** PGCIL prioritizes innovation and research development to stay at the forefront of technological advancements in the power transmission sector. By placing a strong emphasis on innovation and research development its enhances operational efficiency and helps in meeting evolving industry standards. The company invests in cutting-edge technologies and collaborates with research institutions and industry partners to develop innovative solutions for power transmission challenges.

**Operational Excellence:** PGCIL maintains exceptional operational efficiency, evident from its impressive system availability rate of 99.76%, exceeding regulatory standards set by the Central Electricity Regulatory Commission (CERC). This relentless pursuit of excellence underscores the company's commitment to reliability and customer satisfaction.

| Stock Data | |
|---|---|
| CMP (11-03-2024) | 285.55 |
| 52 Week High/Low | 164.03 / 298.90 |
| Face Value | 10 |
| Market Cap (In Crs) | 2,65,578 |
| Enterprise Value (In Crs) | 3,77,998 |
| NSE | POWERGRID |
| BSE | 532898 |
| Bloomberg | PGWR:IN |
| Sector | Power Transmission |

| Shareholding Pattern (in %) | | |
|---|---|---|
| | DEC 23 | SEP 23 |
| Promoter | 51.34 | 51.34 |
| FII | 30.51 | 32.01 |
| DII | 14.77 | 13.21 |
| Public | 3.37 | 3.44 |

| Price Performance (in%) | | | |
|---|---|---|---|
| (%) | 1M | 6M | 1Yr |
| Nifty 50 | 1.83 | 13.21 | 26.09 |
| PGCIL | 6.57 | 48.15 | 67.62 |

| Key Ratios | |
|---|---|
| P/E | 16.9 |
| P/S | 5.75 |
| P/B | 3.06 |
| Debt To Equity | 1.38 |
| ROE | 19.6 |
| ROCE | 13.1 |
| Dividend Yield | 3.87 |

## Q3 FY 24 Result Update

| Q3 FY24 Result Comparison (In Rs Cr) | | | | | |
|---|---|---|---|---|---|
| | Q3 FY24 | Q2 FY24 | Q3 FY23 | QOQ | YOY |
| Sales | 11550 | 11267 | 11262 | 2.51% | 2.56% |
| EBITDA | 10555 | 9973 | 10394 | 5.84% | 1.55% |
| EBIT | 7262 | 6696 | 6987 | 8.45% | 3.94% |
| Net Profit | 4028 | 3781 | 3645 | 6.53% | 10.51% |
| EPS | 4.33 | 4.07 | 3.92 | 6.39% | 10.46% |

## Result Highlights

In the third quarter of FY24, Power Grid Corporation demonstrated continued growth across key financial metrics compared to the previous quarters. Sales increased by 2.51% compared to Q2 FY24, reaching 11,550 crore, reflecting sustained revenue momentum. Similarly, EBITDA and EBIT recorded robust growth, rising by 5.84% and 8.45%, respectively, showcasing improved operational efficiency and profitability. Net Profit also saw a notable uptick, with a 6.53% increase compared to the previous quarter, reaching 4,028 crore. This positive performance underscores the company's resilience and ability to capitalize on market opportunities amidst evolving industry dynamics.

Moreover, on a year-on-year basis, Power Grid Corporation exhibited steady growth, with all financial metrics showing significant improvement compared to Q3 FY23. Sales, EBITDA, EBIT, Net Profit, and EPS increased by 2.56%, 1.5%, 3.94%, 10.51%, and 10.46%, respectively. This consistent growth trajectory reflects the company's strong fundamentals, effective strategic execution, and sustained focus on enhancing shareholder value. Power Grid Corporation's solid financial performance reaffirms its position as a leader in the power transmission sector and underscores its potential for continued growth and value creation in the future.

**Technological Innovation and Grid Modernization:** Power Grid's focus on technological innovation and grid modernization initiatives is a standout feature. The company consistently invests in advanced automation, smart grid solutions, and digital technologies to enhance the efficiency, reliability, and resilience of its transmission network.
By embracing cutting-edge technologies, such as SCADA systems, IoT (Internet of Things), and AI (Artificial Intelligence), Power Grid can optimize grid operations, proactively detect faults, and remotely control transmission assets, thereby minimizing downtime and improving service quality. Additionally, Power Grid's emphasis on research and development fosters collaboration with leading technology providers, academia, and research institutions, driving innovation in areas such as renewable energy integration, energy storage, and grid cybersecurity.

**Environmental Sustainability and Renewable Energy Integration:** Power Grid demonstrates a strong commitment to environmental sustainability and renewable energy integration, aligning with global efforts to mitigate climate change and reduce carbon emissions. The company actively promotes the development and integration of renewable energy sources, such as solar, wind, and hydroelectric power, into the national grid, facilitating the transition to a cleaner and more sustainable energy mix.
Through strategic investments in transmission infrastructure for renewable energy projects, Power Grid plays a pivotal role in enabling the seamless integration of intermittent renewable resources, optimizing energy transmission, and facilitating the evacuation of renewable power from resource-rich regions to demand centers.

**Global Expansion and Cross-Border Partnerships:** Power Grid's proactive approach to global expansion and cross-border partnerships underscores its ambition to leverage international opportunities, diversify revenue streams, and enhance its global footprint. The company collaborates with international counterparts, multilateral agencies, and foreign governments to explore joint ventures, investment opportunities, and technology transfer initiatives, fostering knowledge exchange and cross-cultural collaboration.

Through strategic investments in overseas transmission projects, consultancy services, and participation in international forums, Power Grid contributes to enhancing energy connectivity, promoting regional cooperation, and supporting sustainable development goals on a global scale.

## Concall Highlights

**Maharatna Status:** The 'Maharatna' status is conferred upon select central public sector enterprises (CPSEs) in India, signifying their exceptional performance, global competitiveness, and significant contribution to the country's economy. Power Grid's attainment of Maharatna status highlights its exemplary track record in the power sector, solidifying its position as a key player with a national and international impact. This status grants Power Grid greater autonomy in decision-making, including investments and expansion plans, further bolstering its ability to drive growth and innovation in the sector.

**Extensive Transmission Network:** Power Grid's transmission network is a vital component of India's power infrastructure, comprising high-voltage transmission lines, substations, and interconnections across various states and regions. The extensive network plays a critical role in transmitting electricity from power generation sources to distribution utilities and end consumers, ensuring reliable and efficient power supply nationwide. Moreover, Power Grid's network extends beyond India's borders, facilitating cross-border power trade and strengthening regional energy security.

**Financial Strength:** Power Grid's strong financial position is characterized by sound fundamentals, prudent financial management, and consistent profitability. The company's robust credit rating underscores its creditworthiness and ability to raise funds at competitive rates in both domestic and international markets. This financial strength enables Power Grid to undertake capital-intensive projects, expand its transmission network, and invest in new technologies, driving sustainable growth and value creation for shareholders.

**Recent Project Wins:** Power Grid's success in securing Transmission System Strengthening projects through competitive bidding underscores its competitiveness and capability to win contracts in a transparent and competitive environment. These wins highlight Power Grid's technical expertise, project execution capabilities, and adherence to regulatory requirements. Moreover, winning such projects enhances the company's revenue visibility, strengthens its order book, and reinforces its market leadership position in the transmission segment.

**Operational Excellence:** Power Grid's commitment to operational excellence is reflected in its high transmission system availability, which exceeds international benchmarks. Achieving and maintaining high system availability requires rigorous maintenance practices, proactive asset management, and investment in advanced monitoring and control technologies. Power Grid's operational reliability ensures grid stability, minimizes downtime, and enhances the resilience of India's power infrastructure, ultimately benefiting consumers and stakeholders.

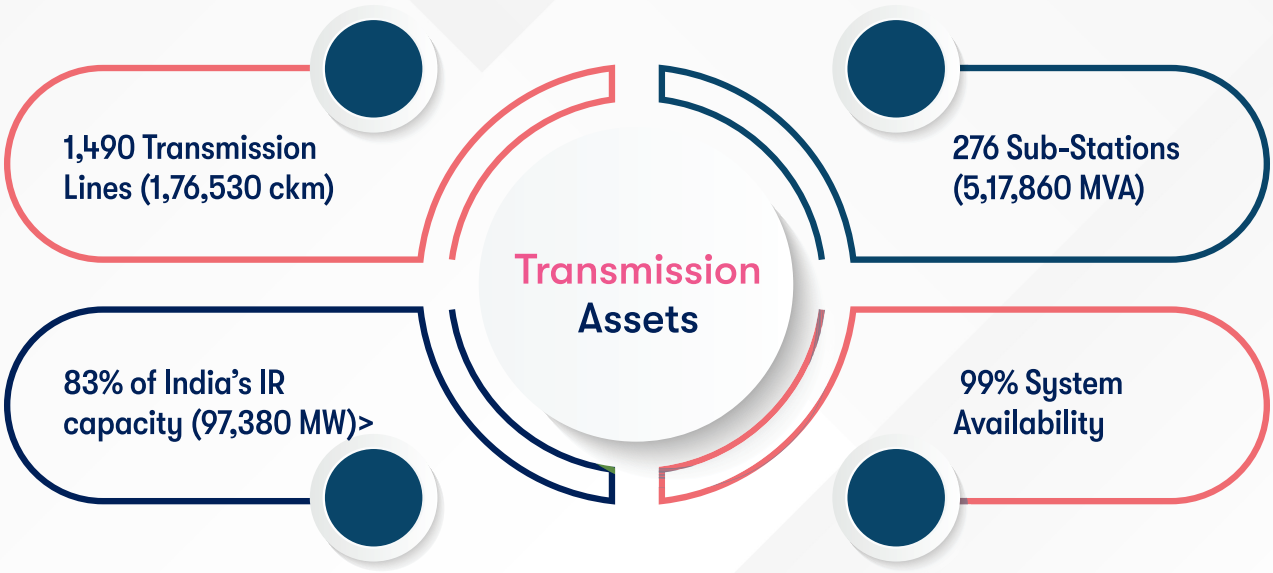
**ESG Focus:** Environmental, Social, and Governance (ESG) factors are integral to Power Grid's corporate strategy, guiding its decision-making and business practices. The company's initiatives to reduce carbon emissions, minimize environmental impact, and promote social welfare demonstrate its commitment to sustainable development and responsible corporate citizenship. By integrating ESG considerations into its operations, Power Grid aims to create long-term value for all stakeholders while contributing to environmental conservation and social progress.

**Investment in Automation:** Power Grid's investment in automation and control technologies is aimed at modernizing its grid infrastructure, enhancing operational efficiency, and ensuring reliable power delivery. By deploying advanced automation systems, such as SCADA (Supervisory Control and Data Acquisition) and smart grid solutions, Power Grid can monitor, control, and optimize grid operations in real-time, thereby improving grid stability, reducing transmission losses, and enhancing overall system performance. This investment reflects Power Grid's commitment to innovation and technological leadership in the power sector.

**Awards and Recognition:** Power Grid's receipt of corporate impact awards and recognition for its digital initiatives underscores its commitment to excellence, innovation, and corporate social responsibility. These accolades validate Power Grid's efforts to create value beyond financial returns by addressing societal needs, promoting sustainable development, and fostering technological innovation. Moreover, such recognition enhances Power Grid's brand reputation, strengthens stakeholder trust, and reinforces its position as a socially responsible corporate citizen.

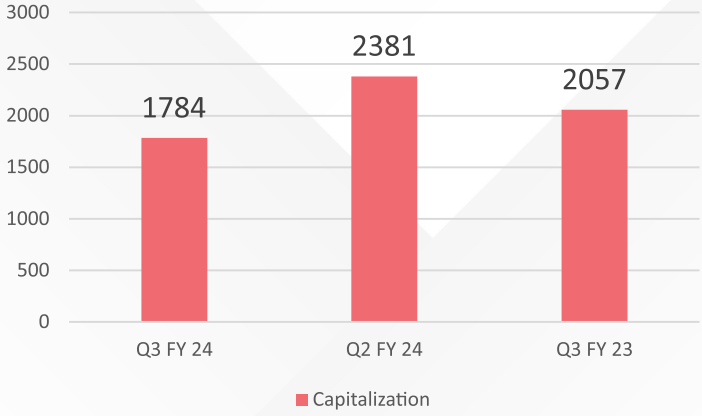
**Expansion Projects:** Power Grid's undertaking of expansion projects, such as the Lower Subansiri to Biswanath Chariali transmission link, demonstrates its role in strengthening and expanding India's power transmission infrastructure. These projects involve the construction of new transmission lines, substations, and associated infrastructure to connect power generation sources with demand centers, thereby enhancing grid reliability, reducing transmission constraints, and supporting economic development in underserved regions. Power Grid's proactive approach to infrastructure expansion aligns with India's energy security objectives and contributes to the country's socio-economic growth.

**Future Outlook and Growth Prospects:** Power Grid's forward-looking statements, including its investment plans, growth projections, and strategic priorities, offer stakeholders valuable insights into the company's future trajectory and potential value creation opportunities. By articulating its vision, goals, and strategies for sustainable growth, Power Grid provides investors, analysts, and other stakeholders with a clear roadmap for assessing its long-term prospects and evaluating its investment attractiveness. Moreover, the company's proactive approach to capitalizing on emerging trends, such as renewable energy integration, grid modernization, and digital transformation, positions it well to capitalize on future opportunities and navigate potential challenges effectively.

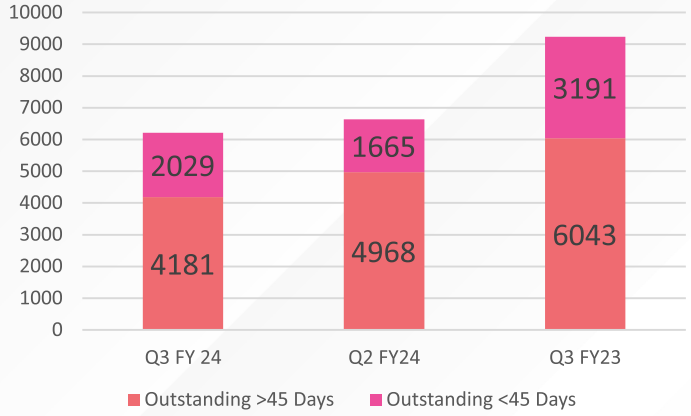



## Story Through Charts

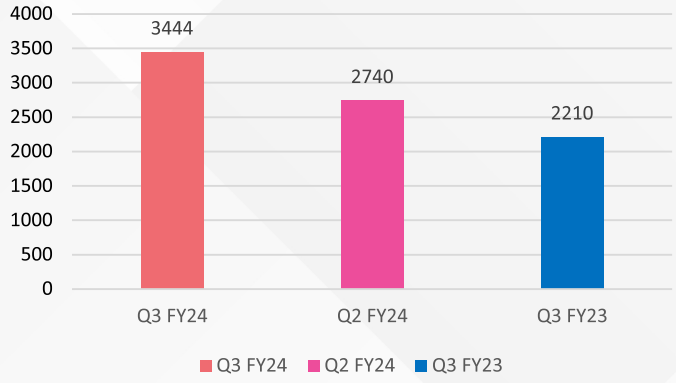
### Capitalization (In Cr)



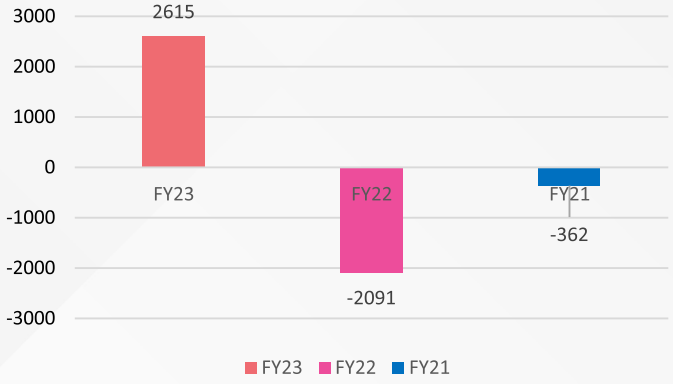

### Outstanding Dues (In Cr)



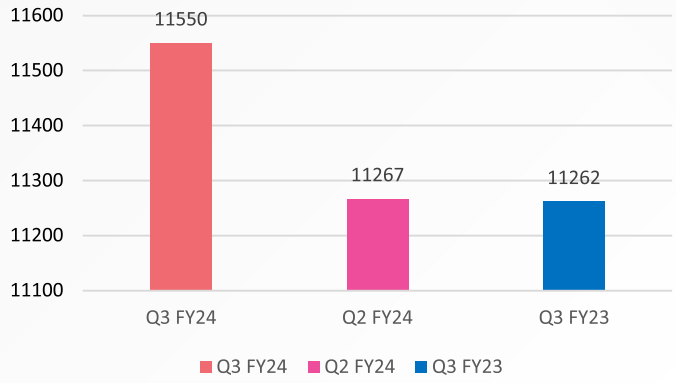
## Capex (In Cr)



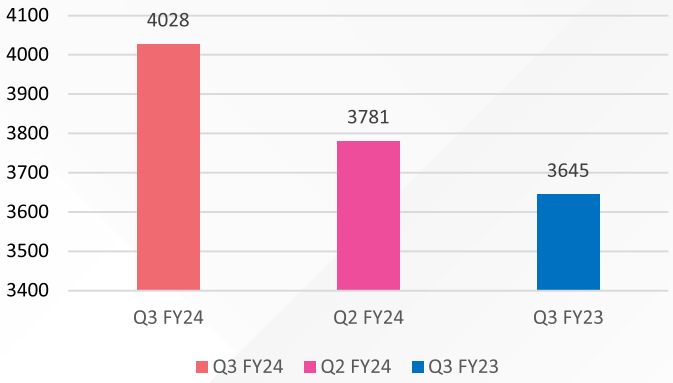

## Cash Flows (In Cr)



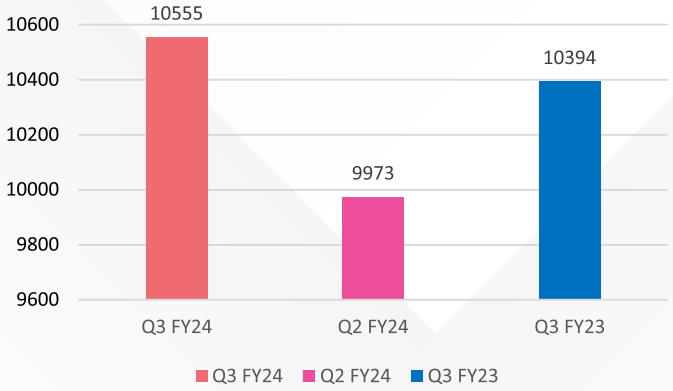

## Revenue (In Cr)



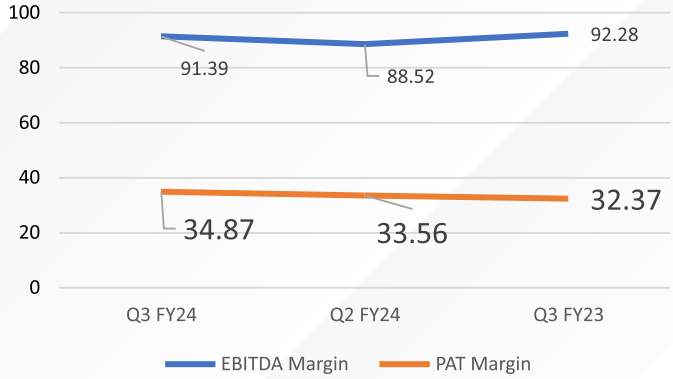

## PAT (In Cr)



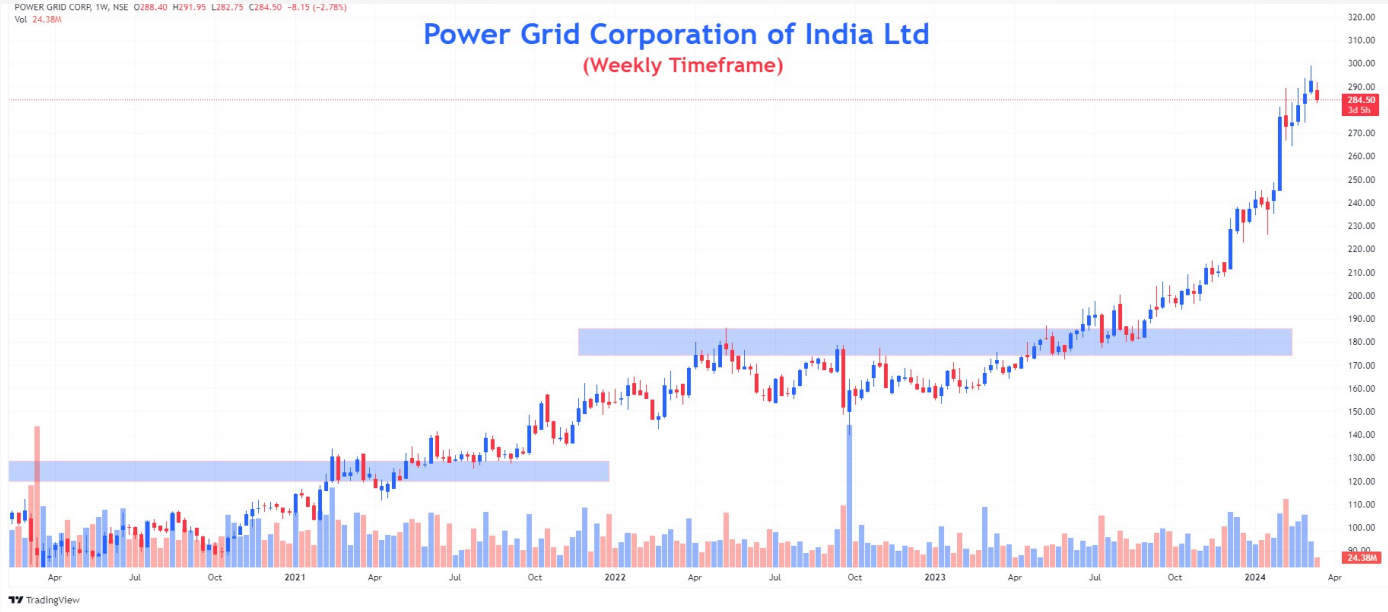

## EBITDA (In Cr)




## EBITDA & PAT Margin(In %)



## Technical Outlook




The weekly chart for Power Grid Corporation of India Ltd shows a bullish trend over the past year, with the price increasing steadily from around 140 in early 2022 to a high of just over 285 in 2024. The volume of trades has varied, with significant peaks accompanying price increases. Recently, there has been a minor retracement, with the price dropping by 2.43% in the latest week. The overall trend remains upward, with the stock trading at 285.55 at the chart's last update.

Power Grid Corporation's technical indicators show strength in the trend with the moving averages (MA) suggesting an upward momentum as shorter MAs are above the longer ones. The 5-day simple moving average (SMA) and exponential moving average (EMA) are around 292, indicating recent price increases. The 200-day MA reflects longer-term support levels at 213.8 (SMA) and 223.2 (EMA).

The Relative Strength Index (RSI) is at 55.31 for the daily and a bullish 77.59 for the weekly, suggesting a strong upward trend but potentially approaching overbought territory on a weekly basis.

| Moving Averages Days | Simple Moving Average | Exponential Moving Average |
|---|---|---|
| 5 | 292.6 | 292.0 |
| 10 | 289.3 | 289.3 |
| 20 | 283.6 | 283.3 |
| 50 | 263.0 | 266.2 |
| 100 | 239.2 | 246.2 |
| 200 | 213.8 | 223.2 |

| Pivot Levels : FIBONACCI | | |
|---|---|---|
| R1 297.37 | Pivot 294.18 | S1 289.47 |
| R2 302.08 | | S2 286.28 |
| R3 305.27 | | S3 281.57 |

| | Daily | Weekly |
|---|---|---|
| Relative Strength Index (RSI) | 55.31 | 77.59 |

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