



KEY HIGHLIGHTS

1. RESULTS OVERVIEW:

- Power Grid Corporation of India Ltd Q1FY25 consolidated revenues came in at ₹11,006, -0.38% YoY & -8.11% QoQ.
- EBITDA for Q1FY25 is at 9540, +2.23% YoY & -3.86% QoQ.
- EBITDA Margins Q1FY25 is at 86.68%, 221 bps YoY & 384 bps QoQ.
- PAT for Q1FY25 is at 3724, +3.53% YoY & -10.61% QoQ.
- PAT Margins Q1FY25 is at 33.84%, 128 bps YoY & -94 bps QoQ.

2. MANAGEMENT COMMENTARY:

- Increased FY25 Capex from ₹15,000 crore to ₹18,000 crore due to new project additions. With more projects expected, FY26 and FY27 may see capitalizations of ₹25,000 crore and ₹30,000 crore respectively.
- Maintained high availability at 99.80%, surpassing international standards. The network is benchmarked by UMS, indicating top reliability and cost-efficiency.

3. SEGMENTAL ANALYSIS:

- Q1FY25 Revenue Break: (94.56%), Telecom (1.94%), Consultancy (1.07%).
- Q1FY25 Segment Result: Transmission (98.31%), Telecom (1.70%), Consultancy (0.18 %).

4. CONCALL SUMMARY

- While debt-to-equity is at a low 58:42 ratio, the company plans to leverage more debt as Capex increases, supported by stable cash flows and consistent dividend distributions.
- India's push for a \$5 trillion economy and renewable initiatives like the 125 GW RE capacity for green hydrogen production underscore POWERGRID's growth, with ₹1, 90,500 crore anticipated in transmission projects alone.
- POWERGRID anticipates over ₹1 lakh crore worth of transmission projects in the pipeline. With more than 70% likely to materialize this fiscal year, it aims to secure a substantial share through competitive bidding.
- Added 35 telecom customers in Q1 and initiated a 1,000-rack data center in Manesar. Plans are in place to expand data center facilities to other metros, leveraging POWERGRID's telecom infrastructure.
- With the government's focus on green hydrogen, POWERGRID highlighted its involvement in planning transmission for dedicated green hydrogen hubs in Paradeep, Gopalpur, Kakinada, Khandala, and Tuticorin. Transmission capacity planning for 125 GW RE is also under development.

5. OTHER DEVELOPMENTS:

- POWERGRID signed a MoU with ISRO to monitor transmission towers in geologically challenging areas using satellite data.
- POWERGRID emerged as the lowest bidder (L1) in three ISTS projects, securing RE Power projects in Jaisalmer and Barmer and HVDC Phase III.
- Initiated India's first offshore wind evacuation project with a ₹13,000 crore cost for 1 GW. This project will set cost benchmarks for future offshore projects.

6. VALUATION & OUTLOOK:

- POWERGRID's expansion in renewable energy transmission supports India's 2030 target of 500 GW non-fossil fuel capacity. This makes POWERGRID essential for India's energy transition, integrating variable sources like solar and wind, promoting energy security, and maintaining high transmission reliability.
- Increasing portfolio of Tariff-Based Competitive Bidding (TBCB) projects, bolster the future earnings of the organization.
- We reiterate a "BUY" rating on the stock & value the stock at 18x FY26E earnings to arrive at the target of ₹365.

RECOMMENDATION - BUY

CMP – 317

TARGET – 365 (15%)

Industry	Power Distribution
NSE CODE	POWERGRID
BSE CODE	543720
Market Cap (₹ Cr)	2,99,479
Shares O/S (in Cr)	930
52 wk High/Low (₹)	366.25 / 196.3
P/E	18.8
P/BV	3.29
Face Value (₹)	10.00
Book Value (₹)	97.74
EPS (FY23) (₹)	16.74
Dividend Yield (%)	4.06
Debt / Equity	1.42
Interest Coverage	3.11

SHAREHOLDING PATTERN

	Sep 24	Jun 24	Mar 23
Promoters	51.34	51.34	51.34
MF/ DII	12.26	11.61	10.91
FII/FPI	28.26	28.72	29.82
Retail & Others	3.51	3.62	3.57
Promoter Pledging	0.00	0.00	0.00

FINANCIAL SNAPSHOT (₹ Cr)

Y/E March	2024A	2025E	2026E
Crete			
Sales	45843	50624	55660
Sales Gr. (%)	0.53	10.43	9.95
EBITDA	39902	44736	49555
EBITDA %	89.4%	88.4%	89.0%
PAT	15573	16755	18896
EPS (₹)	16.7	18.0	20.3
EPS Gr. (%)	1.0	8.0	13.0
Ratios			
RoE (%)	18.30	16.66%	16.34%
RoCE (%)	12.93	17.44%	16.29%
Valuation			
P/E (x)	16.55	17.8	15.8

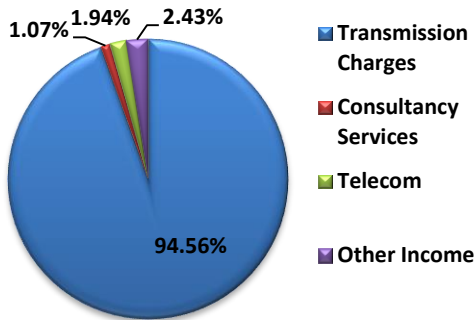
Historical & Industrial Val Ratios

Historical P/E	18.73
Industry P/E	28.66
Historical P/B	3.29
Industry P/B	3.59

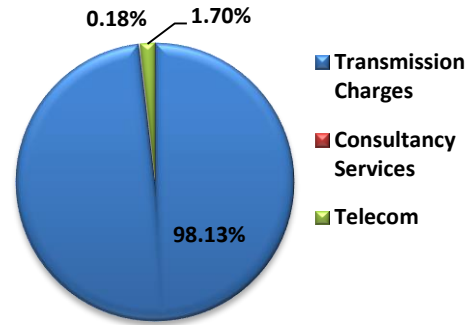


Segment Analysis (Q1FY25)

Revenue Mix (Q1 FY25)



Segment Result (Q1 FY25)



QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

Y/E March	FY23			FY24				FY25	FY25	FY26
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		
Net sales	11,151	11,262	12,264	11,048	11,267	11,550	11,978	11,006	50,624	55,660
YoY change (%)	8.61%	7.80%	14.76%	1.31%	1.04%	2.56%	-2.33%	-0.38%	10.43%	9.95%
Expenses	1,785	1,368	1,433	1,716	1,557	1,375	2,055	1,466	5,888	6,105
EBITDA	9,366	9,893	10,831	9,332	9,710	10,175	9,923	9,540	44,736	49,555
Margins (%)	84%	88%	88%	84%	86%	88%	83%	87%	88.4%	89.0%
Other income	199	500	294	209	263	380	389	302	14,314	15,498
Interest	2,187	3,012	2,475	2,057	2,341	2,446	1,928	2,039	9,107	9,887
Depreciation	3,317	3,407	3,314	3,266	3,277	3,293	3,259	3,200	1,025	1,025
PBT	4,060	3,975	5,335	4,218	4,355	4,816	5,125	4,603	22,340	25,195
Tax%	10%	8%	19%	15%	13%	16%	19%	19%	25%	25%
Adjusted PAT	3,650	3,645	4,323	3,597	3,781	4,028	4,166	3,724	16,755	18,896
EPS	3.92	3.92	4.65	3.87	4.07	4.33	4.48	4	18.0	20.3

Key Performance Indicators

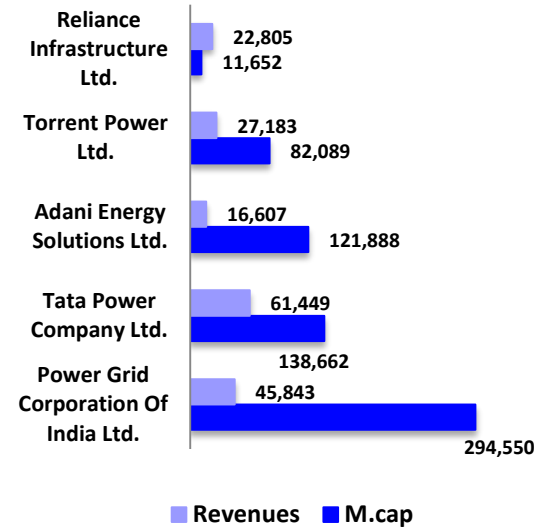
RM Cost (% of Sales)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Staff Cost (% of Sales)	5.9%	5.4%	5.5%	5.4%	5.2%	5.3%	5.4%	5.6%		
Interest Cost (% of Sales)	19.6%	26.7%	20.1%	18.6%	20.8%	21.2%	16.1%	18.5%		
EBITDA Margin (%)	84.5%	87.8%	89.0%	87.6%	87.9%	88.4%	84.3%	87.2%		
PAT Margin (%)	34.9%	32.7%	32.4%	35.2%	32.6%	33.6%	34.9%	34.8%		

Source: Company, Hem Securities Research.

INDUSTRY OVERVIEW

- India has one of the world's largest transmission systems, with ~450,000 circuit kilometers (Ckm) of transmission lines and 1,100 GW of transformation capacity, ensuring high grid reliability and connectivity across regions.
- India's per capita electricity consumption remains lower than the global average, at about 1,200 kWh per year, signaling room for growth as economic and urban development increase demand.
- As of 2024, India's total installed power generation capacity is approximately 417 GW. This includes a diverse mix of thermal, hydro, nuclear, and renewable energy sources.
- Renewable sources account for around 42% of the installed capacity, approximately 174 GW, with the largest contributors being solar (~71 GW) and wind (~44 GW), underscoring India's push toward renewable energy.
- India's 2030 target of 500 GW from non-fossil fuel sources, the industry is focused on Green Energy Corridors and high-capacity transmission networks to facilitate renewable energy evacuation from RE zones and offshore wind projects.
- Programs like the National Infrastructure Pipeline (NIP), "One Nation, One Grid, One Frequency," and Transmission Service Agreements (TSAs) encourage private and public investment in transmission infrastructure.
- The TBCB framework enhances private sector participation, encouraging cost-efficient and competitive project bids across inter-state and intra-state projects.

KEY PLAYERS in Textile Space



PEER PERFORMANCE

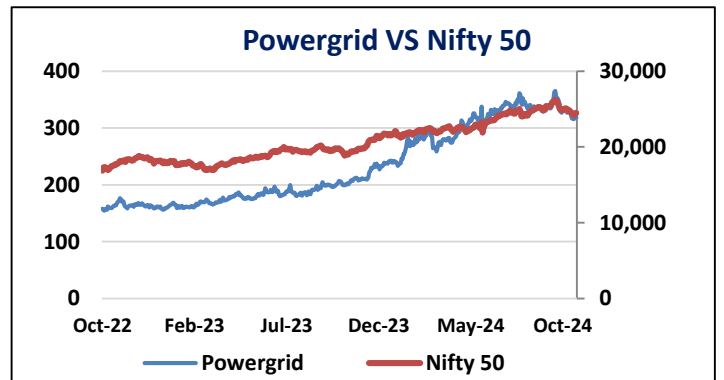
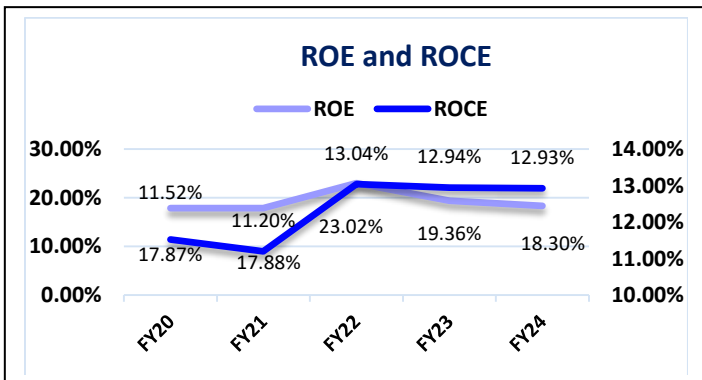
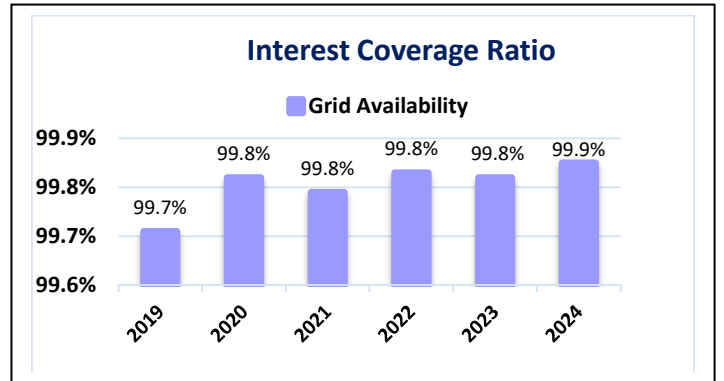
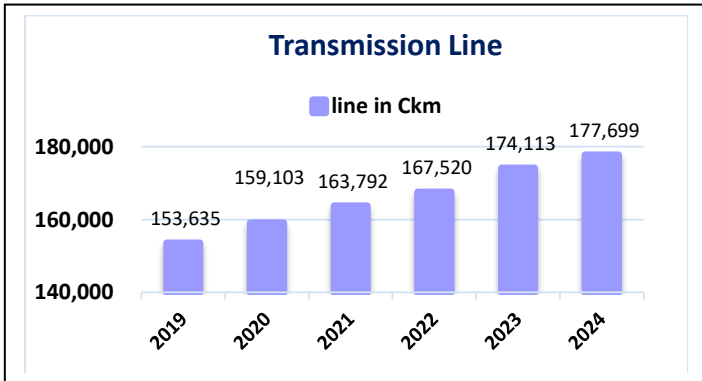
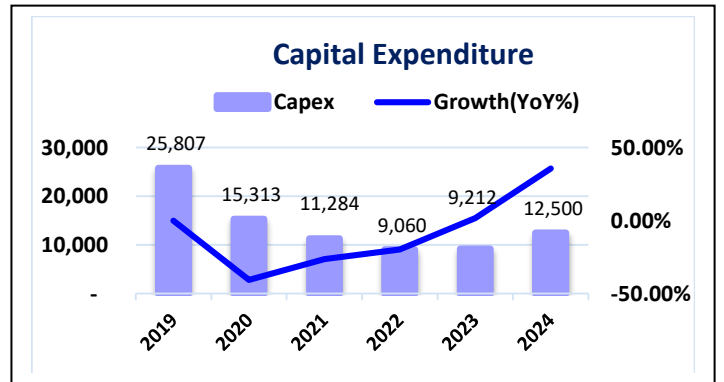
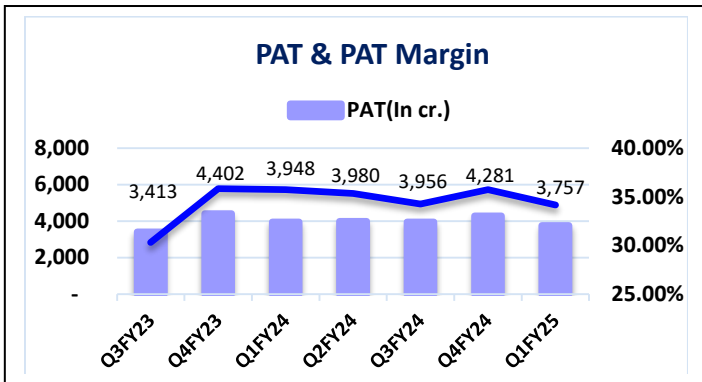
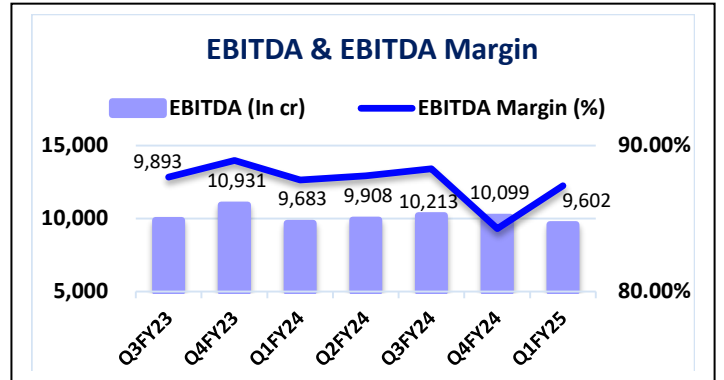
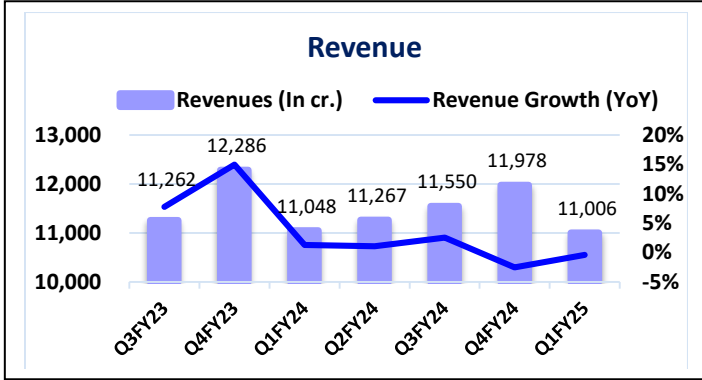
(₹ Cr)

Particulars	Power Grid	Adani Energy	Torrent Power	Tata Power	Reliance Infrastructure
Market Cap	2,94,550.1	1,21,888.2	82,089.4	1,38,661.8	11,652.2
Net Sales	45,843.1	16,607.4	27,183.2	61,448.9	22,804.6
EBITDA	39,902.2	5,711.2	4,433.6	10,783.8	2,051.1
PAT	15,573.2	1,137.3	1,833.2	3,696.3	-1,608.7
EPS(Rs)	16.7	10.2	38.1	11.6	-40.6
EBITDA MARGIN %	89.4	38.1	18.0	20.5	11.0
PAT MARGIN %	34.0	7.2	7.0	7.0	-2.8
ROCE %	12.9	9.5	15.6	13.0	-
ROE %	18.3	9.8	16.4	14.0	-
P/E TTM	18.7	216.2	38.6	37.9	-
P/B TTM	3.3	5.6	6.8	4.2	-0.8
Dividend Yield %	3.5	-	0.9	0.4	-
MCap/ Sales TTM	6.4	7.3	3.0	2.3	0.5

Source: Company, Hem Securities Research.



STORY IN CHARTS





INVESTMENT RATIONALE:

- POWERGRID is the largest power transmission utility in India, holding over 84% of the country's interregional power transfer capacity, crucial for meeting India's energy demands and supporting grid reliability. Its extensive transmission network spans 177,000 Ckm with 278 substations, solidifying its role as an essential infrastructure provider for power distribution across the nation
- POWERGRID's strategic expansion in renewable energy transmission infrastructure supports India's 2030 target of 500 GW of non-fossil fuel-based capacity. Key projects include the Green Energy Corridor, offshore wind projects, and dedicated RE zones. This expansion makes POWERGRID essential in India's energy transition, integrating variable sources like solar and wind into the national grid, promoting energy security, and maintaining high transmission reliability of 99.85%.
- The government's focus on infrastructure development through the National Infrastructure Pipeline (NIP), Transmission Service Agreements (TSAs), and increasing private sector participation through Tariff-Based Competitive Bidding (TBCB) offers long-term growth opportunities for POWERGRID.
- Increasing portfolio of Tariff-Based Competitive Bidding (TBCB) projects, bolster future earnings while allowing POWERGRID to maintain high dividend payouts, making it a solid choice for income-focused and growth-oriented investors.

RISK / NEGATIVE FACTORS:

- **Right-of-Way:** Right-of-way challenges are a significant risk for POWERGRID, especially as it undertakes new projects in densely populated or environmentally sensitive regions. Securing RoW often leads to delays, increased costs, and potential legal disputes, particularly in states with stringent land acquisition policies.
- **High Capital Expenditure:** POWERGRID's ambitious capital expenditure plans, projected at ₹18,000 crore for FY25 with higher targets for subsequent years, require substantial funding. This could increase its debt burden, potentially impacting cash flow and profitability.
- **Distress of Power Distribution Companies:** As a transmission company, POWERGRID's revenue is primarily derived from power distribution companies (DISCOMs), many of which face financial distress and delayed payments. Although payment security mechanisms exist, any deterioration in DISCOM finances or a major default could impact POWERGRID's cash flow and working capital requirements.
- **Cost Overruns:** POWERGRID often operates in challenging terrains, including regions like the Himalayas and North-East India, where project execution faces difficulties related to weather, accessibility, and right-of-way (RoW) issues. These factors can lead to cost overruns and project delays, affecting returns and project feasibility, particularly as it expands renewable projects in less accessible areas.

COMPANY RECAP

- Power Grid Corporation of India Limited (POWERGRID) is India's largest power transmission utility and a Maharatna Public Sector Enterprise. Established in 1989, POWERGRID plays a pivotal role in India's power sector, operating over 177,000 circuit kilometers of transmission lines and 278 substations, supporting around 84% of the nation's interregional power transfer capacity. The company ensures reliable power transmission across diverse regions, achieving high system availability of 99.85%, underpinned by advanced technologies and robust infrastructure.
- The company is at the forefront of India's renewable energy integration, facilitating the evacuation of renewable power through projects like the Green Energy Corridor and offshore wind projects. POWERGRID's transmission infrastructure supports the national grid's expansion to integrate renewable sources like wind and solar, aligning with India's ambitious target of 500 GW of non-fossil fuel capacity by 2030.
- POWERGRID is also committed to sustainable development, with goals to achieve 50% renewable energy consumption by 2025, net zero emissions by 2047, and net water positivity by 2030.



ANNUAL PERFORMANCE

Financials & Valuations

Income Statement

	(₹ Cr)						
Y/E March	2020	2021	2022	2023	2024	2025E	2026E
Net Sales	37744	39640	41622	45603	45843	50624	55660
Growth YoY (%)	7.66%	5.02%	5.00%	9.57%	0.53%	10.43%	9.95%
Total Expenditure	4804	4647	5050	6104	5941	5888	6105
(%) of sales	12.73%	11.72%	12.13%	13.38%	12.96%	11.63%	10.97%
EBITDA	32939	34993	36571	39500	39902	44736	49555
Depreciation	11607	12039	12872	13333	13095	14314	15498
Interest Expenses	9509	8358	8036	9634	8773	9107	9887
Other Income	928	1407	1077	1003	1071	1025	1025
Earnings before Taxes	14590	15501	19610	17702	18514	22340	25195
Pre Tax Margin (%)	38.66%	39.10%	47.11%	38.82%	40.39%	44.13%	45.27%
Tax-Total	3531	3464	2786	2282	2941	5585	6299
Tax Rate (%)	24	22	14	13	16	25	25
Net Profit	11059	12036	16824	15420	15573	16755	18896
PAT Growth (%)	10.22%	8.83%	39.78%	-8.35%	0.99%	7.59%	12.78%
PAT Margin (%)	29.30%	30.36%	40.42%	33.81%	33.97%	33.10%	33.95%
Minority Interest	0	0	0	0	0	0	0
Adjusted PAT	11059	12036	16824	15420	15573	16755	18896
EPS	11.9	12.9	18.1	16.6	16.7	18.0	20.3
EPS Growth (%)	10	9	40	-8	1	8	13

Balance Sheet

Y/E March	2020	2021	2022	2023	2024
Equity Capital	5,232	5,232	6,975	6,975	9,301
Reserves	59,464	64,704	69,272	76,051	77,845
Borrowings	148,270	143,232	134,696	128,584	123,516
Other Liabilities	43,706	42,539	40,008	40,615	40,168
Total Liabilities & Equity	256,671	255,708	250,950	252,225	250,829
Fixed Assets	181,112	183,726	191,773	185,437	177,761
CWIP	35,177	24,838	12,854	13,772	18,197
Investments	1,431	1,486	3,788	3,489	4,163
Other Assets	38,951	45,659	42,536	49,527	50,708
Total Assets	256,671	255,708	250,950	252,225	250,829

Source: Company, Hem Securities Research.



Ratios					
Y/E March (Basic (INR))	2020	2021	2022	2023	2024
Profitability and return ratios					
Net profit margin (%)	29.3	30.4	40.4	33.8	34.0
EBIT margin (%)	63.8	60.2	66.4	59.9	59.5
ROE (%)	17.9	17.9	23.0	19.4	18.3
ROCE (%)	11.5	11.2	13.0	12.9	12.9
Working Capital & liquidity ratios					
Payables (Days)	0.0	0.0	0.0	0.0	0.0
Inventory (Days)	13.0	13.0	12.1	10.8	10.9
Receivables (Days)	47.2	64.3	79.5	96.3	105.2
Current Ratio (x)	0.7	0.7	0.7	0.9	0.8
Valuations Ratios					
EV/sales (x)	6.0	6.3	6.7	6.1	8.2
EV/EBITDA (x)	6.7	6.9	7.5	6.9	9.1
P/E (x)	7.5	9.4	9.0	10.2	16.5
P/BV (x)	1.3	1.6	2.0	1.9	3.0
Dividend Yield (%)	6.3	5.6	6.8	6.5	4.1
Return on Assets (%)	4.2	4.5	6.4	5.9	6.0
Leverage Ratio					
Debt/Equity (x)	2.3	2.0	1.8	1.5	1.4

Cash Flow Statement					
Y/E March	2020	2021	2,022	2,023	2,024
Profit Before Tax	14,947	15,575	19,497	17,754	18,393
Adjustments	17,927	18,344	16,696	22,753	21,224
Changes In working Capital	434	-2,330	-6,351	2,549	1,053
CF from Operating activities (A)	30,739	29,403	26,124	40,203	37,290
CF from Investing Activities (B)	-10,733	-9,063	753	-7,138	-13,114
CF from Financing Activities (C)	-18,806	-20,521	-28,967	-30,450	-25,903
Net Cash Inflow / Outflow	1,199	-182	-2,091	2,615	-1,728
Add: Opening Bal.	3,650	4,850	4,668	2,577	5,192
Closing Balance	4,850	4,487	2,577	5,192	3,464

Source: Company, Hem Securities Research.



RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

RECOMMENDATION SUMMARY

DATE	RATING	TARGET
5 Nov 2024	Buy	365

DISCLAIMER

HEM Securities Limited (“Research Entity or HSL”) is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, depository services and other related activities. Broking services offered by HEM Securities Limited are under SEBI Registration No.: INZ000168034.

This Report has been prepared by HEM Securities Limited in the capacity of a Research Analyst having SEBI Registration No. INH100002250 and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. This should not be construed as invitation or solicitation to do business with HSL. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject HSL and associates / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. HSL reserves the right to make modifications and alterations to this statement as may be required from time to time. HSL or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. HSL is committed to providing independent and transparent recommendation to its clients. Neither HSL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report. HSL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company(ies), mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Investments in securities market are subject to market risks, read all the related documents carefully before investing.



ANALYST CERTIFICATION/ DISCLOSURE OF INTEREST

Name of the Research Analyst: Mohit Arora

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

SN	Particulars	Yes/No
1.	Research Analyst or his/her relative's or HSL's financial interest in the subject company(ies)	No
2.	Research Analyst or his/her relative or HSL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report	No
3.	Research Analyst or his/her relative or HSL has any other material conflict of interest at the time of publication of the Research Report	No
4.	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5.	HSL has received any compensation from the subject company in the past twelve months	No
6.	HSL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7.	HSL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8.	HSL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9.	HSL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10.	Research Analyst or HSL has been engaged in market making activity for the subject company(ies)	No

Since HSL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company (ies) in the past twelve months. Associates of HSL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

There were no instances of non-compliance by HSL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years.