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Industry Insights - Financial Performance & Valuation Trends

Power Industry

September 23

Background (Coverage & Approach)

Transique Corporate Advisors takes immense pleasure in presenting its Sixth Industry Insight report capturing the financial performance and valuation trends over 3 year period across of “Power Industry” and its Sub-Industries including Power - Transmission, Power Generation, Integrated Power Utilities and Power Trading . These trends are based on the data of last two audited financial years (FY 2020-21 and FY 2021-22) and trailing twelve months (TTM) consolidated financials as on July 2023.

The purpose of this “Power Industry Insight Report” is to provide an executive summary of Power including its emerging Industry trends and Investment opportunities, macro understanding of the financial performance and movement in the median valuation multiples of companies operating in Power Industry and its Sub-Industries.

For preparation of this Power Industry Insight report on we have analysed 41 companies listed on NSE/BSE. After applying our proprietary filtration criteria for eliminating the outliers and adjusting for Infrequently Traded Companies, we have done detailed analysis of 18 companies which has been summarised in this report.

We hope this Industry Report Series: Financial performance and Valuation trends would be of use to the Corporates, Investors and Professionals. If you require any guidance or support or have any feedback, you may write to us at info@transique.in

To read about more such Industry Insights and Valuations of 21 Industries and 193 Sub Industries, click here: https://www.transiqueadvisors.com/transique-insight/

Executive Summary : Power Industry

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Background	India is the third-largest producer and consumer of electricity worldwide, with an installed power capacity of 416.59 GW as of April 30, 2023. The private sector in the power industry in India generates 50.5% of the country's power, whereas States and the Centre generate 24% and 25.4%, respectively. As of April 30, 2023, India's installed renewable energy capacity (including hydro) stood at 172.54 GW, representing 41.4% of the overall installed power capacity.
Contribution to GDP	Approximately 2.7%
Key Achievements	India's power generation witnessed its highest growth rate in over 30 years in FY23. Power generation in India increased by 8.87% to 1,624.15 billion kilowatt-hours (kWh) in FY23. Under the Union Budget 2023-24, the government allocated US$ 3.03 billion (Rs. 25,078.49 crore) for the development of nuclear power projects under the Ministry of Atomic Energy. Investment in India's renewable energy sector grew more than 125% YoY to touch a record US$ 14.5 billion in FY22.
Present Scenario	With a generation capacity of 416.59 GW, India is the third-largest producer and consumer of electricity in the world. Installed capacity has increased steadily over the years, posting a CAGR of 5.80% between FY16-FY23. The electricity generation target (Including RE) for the year 2023-24 has been fixed as 1750 Billion unit (BU). i.e. growth of around 7.2% over actual generation of 1624.158 BU for the previous year (2022-23). Power consumption in India in FY23 logged a 9.5% growth to 1,503.65 billion units (BU), as compared to 1,374.02 BU in FY22. 100% FDI is allowed under the automatic route in the power segment and renewable energy.
Growth Drivers	Renew Power is planning to develop renewable energy projects in Maharashtra across wind, solar, hybrid power, battery storage and green hydrogen, at an investment of US$ 6.39 billion (Rs. 50,000 crore) over the next six years. Per capita electricity consumption in India grew at a CAGR of almost 15.23% from 1985 to 2022, reaching 1,255 KWh in 2022. This growth was mainly attributed to electrification of villages and households across the country.
Future Outlook	In the current decade (2020-2029), the Indian electricity sector is likely to witness a major transformation with respect to demand growth, energy mix and market operations. The Central Electricity Authority (CEA) estimates India's power requirement to grow to reach 817 GW by 2030. Economic Survey predicts an investment of US$ 330 billion in renewable sector by 2030. By 2030, India aims to reduce the emissions intensity of its gross domestic product (GDP) by 33%, to end up at 35%, and increase the share of non-fossil fuels to 40% of the total electricity generation capacity.

Source: IBEF , Make in India

Investment Opportunities

- To meet India's 500 GW renewable energy target and tackle the annual issue of coal demand supply mismatch, the Ministry of Power has identified 81 thermal units which will replace coal with renewable energy generation by 2026.

- Electrification in the country is increasing with support from schemes like Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), Ujwal DISCOM Assurance Yojana (UDAY), and Integrated Power Development Scheme (IPDS).

- Under DDUGJY, System Strengthening; Power Transformers: 14,491 Nos; Distribution Transformers: 317,068 Nos; Conductors: 869,521 km; Energy Meters: 11 Mn Nos; Metering the un-metered Feeder/Boundary/ DTs: 1.19 Mn Nos; Energy Meters: 9.99 Mn nos.

- Under Integrated Power Development Scheme (IPDS), Metering: $317.07 Mn; Sub Stations (New + Augmentation): $592.61 Mn; HT / LT Lines (New + Augmentation): $1.27 Bn; DTs (New + Augmentation): $495.23 Mn; UG Cabling (HT & LT): $339.87 Mn; Rooftop Solar / net metering: $36.30 Mn; Misc. (ABC cable, R&M, Capacitor etc): $696.76 Mn.

Source: Make in India, IBEF

Financial Performance & Valuation Multiples Trends Analysis- Power Industry

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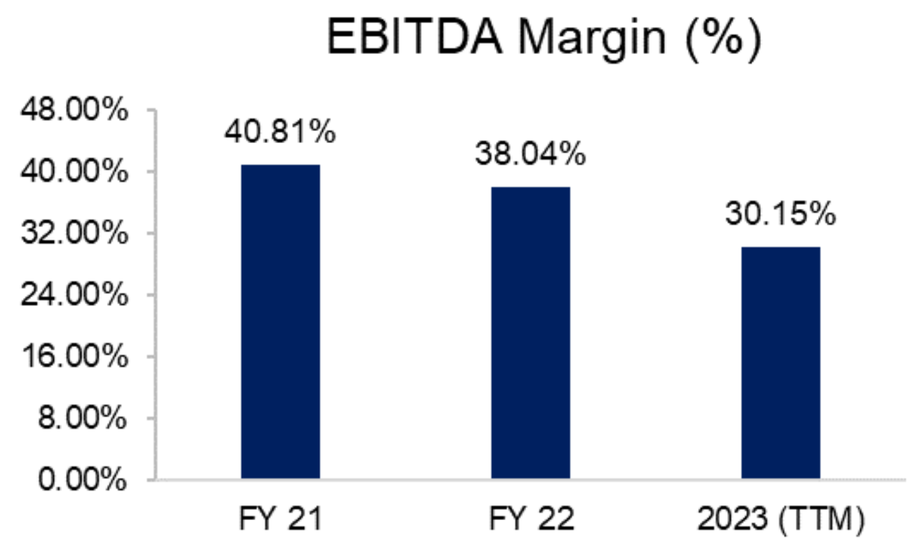
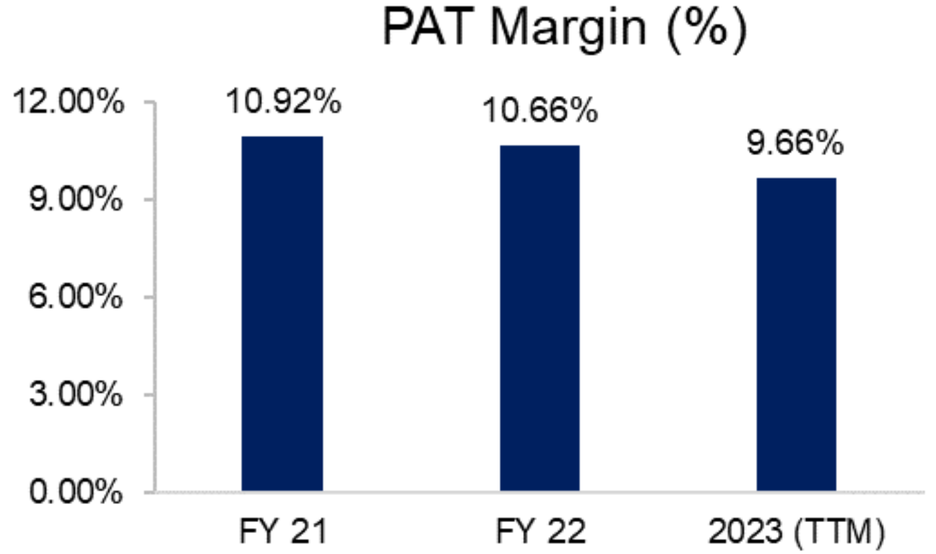
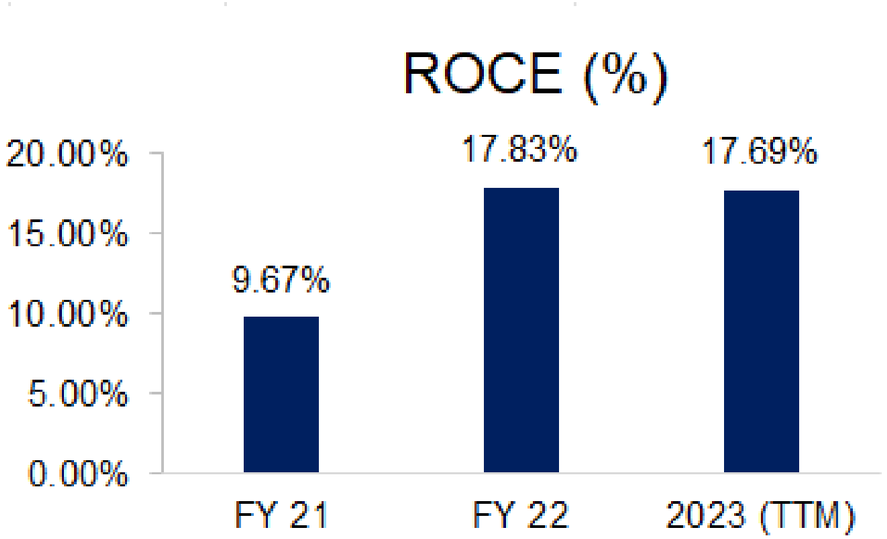
Sub-Industries	Financial Performance			Valuation Multiples
	Revenue Growth	EBITDA Margin	Debt to Market Cap	EV/EBITDA Multiple
Power - Transmission	From FY 21 to 2023 at CAGR 8%	Decreased to 65% in 2023 from 66% in FY 21	Decreased to 0.57 in 2023 from 0.77 in FY 21	Decreased to 13x in 2023 from 16x in FY 21
Power Generation	From FY 21 to 2023 at CAGR 25%	Decreased to 35% in 2023 from 43% in FY 21	Decreased to 0.41 2023 from 0.69 in FY 21	Increased to 9x in 2023 from 6x in FY 21
Integrated Power Utilities	From FY 21 to 2023 at CAGR 29%	Decreased to 22% in 2023 from 29% in FY 21	Decreased to 0.75 in 2023 from 1.42 in FY 21	Constant at 8x in 2023 in comparison to FY 21
Power Trading	Negative Growth From FY 21 to 2023 at CAGR -8%	Constant at 9% in 2023 in comparison to FY 21	Decreased to 2.93 in 2023 from 4.97 in FY 21	Decreased to 6x in TTM from 7x in FY 21

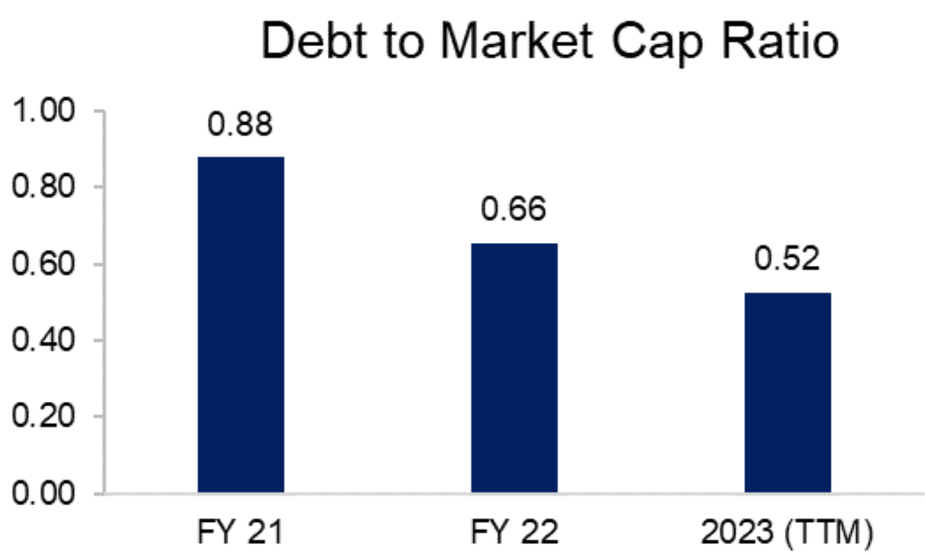
Source: Capitaline
*TTM as on 20 -07-2023

Financial Performance Charts for 3 Years of Power Industry



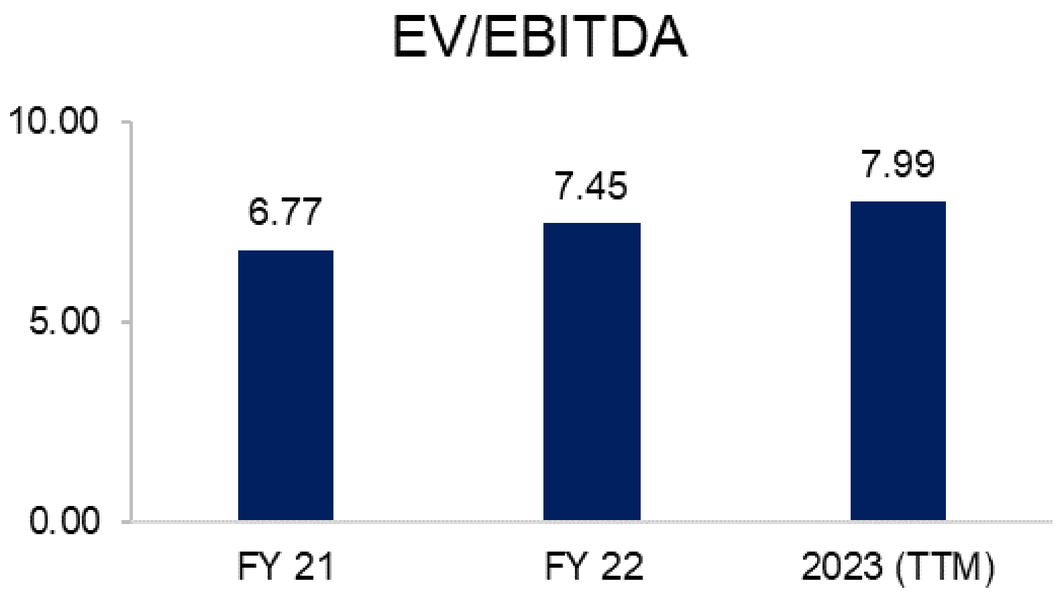


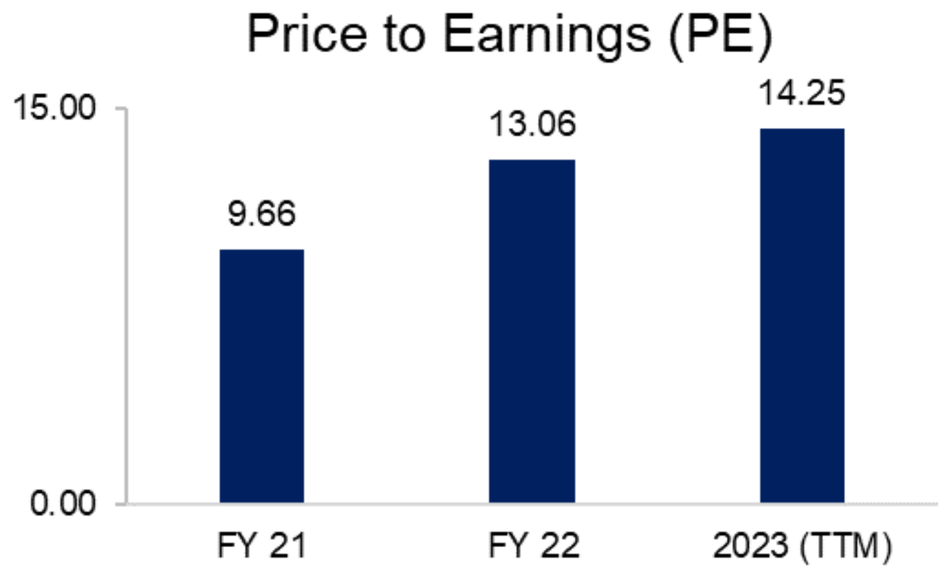


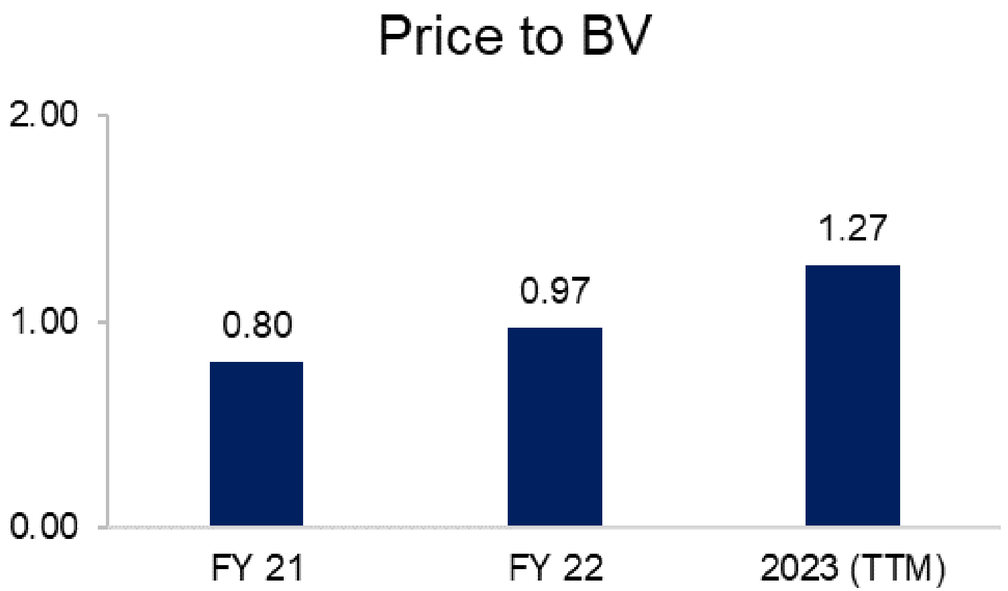


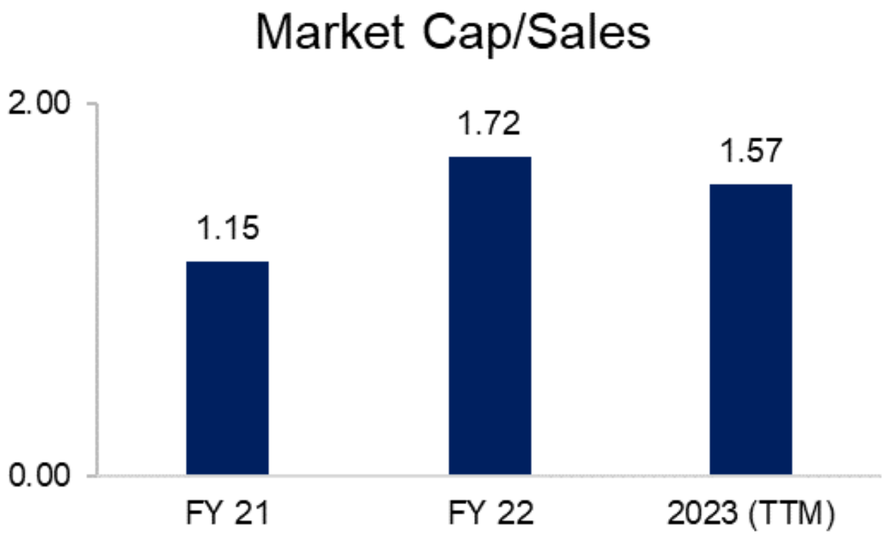
Source: Capitaline
*TTM as on 20 -07-2023

Valuation Multiples Trend analysis for 3 Years of Power Industry









Source: Capitaline
*TTM as on 20 -07-2023

Top Performing Companies in Power Industry

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Power - Transmission

पावरग्रिड POWERGRID

adani | Energy Solutions

Power Generation

एनटीपीसी NTPC

adani | Renewables

JSW Energy

Integrated Power Utilities

TATA TATA POWER

torrent POWER

CESC LIMITED

Power Trading

PTC India

Based on Market Capitalization

Industry, Sub Industry & Sub Group Classification

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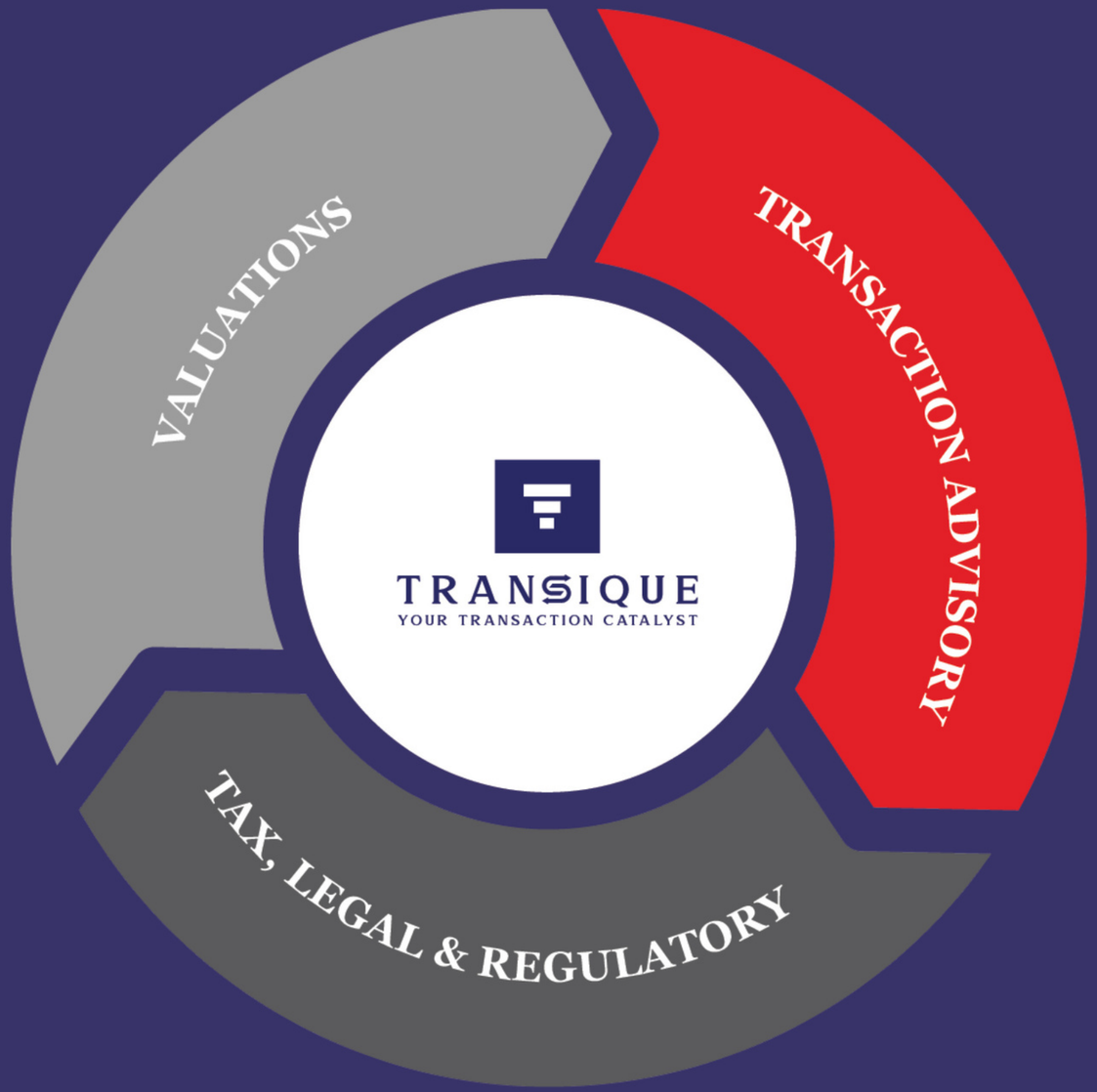
Industry	Sub Industry	Sub Group	No. of Companies
Power	Integrated Power Utilities	Power Generation And Supply	3
	Power - Transmission	Power Generation And Supply	2
	Power Generation	Construction - Civil / Turnkey - Medium / Small	1
		Diversified - Large	1
		Power Generation And Supply	10
	Power Trading	Trading - Large	1
		Total Companies	**18**



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