

May 17, 2016

Buy Around: ₹ 142-143
SL: ₹ 136
Target: ₹ 162
Upside: 13%
Horizon: 1 Month

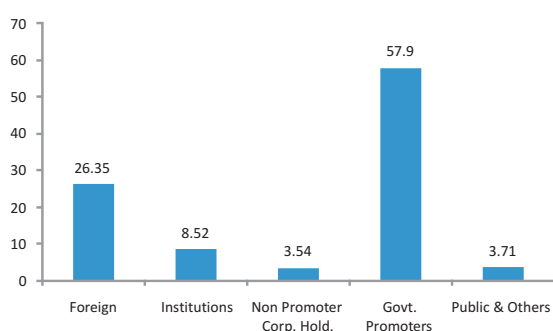
VALUE PARAMETERS

Current Mkt.Price (₹)	144.30
Face Value (₹)	10.00
52 Week High/Low	120.75/150.20
M.Cap (₹Cr.)	75491.84
EPS (₹)	9.27
P/E Ratio (times)	15.56
P/B Ratio (times)	1.96
Dividend Yield (%)	1.48
Stock Exchange	BSE

STOCK DATA

BSE Code	532898
NSE Symbol	POWERGRID
Reuters	PGRD.BO
Bloomberg	PWGR IN

SHAREHOLDING PATTERN (MARCH 2016)



The company will exceed the annual capex target of Rs 22500 crore for FY'17 given the thrust by the Centre on Transmission. The company incurred a capex about Rs 5368 crore worth of assets during Q3 FY'16. For 9 months ended Dec'15, the total capex stood at Rs 16891 crore. It has capitalized about Rs 17207 crore worth of assets during Q3FY'16, highest ever in a quarter by the company. The total capitalization for whole FY'15 stood at Rs 21760 and for first 9 months ended Dec'15, the capitalization is way above the targets, as anticipated by the management. For 9 months ended Dec'15, the total capitalization stood at Rs 26802 crore. The capitalization to capex ratio is constantly increasing from about 60% in 2013 to about 77% in 2014, around 86% in 2015. The ratio now is inching upwards of 86%, so far for 9 months ended Dec'15.

INVESTMENT ARGUMENTS

- The company has reported net profit, which has rose 31.3% to Rs 1613.12 crore on 22.7% rise in total income to Rs 5504.83 crore in Q3 December 2015 over Q3 December 2014.
- Some of the major projects commissioned include NER-Agra HVDC interconnection line which is a 1750 km line which passes through 4 states and crosses 40 rivers, 400 kv D/C Khamman-Nagarjunasagar line to facilitate interstate exchange of power in Southern region, Suryamaninagar-Cornilla line between India and Bangladesh which is completed and ready to be operational now.
- On consultancy side, domestically, the company is working on about 117 projects worth around Rs 18700 crore. Internationally, the company is working on 21 projects. Some of the major countries include Bangladesh, Nepal, Ethiopia, Nigeria, Afghanistan, Kenya, UAE etc.
- Central government's push towards transmission and distribution lines is helping Power Grid in incurring strong capex. As per the management, with capacities of coal and particularly hydro and other renewable energy coming on stream in next 18-24months, capex for the transmission lines will have to be incurred in FY'17, which will result in higher capital spend by the company.

BUSINESS PROFILE

Power Grid Corporation of India is an electric power transmission utility company. As per the shareholding pattern, the Government of India holds 57.9% stake in the firm as at 31 December 2015

TECHNICAL TRENDS



We recommend a buy in the stock of POWER GRID from a short-term perspective. The stock is trading at its good support level with good fundamental records and is expected to move up from this level. It made a 52 week low ₹120.75 and 52 week high of ₹150.20. Buy around at 142-143 with a closing below stop loss of ₹136 levels for the target of ₹.162.

Note:

- Follow Strict Stop Loss.

SMC Research Desk

SMC Research also available on Reuters

E-mail: researchfeedback@smcindiaonline.com



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Dheeraj Sagar, 1st Floor,
Opp. Goregaon sports club, link road
Malad (West), Mumbai - 400064
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:
18, Rabindra Sarani,
"Poddar Court", Gate No. 4,
4th Floor, Kolkata - 700001
Tel: 91-33-39847000, Fax: 91-33-39847004

SMC Global Securities Limited is a registered entity with SEBI for Research Analyst in terms of SEBI (Research Analyst) Regulations, 2014 vide registration number INH100001849. SMC Global Securities Limited or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing/dealing in securities Market.

SMC or its associates including its relatives/analyst do not hold any financial interest/beneficial ownership of more than 1% in the company covered by Analyst. SMC or its associates and relatives does not have any material conflict of interest. SMC or its associates/analyst has not received any compensation from the company covered by Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the company covered by analyst or third party in connection with the research report. The Analyst has not served as an officer, director or employee of company covered by Analyst and SMC has not been engaged in market making activity of the company covered by Analyst.

The views expressed are based solely on information available publicly available/internal data/ other reliable sources believed to be true.

SMC does not represent/ provide any warranty express or implied to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision.

SMC Global Securities Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, a further public offering of its equity shares and has filed the Draft Red Herring Prospectus with the Securities and Exchange Board of India ("SEBI") and the Stock Exchanges. The Draft Red Herring Prospectus is available on the website of SEBI at www.sebi.gov.in and on the websites of the Book Running Lead Manager i.e., ICICI Securities Limited at www.icicisecurities.com and the Co-Book Running Lead Manager i.e., Elara Capital (India) Private Limited at www.elaracapital.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, please see the section titled "Risk Factors" of the aforementioned offer document.

DISCLAIMER: This report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to you. It is only for private circulation and use. The report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of the report. The report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC.

The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions.

Please note that we and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material: (a) from time to time, may have long or short positions in, and buy or sell the commodities thereof, mentioned here in or (b) be engaged in any other transaction involving such commodities and earn brokerage or other compensation or act as a market maker in the commodities discussed herein (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High court.