

# Power Sector Stock Pitch

## Introduction

Power is one of the most critical components of infrastructure crucial for the economic growth and welfare of nations. The existence and development of adequate infrastructure is essential for sustained growth of the Indian economy.

India's power sector is one of the most diversified in the world. Sources of power generation range from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power to viable non-conventional sources such as wind, solar, and agricultural and domestic waste. Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required.

India ranks third among 40 countries in EY's Renewable Energy Country Attractiveness Index, on back of strong focus by the government on promoting renewable energy and implementation of projects in a time bound manner.

## Market Size

Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistics, finances, and manpower).

Total installed capacity of power stations in India stood at 305,554.25 Megawatt (MW) as of August 31, 2016. Electricity generation rose 5.69 per cent year-on-year to 486.44 BU during April 2016-August 2016.

The Planning Commission's 12th Five-Year Plan estimates total domestic energy production to reach 669.6 Million Tonnes of Oil Equivalent (MTOE) by 2016–17 and 844 MTOE by 2021–22. India's wind power capacity, installed in 2016, is estimated to increase 20 per cent over last year to 2,800 MW@, led by favourable policy support that has encouraged both independent power producers (IPP) and non-IPPs. India is expected to add nearly 4,000 MW# of solar power in 2016, nearly twice the addition of 2,133 MW in 2015.

India's wind energy market is expected to attract investments totalling Rs 1,00,000 crore (US\$ 14.91 billion) by 2020, and wind power capacity is estimated to almost double by 2020 from over 23,000 MW in June 2015, with an addition of about 4,000 MW per annum in the next five years.

## The Road Ahead

The Indian power sector has an investment potential of Rs 15 trillion (US\$ 223.67 billion) in the next 4–5 years, thereby providing immense opportunities in power generation, distribution, transmission, and equipment, according to Union Minister Mr Piyush Goyal.

The government's immediate goal is to generate two trillion units (kilowatt hours) of energy by 2019. This means doubling the current production capacity to provide 24x7 electricity for residential, industrial, commercial and agriculture use.

The Government of India is taking a number of steps and initiatives like 10-year tax exemption for solar energy projects, etc., in order to achieve India's ambitious renewable energy targets of adding 175 GW of renewable energy, including addition of 100 GW of solar power, by the year 2022. The government has also sought to restart the stalled hydro power projects and increase the wind energy production target to 60 GW by 2022 from the current 20 GW.

Moody's has upgraded the outlook for India's power sector to stable from negative in view of surge in domestic coal production and likely improvement in discoms' financial health due to UDAY scheme.

### **Problem Statement**

In light of the above mentioned backdrop, stocks of Indian power sector companies seems a lucrative investment destination.

Hence,

1. Team needs to prepare a stock investment pitch and submit it in the form of power point presentation
2. The stock investment pitch can tell why it is better to invest in the company you have chosen and how it will give returns in the short term as well as long term.
3. The broad topics which a presentation include can be SWOT analysis for the stock, POTER 5 forces analysis stock, key developments and news related to that stock, result quarterly results and its trends (positive/Negative) financial analysis like changes in EPS, P/E ratio, Profit or Earnings trend etc. to support the company/stock you are pitching for.
4. The stock has to be one of the NIFTY50 (NSE) power or utilities company like Torrent Power, Tata Power, NTPC, etc.
5. Submission should be judged on content, presentation, quality of research, understanding about the stock and its financials and recommendations.

The list of Nifty50 Power & Utilities companies can be referred from the link below:

<http://www.moneycontrol.com/india/stockmarket/sector-classification/marketstatistics/nse/utilities.html>

For analysis and research you refer to sites like

<http://content.icidirect.com/idirectcontent/Home/Home.aspx>

<http://www.moneycontrol.com/>

To take a look how an investment stock pitch looks like refer the link below:

[http://content.icidirect.com/mailimages/IDirect\\_PageInds\\_Q4FY16.pdf](http://content.icidirect.com/mailimages/IDirect_PageInds_Q4FY16.pdf)