

Shubh Nivesh



CMP: ₹ 960

Target: ₹ 1120 (17%)

Target Period: 12 months

BUY

June 22, 2026

A proxy to India's T&D and Data centre capex cycle...

About the stock: CG Power and Industrial Solutions Ltd. is a leading Indian electrical engineering company and part of the Murugappa Group. The company operates across three key segments—Power Systems, Industrial Systems & Semiconductors with 18 manufacturing facilities across India and Europe, CG Power serves utilities, industries, railways, and infrastructure sectors.

- FY26 revenue mix comprised 42% from Power Systems, 54% from Industrial Systems, and 4% from the Semiconductors segment.

Investment Rationale

- Well positioned to benefit from India's accelerating data centre investment cycle:** CG Power is emerging as a key beneficiary of India's rapidly expanding data centre ecosystem, leveraging its comprehensive portfolio of transformers, switchgear and power distribution equipment. The company has already secured a ₹900 crore power transformer order for a US data centre, validating its capabilities in high-value applications. We estimate, India's data centre capacity is expected to increase from ~1.6 GW in CY25 to ~10 GW by CY30 (44% CAGR), creating a US\$50 billion capex opportunity, with electrical equipment accounting for the largest share (30%) of project spending. As one of the leading suppliers across transformers and switchgear, CG Power is well positioned to capture a meaningful share of this multi-year investment cycle.
- Transformer capacity expansion and railways to drive the next phase of growth:** CG Power is well positioned to capitalize on the structural upcycle in transmission and railway electrification through aggressive capacity expansion and a rapidly growing order book. The company ended FY26 with a record standalone order backlog of ₹15,719 crore (+59% YoY), including a Power Systems backlog of ₹12,644 crore (+91% YoY), providing strong multi-year revenue visibility. To address robust domestic and global transformer demand, CG Power is expected to add ~45000 MVA in its transformer manufacturing capacity to reach at 110,000 MVA by CY26-end through brownfield and greenfield expansions, while the railways business is expected to benefit from new product launches, export opportunities and margin improvement initiatives. These investments are expected to strengthen market share and support sustained earnings growth over the medium term.
- Semiconductor business offers a long-term value creation opportunity:** CG Power's entry into semiconductor packaging through CG Semi provides a new long-term growth engine beyond its core electrical equipment business. The company has established one of India's first end-to-end OSAT facilities at Sanand, Gujarat, with G1 already operational at a peak capacity of 0.5 million units per day, while G2, expected to be commissioned by CY26-end, will increase capacity to ~14.5 million chips per day. The project entails a total investment of ₹7,584 crore. While the business is expected to remain investment-led in the near term, it positions CG Power to participate in India's rapidly evolving semiconductor manufacturing ecosystem and significantly expands its long-term addressable market.

Rating and Target Price

- We expect revenue to grow ~27% CAGR over FY26-29E while EBITDA & PAT are expected to grow at ~35% & ~34% CAGR respectively.
- We recommend **BUY** on CG Power with a target price of ₹ 1,120 (based on 70x P/E on average FY28-29 EPS).

Key Financial Summary

Key Financials (₹ Crore)	FY24	FY25	FY26	2 year CAGR (FY24-26)	FY27E	FY28E	FY29E	3 year CAGR (FY26-29E)
Revenues	8046.0	9908.7	12418.0	24.2	15703.4	20021.7	25587.3	27.3
EBITDA	1128.1	1304.7	1625.3	20.0	2120.0	2903.2	3966.0	34.6
EBITDA margin (%)	14.0	13.2	13.1		13.5	14.5	15.5	
Net Profit	849.6	973.0	1232.3	20.4	1594.6	2123.0	2927.1	33.4
EPS (Rs)	5.4	6.2	7.8		10.1	13.5	18.6	
P/E (x)	178.0	155.4	122.7		94.8	71.2	51.7	
EV/EBITDA (x)	133.3	114.9	92.5		70.8	51.4	37.3	
RoCE (%)	34.0	28.6	17.2		19.2	22.1	24.5	
RoE (%)	28.1	23.6	15.0		16.6	18.5	20.6	

Source: Company, ICICI Direct Research

ICICI Securities | Retail Research



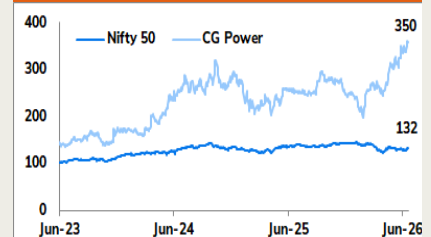
Particulars

Particular	Rs. (in crore)
Market Capitalization	1,51,119
Total Debt (FY26)	118
Cash and Inv (FY26)	1,028
Enterprise Value	1,50,209
52 week H/L (Rs.)	971/526
Equity capital	315.0
Face value (Rs.)	2.0

Shareholding pattern

%	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	58.1	56.4	56.4	56.4
FII	12.7	13.0	12.0	12.0
DII	14.2	16.3	17.5	18.0
Public	15.0	14.4	14.1	13.6

Price Chart



Recent Event & Key risks

- Slowdown in T&D capex
- Sharp increase in raw material prices
- Slowdown in data centre capex.

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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