Powergrid (POWGRI)

CMP: ₹260 | Target ₹ 325 (25%) | Target Period: 12 months | BUY

November 4, 2026

Capex momentum intact, ROW delays temper near term capitalisation

About the stock: PowerGrid is India's largest power transmission utility with transmission lines of 187,576 circuit km (ckm) and 6,49,116 MVA of transformation capacity.

- Powergrid transmits ~45% of the total power generated in India on its transmission network & owns ~84% of Inter-State transmission system.
- It also undertakes transmission related consultancy to more than 150 domestic clients and owns & operates ~100,000 km of telecom network.

Q2FY27 performance: Power Grid Corporation of India (PGCIL) reported a subdued Q2FY27 performance, with revenue from operations remaining largely flat at ₹10,048 crore (+0.5% YoY). EBITDA increased 2.8% YoY to ₹8,237 crore, while EBITDA margin expanded 190 bps YoY to 82.0%. Adjusted PAT grew 7.4% YoY to ₹3,819 crore.

Investment Rationale:

- **Strong transmission capex pipeline to drive sustained asset growth:** PGCIL remains well positioned to benefit from India's expanding transmission infrastructure, supported by a substantial ₹2.20 lakh crore works-in-hand and a ₹67,233 crore TBCB bidding pipeline. The company has revised its FY27 capex guidance upwards to ₹37,000–40,000 crore from the earlier ₹37,000 crore. However, capitalisation guidance has been moderated to ₹25,000–30,000 crore from ₹30,000 crore earlier, primarily due to right-of-way (RoW) and land acquisition delays. H1FY27 capex stood at ₹16,864 crore, up 10% YoY, whereas capitalizations were ₹9,300 crore compared with ₹3,888 crore in H1FY26. The higher capex guidance reflects continued investments in the transmission network, while the revised capitalization range indicates some moderation in expected asset commissioning. Nevertheless, the sizeable project pipeline provides healthy visibility for asset creation over the medium term.
- **Structural transmission investment opportunity to support long-term earnings visibility:** PGCIL is a key beneficiary of the country's energy transition and rising electricity demand, with the ₹1.86 lakh crore Green Energy Corridor-III scheme expected to facilitate evacuation of 135 GW of renewable energy and deployment of 50 GWh of BESS by FY33. Additionally, the ₹67,233 crore TBCB bidding pipeline, comprising 28 projects under bidding and three projects yet to be floated, provides visibility for incremental order wins. Emerging investments in renewable energy evacuation, green hydrogen, data centres and hydro-power projects are expected to sustain transmission infrastructure spending.
- **Rating and Target Price:** We expect revenues and PAT to grow at CAGR of 9.0% and 2.6% over FY26-FY28E. We recommend **BUY** on **POWERGRID** with a target price of **₹325 per share (based on 17x FY28E EPS).**

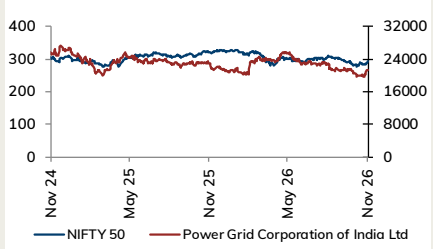
Particulars

	Rs. (in crore)
Market Capitalisation	244,931
Total Debt (FY26)	148,009
Cash and Inv. (FY26)	8,920
Enterprise Value	384,020
52-week H/L (Rs.)	325/242
Equity capital	9,301
Face value (Rs.)	10

Shareholding pattern

%	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	51.3	51.3	51.3	51.3
FII	24.7	25.0	24.3	24.0
DII	20.2	20.1	20.6	20.8
Public	3.7	3.6	3.7	3.8

Price Chart



Key risks

(i) Slowdown in power demand;

(ii)) Delay in execution of renewable capacity.

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Key Financial Summary

Particulars (₹ crore)	FY24	FY25	FY26	2-year CAGR (FY24-26)	FY27E	FY28E	2-year CAGR (FY26-FY28E)
Revenues	43280	42342	41656	NA	45072	49463	9.0%
EBITDA	37915	36187	33799	NA	39110	43113	12.9%
EBITDA Margin (%)	87.6	85.5	81.1		86.8	87.2	
Net Profit	16720	15703	16673	NA	16144	17567	2.6%
EPS (₹)	18.0	16.9	17.9		17.3	18.9	
P/E (x)	14.5	15.4	14.5		15.0	13.8	
Price / Book (x)	2.8	2.6	2.4		2.3	2.1	
RoCE (%)	12.1	12.1	11.0		10.5	10.6	
RoE (%)	19.1	16.8	16.6		15.1	15.4	

Source: Company, ICICI Direct Research

Result Update

ICICI Securities – Retail Equity Research

Q2FY27 Earnings call highlights

- **Financial Performance**:
  - Power Grid Corporation of India (PGCIL) reported a subdued Q2FY27 performance, with revenue from operations remaining largely flat at ₹10,048 crore (+0.5% YoY). EBITDA increased 2.8% YoY to ₹8,237 crore, while EBITDA margin expanded 190 bps YoY to 82.0%. Adjusted PAT grew 7.4% YoY to ₹3,819 crore.
  - Segment-wise, transmission revenue declined 0.1% YoY to ₹9,910 crore, while transmission EBIT declined 1.2% YoY to ₹5,656 crore, with EBIT margin contracting 61 bps to 57.1%. Consultancy revenue grew 24.3% YoY to ₹274 crore, although it continues to contribute only 2.7% of total revenue.
- **Order Book & Growth Outlook:**
  - Transmission works-in-hand stood at approximately ₹2.20 lakh crore as of September 2026, including ₹1.95 lakh crore under the TBCB route (89%) and ₹25,000 crore under the RTM route (11%). The order book includes CWIP of ₹55,419 crore.
  - The TBCB bidding pipeline stood at ₹67,233 crore, comprising 28 projects worth ₹63,086 crore under bidding and three projects worth ₹4,147 crore yet to be floated. Of the projects under bidding, 10 ISTS projects account for ₹45,620 crore, while 18 InSTS projects account for ₹17,466 crore.
  - PGCIL secured nine ISTS projects and two InSTS projects under TBCB during H1FY27, with annual tariffs of ₹7,664 crore and ₹443 crore, respectively.
  - The company highlighted the Green Energy Corridor-III scheme, with a total outlay of ₹1.86 lakh crore, including ₹1.36 lakh crore for InSTS and ₹50,000 crore for BESS. The scheme is targeted for completion by FY33 and is expected to facilitate evacuation of 135 GW of renewable energy and deployment of 50 GWh of BESS.
- **Business & Execution:**
  - PGCIL commissioned 981 ckm of transmission lines and 14,600 MVA of transformation capacity during Q2FY27. Cumulative H1FY27 commissioning stood at 2,616 ckm of transmission lines and 25,100 MVA of transformation capacity.
  - System availability remained healthy at 99.81% in H1FY27 compared with 99.83% in H1FY26, above the 99.75% threshold required to earn the full incentive.
  - Billing during H1FY27 stood at ₹22,327 crore, while realisations were higher at ₹22,806 crore, translating into a realisation rate of 102.1% compared with 102.7% in H1FY26.
- **Capex & Capitalisation:**
  - PGCIL incurred capex of ₹9,099 crore in Q2FY27 compared with ₹8,404 crore in Q2FY26. H1FY27 capex increased 10% YoY to ₹16,864 crore.
  - Capitalisation stood at ₹4,023 crore in Q2FY27 compared with ₹2,205 crore in Q2FY26, while H1FY27 capitalisation increased to ₹9,300 crore from ₹3,888 crore in H1FY26.
  - Management clarified that the moderation in capitalisation guidance is primarily due to right-of-way and land acquisition challenges, rather than equipment supply constraints. The Ministry of Power has issued guidelines for market-linked compensation to landowners, but individual states need to adopt

and notify these guidelines before the process can be implemented.

- Company highlighted that identifying actual landowners and determining appropriate market compensation remain key challenges. PGCIL is working with state administrations and has digitised the land-related process to improve tracking and facilitate execution.
- Management guidance stands at ₹37,000–40,000 crore for FY27 capex and ₹25,000–30,000 crore for capitalisation.

- **Management Commentary & Outlook:**
  - In collaboration with Ministry of Electronics and Information Technology of India and the Ministry of Power, the company is developing indigenous Silicon Carbide (SiC) MOSFET-based power modules for VSC-HVDC systems. Around 13,000 modules across 3.3 kV, 4.5 kV and 6.5 kV voltage classes are targeted for development and deployment by 2030–31.
  - The company's telecom data centre project has a planned capacity of 1,000 racks and 14 MW, with Tier-III certification and expected commissioning in FY27. It is designed as 100% Indian-owned infrastructure with a seven-layer security system and sovereign cloud capabilities.
  - Management highlighted approximately 22 planned HVDC projects, covering around 127 GW of generation capacity, including evacuation from the Brahmaputra basin and renewable energy-rich regions such as Kutch and Rajasthan. Some projects are under active consideration, although firm bidding and award timelines are yet to be finalised.

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Total operating Income	**42,342**	**41,656**	**45,072**	**49,463**
Growth (%)	-2	-2	8	10
Employee Expenses	2,593	2,644	2,562	2,602
Other expenses	3,562	5,213	3,400	3,748
Total Operating Expenditure	6,155	7,857	5,962	6,350
EBITDA	36,187	33,799	39,110	43,113
Growth (%)	-5	-7	16	10
Depreciation	12,352	12,330	16,813	18,352
Interest	9,479	10,050	9,616	10,426
Other Income	4,894	6,092	6,092	6,092
PBT	19,250	17,510	18,772	20,426
Others	0	0	0	0
Total Tax	2,711	2,155	2,722	3,266
PAT	**15,703**	**16,673**	**16,144**	**17,567**
Growth (%)	-6	6	-3	9
EPS (Rs.)	**16.9**	**17.9**	**17.3**	**18.9**

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit Before Tax	18,969	14,687	18,772	20,426
Add: Depreciation	12,352	12,330	16,813	18,352
(Inc)/dec in Current Assets	(949)	(3,546)	(1,969)	(6,626)
Inc/(dec) in CL and Provisions	(1,171)	(1,937)	8,202	9,355
Others	7,193	11,440	7,777	8,425
CF from operating activities	**36,394**	**32,975**	**49,595**	**49,932**
(Inc)/dec in Fixed Assets	(20,140)	(25,822)	(31,995)	(38,167)
(Inc)/dec in Disposals	20	19	18	17
Others	1	2	3	3
CF from investing activities	**(20119)**	**(25801)**	**(31973)**	**(38147)**
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	2,012	6,451	12,790	13,352
Dividend paid & dividend tax	(9,422)	(10,003)	(9,686)	(10,540)
Inc/(dec) in Sec. premium	1	2	3	3
Others	(9,479)	(10,050)	(9,616)	(10,426)
CF from financing activities	**(16888)**	**(13601)**	**(6509)**	**(7611)**
Net Cash flow	4,683	(6,028)	11,078	(13,597)
Opening Cash	457	2,756	8,584	6,247
Closing Cash	**2,756**	**8,584**	**6,247**	**4,775**

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Liabilities				
Equity Capital	9,311	9,311	9,311	9,311
Reserve and Surplus	84,424	91,093	97,551	104,577
Total Shareholders' funds	93,735	100,404	106,861	113,888
Total Debt	142,141	148,591	161,382	174,734
AAD	0	0	0	0
Minority Interest / Others	3,827	3,827	3,827	3,827
Total Liabilities	**239703**	**252822**	**272070**	**292449**
Assets				
Gross Block	350,254	375,076	406,070	443,237
Less: Acc Depreciation	135,395	147,725	164,538	182,890
Net Block	214,859	227,351	241,533	260,347
Capital WIP	60,810	61,810	62,810	63,810
Total Fixed Assets	275,669	289,161	304,343	324,158
Investments	1,293	1,273	1,255	1,238
Inventory	1,893	2,715	1,736	1,875
Debtors	9,189	14,884	11,540	10,586
Loans and Advances	10,811	11,399	6,492	6,351
Other Current Assets	4,234	4,166	4,507	4,946
Cash	2,756	8,584	6,247	4,775
Total Current Assets	28,884	41,747	30,522	28,533
Current liabilities	44,499	44,870	44,116	43,247
Other Liabilities	9,973	14,595	9,520	10,494
Total Current Liabilities	54,472	59,465	53,636	53,742
Net Current Assets	(30,106)	(22,236)	(27,632)	(29,726)
Application of Funds	**239703**	**252822**	**272070**	**292449**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per share data (Rs.)				
EPS	16.9	17.9	17.3	18.9
Cash EPS	40.2	41.6	47.2	51.5
BV	100.7	107.8	114.8	122.3
DPS	14.7	13.6	14.4	13.5
Cash Per Share	4.0	12.3	9.0	6.8
Operating Ratios (%)				
EBITDA Margin	85.5	81.1	86.8	87.2
PBT / Total Operating income	45.5	42.0	41.6	41.3
PAT Margin	37.1	40.0	35.8	35.5
Debtor days	79.2	130.4	93.5	78.1
Return Ratios (%)				
RoE	16.8	16.6	15.1	15.4
RoCE	12.2	11.1	10.6	10.7
RoIC	12.3	11.5	10.8	10.9
Valuation Ratios (x)				
P/E	15.4	14.5	15.0	13.8
EV / EBITDA	10.8	11.6	10.4	9.8
EV / Net Sales	9.2	9.4	9.0	8.5
Market Cap / Sales	5.9	6.0	5.6	5.1
Price to Book Value	2.7	2.5	2.4	2.2
Solvency Ratios				
Debt/EBITDA	3.9	4.4	4.1	4.1
Debt / Equity	1.5	1.5	1.5	1.5
Current Ratio	0.5	0.7	0.6	0.5
Quick Ratio	0.1	0.1	0.1	0.1

Source: Company, ICICI Direct Research

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