Power Grid Corporation of India | BUY

2QFY26: First Cut

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Power Grid (PGCIL) reported in-line revenue for 2QFY26. EBITDA and Adj. PAT missed estimates by 5% and 14%, respectively, due to 77% YoY increase in other expenses. Key highlights from the results are as follows:

- Revenue in 2QFY26 stood at INR 115bn (2% YoY, -1% JMFe, -1% Cons.).
- EBITDA for the quarter came in at INR 91bn (-6% YoY, -5% JMFe, -7% Cons) due to increase in other expenses by INR 7.4bn YoY.
- EBITDA margin in 2QFY26 stood at 79.4% vs. 86% in 1QFY25, down by 661bps due to impact of other expenses.
- PAT stood at INR 36bn (-6% YoY, -14% JMFe, -7% Cons.).
- Board has declared first interim dividend of INR 4.5 per share for FY26.
- ConCall is scheduled tomorrow at 4:00 PM (IST).
- Detailed note follows post ConCall.

PGCIL 2QFY26; First cut

INR mn	2QFY26	2QFY25	% YoY	1QFY26	% QoQ	JMFe	% Var	Cons.	% Var
Revenue	**114,760**	**112,778**	**2%**	**111,962**	**2%**	**115,890**	**-1%**	**116,347**	**-1%**
Op Exp.	30,303	21,974	38%	26,901	13%	26,231	16%		
EBITDA	**91,137**	**97,013**	**-6%**	**91,467**	**0%**	**96,102**	**-5%**	**97,788**	**-7%**
EBITDA Margin (%)	**79.4%**	**86.0%**	**-661bps**	**81.7%**	**-228bps**	**82.9%**	**-351bps**		
Deprn.	32,231	32,921		31,305		31,305			
EBIT	58,906	64,093		60,163		64,798			
Other income	1,943	5,682		2,482		4,376			
Interest	21,481	24,411		19,343		19,343			
PBT	**38,782**	**44,317**	**-12%**	**42,858**	**-10%**	**49,386**	**-21%**		
Tax (inc. def. tax)	8,294	8,845		8,680		10,002			
Reg def a/c	5,173	2,458		2,128		2,128			
PAT (reported)	**35,661**	**37,930**	**-6%**	**36,306**	**-2%**	**41,512**	**-14%**	**38,533**	**-7%**
Adj PAT	**30,488**	**35,473**	**-14%**	**34,178**	**-11%**	**39,384**	**-23%**		
EPS	**3.28**	**3.81**	**-14%**	**3.67**	**-11%**	**4.23**	**-23%**		

APPENDIX I

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New Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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