Retail Equity Research

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Power Grid Corporation of India Limited

BUY

Sector: Electric Utilities

25th August, 2026

Key Changes	Target ▼	Rating ▲	Earnings ▼

Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	PWGR:IN	77,369	POWERGRID	532898	12 Months

Target	**Rs. 303**
CMP	**Rs. 271**
Return	**+12%**

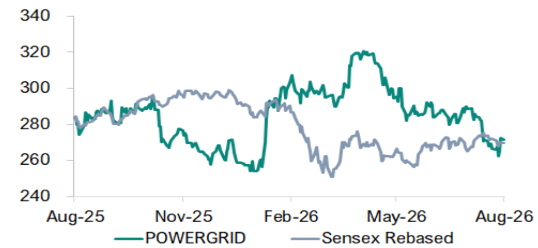
Data as of: 24-Aug-2026, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	252,465
52 Week High — Low (Rs.)	325 - 250
Enterprise Value (Rs. cr)	405,864
Outstanding Shares (cr)	930.1
Free Float (%)	48.5
Dividend Yield (%)	3.3
6m average volume (cr)	1.3
Beta	0.9
Face value (Rs.)	10.0

Shareholding (%)	Q3FY26	Q4FY26	Q1FY27
Promoters	51.3	51.3	51.3
FII's	24.7	25.0	24.3
MFs/Institutions	20.3	20.1	20.7
Public	3.3	3.1	3.2
Others	0.4	0.4	0.4
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-7.8%	-11.0%	-4.2%
Absolute Sensex	2.6%	-5.9%	-4.8%
Relative Return	-10.4%	-5.0%	0.6%

*over or under performance to benchmark index



Y.E March (cr)	FY26A	FY27E	FY28E
Sales	46,733	52,341	56,633
Growth (%)	*2.1*	*12.0*	*8.2*
EBITDA	37,979	43,652	47,458
EBITDA Margin (%)	*81.3*	*83.4*	*83.8*
PAT Adjusted	15,928	16,866	17,848
Growth (%)	*2.6*	*5.9*	*5.8*
Adjusted EPS	17.1	18.1	19.2
Growth (%)	*2.6*	*5.9*	*5.8*
P/E	15.9	15.0	14.1
P/B	2.5	2.3	2.1
EV/EBITDA	10.4	9.3	8.8
ROE (%)	*15.8*	*15.5*	*15.2*
D/E	1.5	1.5	1.5

Healthy Pipeline, Challenges Persist

Power Grid Corporation of India Ltd (POWERGRID) is a power transmission company. Its operating segments are Transmission, Telecom and Consultancy.

- Consolidated revenue rose 2.7% YoY to Rs. 11,497cr, led by transmission (+2.2%) and consultancy (+27.8%) while telecom lagged (-13.0%) on lower order execution.
- Capitalisation surged 3.1x YoY to Rs. 5,277cr (~18% of FY27 guidance) and capex rose 11.2% to Rs. 7,765cr, signaling a strong execution start.
- System availability held at 99.8%, above the 99.75% incentive threshold, while receivable days compressed sharply to ~12, reflecting robust operational and collection efficiency.
- EBITDA rose 4.3% YoY to Rs. 9,536cr, with margin expanding ~120bps to 82.9%, driven primarily by an 8.7% decline in other expenses.
- Reported PAT dipped 0.9% YoY to Rs. 3,598cr on ~Rs. 160cr regulatory drag. PAT margin stood at 31.3%.

Outlook and Valuation

Powergrid remains the premier proxy on India's structural transmission capex upcycle, with a multi-year runway underpinned by rising renewable integration, HVDC expansion, and emerging demand from data centres and green hydrogen. Its dominant ISTS positioning, presence across both regulated and competitively-bid frameworks, and steady diversification into telecom, consultancy and grid-support solutions (BESS, synchronous condensers) reinforce long-term strategic relevance. A regulated, annuity-like revenue model with assured returns and strong balance-sheet strength lends earnings resilience. Coupled with sustained transmission capex visibility, POWERGRID's strong order book, robust bidding pipeline and consistent execution momentum support a constructive outlook. Accordingly, **we upgrade our rating to BUY with a revised target price of Rs. 303, set at 2.4x FY28E P/B** (vs. 2.9x earlier); the trimmed multiple reflects a moderating RoE as a rising TBCB mix and capitalisation lag dilute returns on a swelling equity base, alongside Right-of-Way (RoW) bottlenecks and execution risk.

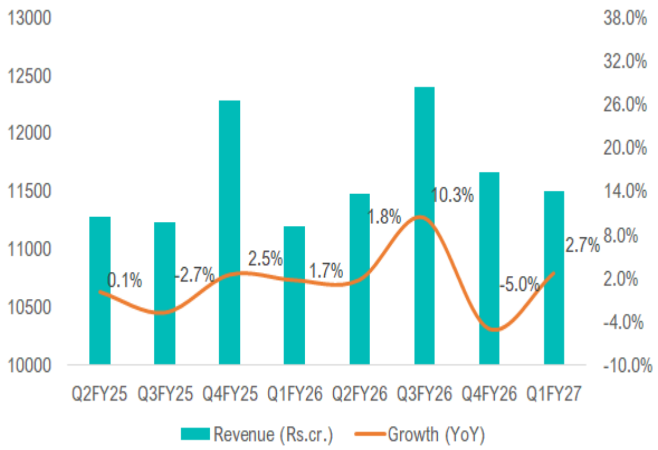
Quarterly Financials Consolidated

Rs.cr	Q1FY27	Q1FY26	YoY Growth (%)	Q4FY26	QoQ Growth (%)
Sales	11,497	11,196	*2.7*	11,666	*-1.4*
EBITDA	9,536	9,147	*4.3*	9,066	*5.2*
Margin (%)	*82.9*	*81.7*	*120bps*	*77.7*	*520bps*
EBIT	6,408	6,016	*6.5*	5,771	*11.0*
PBT	4,587	4,286	*7.0*	3,918	*17.1*
Rep. PAT	3,598	3,631	*-0.9*	4,546	*-20.9*
Adj PAT	3,598	3,631	*-0.9*	4,546	*-20.9*
Adj. EPS (Rs)	3.9	3.9	*-0.8*	4.9	*-20.9*

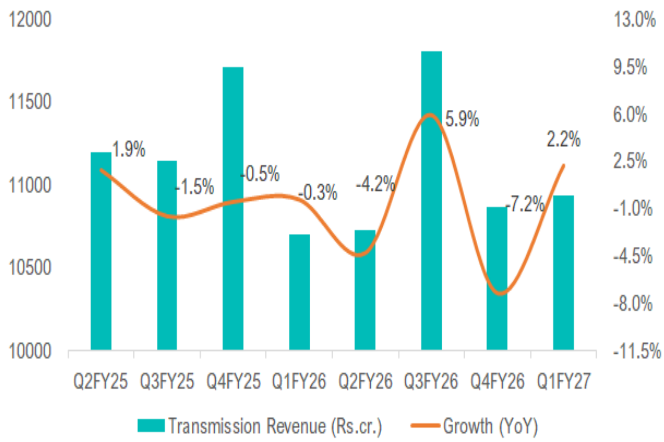
Key concall highlights

- Management retained FY27 guidance of Rs. 37,000cr capex and Rs. 30,000cr capitalisation, hinting at possible upside given the strong first-quarter execution start.
- POWERGRID won six transmission projects till July 2026 — including India's first synchronous condenser (SynCon) scheme — with aggregate annual tariff exceeding Rs. 2,200cr.
- POWERGRID is actively pursuing battery energy storage, having filed petitions under the new framework permitting transmission utilities to develop regulated storage assets.
- The bidding pipeline stands strong at Rs. 1.19 lakh crore — Rs. 73,875cr under active bidding and Rs. 45,620cr yet to be floated.
- The company commissioned 1,635 ckm of lines and 10,500 MVA of transformation capacity in Q1FY27, largely across renewable -energy evacuation projects.
- Management expects the Rs. 7.9 lakh crore opportunity, linked to India's 900GW non-fossil roadmap, to be largely bid out over the next 3-4 years.

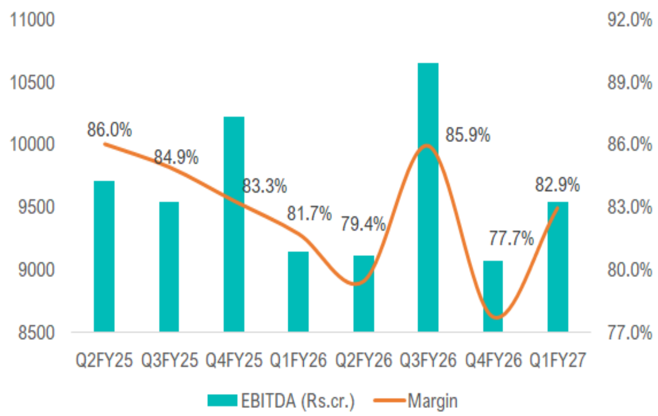
Revenue



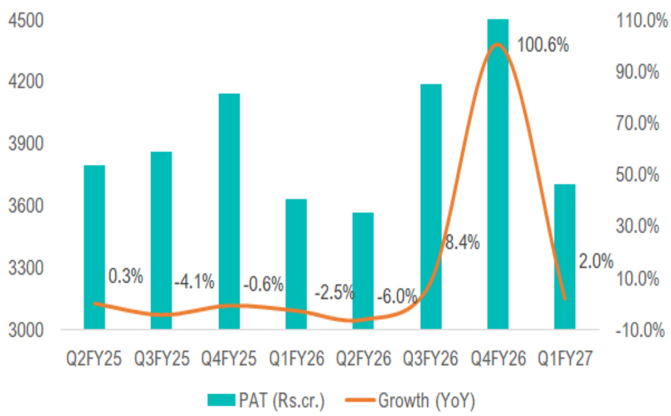
Transmission revenue



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**
Revenue	52,327	56,618	52,341	56,633	*0.0*	*0.0*
EBITDA	45,211	49,003	43,652	47,458	*-3.4*	*-3.2*
Margins (%)	*86.4*	*86.6*	*83.4*	*83.8*	*-300bps*	*-280bps*
Adj. PAT	17,078	18,764	16,866	17,839	*-1.2*	*-4.9*
EPS	18.4	20.2	18.1	19.2	*-1.2*	*-4.9*

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Sales	**45,843**	**45,792**	**46,733**	**52,341**	**56,633**
% change	*0.5*	*-0.1*	*2.1*	*12.0*	*8.2*
EBITDA	**39,903**	**39,065**	**37,979**	**43,652**	**47,458**
% change	*1.0*	*-2.1*	*-2.8*	*14.9*	*8.7*
Depreciation	13,095	12,904	13,030	14,098	15,217
EBIT	**26,808**	**26,161**	**24,949**	**29,554**	**32,241**
Interest	8,773	8,700	8,448	9,283	10,738
Other Income	1,050	1,557	819	724	715
PBT	**19,085**	**19,018**	**17,321**	**20,996**	**22,219**
% change	*9.4*	*-0.4*	*-8.9*	*21.2*	*5.8*
Tax	2,941	3,773	-1,381	4,130	4,371
Tax Rate (%)	*15.4*	*19.8*	*-8.0*	*19.7*	*19.7*
Reported PAT	**15,573**	**15,521**	**15,928**	**16,866**	**17,848**
PAT att. to common shareholders	**15,573**	**15,521**	**15,928**	**16,866**	**17,848**
Adj.*	-	-	-	-	-
Adj. PAT	**15,573**	**15,521**	**15,928**	**16,866**	**17,848**
% change	*1.0*	*-0.3*	*2.6*	*5.9*	*5.8*
No. of shares (cr)	930.1	930.1	930.1	930.1	930.1
Adj EPS (Rs.)	**16.7**	**16.7**	**17.1**	**18.1**	**19.2**
% change	*-24.3*	*-0.3*	*2.6*	*5.9*	*5.8*
DPS (Rs.)	11.3	9.0	9.0	9.2	9.6

Balance Sheet

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	7,495	10,077	8,920	9,563	10,681
Accts. Receivable	11,540	7,965	11,673	11,777	12,459
Inventories	1,406	1,803	2,126	2,291	2,410
Other Cur. Assets	6,612	9,655	10,895	8,578	9,222
Investments	1,516	1,234	1,420	1,420	1,420
Gross Fixed Assets	**275,991**	**290,715**	**320,334**	**358,019**	**398,795**
Net Fixed Assets	176,223	170,886	174,970	197,669	222,798
CWIP	18,082	33,269	43,654	44,527	44,973
Intangible Assets	1,654	1,751	1,653	1,668	1,653
Def. Tax -Net	-	-	-	-	-
Other Assets	26,364	29,469	39,416	38,603	34,319
Total Assets	**250,891**	**266,107**	**294,727**	**316,097**	**339,934**
Current Liabilities	16,039	19,138	26,861	27,990	28,837
Provisions	644	727	800	880	968
Debt Funds	127,078	134,581	151,730	162,962	176,551
Other Liabilities	19,985	18,999	14,842	15,508	15,896
Equity Capital	9,301	9,301	9,301	9,301	9,301
Res. & Surplus	77,845	83,362	91,193	99,458	108,382
Shareholder Funds	**87,145**	**92,663**	**100,494**	**108,758**	**117,682**
Minority Interest	-	-	-	-	-
Total Liabilities	**250,891**	**266,107**	**294,727**	**316,097**	**339,934**
BVPS	94	100	108	117	127

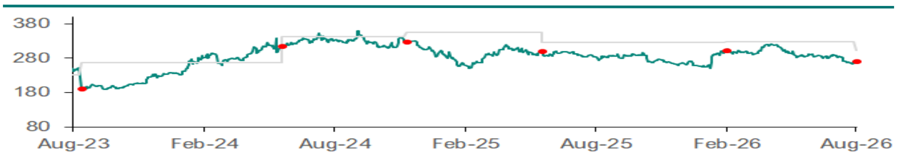
Cashflow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Depn.	**28,668**	**28,426**	**28,958**	**30,964**	**33,065**
Non-cash adj.	5,079	4,741	16,156	12,631	13,530
Other adjustments	-	-	-	-	-
Changes in W.C	3,542	3,056	-4,183	-269	-801
C.F. Operation	**37,290**	**36,223**	**40,931**	**43,325**	**45,794**
Capital exp.	-11,404	-24,111	-37,248	-37,685	-40,776
Change in inv.	-	-	-	-251	-25
Other invest.CF	-1,711	578	1,943	-	-
C.F - Investment	**-13,114**	**-23,533**	**-35,305**	**-37,937**	**-40,801**
Issue of equity	-	-	-	-	-
Issue/repay debt	-5,397	3,614	12,609	11,231	13,589
Dividends paid	-11,219	-9,766	-8,371	-8,602	-8,924
Other finance.CF	-9,287	-6,205	-8,245	-7,376	-8,540
C.F - Finance	**-25,903**	**-12,357**	**-4,006**	**-4,746**	**-3,875**
Chg. in cash	-1,728	333	1,619	642	1,118
Closing Cash	**7,495**	**10,077**	**8,920**	**9,563**	**10,681**

Ratio

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	87.0	85.3	81.3	83.4	83.8
EBIT margin (%)	58.5	57.1	53.4	56.5	56.9
Net profit mgn.(%)	34.0	33.9	34.1	32.2	31.5
ROE (%)	17.9	16.8	15.8	15.5	15.2
ROCE (%)	12.5	11.5	9.9	10.9	11.0
W.C & Liquidity					
Receivables (days)	91.9	63.5	91.2	82.1	80.3
Inventory (days)	146.4	159.6	127.5	145.3	143.8
Payables (days)	38.7	54.9	57.3	63.0	63.9
Current ratio (x)	0.8	0.7	0.6	0.6	0.6
Quick ratio (x)	0.6	0.4	0.4	0.4	0.4
Turnover &Leverage					
Gross asset T.O (x)	0.2	0.2	0.2	0.2	0.1
Total asset T.O (x)	0.2	0.2	0.2	0.2	0.2
Int. covge. ratio (x)	3.1	3.0	3.0	3.2	3.0
Adj. debt/equity (x)	1.5	1.5	1.5	1.5	1.5
Valuation					
EV/Sales (x)	8.1	8.2	8.5	7.8	7.4
EV/EBITDA (x)	9.3	9.6	10.4	9.3	8.8
P/E (x)	16.2	16.3	15.9	15.0	14.1
P/BV (x)	2.9	2.7	2.5	2.3	2.1

Recommendation Summary - (Last 3 years)



Dates	Rating	Target
02-Jun-22	HOLD	247
02-Feb-23	HOLD	232
04-Sep-23	HOLD	268
11-Jun-24	HOLD	343
02-Dec-24	HOLD	356
10-Jun-25	HOLD	325
23-Feb-26	HOLD	328
25-Aug-26	BUY	303

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: Upgrade No Change Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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