

CMP: ₹ 296

Target: ₹ 360 (22%) Target Period: 12-15 months

BUY

May 18, 2026

Well positioned for India's energy transition opportunity...

About the stock: PowerGrid is India's largest power transmission utility with transmission lines of 184,960 circuit km (ckm) and 6,24,016 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.

Q4FY26 performance: Power Grid Corporation of India Limited reported standalone Q4FY26 revenue from operations of ₹9,971 crore, down 9% YoY from ₹10,982 crore in Q4FY25. EBITDA stood at ~₹7,500 crore compared to ~₹9,222 crore, while EBITDA margin moderated to 75.21% vs 83.96% in Q4FY25. PAT for the quarter increased 5% YoY to ₹4,553 crore from ₹4,336 crore. For FY26, standalone revenue from operations declined 1.3% YoY to ₹40,904 crore from ₹41,431 crore in FY25, while EBITDA margin moderated to 80.8% vs 85% in FY25. PAT increased 3.7% YoY to ₹15,921 crore.

Investment Rationale

- **Strong transmission capex cycle with robust order visibility:** POWERGRID remains a key beneficiary of India's accelerating transmission capex cycle, supported by renewable integration, grid modernization, green hydrogen projects and rising electricity demand. The company currently has ~₹1.70 lakh crore works-in-hand, while the bidding pipeline exceeds ₹1.1 lakh crore, providing strong multi-year execution visibility. Further, the long-term sectoral opportunity is estimated at ₹15 lakh crore+, driven by the CEA's 900+ GW non-fossil fuel plan, requiring addition of 1,37,500 ckm transmission lines and 8,27,600 MVA transformation capacity. POWERGRID has highlighted that 22 HVDC projects (~127 GW capacity) are under bidding and planning stages, positioning the company strongly in India's next transmission investment cycle.
- **Strong execution pipeline and sustained capex guidance support earnings growth:** POWERGRID continues to witness strong execution momentum backed by its large project pipeline and healthy capitalization trajectory. The company exceeded its FY26 capex and capitalization guidance, delivering ₹39,967 crore capex against guidance of ₹35,000 crore and ₹28,206 crore capitalization against guidance of ₹25,000 crore. For FY27, management has guided for capex of ~₹37,000 crore and capitalization of ~₹30,000 crore, indicating continued execution strength and steady growth in the regulated asset base (RAB).

Rating and Target Price

- POWERGRID remains well-positioned to benefit from India's multi-year transmission capex cycle backed by renewable energy evacuation, HVDC expansion and energy security requirement, we rate the company as **BUY** rating, with target of **₹360 (based on 16x FY28E EPS)**.

Key Financial Summary

Particulars (₹ crore)	FY23	FY24	FY25	FY26	3 year CAGR (FY23-26)	FY27E	FY28E	2 year CAGR (FY26-FY28E)
Revenues	42099	43280	43047	41656	-0.4%	46941	53199	13.0%
EBITDA	36838	37915	37467	33799	-2.8%	40978	46849	17.7%
EBITDA Margin (%)	87.5	87.6	87.0	81.1		87.3	88.1	
Net Profit	15805	16720	15837	16673	1.8%	17751	20780	11.6%
EPS (₹)	22.7	18.0	17.0	17.9		19.1	22.3	
P/E (x)	12.6	15.1	15.9	16.5		15.5	13.3	
Price / Book (x)	2.4	2.9	2.7	2.7		2.6	2.4	
RoCE (%)	11.5	12.2	11.5	11.0		11.2	11.9	
RoE (%)	19.6	19.1	16.9	16.6		16.5	17.9	

Source: Company, ICICI Direct Research



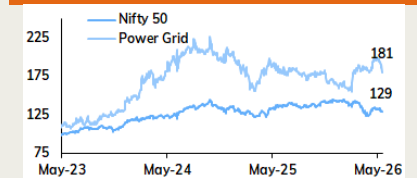
Particulars

Particular	Rs. (in crore)
Market Capitalisation	275,760
Total Debt (FY26)	148,009
Cash and Inv (FY26)	8,920
Enterprise Value	414,849
52 week H/L (Rs.)	325/250
Equity capital	9,301
Face value (Rs.)	10

Shareholding pattern

%	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	51.3	51.3	51.3	51.3
FII	26.5	25.7	24.7	25.0
DII	18.5	19.3	20.2	20.1
Public	3.7	3.7	3.7	3.6

Price Chart



Key risks

- Slowdown in power demand
- Delay in execution of renewable capacity.

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Key Concall highlights

- POWERGRID delivered a strong operational performance in FY26, exceeding its Capex guidance of ₹35,000 crore with actual Capex of ₹39,967 crore and surpassing capitalization guidance with ₹28,206 crore capitalization during the year. sustained system availability at 99.84%, reflecting continued operational reliability and execution strength.
- During FY26, the company commissioned 4,765 ckm transmission lines, 72,055 MVA transformation capacity and 9 substations, significantly higher than FY25 additions. Key projects commissioned included Bhadla, Ramgarh, Ahmedabad and Narela substations along with multiple 765 kV transmission corridors, strengthening renewable energy evacuation infrastructure.
- Company secured its maiden Battery Energy Storage System (BESS) project comprising 150 MW / 300 MWh standalone storage project in Andhra Pradesh with annual tariff of ₹29.52 crore. Management indicated this opens a new growth avenue amid evolving integrated energy storage regulations.
- In the TBCB segment, POWERGRID won 9 out of 28 projects bid during FY26 and maintained cumulative market share of ~44% across all TBCB projects since inception, reinforcing its leadership position in the transmission sector.
- The company maintained a robust order pipeline with works-in-hand of ~₹1.7 lakh crore, largely driven by TBCB projects. In addition, bidding pipeline remains strong at over ₹1.1 lakh crore, supported by renewable evacuation projects, HVDC corridors, green hydrogen infrastructure and inter-regional transmission schemes.
- Management emphasized technology-led innovation with commissioning of the world's first 765 kV digital substation, deployment of insulated cross-arms at 400 kV level and indigenously developed 220 kV Mobile GIS for rapid restoration. The company also commissioned Asia's first transformer using synthetic ester oil, supporting ESG and sustainability initiatives.
- Management reiterated focus on maintaining industry-leading system availability above 99.8%, while leveraging AI-based monitoring, drone patrolling and digital substations to improve operational efficiency and reliability.
- Collection efficiency remained strong with realization rate at 101.2% during FY26, while overdue receivables declined materially to ₹2,905 crore as on March 2026, improving cash flow visibility and balance sheet quality.
- Guidance / Outlook
 - Management has guided for FY27 Capex of ~₹37,000 crore and capitalization of ~₹30,000 crore, indicating sustained execution momentum led by renewable energy evacuation, HVDC corridors and TBCB projects.
 - Management highlighted long-term transmission opportunity of over ₹15 lakh crore driven by India's 900+ GW non-fossil energy target, Brahmaputra basin hydro evacuation plans and emerging data centre / green hydrogen demand.
 - Company has indicated continued focus on HVDC opportunities, with 22 HVDC schemes under planning and bidding stage aggregating ~127 GW transmission capacity, positioning the company for large-scale future investments.

Key Financials

Exhibit 1: Profit and loss statement				
	₹ crore			
(Year-end March)	FY25	FY26	FY27E	FY28E
Total operating Income	42,342	41,656	46,941	53,199
Growth (%)	-2	-2	13	13
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	40,978	46,849
Growth (%)	-5	-7	21	14
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	20,640	24,162
Others	0	0	0	0
Total Tax	2,711	2,155	2,722	3,266
PAT	15,703	16,673	17,751	20,780
Growth (%)	-6	6	6	17
EPS (Rs.)	16.9	17.9	19.1	22.3

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	20,640	24,162
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	7,594	8,059
CF from operating activities	36,394	32,975	51,280	53,302
(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)	(10,650)	(12,468)
Inc/(dec) in Sec. premium	1	2	3	3
Others	(9,479)	(10,050)	(9,616)	(10,426)
CF from financing activities	(16888)	(13601)	(7473)	(9539)
Net Cash flow	4,683	(6,028)	11,078	(13,597)
Opening Cash	457	2,756	8,584	7,282
Closing Cash	2,756	8,584	7,282	7,114

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	98,193	106,505
Total Shareholders funds	93,735	100,404	107,504	115,816
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	272713	294377
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	4,694	5,320
Cash	2,756	8,584	7,282	7,114
Total Current Assets	28,884	41,747	31,743	31,246
Current liabilities	44,499	44,870	45,367	45,377
Other Liabilities	9,973	14,595	9,520	10,494
Total Current Liabilities	54,472	59,465	54,887	55,872
Net Current Assets	(30,106)	(22,236)	(27,661)	(29,143)
Application of Funds	239703	252822	272713	294377

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	19.1	22.3
Cash EPS	40.2	41.6	49.6	56.1
BV	100.7	107.8	115.5	124.4
DPS	14.7	13.6	14.4	13.5
Cash Per Share	4.0	12.3	10.4	10.2
Operating Ratios (%)				
EBITDA Margin	85.5	81.1	87.3	88.1
PBT / Total Operating income	45.5	42.0	44.0	45.4
PAT Margin	37.1	40.0	37.8	39.1
Debtor days	79.2	130.4	89.7	72.6
Return Ratios (%)				
RoE	16.8	16.6	16.5	17.9
RoCE	12.2	11.1	11.3	11.9
RoIC	12.3	11.5	11.6	12.2
Valuation Ratios (x)				
P/E	17.6	16.5	15.5	13.3
EV / EBITDA	11.3	12.1	10.3	9.3
EV / Net Sales	9.7	9.8	9.0	8.2
Market Cap / Sales	6.4	6.5	5.8	5.1
Price to Book Value	2.9	2.7	2.5	2.3
Solvency Ratios				
Debt/EBITDA	3.9	4.4	3.9	3.7
Debt / Equity	1.5	1.5	1.5	1.5
Current Ratio	0.5	0.7	0.6	0.6
Quick Ratio	0.1	0.1	0.1	0.1

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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