

CMP: ₹ 287

Target: ₹ 350 (23%) Target Period: 12-15 months

August 5, 2025

Strong sectoral tailwind...

About the stock: PowerGrid is India's largest power transmission utility with transmission lines of 180,849 circuit km (ckm) and 571,331 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.

Q1FY26 performance: Powergrid reported muted set of Q1FY26 results. Standalone revenue declined 1.3% YoY to Rs 9928 crore. From a segmental perspective, core transmission revenue stood at Rs 9883 crore down 1.7% given past couple of quarters have seen tepid asset addition. EBITDA came in at Rs 8118 crore. Consequently, PAT came in at Rs 3653 crore.

Investment Rationale

- Strong pipeline of projects:** The company has projects in hands to the tune of ₹148644 crore vs. ₹114000 crore YoY which will be executed over a period of 3-5 years and set the earnings trajectory back on growth path. Out of the total prospects, TBCB projects are at ₹99906 crore, Ongoing RTM at ₹9062 crore and new RTM at ₹ 37049 crore. The company commands ~50% share in TBCB projects coupled with a strong pipeline of tendering in the offing, we believe the company is in a sweet spot to bag large projects over the next 2-3 years.
- Capex to accelerate from FY26E onwards:** As of 4MFY26, the company has incurred a capex of ₹2800 crore and has guided yearly capex of ₹28,000 crore for FY26E. Given strong project wins in FY25 and tailwinds in the power transmission space, the company expects a capex of ₹28-30,000 crore for FY26E which will further scaled upto ₹35,000 crore from FY27E and ₹45000 crore for FY28E. The company plans to capitalised ₹22000 crore of assets in FY26E.

Rating and Target Price

- Strong project pipeline, capex intensity over FY26-FY28E and strong sectoral tailwind coupled with a dominating market share of the company in project wins will put floor to tepid performance of the company. We rate the company as **BUY** rating, with target of ₹350(based on 15x FY27E EPS).

BUY



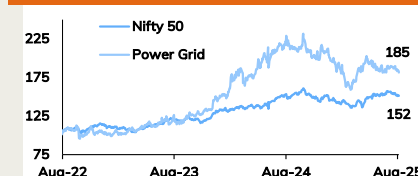
Particulars

Particular	Rs. in crore
Market Cap	2,65,857.0
FY25 Gross Debt	1,30,965.0
F25 Cash	6,419.4
Enterprise Value	3,90,402.6
52 Week H/L (Rs./share)	366/247
Equity Capital	9300.6
Face Value (Rs./share)	10.0

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	51.3	51.3	51.3	51.3
FII	28.3	28.1	26.8	26.5
DII	16.9	17.0	18.3	18.5
Public	3.5	3.6	3.6	3.7

Price Chart



Key risks

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

Research Analyst

Chirag J Shah
shah.chirag@icicisecurities.com

Samarth Khandelwal
samarth.khandelwal@icicisecurities.com

Key Financial Summary

Particulars (₹ crore)	FY22	FY23	FY24	FY25	3 year CAGR (FY22-25)	FY26E	FY27E	2 year CAGR (FY25-FY27E)
Revenues	39928.1	42098.8	43280.3	45489.6	4.4%	48553.6	52366.9	4.8%
EBITDA	34921.7	36838.2	37914.7	39910.0	4.6%	42754.0	46347.3	5.1%
EBITDA Margin (%)	87.5	87.5	87.6	87.7		88.1	88.5	
Net Profit	17093.8	15805.4	16719.8	17989.3	1.7%	19691.9	21881.8	6.7%
EPS (₹)	25.5	22.7	18.0	19.3		21.1	23.5	
P/E (x)	11.2	12.6	15.9	14.8		13.5	12.2	
Price / Book (x)	2.0	2.4	3.0	2.8		2.6	2.4	
RoCE (%)	10.2	11.5	12.2	12.5		12.8	13.3	
RoE (%)	23.5	19.6	19.1	19.0		19.2	19.7	

Source: Company, ICICI Direct Research

Key Result highlights

- The company incurred a capex of ₹6981 crore incurred in Q1FY26 (vs. ₹4615 crore YoY) whereas asset capitalisation was ₹1800 crore, which has further increased by ₹1000 crore in July 2025. The company has guided for an asset capitalisation of ₹22000 crore. The capex target set for FY26E set at ₹28000 crore.
- The company highlighted transmission pipeline of ₹1.4trn – 1) ₹29000 crore of projects not bid out but approved, 2) projects under bidding stood at ₹39000 crore and 3) projects approved by the NCT recently stood at ₹75000 crore.
- System availability in Q1FY26 stood at 99.84%
- Consultancy revenue increased to ₹330 crore due to ₹150 crore of revenue from smart meters
- The company has added 652 circuit km (ckm) of transmission lines and 19370 MVA of transmission capacity during Q1FY26.
- The debt on the balance sheet as of Q1FY26 stood at ₹130,646 crore vs. ₹123,645 crore in Q1FY25. The gross block and CWIP as of Q3FY25 stood at ₹292446 crore and ₹41610 crore. The equity infused in operational TBCB projects stood at ₹4671 crore while equity in under construction TBCB projects stands at ₹2546 crore.
- Work in hand stands at ₹148,644 crore which comprises of RTM of ₹9062 crore, new RTM of ₹37049 crore and TBCB of ₹99906 crore.

Key Financials

Exhibit 1: Profit and loss statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Total operating Income	43,280	45,490	48,554	52,367
Growth (%)	27	5	7	8
Employee Expenses	2,442	2,482	2,522	2,562
Other expenses	2,923	3,097	3,277	3,457
Total Operating Expenditure	5,366	5,580	5,800	6,020
EBITDA	37,915	39,910	42,754	46,347
Growth (%)	29	5	7	8
Depreciation	13,710	14,502	15,295	16,087
Interest	8,295	8,198	8,455	8,710
Other Income	3,531	3,708	3,893	3,893
PBT	19,441	20,917	22,897	25,444
Others	2	3	4	5
Total Tax	3,089	2,711	2,155	2,722
PAT	16,720	17,989	19,692	21,882
Growth (%)	10	43	-8	6
EPS (Rs.)	18.0	19.3	21.1	23.5

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit Before Tax	19,441	20,917	22,897	25,444
Add: Depreciation	13,710	14,502	15,295	16,087
(Inc)/dec in Current Assets	-3,313	-949	-3,546	-1,969
Inc/(dec) in CL and Provisions	4,902	-1,171	-1,937	8,202
Others	6,390	6,148	6,211	6,216
CF from operating activities	41,129	39,448	38,921	53,979
(Inc)/dec in Fixed Assets	-20,140	-20,140	-20,140	-20,141
(Inc)/dec in Disposals	21	20	19	18
Others	0	1	2	3
CF from investing activities	(20119)	(20119)	(20119)	(20119)
Issue/(Buy back) of Equity	2,336	0	0	0
Inc/(dec) in loan funds	-12,071	-2,012	4,024	4,024
Dividend paid & dividend tax	-10,032	-10,793	-11,815	-13,129
Inc/(dec) in Sec. premium	0	1	2	3
Others	-8,295	-8,198	-8,455	-8,710
CF from financing activities	(28062)	(21002)	(16244)	(17811)
Net Cash flow	233	4,683	-6,028	11,078
Opening Cash	4,445	457	1,492	1,197
Closing Cash	457	1492	1197	5592

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet

₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Liabilities				
Equity Capital	9,311	9,311	9,311	9,311
Reserve and Surplus	78,143	85,338	93,215	1,01,968
Total Shareholders funds	87,453	94,649	1,02,526	1,11,278
Total Debt	1,40,129	1,38,117	1,42,141	1,46,165
AAD	0	0	0	0
Minority Interest / Others	3,827	3,827	3,827	3,827
Total Liabilities	231409	236593	248494	261271
Assets				
Gross Block	3,31,113	3,50,254	3,69,394	3,88,535
Less: Acc Depreciation	1,23,043	1,37,545	1,52,839	1,68,926
Net Block	2,08,071	2,12,709	2,16,555	2,19,608
Capital WIP	59,810	60,810	61,810	62,810
Total Fixed Assets	2,67,881	2,73,519	2,78,365	2,82,419
Investments	1,313	1,293	1,273	1,255
Inventory	1,585	1,646	1,707	1,765
Debtors	8,229	9,189	14,884	11,540
Loans and Advances	10,199	10,811	11,399	6,492
Other Current Assets	4,328	4,549	4,855	5,237
Cash	457	1,492	1,197	5,592
Total Current Assets	24,798	27,687	34,042	30,626
Current liabilities	45,394	46,822	39,571	36,608
Other Liabilities	8,185	8,672	9,176	9,680
Total Current Liabilities	53,579	55,494	48,747	46,289
Net Current Assets	-33,299	-32,324	-19,222	-20,180
Application of Funds	231409	236593	248494	261271

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per share data (Rs.)				
EPS	18.0	19.3	21.1	23.5
Cash EPS	43.6	46.6	50.2	54.4
BV	93.9	101.7	110.1	119.5
DPS	7.5	14.7	13.6	14.4
Cash Per Share	0.7	2.1	1.7	8.0
Operating Ratios (%)				
EBITDA Margin	87.6	87.7	88.1	88.5
PBT / Total Operating income	44.9	46.0	47.2	48.6
PAT Margin	38.6	39.5	40.6	41.8
Debtor days	69.4	73.7	111.9	80.4
Return Ratios (%)				
RoE	19.1	19.0	19.2	19.7
RoCE	12.2	12.5	12.8	13.3
RoIC	12.2	12.6	12.9	13.6
Valuation Ratios (x)				
P/E	15.9	14.8	13.5	12.2
EV / EBITDA	10.7	10.1	9.5	8.8
EV / Net Sales	9.4	8.9	8.4	7.8
Market Cap / Sales	6.2	5.9	5.5	5.1
Price to Book Value	3.0	2.8	2.6	2.4
Solvency Ratios				
Debt/EBITDA	3.7	3.5	3.3	3.2
Debt / Equity	1.6	1.5	1.4	1.3
Current Ratio	0.5	0.5	0.7	0.7
Quick Ratio	0.0	0.0	0.0	0.1

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according -to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Chirag Shah, PGDBM, CA. Samarth Khandelwal, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock broking and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agarwal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Bhavesh Soni Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report