

February 4, 2026

**Structural execution uplift**

**About the stock:** PowerGrid is India's largest power transmission utility with transmission lines of 183,174 circuit km (ckm) and 599,016 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.

**Q3FY26 performance:** Powergrid reported modest set of Q3FY26 results after many quarters of revenue decline. Standalone revenue grew 8.7% YoY to ₹11005 crore. From a segmental perspective, core transmission revenue stood at ₹10903 crore grew 9.7% YoY given projects won in FY24-FY25 will now enter the stage of capitalisation which will lead to flow into the revenue and profitability performance. EBITDA came in at ₹9412 crore up 11% YoY. Consequently, PAT came in at ₹ 4160 crore up 7% YoY. The company declared interim dividend of ₹1.5 per share.

**Investment Rationale**

- Strong pipeline of projects:** Company has ₹1,45,513 crore of works in hand (TBCB ~₹109767 crore), providing near-term revenue visibility. Beyond this, the transmission opportunity pipeline stands at ~₹6.6 lakh crore till FY32, of which ~₹2.3 lakh crore is already under execution, ₹55,000 crore is currently under bidding, and ₹15,000 crore is approved but yet to be bid. The balance ~₹3.6 lakh crore is expected to be tendered over the next four years (average ~₹90,000 crore per year). Large HVDC projects such as Barmer-South Kalamb and Bikaner-V-Begunia (each ~₹35,000 crore) are likely to be awarded in FY27, enhancing long-duration execution visibility.
- Improving capitalisation momentum:** Structural easing of right-of-way challenges following revised compensation norms, faster state-level adoption and proactive transformer procurement have materially improved execution momentum. This is reflected in the upward revision of FY26 capex guidance to ₹32,000 crore (vs. earlier ~₹28,000 crore) and capitalisation to ₹22,000 crore (vs. earlier ₹20,000 crore), with management guiding further scale-up to ₹37,000 crore capex and ₹30,000 crore capitalisation in FY27, and ₹45,000 crore capex and ₹35,000 crore capitalisation in FY28, supported by a strong commissioning pipeline.

**Rating and Target Price**

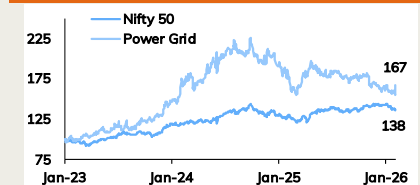
- Strong project pipeline, capex intensity over FY26-FY28E and strong sectoral tailwind coupled with a dominating market share of the company in project wins will put floor to tepid performance of the company. We rate the company as **BUY** rating, with target of ₹350 (based on 16x FY28E EPS).

**Particulars**

Particular	Rs. (in crore)
Market Capitalisation	269,252
Total Debt (H1FY26)	135,923
Cash and Inv (H1FY26)	5,320
Enterprise Value	399,855
52 week H/L (Rs.)	322/247
Equity capital	9,301
Face value (Rs.)	10

**Shareholding pattern**

%	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	51.3	51.3	51.3	51.3
FII	26.8	26.5	25.7	24.7
DII	18.3	18.5	19.3	20.2
Public	3.6	3.7	3.7	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

Dilip Pandey  
Dilip.Pandey@icicisecurities.com

Gourav Aggarwal  
gourav.aggarwal@icicisecurities.com

**Key Financial Summary**

Particulars (₹ crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-FY28E)
Revenues	42099	43280	43047	1.1%	44424	48426	54768	8.4%
EBITDA	36838	37915	37467	0.9%	38760	42464	48418	8.9%
EBITDA Margin (%)	87.5	87.6	87.0		87.3	87.7	88.4	
Net Profit	15805	16720	15837	0.1%	15880	17292	20393	8.8%
EPS (₹)	22.7	18.0	17.0		17.1	18.6	21.9	
P/E (x)	12.6	15.1	15.9		17.0	15.6	13.2	
Price / Book (x)	2.4	2.9	2.7		2.7	2.5	2.3	
RoCE (%)	11.5	12.2	11.5		11.0	11.1	11.8	
RoE (%)	19.6	19.1	16.9		15.9	16.2	17.7	

## Key Result highlights

- The company incurred a capex of ₹11,376 crore in Q3FY26 (vs. ₹7,469 crore YoY) whereas asset capitalisation was ₹9,027 crore. FY26 capex guidance has been raised to ₹32,000 crore (vs. earlier ₹28,000 crore), while capitalization guidance is increased to ₹22,000 crore (vs. earlier ₹20,000 crore). For 9MFY26, capex stood at ₹26,761 crore, already surpassing last year's ₹17,651 crore, with full-year capex expected to cross ₹32,000 crore by March 2026.
- Standalone revenue grew 8.7% YoY to ₹11,005 crore. From a segmental perspective, core transmission revenue stood at ₹10,903 crore grew 9.7% YoY
- System availability in Q3FY26 stood at 99.84%
- Consultancy revenue increased 46% YoY to ₹210 crore driven by growth from smart meters consultancy.
- The company has added 2120 circuit km (ckm) of transmission lines and 16500 MVA of transmission capacity during Q3FY26.
- Debt on the balance sheet as of 9MFY26 stood at ₹143,077 crore vs. ₹129,288 crore in 9MFY25. The gross block and CWIP as of 9MFY26 stood at ₹304,336 crore and ₹50,173 crore. The equity infused in operational TBCB projects stood at ₹55,543 crore while equity in under construction TBCB projects stands at ₹42,68 crore.
- Work in hand stands at ₹1,45,513 crore which comprises of RTM of ₹99,34 crore, new RTM of ₹23,608 crore and TBCB of ₹10,976 crore.
- Billing of ₹28,161 crore during Q3FY26 translated into ₹29,024 crore realizations (103.1%), with lowest-ever trade receivable days of 24.65 days at Q3FY26 end
- Company commissioned its first BESS project in Andhra Pradesh (150 MW / 350 MWh, capex ~₹250 crore, annual tariff ~₹29.5 crore) and plans aggressive participation in upcoming storage tenders. Internationally, it entered Africa through a \$311 million Kenya transmission PPP with Africa50, marking its first independent transmission project in Africa.
- Management highlighted that execution challenges seen last year (RoW, clearances, supply constraints) have largely eased, resulting in a sharp improvement in project commissioning and capitalization during Q3FY26 and January, indicating a structural rather than temporary recovery.
- Company has commissioned Asia's first 315 MVA transformer using synthetic ester oil, enhancing fire safety and sustainability.
- Management indicated a ₹6.6 lakh crore transmission opportunity pipeline till FY32, of which ₹2,30,000 is currently under execution, ₹55,000 crore is currently under bidding, ₹15,000 crore approved but yet to be bid, and ₹3.6 lakh crore expected to come up over the next four years (~average ₹90,000 crore per year), underpinning long-term order inflows
- Revised RoW compensation norms (market-linked rates, higher rural/urban compensation) have materially improved ground-level progress. While transformer/reactor capacity remains tight, management is proactively engaging OEMs and expects capacity augmentation (including potential policy support) to ease constraints over the next 2–3 years.
- Management indicated that large HVDC projects, including Barmer– South Kalamb HVDC link and Bikaner V– Begunia HVDC corridor (each ~₹35,000 crore), are likely to be awarded in FY27.

## Key Financials

Exhibit 1: Profit and loss statement

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Total operating Income</b>	<b>43,047</b>	<b>44,424</b>	<b>48,426</b>	<b>54,768</b>
Growth (%)	-1	3	9	13
Employee Expenses	2,482	2,522	2,562	2,602
Other expenses	3,097	3,141	3,400	3,748
Total Operating Expenditur	5,580	5,663	5,962	6,350
EBITDA	37,467	38,760	42,464	48,418
Growth (%)	-1	3	10	14
Depreciation	14,502	15,530	16,813	18,352
Interest	8,258	8,659	9,437	10,246
Other Income	3,708	3,893	3,893	3,893
PBT	18,415	18,464	20,107	23,712
Others	3	4	5	6
Total Tax	2,711	2,155	2,722	2,578
<b>PAT</b>	<b>15,837</b>	<b>15,880</b>	<b>17,292</b>	<b>20,393</b>
Growth (%)	-5	0	9	18
<b>EPS (Rs.)</b>	<b>17.0</b>	<b>17.1</b>	<b>18.6</b>	<b>21.9</b>

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit Before Tax	18,415	18,464	20,107	23,712
Add: Depreciation	14,502	15,530	16,813	18,352
(Inc)/dec in Current Assets	-949	-3,546	-1,969	-6,626
Inc/(dec) in CL and Provision	-1,171	-1,937	8,202	9,355
Others	6,453	6,850	7,466	7,923
<b>CF from operating activities</b>	<b>37,250</b>	<b>35,362</b>	<b>50,619</b>	<b>52,716</b>
(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
<b>CF from investing activities (20119)</b>	<b>(25801)</b>	<b>(31973)</b>	<b>(38147)</b>	
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	-1,006	6,451	12,790	13,352
Dividend paid & dividend ta	-9,502	-9,528	-10,375	-12,236
Inc/(dec) in Sec. premium	1	2	3	3
Others	-8,258	-8,659	-9,437	-10,246
<b>CF from financing activities (18765)</b>	<b>(11734)</b>	<b>(7018)</b>	<b>(9127)</b>	
Net Cash flow	4,683	-6,028	11,078	-13,597
Opening Cash	457	1,002	6,712	9,403
<b>Closing Cash</b>	<b>1,002</b>	<b>6,712</b>	<b>9,403</b>	<b>8,941</b>

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Liabilities</b>				
Equity Capital	9,311	9,311	9,311	9,311
Reserve and Surplus	84,478	90,829	97,746	1,05,903
Total Shareholders funds	93,788	1,00,140	1,07,057	1,15,214
Total Debt	1,39,123	1,45,573	1,58,364	1,71,716
AAD	0	0	0	0
Minority Interest / Others	3,827	3,827	3,827	3,827
<b>Total Liabilities</b>	<b>236738</b>	<b>249541</b>	<b>269248</b>	<b>290757</b>
<b>Assets</b>				
Gross Block	3,50,254	3,75,076	4,06,070	4,43,237
Less: Acc Depreciation	1,37,545	1,53,075	1,69,888	1,88,240
Net Block	2,12,709	2,22,001	2,36,183	2,54,998
Capital WIP	60,810	61,810	62,810	63,810
Total Fixed Assets	2,73,519	2,83,812	2,98,993	3,18,808
Investments	1,293	1,273	1,255	1,238
Inventory	1,646	1,636	1,736	1,875
Debtors	9,189	14,884	11,540	10,762
Loans and Advances	10,811	11,399	6,492	6,457
Other Current Assets	4,305	4,442	4,843	5,477
Cash	1,002	6,712	9,403	8,941
Total Current Assets	26,953	39,073	34,013	33,511
Current liabilities	44,966	46,926	46,287	46,196
Other Liabilities	8,672	8,794	9,520	10,494
Total Current Liabilities	53,638	55,720	55,807	56,690
Net Current Assets	-31,202	-21,164	-26,312	-27,696
<b>Application of Funds</b>	<b>236738</b>	<b>249541</b>	<b>269248</b>	<b>290757</b>

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Per share data (Rs.)</b>				
EPS	17.0	17.1	18.6	21.9
Cash EPS	43.5	45.0	48.9	55.5
BV	100.7	107.6	115.0	123.7
DPS	14.7	13.6	14.4	13.6
Cash Per Share	1.4	9.6	13.5	12.8
<b>Operating Ratios (%)</b>				
EBITDA Margin	87.0	87.3	87.7	88.4
PBT / Total Operating income	42.8	41.6	41.5	43.3
PAT Margin	36.8	35.7	35.7	37.2
Debtor days	77.9	122.3	87.0	71.7
<b>Return Ratios (%)</b>				
RoE	16.9	15.9	16.2	17.7
RoCE	11.5	11.0	11.1	11.8
RoIC	11.5	11.3	11.5	12.2
<b>Valuation Ratios (x)</b>				
P/E	17.0	17.0	15.6	13.2
EV / EBITDA	10.9	10.5	9.9	8.9
EV / Net Sales	9.5	9.2	8.7	7.9
Market Cap / Sales	6.3	6.1	5.6	4.9
Price to Book Value	2.9	2.7	2.5	2.3
<b>Solvency Ratios</b>				
Debt/EBITDA	3.7	3.8	3.7	3.5
Debt / Equity	1.5	1.5	1.5	1.5
Current Ratio	0.5	0.7	0.6	0.6
Quick Ratio	0.0	0.1	0.2	0.2

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, Dilip Pandey, MBA, Gourav Aggarwal, MBA 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 brokering 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](http://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 Agrarwal  
Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Jeetu Jawrani Email address: [headservation@icicidirect.com](mailto:headservation@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](http://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