7 August 2026

1QFY27 Result Update | Sector: Utilities

Power Grid Corporation of India

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	PWGR IN
Equity Shares (m)	9301
M.Cap.(INRb)/(USDb)	2526 / 26.5
52-Week Range (INR)	325 / 250
1, 6, 12 Rel. Per (%)	-5/-3/-5
12M Avg Val (INR M)	3815

Financials & Valuations (INRb)

Y/E March	FY26	FY27E	FY28E
Sales	439.6	524.2	540.3
EBITDA	352.0	426.9	432.2
Adj. PAT	159.3	166.0	171.7
Adj. EPS (INR)	17.1	17.8	18.5
EPS Gr. (%)	2.6	4.2	3.4
BV/Sh.(INR)	108.1	115.4	123.3
Ratios			
Net D:E	1.5	1.5	1.6
RoE (%)	16.5	16.0	15.5
RoCE (%)	10.0	8.8	8.1
Payout (%)	52.6	53.2	51.5
Valuations			
P/E (x)	15.9	15.2	14.7
P/BV (x)	2.5	2.4	2.2
EV/EBITDA (x)	11.1	9.4	9.7
Div. Yield (%)	3.3	3.5	3.5

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	51.3	51.3	51.3
DII	20.7	20.1	18.6
FII	24.3	25.0	26.5
Others	3.6	3.5	3.6

FII Includes depository receipts

CMP: INR272 **TP: INR302 (+11%)** **Neutral**

Weak 1Q amid soft earnings & capitalization

- **Weak 1QFY27:** Power Grid Corporation (PWGR) reported a standalone revenue of INR98b, 8% below our est. EBITDA came in 7% below our estimate at INR81.1b. APAT was 3% below our estimate at INR35b, with other income for the quarter coming 29% above our estimates.
- **Key things we liked about the result:** 1) FY27 capex/capitalization guidance of INR370/300b maintained, 2) Works-in-hand of ~INR1.75t (TBCB alone ~INR1.46t) plus a bidding pipeline exceeding INR1.19t offers multi-year revenue visibility, 3) 21 HVDC projects are currently visible, including ~14 projects under the 900GW plan and ~6 linked to the Brahmaputra Basin, and 4) PWGR is actively evaluating BESS opportunities and has filed petitions with the regulator after obtaining consent from the Northern and Western regions.
- **Key monitorables:** 1) Right-of-way remains a structural bottleneck amid rising urbanization, which could pressure execution timelines and capitalization pace, 2) bid outcomes for PWGR in the INR738b project pipeline (~80% interstate and ~20% intrastate) under bidding, and 3) intensifying competition in TBCB projects, with potential yield compression as more players chase the pipeline.
- **Valuation and view:** We reiterate our Neutral rating and derive our TP of INR302 based on FY28 BVPS and a P/B multiple of 2.5x.

Miss across revenue and EBITDA

Standalone (SA) performance:

- PWGR's SA revenue came in at INR98.0b (-1% YoY, -2% QoQ), missing our estimate by 8%.
- SA EBITDA was reported 7% below our estimate at INR81.1b (flat YoY, +8% QoQ).
- SA's APAT was 3% below our estimate at INR35b (+1% YoY, +7% QoQ), with other income for the quarter coming 29% above our estimates.

Consolidated performance:

- PWGR's consolidated revenue for 1QFY27 came in at INR115b (+3% YoY, -1% QoQ).
- Reported consol. PAT was flat YoY and fell 21% QoQ.

Other highlights

- Capex/capitalization stood at INR77.7/52.8b during the quarter.
- PWGR won six TBCB projects during the period, with cumulative annual tariffs exceeding INR22b.

Highlights of the 1QFY27 performance

- Transmission additions reached 1,635 ckm in 1QFY27.
- Order book stood at INR1.75t, led by TBCB projects (INR1.46t), while the company won six TBCB projects during FY27YTD.
- Transmission charges rose by ~INR7.9b on asset commissioning, but regulatory adjustments of ~INR5.6b offset the benefit, keeping PAT largely flat.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- 19 projects have been bid till July 2026 across ISTS and InSTS, of which PWGR has won six.
- Bidding pipeline exceeds INR1.19t - ~INR738.8b under bidding (~80% interstate and ~20% intrastate projects), INR450b projects yet to be floated.
- TBCB is expected to remain the dominant component of PWGR's growth pipeline, although competition for projects remains intense.
- Despite strong capitalization of ~INR280b, profitability remained broadly flat due to lower regulatory interest income, the absence of prior write-backs, and tariff recognition lag.
- Management highlighted a strong long-term HVDC opportunity, with bids for the Rajasthan Phase-IV project currently under evaluation.

Valuation and view

We derive our TP of INR302 for PWGR based on FY28 BVPS and a P/B multiple of 2.5x.

Standalone Quarterly Performance **(INRb)**

Y/E March	FY26				FY27E				FY26	FY27E	FY27	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%	%	%
Sales	**99.3**	**100.0**	**110.1**	**99.7**	**98.0**	**109.1**	**123.6**	**136.1**	**409.0**	**466.7**	*106.5*	*-8*	*-1*	*-2*
YoY Change (%)	-1.4	-2.5	8.7	-9.2	-1.3	9.1	12.3	36.5	-1.3	14.1				
EBITDA	**81.2**	**80.1**	**94.2**	**75.0**	**81.1**	**91.1**	**101.7**	**110.8**	**330.5**	**384.6**	*87.5*	*-7*	*0*	*8*
YoY Change (%)	-7.2	-8.8	10.5	-18.7	-0.1	13.7	8.0	47.7	-6.3	16.4				
As of % Sales	81.8	80.1	85.6	75.2	82.8	83.5	82.3	81.4	80.8	82.4				
Depreciation	29.7	30.6	32.1	31.0	29.2	32.0	32.3	34.4	123.3	127.9	*30.8*	*-5*	*-2*	*-6*
Interest	23.0	25.6	25.7	26.1	25.1	26.7	26.9	26.2	100.5	105.0	*24.1*	*4*	*9*	*-4*
Other Income	13.3	13.5	14.3	19.8	15.7	12.2	12.2	8.6	60.9	48.7	*12.2*	*29*	*19*	*-21*
Regulatory/Extraordinary items	2.1	5.2	2.6	14.7	-1.1	0.0	0.0	0.0	24.6	-1.1	*0.0*			
PBT	**43.9**	**42.6**	**53.3**	**52.4**	**41.4**	**44.5**	**54.7**	**58.8**	**192.2**	**199.4**	*44.8*	*-8*	*-6*	*-21*
Tax	7.3	7.1	11.7	6.9	7.3	8.6	10.6	12.1	33.0	38.6	*8.7*	*-16*	*-1*	*6*
Effective Tax Rate (%)	16.7	16.6	21.9	13.1	17.6	19.4	19.4	20.6	17.2	19.4				
Reported PAT	**36.5**	**35.5**	**41.6**	**45.5**	**34.1**	**35.9**	**44.1**	**46.7**	**159.2**	**160.8**	*36.2*	*-6*	*-7*	*-25*
YoY Change (%)	7.1	-4.2	6.8	5.0	-6.6	1.0	6.1	2.5	3.7	1.0				
Adjusted PAT	**34.7**	**31.2**	**39.6**	**32.8**	**35.0**	**35.9**	**44.1**	**46.7**	**138.3**	**161.7**	*36.2*	*-3*	*1*	*7*
YoY Change (%)	0.4	-10.9	2.5	-23.6	0.7	15.0	11.5	42.4	-8.5	16.9	*4.1*			

Our valuation for PWGR

BVPS- FY28	INR	123
P/B multiple	(x)	2.5
Target Price	**INR**	**302**
CMP	INR	272
Upside / (Downside)	**%**	**11%**

Highlights from the management commentary

Operational & Financial Highlights

- 1QFY27 transmission additions: 1,635 ckm, equivalent to ~35% of FY26 additions.
- Capex: INR77.7b in 1QFY27 (FY27 guidance of INR370b).
- Capitalization: INR52.8b in 1QFY27 (FY27 guidance of INR300b).
- Key transmission lines commissioned during 1QFY27 included:
  - 765kV Kurnool III–Maheshwaram Ckt 1 & 2
  - 400kV New Navsari–Kala Ckt 1 & 2
  - 765kV Dausa–Beawar Ckt 1 & 2
  - 400kV Kadapa–Ananthapuram Ckt 1 & 2
- Post June 2026, major elements completed include:
  - 765kV Raichur–Koppal II PS line
  - 400kV Gadag II–Koppal II PS
  - 400kV Bikaner II–Bikaner III
- GFA/ CWIP stood at INR 3.25t/INR0.5t

Order Book & TBCB

- Works-in-hand stood at ~INR1.75t, including:
  - TBCB: ~INR1.46t
  - RTM: ~INR20b
  - Smart metering, data centers, and other businesses: ~INR42b
  - CWIP: ~INR50b
- PWGR won six TBCB projects during the period, with cumulative annual tariffs exceeding INR22b:
  - Krishnagiri REZ Phase-I
  - WR-ER Network Expansion (Part-A)
  - Transmission System for GH2 in Kakinada Phase-I
  - SynCon at Fatehgarh-II
  - Augmentation at Bhadla-III, Ramgarh, and Kanpur
  - Bidar, Karnataka (InSTS)
- PWGR has ~47% cumulative market share across all ISTS TBCB projects since inception.
- FY27 bidding activity: 19 projects have been bid till July 2026 across ISTS and InSTS, of which PWGR has won six.
- Bidding pipeline exceeds INR1.19t, comprising:
  - ~INR738.8b under bidding, with ~80% interstate and ~20% intrastate projects
  - ~INR450b projects yet to be floated

Transmission Investment Cycle

- Management remains positive on the structural transmission investment opportunity, supported by:
  - National Electricity Plan and the proposed 900GW system by 2035-36, involving ~INR 7.9t of investment
  - ~INR 6.4t of transmission opportunity linked to hydro potential in the Northeast/Brahmaputra Basin
  - Rapid growth in data centres, with ~71GW of emerging demand
  - Increasing focus on One Sun, One World, One Grid and cross-border grid integration
- Around 21 HVDC projects are currently visible, including ~14 projects under the 900GW plan and ~6 linked to the Brahmaputra Basin. International

interconnections with Sri Lanka, Andaman & Nicobar, and Myanmar are also under consideration.
- The timing and choice between HVDC, BESS, 1,200kV HVAC, and other technologies will depend on the evolution of generation and load centres, technology availability, and project economics.

BESS Opportunity
- Management highlighted BESS as an emerging opportunity for PWGR.
- CERC has recently amended the tariff regulations to provide for integrated storage systems, including batteries, potentially allowing transmission developers such as PWGR to develop BESS under the regulated framework.
- PWGR is actively evaluating BESS opportunities and has filed petitions with the regulator after obtaining consent from the Northern and Western regions.
- The scale of the opportunity will depend on the evolution of the power system and project economics.

Regulatory Revenue & 1QFY27 Profit
- Consolidated transmission charges increased 3% QoQ to INR109.1b, while total income increased to INR117.0b from INR114.4b.
- Consolidated PAT stood at INR36.0b vs INR36.3b in the previous quarter.
- Management highlighted that transmission charges increased ~INR7.9b due to the commissioning of new assets.
- However, profitability was impacted by the regulatory revenue trajectory:
  - ~INR3.3b impact from depreciation-related regulatory adjustments
  - ~INR2.3b impact from interest accrued due to the timing difference between PWGR's tariff petitions and CERC orders
  - Total regulatory drag: ~INR5.6b
- Consequently, while the underlying PAT would have increased ~INR2.5b, reported PAT declined ~INR 0.3b.

Adjusted PAT
- The INR2.3b interest income relating to the differential between PWGR's tariff filings and CERC orders was significantly higher in 1QFY26 but is no longer materially available as the relevant regulatory orders have subsequently been issued.
- In addition, INR330m write-back recognized in the previous quarter was not repeated in 1QFY27.
- Accordingly, for a like-for-like adjusted PAT comparison, INR2.3b should be added to 1QFY27 PAT and INR330m deducted from the base period, subject to the exact treatment used in the financial model.
- Management clarified that there is no fundamental regulatory concern around tariff approvals; the timing difference primarily reflects the regulator's petition-processing cycle.
- During the intervening period, PWGR is entitled to interest at SBI MCLR + 100bps, which is subsequently recognized when the regulatory order is issued.

Regulatory Tariff Characteristics
- Under the regulated tariff framework, the tariff incorporates recovery of debt-related costs, including depreciation and interest.

- The debt component is effectively structured to be recovered over approximately 12 years, resulting in a natural decline in the tariff trajectory thereafter as the debt component reduces.
- Delays in CERC orders can result in additional interest income accruing to PWGR. This revenue is recognized when the relevant orders are issued, creating quarterly volatility.
- Management reiterated that PWGR's transmission revenue is not linked to power generation or power flow. Transmission tariffs are fixed on an annual INR basis rather than INR/MWh, providing relatively stable revenue visibility.

Profitability Despite High Capitalization

- Despite ~INR280b of capitalization in the previous year, reported profits remained broadly flat.
- Management attributed this primarily to:
  - Lower availability of interest income arising from the differential between PWGR's tariff petitions and subsequent CERC orders
  - Non-recurrence of certain write-backs recognized in earlier periods
  - The normal regulatory lag between capitalization, depreciation recognition, and tariff determination
- Management reiterated that this does not indicate any structural deterioration in the business or regulatory framework.

Transmission Execution & Supply Chain

- Transmission project execution timelines have evolved significantly. Earlier, timelines for transmission lines were typically 36–40 months.
- Following pressure for faster implementation, timelines were reduced substantially, with even 18 months being stipulated for certain 765kV double-circuit lines, which was challenging.
- The government has since revisited these timelines, with current execution timelines generally at 26–30 months or more.
- PWGR has increased the use of bulk procurement rather than project-specific procurement, providing greater visibility to equipment manufacturers.
- The recent relaxation allowing select Chinese companies to participate in bidding could further ease equipment shortages.

TBCB Returns & Equity Investment

- TBCB is expected to remain the dominant component of PWGR's growth pipeline, although competition for projects remains intense.
- The company remains comfortable with the risk-return profile and intends to ensure returns remain aligned with shareholder interests.

HVDC & Brahmaputra Basin

- Bids for the Rajasthan Phase-IV Barmer Complex HVDC project have been submitted and are currently under evaluation by the Bid Process Coordinator.
- One HVDC project related to the Brahmaputra Basin is already in the pipeline, with another expected to enter the pipeline by FY27.
- Management sees significant long-term potential for HVDC, but project award timing will depend on the evolution of generation and load centres, technology availability, and system economics.

Story in charts – 1QFY27

Exhibit 1: SA and consolidated revenue

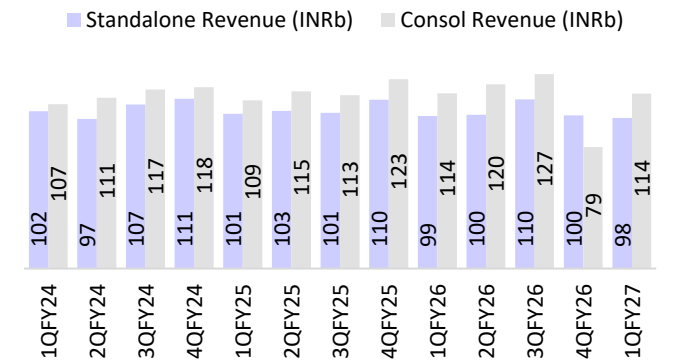


Exhibit 2: SA EBITDA (INRb) and EBITDA margin

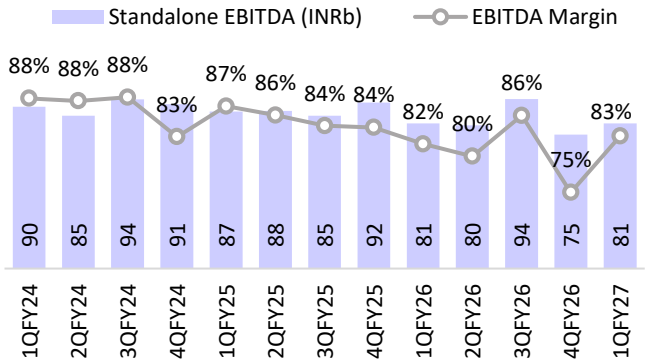


Exhibit 3: Consol. capex and capitalization

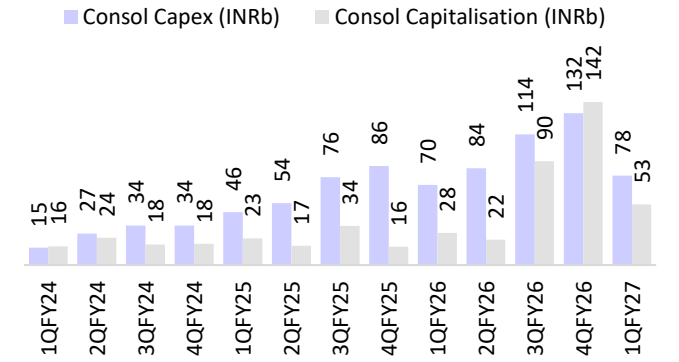


Exhibit 4: Consol. EBITDA (INRb)

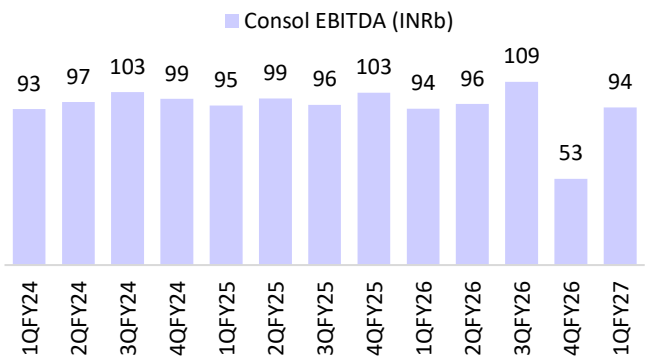


Exhibit 5: Works in hand (30th June'26)

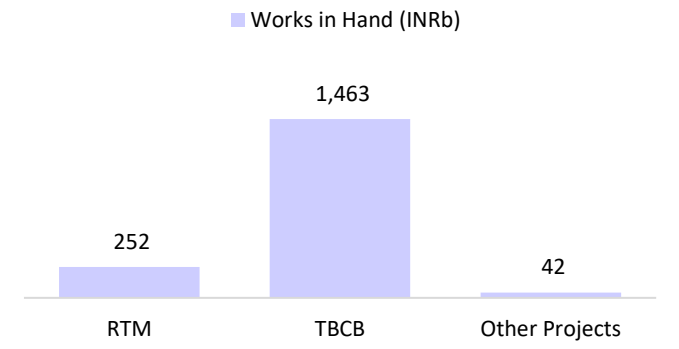


Exhibit 6: Consol. PAT growth over FY21-28E

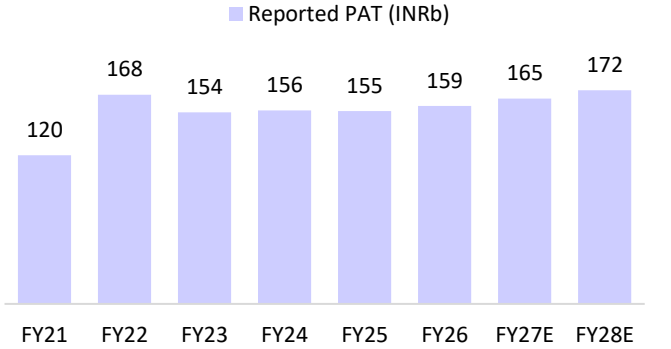


Exhibit 7: One-year forward P/E

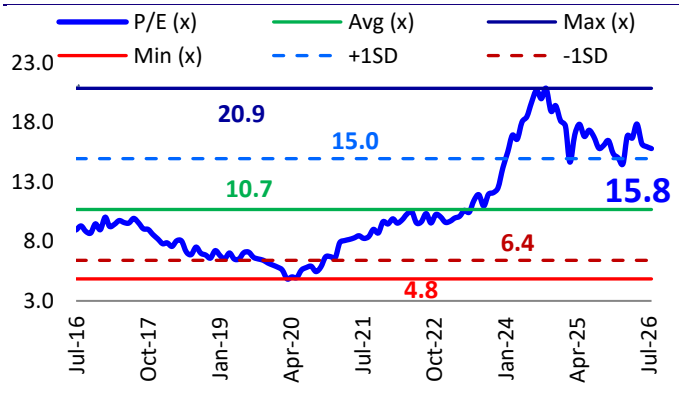
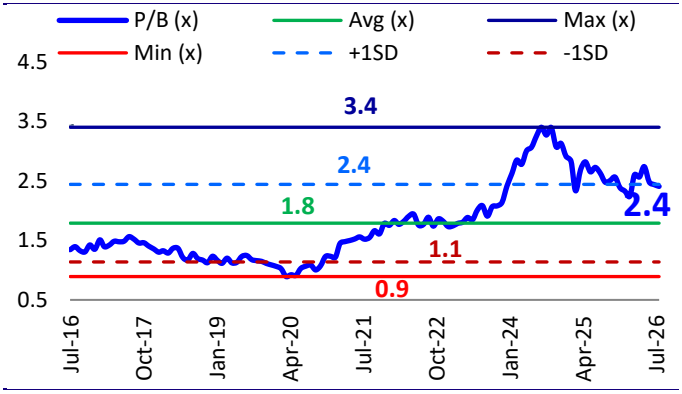


Exhibit 8: One-year forward P/B



Source: Company, MOFSL

Source: Company, MOFSL

Financials and valuations

Consolidated Income Statement (INR m)

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	**458,517**	**452,717**	**460,686**	**439,585**	**524,198**	**540,298**
Change (%)	11.6	-1.3	1.8	-4.6	19.2	3.1
Expenditure	61,032	59,402	67,270	87,538	97,255	108,064
Gross Profit	**458,517**	**452,717**	**460,686**	**439,585**	**524,198**	**540,298**
EBITDA	**397,485**	**393,315**	**393,417**	**352,047**	**426,943**	**432,234**
% of Net Sales	86.7	86.9	85.4	80.1	81.4	80.0
Depreciation	133,334	130,953	129,042	130,297	136,563	141,221
Interest	96,339	87,728	87,001	84,476	88,950	83,318
Other Income	10,025	10,700	16,671	9,516	6,332	7,459
PBT before EO	**177,837**	**185,335**	**194,045**	**146,790**	**207,762**	**215,154**
EO income (expense)	0	0	0	0	-1,064	0
PBT after EO	**177,837**	**185,335**	**194,045**	**146,790**	**206,699**	**215,154**
Tax	22,819	29,408	37,728	-13,813	40,271	42,176
Rate (%)	12.8	15.9	19.4	-9.4	19.5	19.6
Share of JVs and asso.	-821	-196	-1,103	-1,323	-1,323	-1,323
Reported PAT	**154,197**	**155,732**	**155,214**	**159,280**	**165,104**	**171,654**
Adjusted PAT	**154,197**	**155,732**	**155,214**	**159,280**	**165,961**	**171,654**
Change (%)	10.3	1.0	-0.3	2.6	4.2	3.4

Balance Sheet (INR m)

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Share Capital	69,755	93,006	93,006	93,006	93,006	93,006
Reserves	760,391	778,445	833,622	911,934	980,572	1,053,916
Net Worth	**830,145**	**871,451**	**926,628**	**1,004,940**	**1,073,578**	**1,146,922**
Loans	1,265,949	1,234,486	1,309,650	1,480,090	1,597,835	1,836,178
Deferred Rev. & tax	208,424	197,604	186,645	141,138	151,397	151,397
Capital Employed	**2,304,518**	**2,303,542**	**2,422,923**	**2,626,168**	**2,822,811**	**3,134,497**
Gross Fixed Assets	2,701,123	2,755,311	2,838,222	3,010,622	3,175,830	3,380,830
Less: Depreciation	846,753	977,706	1,115,020	1,245,317	1,360,633	1,491,261
Net Fixed Assets	**1,854,370**	**1,777,606**	**1,723,202**	**1,765,305**	**1,815,197**	**1,889,569**
Capital WIP	137,723	181,975	335,851	437,468	659,291	912,776
Investments	34,891	41,632	31,167	29,951	34,682	32,627
Other Assets	**475,971**	**507,693**	**570,853**	**714,549**	**813,186**	**840,759**
Inventory	13,400	14,063	18,025	21,264	14,199	16,423
Debtors	136,945	118,341	79,648	116,726	114,663	129,953
Cash & Bank Balance	73,846	74,951	100,772	89,204	129,138	150,444
Other Current Assets	133,195	175,900	234,759	327,190	356,909	344,746
Loans & Advances	118,585	124,438	137,649	160,165	198,278	199,191
Other Liabilities	**198,438**	**205,364**	**238,149**	**321,104**	**499,546**	**541,234**
Net Current Assets	**277,534**	**302,330**	**332,704**	**393,445**	**313,640**	**299,525**
Application of Funds	**2,304,518**	**2,303,542**	**2,422,923**	**2,626,168**	**2,822,810**	**3,134,497**

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)						
EPS	**16.6**	**16.7**	**16.7**	**17.1**	**17.8**	**18.5**
Cash EPS	30.9	30.8	30.6	31.1	32.5	33.6
Book Value	89.3	93.7	99.6	108.1	115.4	123.3
DPS	9.2	12.1	10.5	9.0	9.5	9.5
Div.Payout (incl. Tax.)	55.4	72.0	62.9	52.6	53.2	51.5
Valuation (x)						
P/E	16.4	16.2	16.3	15.9	15.2	14.7
Cash P/E	8.8	8.8	8.9	8.7	8.3	8.1
EV/EBITDA	9.4	9.4	9.5	11.1	9.4	9.7
Price/Book Value	3.0	2.9	2.7	2.5	2.4	2.2
Dividend Yield (%)	3.4	4.4	3.9	3.3	3.5	3.5
Profitability Ratios (%)						
RoE	19.4	18.3	17.3	16.5	16.0	15.5
RoCE	10.3	10.0	9.6	10.0	8.8	8.1
RoIC	11.1	10.9	10.8	12.1	11.5	11.6
Turnover Ratios						
Debtors (Days)	109	95	63	97	80	88
Inventory (Days)	9	9	9	10	6	6
Current Liabilities (Days)	134	132	124	144	200	198
Asset Turnover (x)	0.2	0.3	0.3	0.2	0.3	0.3
Leverage Ratio						
Net Debt/EBITDA	3.0	2.9	3.1	3.9	3.4	3.9
Debt/Equity (x)	1.5	1.4	1.4	1.5	1.5	1.6

Cash Flow Statement

(INR m)

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
PBT before EO Items	**174,531**	**190,853**	**190,179**	**173,210**	**207,762**	**215,154**
Depreciation	133,334	130,953	129,042	130,297	136,563	141,221
Interest	96,339	87,728	87,001	84,476	88,950	83,318
Others	869	-13,363	-19,297	-4,312	-6,332	-7,459
(Inc)/Dec in WC	25,486	10,532	7,095	57,296	119,738	35,422
Direct Taxes Paid	-28,530	-33,807	-31,787	-31,661	-40,271	-42,176
CF from Operations	**402,029**	**372,895**	**362,233**	**409,306**	**506,410**	**425,479**
(Inc)/Dec in FA	-82,426	-114,037	-241,113	-372,791	-387,031	-458,485
FCF	319,602	258,858	121,120	36,515	119,379	-33,006
(Pur)/Sale of Investments	11,044	-17,107	5,780	19,737	5,009	6,135
CF from Investments	**-71,383**	**-131,144**	**-235,333**	**-353,055**	**-382,023**	**-452,350**
Equity raised	0	0	0	0	0	0
Others	-2,787	18,388	22,493	-27,757	-24,893	-18,492
(Inc)/Dec in Debt	-132,578	-53,168	66,385	139,194	117,745	238,343
Interest Paid	-86,468	-93,677	-92,300	-95,551	-88,950	-83,318
Dividend Paid	-85,449	-112,189	-97,656	-83,706	-88,356	-88,356
CF from Fin. Activity	**-307,282**	**-240,646**	**-101,079**	**-67,820**	**-84,454**	**48,177**
Inc/Dec of Cash	**23,364**	**1,105**	**25,821**	**-11,568**	**39,934**	**21,306**
Add: Beginning Balance	50,482	73,846	74,951	100,772	89,204	129,138
Closing Balance	**73,846**	**74,951**	**100,772**	**89,204**	**129,138**	**150,444**

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