Dated: 10 August 2026

Power Grid (PWGR) - Reduce

Q1FY27 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.272	Rs.285

Rationale:

- PWGR's earnings performance in Q1FY27 was impacted by regulatory adjustments.
- PAT growth has been lackluster over the past three years, even as asset capitalization has seen a gradual recovery.
- Bulk (~60%) of the asset commissioning over this period has been for TBCB assets, wherein the profit trajectory is back-ended.
- We expect PWGR's earnings to report 8% CAGR over FY26-29E
- Valuations at 13.8X P/E and 2.1X P/B (FY28E) remain fair, but the lack of earnings growth may remain a concern.
- Maintain REDUCE with a revised SoTP-based FV of Rs285 (Rs295 earlier).

Positives:

- PWGR's asset base improved to Rs3.3 lakh cr, as of June 2026.
- CEA has put out a Rs7.9 lakh cr capex opportunity for over 900 GW (operational + u/c + planned) of non-fossil fuel capacities.
- Management has maintained its capex (Rs37000/45000cr) and capitalization guidance (Rs30000/35000 cr) for FY27/28E, on the back of Rs1.75 lakh cr of orders (80% TBCB).

Negatives:

- PWGR reported an unexciting quarter with a flat PAT of Rs3598.4 cr.
- Lackluster performance in terms of earnings growth would continue to weigh down investor sentiment despite healthy asset capitalization.
- We lower the PAT contribution from TBCB projects.

(PAT: Profit After Tax, GW: Giga Watt, P/E: Price/Earnings, P/B: Price/Book Value, SoTP: Sum of the Parts, TBCB: Tariff Based Competitive Bidding, CAGR: Compound Annual Growth Rate, u/c: under construction, CEA: Central Electricity Authority)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

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NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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