29th Oct' 2026

CG Power and Industrial Solutions Ltd. is well-positioned to benefit from the ongoing power transmission and distribution (T&D) capex cycle, rising electricity demand and infrastructure development. Its diversified presence across power systems, industrial systems and railway electrification provides multiple avenues for sustainable growth. Strong demand for transformers, switchgear and other electrical equipment, coupled with export opportunities, is expected to support revenue growth and operating leverage.

The company's established market position, technology capabilities and improving business prospects strengthen its long-term growth outlook.

CG POWER & INDUSTRIAL SOLUTIONS LIMITED

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Strong positioning in the power transmission and distribution (T&D) Supercycle:

CG Power is well positioned to capitalise on India's multi-year investments in grid expansion, modernisation, renewable energy integration and power infrastructure. The growing requirement for reliable electricity transmission, coupled with rising demand from data centres and industrial customers, provides strong order inflow and revenue visibility for the company's Power Systems (PS) business.

Multi-year domestic investment opportunity:

The draft National Electricity Plan (NEP) envisages approximately ₹7.96 lakh crore of investment potential through FY36, while the Green Energy Corridor-III (GEC-III) programme envisages an outlay of ₹1.86 lakh crore to strengthen interstate and intrastate transmission infrastructure, facilitate the evacuation of 135 GW of renewable energy and deploy 50 GWh of battery energy storage systems (BESS). These initiatives provide a favourable structural demand environment for transformers, switchgear, circuit breakers and associated power equipment.

Capacity expansion to capture incremental demand:

CG Power is accelerating its manufacturing expansion to address the supply-demand imbalance in power transformers, where long manufacturing lead times and limited global capacity have strengthened the competitive position of established manufacturers. The company is expanding its facilities in Bhopal, Sehore and Gwalior, with the long-term objective of increasing power transformer capacity towards 120,000 MVA.

Exports emerging as an incremental growth driver:

The company is increasingly targeting international utilities, renewable energy projects, hyperscale data centres and oil and gas customers. Its January 2026 order worth approximately ₹900 crore from the US for power transformers intended for Tallgrass' hyperscale data centre demonstrates its ability to participate in high-value international opportunities

Industrial Systems recovery could support consolidated profitability

While the Industrial Systems (IS) business has faced pressure from sluggish motor demand, input cost inflation and aggressive competition, CG Power has defended its market leadership and implemented price increases. A gradual improvement in demand, better pricing discipline and a higher contribution from drives and railway equipment could support a recovery in segment profitability.

29th Oct ' 2026

Rating:	:	**Buy**
Target	:	**1100**
Upside	:	**33%**
Period	:	**12 Months**
CMP	:	**829 (BSE)**

Key Data

Bloomberg Code	CGPOWER
Mkt Cap (INR)	1,30,606.32 Crs
Free Float Mkt Cap (INR)	56,700.51Crs
52Wk Range (INR)	981.15 / 749.65
Free Float (%)	43.41%

Shareholding (%)

Shareholders	Sep '26	June'26	Mar'26
Promoters	56.34%	56.36%	56.36%
FIIs	11.49%	12.36%	12.42%
DIIs	19.02%	18.3%	18.08%

Management	
Managing Director & CEO	Mr. Vellayan Subbiah
Group CEO & MD	Mr. Amar Kaul
Non-Executive Non-Independent Director	Mr. M.A.M. Arunachalam
Non- Executive Independent Director	Mr. P S Jayakumar
Non- Executive Independent Director	Mr. Sriram Sivaram

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Semiconductor business provides long-term growth optionality

The company's entry into outsourced semiconductor assembly and testing (OSAT) provides exposure to India's developing semiconductor manufacturing ecosystem. Although meaningful earnings contributions are unlikely in the near term, successful commercialization could establish an additional growth engine alongside its established power and industrial businesses

BUY view supported by earnings visibility and structural growth: CG Power combines exposure to a multi-year power infrastructure investment cycle with expanding manufacturing capacity, export opportunities, a diversified industrial portfolio and semiconductor optionality. The investment case is supported by its improving order book, operational leverage and potential margin expansion, although the premium valuation leaves limited room for execution disappointments

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A Key Beneficiary of the Transmission and Distribution Investment Cycle Structural demand visibility from grid modernization

India's electricity transmission infrastructure requires substantial investment to accommodate rising power consumption, renewable energy capacity additions and the growing geographical mismatch between power generation and consumption. This is creating sustained demand for high-voltage transformers, switchgear, circuit breakers and related equipment, positioning CG Power favourably within the domestic T&D ecosystem.

Renewable energy integration to support equipment demand

The increasing penetration of solar and wind energy requires transmission network strengthening, grid balancing and improved evacuation infrastructure. Government initiatives, including Green Energy Corridor projects and investments in interstate transmission systems (ISTS), are expected to generate opportunities for manufacturers of critical electrical equipment over the medium to long term.

Data centers creating an additional demand avenue

The expansion of hyperscale data centres and AI-related computing infrastructure is increasing demand for reliable, high-capacity power systems. CG Power's ability to secure an international transformer order for a hyperscale data centre highlights its potential to participate in this emerging demand segment, which could complement its traditional utility and industrial customer base.

Strong order book provides revenue visibility

The company entered FY27 with an opening Power Systems order book of approximately ₹14,430 crore. Healthy execution of this order book supported strong segment growth in 2QFY27. The combination of a robust opening backlog, continued order inflows and increasing manufacturing capacity provides visibility for revenue growth over the coming quarters.

Favorable pricing environment supports profitability

Tight global transformer supply, extended equipment delivery timelines and sustained demand have strengthened pricing conditions across the power equipment industry. CG Power is benefiting from improved realisations and operating leverage, allowing the Power Systems business to expand its margins significantly.

Increasing contribution to consolidated revenue

Power Systems' share of company revenue increased from approximately 29% in FY21 to 41% in FY26. This shift towards a structurally stronger and higher-margin business is expected to improve the consolidated earnings profile as capacity additions translate into higher production and sales.

Scope for sustained margin strength

Management indicated that Power Systems EBIT margins could remain at or above 25%, supported by favorable pricing, operational efficiencies and improved manufacturing productivity. While the sustainability of elevated margins will depend on competitive conditions and execution, the segment's stronger profitability profile provides a meaningful driver of consolidated margin expansion.

Increasing contribution to consolidated revenue

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Investment implication

Power Systems remains the principal growth and profitability driver for CG Power. The combination of long-cycle infrastructure spending, a healthy order book, favourable pricing and capacity expansion provides the foundation for sustained earnings growth.

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Capacity Expansion: Preparing for the Next Phase of Growth

manufacturing base should enable CG Power to participate in larger orders, address international demand and benefit from operating leverage as utilization increases.

Execution and utilization remain important

Capacity expansion creates an opportunity rather than an automatic earnings benefit. The financial returns will depend on the speed of customer approvals, order conversion, manufacturing efficiency, workforce productivity and the utilisation of newly commissioned facilities.

CG Power's investment programme is strategically aligned with the global transformer shortage and rising T&D expenditure. Timely commissioning and efficient utilisation could strengthen its market position, improve revenue visibility and support earnings growth over the medium term.

Export Opportunities: An Additional Growth Driver Beyond Domestic Demand

International demand provides a second growth engine: CG Power is expanding its export ambitions as investments in grid infrastructure, renewable energy, data centres and industrial electrification accelerate globally. International markets provide an opportunity to diversify revenue sources and reduce dependence on the timing of domestic project execution.

Landmark US order demonstrates export capabilities

In January 2026, the company secured an order worth approximately ₹900 crore from the US for supplying power transformers intended for installation at Tallgrass' hyperscale data centre. This order demonstrates its ability to compete for large international projects and participate in specialised applications beyond traditional domestic utility demand.

Diversified customer targeting

Management is focusing on utilities, renewable energy customers, data centres and oil and gas companies rather than depending on a single end market. This approach could broaden the addressable market and reduce concentration in individual customer categories

Manufacturing capacity earmarked for exports

A portion of the upcoming greenfield transformer and switchgear facilities is intended to serve export markets. This provides CG Power with the manufacturing capacity needed to pursue international orders while continuing to cater to domestic demand

Broad product portfolio supports cross-selling

The company's offerings span power transformers, distribution transformers, medium-voltage and extra-high voltage switchgear, and circuit breakers. Its ability to supply multiple product categories could strengthen customer relationships and improve its competitiveness in integrated power infrastructure projects

Trade agreements could improve market access

India's expanding network of free trade agreements could support access to selected international markets, depending on the relevant product categories, tariff provisions and rules of origin. However, the actual benefits will depend on market-specific regulatory requirements, customer qualification and competitive pricing.

Potential for improved revenue diversification

A higher contribution from exports could expand the company's addressable market and reduce its reliance on domestic tender cycles. International orders may also provide opportunities for better product realisation, although margins will vary according to customer requirements, project complexity and competitive intensity.

Investment implication

Exports represent an incremental growth opportunity rather than merely a supplementary sales channel. Successful customer qualification, timely delivery and repeat orders could strengthen CG Power's position in the global power equipment market.

Margin Expansion: Rising Power Systems Contribution to Improve Consolidated Profitability

Favourable business mix: Power Systems is growing faster than Industrial Systems and has a stronger current margin profile. As Power Systems contributes a larger proportion of consolidated revenue, the company could benefit from a more favourable business mix.

Significant improvement in segment profitability: Power Systems reported an EBITDA loss in FY20 but subsequently benefited from improved pricing, operating efficiencies and favourable industry conditions. Its EBITDA margin reached approximately 22.6% in FY26, demonstrating a substantial improvement in profitability.

Operating leverage from higher volumes: Transformer manufacturing involves significant fixed manufacturing costs, making capacity utilisation an important determinant of profitability. Higher production volumes from new and existing facilities could improve fixed-cost absorption and support incremental margin gains, provided pricing remains favourable.

Pricing power supports earnings resilience: Extended lead times and strong demand for power equipment have improved the industry's pricing environment. CG Power's established market position, manufacturing capabilities and ability to execute complex projects could support its realisations.

Consolidated margin improvement: During 2QFY27, consolidated EBITDA margin expanded by approximately 130 basis points year on year to 14.2%. This improvement was primarily driven by a sharp increase in Power Systems profitability, highlighting the importance of the segment to the company's overall earnings trajectory.

Potential for sustained profitability: Management expects Power Systems EBIT margins to remain at or above 25%. If this outlook is achieved alongside higher revenues, the segment could support continued consolidated margin expansion. Nevertheless, elevated margins may moderate if capacity additions across the industry ease supply constraints or competition intensifies.

Investment implication: The rising contribution of Power Systems, combined with operating leverage and favourable pricing, could support faster EBITDA and earnings growth than revenue growth. Margin sustainability remains a key variable to monitor

Industrial Systems: Defending Market Leadership Amid Competitive Pressure

Motors Business: Market Share Resilience and Potential Recovery

Established market leadership: CG Power is a leading participant in India's low-tension (LT) motor market, with an estimated market share of approximately 38–39%. It also commands an estimated 19–20% share in larger industrial motors, providing a strong competitive position across important industrial applications.

Market share defended despite pricing pressure: The LT motor industry experienced sluggish demand and aggressive competition as manufacturers attempted to gain market share. Despite these conditions, CG Power maintained its competitive position, indicating the strength of its brand, customer relationships, product quality and distribution network.

Price increases indicate improved pricing discipline: According to the supplied research commentary, CG Power implemented cumulative price increases of approximately 17.5% over the three to four quarters preceding 4QFY26, followed by an additional increase in 1QFY27. Management subsequently indicated that Power's broad portfolio enables it to participate in multiple segments of this investment cycle.

Technology integration strengthens competitiveness: The combination of traditional railway components and GG Tronics' safety-system capabilities provides a differentiated product offering. This could improve the company's ability to compete for a wider range of railway contracts.

International expansion plans: The company intends to increase its presence in overseas railway markets and is pursuing certifications, including those associated with the American Association of Railroads, to improve its eligibility for export opportunities. Successful certification and customer qualification could gradually expand its addressable market.

Tender-based competition limits profitability: Railway contracts are often awarded through competitive tendering, which can place pressure on pricing and margins. Consequently, strong order growth does not necessarily translate into proportionate earnings growth.

Industrial Systems margins remain below historical levels: The segment's profitability has been affected by competitive pressure in motors, input cost inflation and railway contract economics. The company therefore needs to balance order growth with disciplined bidding and improved execution.

Investment implication: The railway business provides diversification and exposure to railway modernisation, but margin recovery remains an important monitorable. Investors should focus on the quality of the order book and the profitability of new contracts rather than order growth alone.

Semiconductor OSAT: Long-Term Optionality, Not a Near-Term Earnings Driver

Entry into a strategic growth industry: CG Power has entered semiconductor manufacturing through an outsourced semiconductor assembly and testing (OSAT) facility in Sanand, Gujarat. The investment provides exposure to India's efforts to develop domestic semiconductor manufacturing and reduce dependence on overseas supply chains.

Government support reduces the investment burden: The project has an indicated total capital expenditure of approximately ₹7,600 crore, with around 75% expected to be supported by government funding under the relevant support framework. Actual project economics will depend on the disbursement and utilisation of approved support, execution costs and commercial performance.

Manufacturing scale: The facility is designed for a capacity of approximately 15 million chips per day, positioning the project to serve customers requiring semiconductor assembly and testing services once commercial operations mature.

Strategic technology partnerships: CG Power has partnered with Renesas Corporation of Japan and Stars Microelectronics of Thailand. These relationships provide access to technical expertise and manufacturing know-how, supporting the development of its semiconductor capabilities.

Axiro strengthens internal capabilities: The acquisition of Axiro adds semiconductor-related capabilities and provides an additional route for developing in-house expertise. However, the business remains at an early stage and will need to scale production and customer engagement before it can make a meaningful contribution to consolidated earnings.

Commercialisation timeline: Management indicated that commercial production was expected to commence around mid-to-late CY27. The business is therefore unlikely to materially contribute to near-term earnings and will initially require investment in talent, technology and operational readiness.

Execution and profitability risks: Semiconductor manufacturing requires strict quality control, customer qualification, technology development and sustained utilisation. Delays in commercialisation, slower customer ramp-up or higher-than-expected operating costs could postpone profitability.

Long-term diversification opportunity: If the facility achieves commercial scale and secures repeat business, semiconductor assembly and testing could become an additional revenue stream, diversifying CG Power's exposure beyond power equipment and industrial products.

Investment implication: The semiconductor business should be viewed as a long-term strategic option rather than a core near-term valuation driver. The existing Power Systems business remains the primary foundation of the investment case, while semiconductor operations provide additional upside if execution is successful.

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2QFY27 Results: Strong Growth in Revenue, Profitability and Order Inflows

Particulars	2QFY27 Performance	Growth / Commentary
Consolidated revenue	₹3,800 crore	Up 30% YoY
Power Systems revenue growth	—	Up 41% YoY
Industrial Systems revenue growth	—	Up 22% YoY
EBITDA	₹540 crore	Up 43% YoY
EBITDA margin	14.20%	Expanded approximately 130 bps YoY
PAT growth	—	Up 44% YoY
Power Systems order inflow growth	—	Up 137% YoY
Industrial Systems order inflow growth	—	Up 12% YoY
Total order inflow growth	—	Up 78% YoY
Closing order book	₹23,640 crore	Up 58% YoY

Key Takeaways

- Broad-based revenue growth: Consolidated revenue increased by 30% year on year to approximately ₹3,800 crore, supported by strong performance in both Power Systems and Industrial Systems. Power Systems remained the key growth engine, registering 41% growth, while Industrial Systems delivered 22% growth.
- Strong Power Systems execution: Healthy execution of the opening Power Systems order book of approximately ₹14,430 crore supported segment growth. The performance highlights CG Power's ability to convert its existing backlog into revenue amid favourable demand conditions.
- EBITDA growth outpaced revenue: EBITDA rose 43% year on year to approximately ₹540 crore, with margins improving by around 130 basis points to 14.2%. The stronger growth in operating profit indicates improved profitability, particularly within Power Systems.
- Power Systems drove margin expansion: Power Systems margins increased by approximately 440 basis points year on year, benefiting from favourable price realisation and operating leverage. The improvement reinforced the segment's importance to consolidated profitability.
- Industrial Systems showed sequential improvement: Although Industrial Systems margins were approximately 20 basis points lower year on year, they improved by around 60 basis points sequentially, supported by better profitability in motors. This could indicate early stabilisation in the segment, although a sustained recovery remains to be established.
- Strong PAT growth: Profit after tax increased by 44% year on year, supported by improved operating performance and a 24% increase in other income. The contribution from other income should be distinguished from recurring operating earnings when assessing the sustainability of profit growth.
- Order inflows strengthened significantly: Total order inflows increased by 78% year on year, led by 137% growth in Power Systems orders. Industrial Systems order inflows grew by 12%, indicating that the strength of the quarter was primarily driven by the power equipment business.
- Record-level order book supports visibility: The closing order book increased by 58% year on year to approximately ₹23,640 crore. A growing backlog provides a strong base for future revenue execution, although the timing of conversion will depend on project schedules, manufacturing capacity and customer delivery requirements.

1HFY27 Performance

- Revenue grew by 24% year on year, with Power Systems and Industrial Systems reporting growth of 36% and 13%, respectively.
- EBITDA increased by 24%, while PAT grew by 30%, reflecting healthy operating performance.
- Order inflows rose by 38% year on year, indicating continued demand momentum.
- The first-half performance reinforces the positive growth outlook, particularly for Power Systems, while the second-half trajectory will depend on order execution, capacity utilisation and the sustainability of margins.

Overall assessment: The 2QFY27 results were strong across revenue, EBITDA, PAT and order inflows. The combination of higher Power Systems margins and a growing order book supports the investment thesis, while sequential improvement in Industrial Systems offers a potential additional earnings driver.

9. Management Commentary and Strategic Outlook

A. Growth and Capital Expenditure

- Management described the quarter as one of the strongest in recent memory, highlighting strong sales growth, higher order intake, improved profitability and margin expansion.
- Core capital expenditure was approximately ₹550–600 crore in 1HFY27, with a further ₹300–400 crore expected during the second half, implying core FY27 capex of around ₹1,000 crore.
- Management indicated a core capex plan of approximately ₹700–800 crore for the following year, in addition to recently announced projects.
- The capex programme is intended to support high-single-digit growth aspirations and increase manufacturing capacity in businesses benefiting from strong demand.
- The successful commissioning of the first transformer from the Sehore facility demonstrates the company's ability to execute capacity additions within a relatively short timeframe.
- Hiring and training employees ahead of commissioning should help reduce operational disruptions during the ramp-up phase.

B. Power Systems Outlook

Management expects Power Systems EBIT margins to remain at or above 25%, supported by pricing strength and internal efficiency improvements.

The company intends to expand power transformer capacity towards 120,000 MVA, while increasing distribution transformer capacity to approximately 12,000 MVA.

Strong demand from utilities, data centres and export customers provides a diversified foundation for future order inflows.

CG Power is also evaluating broader power electronics and integrated solutions, which could increase the scope of its offerings beyond conventional transformers and switchgear.

Management remains open to organic and inorganic opportunities, indicating a willingness to expand capabilities where strategically attractive.

C. Motors and Industrial Systems

Management indicated that cumulative motor price increases had reached approximately 30% over the preceding year.

Further price increases were not anticipated at the time of the commentary, suggesting that future margin improvement would increasingly depend on demand recovery, cost management and operational efficiency.

Management indicated that motor profitability had reached its desired margin range, while railway profitability could remain relatively weaker due to competitive tender conditions.

This suggests a deliberate balance between securing strategic railway orders and protecting near-term profitability.

D. Semiconductor Business

- Commercial production at the OSAT facility is expected around mid-to-late CY27, according to management.
- Continued investments in talent and capability development at CG Semi and Axiro are weighing on near-term profitability.
- Management indicated a margin impact of approximately 91 basis points, equivalent to around ₹35 crore of cost in the relevant reporting context.
- Investors should monitor the commissioning timeline, customer qualification, capacity utilisation and the pace at which semiconductor-related investments translate into revenue.

Management assessment: The commentary reinforces the company's commitment to scaling its core power equipment business while investing in new growth opportunities. Execution of the capex programme and conversion of the order book into profitable revenue will remain the key determinants of financial performance.

Financial and Operating Outlook: Key Variables to Monitor

Key Driver	Current Position	Potential Financial Impact
Power Systems demand	Strong domestic and international demand	Supports revenue growth and order visibility
Order book	₹23,640 crore at the end of 2QFY27	Provides a base for future execution
Power Systems margins	Strong improvement in 2QFY27	Supports EBITDA and earnings growth
Transformer capacity	Expansion across existing and new facilities	Enables higher production and order execution
Export business	Growing international order opportunities	Diversifies revenue and expands the addressable market
Motors profitability	Pricing pressure appears to be easing	Potential gradual recovery in Industrial Systems margins
Railway business	Strong product capabilities and order opportunities	Provides diversification, subject to tender profitability
Semiconductor OSAT	Commercial production expected in CY27	Long-term revenue and earnings optionality
Capital expenditure	Elevated investment programme	Supports growth but increases execution and utilisation requirements
Valuation	Premium multiple of 60x Sep-28E EPS	Requires sustained earnings growth to justify the rating

Key Risks and Monitorable

Sustainability of Power Systems margins: Current profitability benefits from favourable pricing and supply-demand conditions. Any increase in industry capacity, easing of equipment shortages or intensification of competition could moderate margins.

Capacity expansion and execution risks: Delays in commissioning, slower ramp-up, labour constraints or manufacturing bottlenecks could prevent CG Power from fully capitalising on the demand opportunity. Higher-than-expected capital expenditure could also affect returns.

Order execution and working capital: A growing order book improves revenue visibility but also increases execution responsibilities. Delays in project completion, customer approvals, procurement or collections could affect working capital and cash conversion.

Export market uncertainties: International expansion involves customer qualification, regulatory compliance, competition from global manufacturers, foreign-exchange movements and geopolitical uncertainties. Large export orders should not be assumed to translate into recurring business without evidence of repeat wins.

Industrial Systems recovery may be gradual: Competitive intensity in the motor market and tender-based railway contracts could continue to constrain profitability. A recovery in segment margins depends on pricing discipline, demand improvement and cost control.

Semiconductor commercialisation risk: The OSAT facility may face delays in customer qualification, production ramp-up and utilisation. The business could require sustained investment before reaching meaningful profitability.

Premium valuation: The stock is being valued on expectations of sustained growth, strong Power Systems margins and successful capacity expansion. Any earnings disappointment or moderation in the sector's valuation multiples could result in a material share-price correction.

Execution of the growth strategy: The company is simultaneously expanding manufacturing capacity, pursuing exports, developing integrated power solutions and establishing semiconductor capabilities. Effective allocation of management resources and capital will be important to ensure that new initiatives create value without distracting from the core business

Valuation and Recommendation

Valuation Rationale

- Valuation methodology: The supplied research view values CG Power at 60x September 2028 estimated EPS, resulting in a target price of ₹985 per share.
- Premium valuation supported by structural growth: The premium multiple reflects CG Power's exposure to a multi-year T&D investment cycle, strong order inflows, increasing transformer capacity and improving profitability in its Power Systems business.
- Earnings visibility from capacity expansion: The company's planned capacity additions should allow it to address higher domestic and international demand. If these investments are commissioned on schedule and achieve healthy utilisation, incremental revenue could translate into stronger operating profit.
- Potential improvement in consolidated margins: The increasing revenue contribution from Power Systems, combined with a possible recovery in Industrial Systems, provides a route to higher consolidated EBITDA and earnings. However, margin assumptions need to account for the possibility that the current favourable pricing environment normalises.
- Export growth provides additional upside: Successful penetration of international markets, particularly utilities and hyperscale data centres, could expand the company's addressable market and diversify its revenue base.
- Semiconductor business adds long-term optionality: The OSAT facility could create an additional growth platform over time. However, given the expected commercialisation timeline and early-stage economics, it should be treated as supplementary upside rather than the primary basis for the current valuation.
- Valuation leaves limited room for execution disappointments: At 60x estimated September 2028 earnings, the valuation assumes sustained business momentum and strong execution. A slowdown in order conversion, lower margins or delays in new capacity could challenge the investment case.

Recommendation

- BUY: CG Power offers an attractive combination of structural growth in power transmission and distribution, strong order-book visibility, expanding manufacturing capacity and improving Power Systems profitability.
- The company's established market position, increasing international ambitions and ability to supply a broad range of power equipment position it favourably to participate in domestic grid expansion and global electrification investments.
- The Industrial Systems business offers a potential additional earnings driver if motor profitability improves and railway execution remains disciplined.
- The semiconductor OSAT business provides long-term diversification, although meaningful earnings contributions are likely to emerge only after commercial production and utilisation ramp-up.
- The target price of ₹985, based on 60x September 2028 estimated EPS, reflects confidence in the company's growth outlook and earnings potential. Given the premium valuation, investors should closely monitor order execution, Power Systems margins, capital expenditure returns and the pace of Industrial Systems recovery.

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CG Power and Industrial Solutions Limited – BUY

CG Power is well positioned to capitalise on the multi-year power transmission and distribution (T&D) investment cycle, driven by grid modernisation, renewable energy integration, data centre infrastructure and rising global demand for electrical equipment. Its Power Systems business remains the key growth and profitability driver, supported by a strong order book, favourable pricing conditions and capacity expansion across transformer and switchgear manufacturing. The company is scaling its power transformer capacity towards 120,000 MVA, positioning itself to capture incremental domestic and export opportunities amid extended global equipment lead times. Its entry into the US hyperscale data centre market provides an additional growth avenue and strengthens its international presence. Meanwhile, the Industrial Systems business is showing signs of stabilisation, supported by resilient motor market share, price increases and sequential margin improvement, although railway contract profitability and competitive intensity remain key monitorables. The semiconductor OSAT initiative offers long-term growth optionality, although its contribution to earnings is expected to remain limited in the near term. Strong 2QFY27 performance, with revenue growth of 30%, EBITDA growth of 43% and order book expansion of 58% year on year, reinforces the company's growth outlook. **We maintain a BUY rating with a target price of ₹1,100**, valuing the company at approximately **58.8x FY29E EPS of ₹18.7**. The valuation reflects CG Power's strong positioning in the power equipment growth cycle, robust order visibility, planned capacity expansion and long-term earnings potential. However, the premium valuation warrants sustained execution, margin resilience and timely commissioning of planned capacities to support further value creation.

Income Statement

Amt. (In Crs.)

Particulars	FY25A	FY26A	FY27E	FY28E	FY29E
Revenue from Operations	9,908.70	12,418.00	15,283.00	18,605.00	22,465.60
Revenue Growth (%)	23.20%	25.30%	23.10%	21.70%	20.80%
Adjusted EBITDA	1,304.70	1,625.30	2,299.20	2,940.50	3,864.00
EBITDA Margin (%)	13.20%	13.10%	15.00%	15.80%	17.20%
Depreciation & Amortisation	111.8	195.6	225	260	300
Adjusted EBIT	1,192.90	1,429.70	2,074.20	2,680.50	3,564.00
Interest Expense	7.1	12.2	12.2	17	17
Profit Before Tax	1,348.00	1,661.80	2,310.10	2,884.80	3,970.00
Tax Expense	375	429.5	600.6	750	1,030.00
Net Profit	973	1,232.30	1,709.50	2,134.80	2,940.00
Net Profit Margin (%)	9.80%	9.90%	11.20%	11.50%	13.10%
EPS (₹)	6.4	7.9	10.9	13.6	**18.7**
EPS Growth (%)	14.70%	23.50%	38.50%	24.80%	37.50%
DPS (₹)	1.3	1.5	1.5	1.5	1.5

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Balance Sheet

Amt. (In Crs.)

Particulars	FY25A	FY26A	FY27E	FY28E	FY29E
NON-CURRENT ASSETS					
Property, Plant & Equipment	935	1,222.90	2,220.10	2,859.00	3,128.10
Capital Work-in-Progress	355.2	446.7	423.4	281.7	195.6
Right-of-Use Assets	—	—	—	—	—
Intangible Assets	574.6	863.5	863.5	863.5	863.5
Deferred Tax Assets	4.5	23.7	23.7	23.7	23.7
Other Non-current Assets	223.3	1,906.70	1,906.70	1,906.70	1,906.70
CURRENT ASSETS					
Inventories	1,136.70	1,583.90	1,473.80	2,247.30	2,245.90
Trade Receivables	2,009.20	2,924.00	3,316.10	3,839.60	3,775.80
Cash and Cash Equivalents	409.5	300.7	986.7	1,934.90	4,611.70
Other Bank Balances	649.6	726.9	726.9	726.9	726.9
Other Current Assets	919.6	2,468.70	2,468.70	2,468.70	2,468.70
TOTAL ASSETS	**7,417.10**	**12,467.60**	**14,307.70**	**17,160.10**	**19,945.00**
EQUITY					
Equity Share Capital	305.8	315	315	315	315
Other Equity	3,538.20	5,675.50	9,136.30	11,042.40	13,486.80
NON-CURRENT LIABILITIES					
Lease Liabilities	27	84.8	84.8	84.8	84.8
Borrowings	0.3	0.2	0.2	0.2	0.2
Provisions	47.8	79.4	79.4	79.4	79.4
Deferred Tax Liabilities	88.2	60.3	60.3	60.3	60.3
Other Non-current Liabilities	26.2	44.8	44.8	44.8	44.8
CURRENT LIABILITIES					
Borrowings	0.1	0.1	0.1	0.1	0.1
Trade Payables	1,870.00	2,468.40	2,627.70	3,574.00	3,914.50
Other Current Liabilities	1,319.90	1,731.30	1,731.30	1,731.30	1,731.30
TOTAL EQUITY & LIABILITIES	**7,417.10**	**12,467.60**	**14,307.70**	**17,160.10**	**19,945.00**

Cash Flow

Amt. (In Crs.)

Particulars	FY24A	FY25A	FY26A	FY27E	FY28E	FY29E
CASH FLOW FROM OPERATING ACTIVITIES						
Profit Before Tax	115.40	134.90	166.20	2,310.10	2,884.80	3,970.00
Depreciation & Amortisation	94.90	111.80	195.60	225.00	260.00	300.00
Other Adjustments	(104.70)	(117.80)	(110.00)	(228.30)	(196.70)	(573.30)
Changes in Working Capital	(748.50)	(201.20)	(497.50)	(122.80)	(350.70)	405.70
Direct Tax Paid	(3.20)	(196.40)	(511.90)	(600.60)	(750.00)	(939.20)
Cash Flow from Operations	**397.00**	**944.40**	**702.50**	**1,583.40**	**1,847.40**	**3,163.20**
CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of Property, Plant & Equipment	(222.90)	(425.40)	(774.80)	(1,000.00)	(800.00)	(500.00)
Movement in Deposits and Interest	42.40	68.00	33.90	249.20	254.10	266.80
Other Investing Activities	(481.70)	(210.70)	(2,864.20)	—	—	—
Cash Flow from Investing Activities	**(662.20)**	**(568.10)**	**(3,605.10)**	**(750.80)**	**(545.90)**	**(233.20)**
CASH FLOW FROM FINANCING ACTIVITIES						
Increase/(Decrease) in Borrowings	—	(15.70)	(0.10)	—	—	—
Payment for Lease Liabilities	(6.60)	(11.20)	(34.60)	—	—	—
Finance Cost Paid	(0.90)	(3.20)	(2.10)	(12.20)	(17.00)	(17.00)
Other Financing Activities	(238.90)	(136.50)	(3,030.60)	(234.40)	(236.20)	(236.20)
Cash Flow from Financing Activities	**(246.30)**	**(166.60)**	**(2,793.90)**	**(246.50)**	**(253.30)**	**(253.30)**
Net Increase/(Decrease) in Cash	**(511.50)**	**209.70**	**(2,697.70)**	**586.10**	**1,048.20**	**2,676.70**
Cash at Beginning of Year	711.90	199.80	409.50	300.70	886.70	1,934.90
Cash at End of Year	**199.80**	**409.50**	**300.80**	**886.70**	**1,934.90**	**4,611.70**

CG Power and Industrial Solutions Ltd.

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