Dated: 19 Jan 2026

CG Power & Industrial (CGPOWER) - Reduce

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs.562	**Rs.620**

Rationale:

- CGPOWER has won its maiden power transformer order from a key US customer for data centers.
- Entry into the US data center market, coupled with related benefits in the domestic data center market, can add ~2.5% to the overall revenue CAGR in the next five years.
- Industrials systems demand likely to see acceleration in next three years.
- Recent stock price correction, provides reasonable entry into the stock at 40X one-year forward earnings excluding the value of OSAT and QIP proceeds.
- We raise near-term estimates by 3% and FV to Rs620 from Rs610. Upgrade to REDUCE.

Positives:

- CGPOWER has won a contract worth US$10 cr to supply power transformers for Tallgrass Integrated Logistics Solutions, its single largest order ever.
- This marks its entry with a 2.5-3% market share into a large market (US$300-400cr).
- Aiming to garner material 10%+ share in the US datacenter annual demand for power.
- Exports will have a longer growth cycle due to the anticipated increase in global spends expected until 2040.
- We anticipate an ~11% 5-year CAGR to consolidated revenues from the power utilities and datacenter market.
- We increase our estimates by 1-3% on account of maiden US datacenter order.

Negatives:

- There is moderation in power systems margin to 15% over time.

(CAGR: Compound annual growth rate, OSAT: Outsourced Semiconductor Assembly and Test, QIP: Qualified Institutional Placement)

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.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

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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