

CMP: ₹ 284

Target: ₹ 275 (-3%)

Target Period: 12 months

HOLD

Monsoon downpour drenched momentum...

November 11, 2025

About the stock: Leading manufacturer of transformers of up to 1200 kV class. Transformers and Rectifiers India Limited (TARIL) has a wide range of transformers, like Power & Distribution Transformers, Furnace Transformers, Rectifier Transformers & Special Transformers. Company has strong in-house design & technical expertise, along with technical collaboration/JV relationship for 765 kV Transformers & Reactors

- A diversified customer base in India, coupled with global presence across 25+ countries.
- 45% revenue comes from Utilities like (SEB, PGCIL, Railways), 55% comes from Industrial that includes renewables and exports including third party exports.

Q2FY26 performance: The company reported a disappointing set for Q2FY26. Revenue came in flat YoY at ₹460 crore. EBITDA and PAT margins declined 380 bps and 180 bps YoY to 11% and 8% respectively on sticky employee costs. Consequently, EBITDA and PAT declined 26% and 19% YoY to ₹52 crore and ₹37 crore respectively. The company received orders worth ₹592 crore in Q2 taking the order backlog to ₹5472 crore (₹5246 crore Q1FY26). The company has further bid prospects of ₹18,700 crore.

Investment Rationale

- **Backlog growth of 56% YoY renders strong visibility:** The company has a current order backlog of ₹5472 crore up 56% YoY. Excess monsoons and raw material shortage impacted execution in Q2FY26; however, this is temporary and execution momentum is expected to pick-up in H2FY26E. As a result, company has revised its revenue guidance of ₹3500 crore in FY26E to ₹25-2600 crore. Given further prospects of ₹18700 crore, TARIL expects to exit FY26E with an order book of ₹8000 crore. Overall, we expect Revenues and PAT to grow at CAGR of 35% and 23% over FY25-FY27E.
- **Capacity expansion to augment execution:** TARIL has existing capacity of close to 37000 MVA, it expects to commission additional capacity of ~15000 MVA by H2FY26E. Further capacity extension of 22,000 MVA has begun at the Moraiya Facility and is expected to commission by Q4FY26E taking the total capacity to ~75000 MVA. With orderbook already in place & bright bid prospects, execution is expected to scale further up on the back of new capacity in FY27E.
- **Backward integration to improve margins:** TARIL has entered into technical tie-ups aimed at supporting backward integration goals. It had acquired a 51% stake in Posco a CRGO processing unit, of which further expansion is being undertaken by the company. CRGO forms 33-35% of raw material cost. These measures will enable timely access to critical raw material, improving efficiency in controlling costs resulting in additional improvement in margins.

Rating and Target Price

- TARIL needs to significantly improve order book execution and order intake in H2FY26E. Performance in H2FY26 will be a key indicator of company's ability to plough back its way to growth trajectory from a disappointing quarter.
- We downgrade from BUY to **HOLD** rating with revised target of ₹275 (25x FY27E EPS).

Key Financial Summary

Key Financials	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	2 year CAGR (FY25-27E)
Net Sales	1,396.0	1,294.7	2,019.4	20.3%	2,481.0	3,667.4	34.8%
EBITDA	120.9	134.1	327.4	64.6%	351.5	586.5	33.8%
EBITDA Margins (%)	8.7	10.4	16.2		14.2	16.0	
Net Profit	42.3	47.0	216.4	126.1%	235.9	331.1	23.7%
EPS (₹)	3.1	3.2	7.1		7.9	11.0	
P/E	94.0	92.0	40.6		36.9	26.3	
RoNW (%)	10.4	8.1	17.1		15.9	18.2	
RoCE (%)	14.5	14.2	21.6		19.7	23.4	

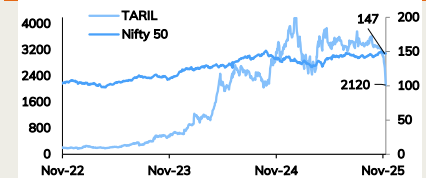
Source: Company, ICICI Direct Research

**Market Data**

Particulars	Rs. crore
Market Capitalisation	9,431
Total Debt (H1FY26)	366
Cash and Inv (H1FY26)	220
Enterprise Value	9,576
52 week H/L (Rs.)	650/314
Equity capital	30.0
Face value (Rs.)	1

Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoters	64.4	64.4	64.4	64.4
FII	11.1	11.3	10.9	11.2
DII	7.7	7.2	6.0	6.0
Others	16.9	17.1	18.7	18.5

Price Chart**Key risks**

- Lesser than expected order inflows
- Rise in production costs to hamper margins

Research Analyst

Chirag J Shah
shah.chirag@icicisecurities.com

Samarth Khandelwal
samarth.khandelwal@icicisecurities.com

Gourav Aggarwal
gourav.aggarwal@icicisecurities.com

Key result and concall highlights

- TARIL operations were impacted due to raw material shortage and more than normal monsoons. Monsoons also impacted readiness of sites which delayed order delivery to H2FY26. As a result, TARIL reported a disappointing set for Q2FY26. This also resulted in elevated inventory in books of the company in H1FY26.
- The profitability in Q2FY26 was impacted (EBITDA margins -380 bps YoY) due to legacy orders closed during the quarter. As per TARIL majority of old orders are now out of the books, thus profitability is expected to bounce back to guided levels of 16-17% in H2FY26E. Thus, company expects to exit FY26E with healthy margins.
- Order inflows (OI) stood at ₹592 crore. The orderbook stood at ₹5472 crore up 56% YoY. The company is selective on order intake ensuring healthy margins. The company is evaluating ordering opportunities worth ₹18700 crore, mainly from domestic transmission players. TARIL expects strong order inflows in H2FY26 and aims to exit FY26E with an order backlog of ₹8000 crore.
- The capacity expansion by 15000 MVA is delayed due to monsoons and is expected to operationalise by FY26E.
- Further TARIL is under taking capacity extension at Moraiya facility by 22000 MVA which is expected to operationalise in April 2026.
- To strengthen the company's raw material supply chain, it is setting up its own Copper CTC plant with capacity of 1500 tonne per month, this is expected to operationalise in January 2026; Bushing manufacturing plant which is expected to operationalise by June 2026 and Tank manufacturing unit which is expected to operationalise by August 2026.
- TARIL does not expect significant liquidated damages from delay in order delivery in Q2FY26 as delays were not only from TARIL but also from clients where sites were not ready. The company follows policy of providing for estimated liquidated damages on a time-to-time basis.
- TARIL has clarified that the world bank order which restricts its participation in transformer tenders backed by world bank funding. TARIL has no existing orders that are funded by world bank or any other developmental bank. Further in current order bid enquiries none of the orders are backed by world bank. Thus, the order does not have any financial implication on the company.
- TARIL has not received any communication from world bank, however, company will take up the matter with world bank and resolve the same. TRAIL reiterated that it maintains the highest governance and performance standards and is confident that it will address all concerns of the world bank.
- The company will focus on encashing opportunities in India by following India first policy and will limit export orders to 10% of the total orderbook.
- The company has revised its Revenue and EBITDA margins guidance to ₹2500 crore and 16% EBITDA Margins for FY26E from ₹3500 crore and 18% previously. However, it still maintains longer term guidance of ~₹8,000 crore revenue in FY29E.

Financial Summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Net Sales	1,294.7	2,019.4	2,481.0	3,667.4
Other Operating Income	-	-	-	-
Total Operating Income	1,294.7	2,019.4	2,481.0	3,667.4
% Growth	-	56.0	22.9	47.8
Other Income	5.8	31.7	43.2	20.0
Total Revenue	1,300.5	2,051.1	2,524.3	3,687.4
Cost of materials consumed	895.6	1,424.4	1,744.6	2,476.1
Purchase of stock-in-trade	29.1	9.8	9.6	11.6
Other Expenses	186.0	247.4	324.7	440.1
Total expenditure	1,160.6	1,691.9	2,129.6	3,080.8
EBITDA	134.1	327.4	351.5	586.5
% Growth	-	144.2	7.3	66.9
Interest	50.8	50.6	53.3	93.0
Depreciation	24.7	27.0	30.8	72.0
PBT	64.4	284.8	310.5	441.5
Tax	17.4	68.4	74.7	110.4
PAT	44.9	214.4	235.9	331.1
% Growth	-	377.3	10.0	40.4
EPS	3.2	7.1	7.9	11.0

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	44.9	214.4	235.9	331.1
Depreciation	24.7	27.0	30.8	72.0
Interest	50.8	50.6	53.3	93.0
Other income	(5.8)	(31.7)	(43.2)	(20.0)
Cash Flow before WC changes	114.6	260.3	276.8	476.1
Change in Working Capital	(88.3)	(164.0)	5.0	(463.0)
Cashflow from Operating Activities	26.4	96.3	281.8	13.1
(Purchase)/Sale of Fixed Assets	(16.9)	(191.8)	(386.2)	(57.9)
(Purchase)/Sale of Investment	(3.3)	(264.0)	200.0	60.0
Other Income	5.8	31.7	43.2	20.0
Cashflow from Investing Activities	(14.4)	(424.1)	(143.0)	22.1
Issue/(Repayment of Debt)	(73.7)	27.0	80.0	100.0
Changes in Minority Interest	1.8	11.9	(2.5)	(2.2)
Changes in Networth	115.1	483.9	(2.0)	(2.0)
Interest	(50.8)	(50.6)	(53.3)	(93.0)
Others				
Cashflow from Financing Activities	(7.6)	472.2	22.2	2.8
Changes in Cash	4.3	144.4	161.0	38.1
Opening Cash/Cash Equivalent	22.9	27.2	171.6	332.6
Closing Cash/ Cash Equivalent	27.2	171.6	332.6	370.7

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Share Capital	14.3	30.0	30.0	30.0
Reserves & Surplus	540.2	1,221.9	1,457.8	1,788.9
Networth	554.4	1,251.9	1,487.8	1,819.0
Total Debt	255.8	282.8	362.8	462.8
Deferred tax liability (net)	-	-	-	-
Total Liabilities	825.9	1,579.4	1,887.9	2,327.9
Gross Block	263.7	381.6	631.6	831.6
Acc: Depreciation	126.7	149.6	180.5	252.5
Net Block	137.0	232.0	451.2	579.2
Capital WIP	3.6	61.8	200.0	60.0
Investments	4.2	268.2	68.2	8.2
Inventory	274.8	444.9	543.8	854.0
Sundry debtors	614.1	468.8	893.2	1,320.3
Cash and bank balances	27.2	171.6	332.6	370.7
Loans and advances	0.4	0.8	0.8	1.2
Other Current Assets	68.3	74.3	86.8	110.0
Total current Assets	984.8	1,160.4	1,857.2	2,656.2
CL& Prov.	248.7	420.5	542.2	798.7
Net Current Assets	642.4	554.9	1,104.1	1,600.8
Total Assets	825.9	1,579.4	1,888.0	2,327.9

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
EPS	3.2	7.1	7.9	11.0
Cash EPS	4.9	8.0	8.9	13.4
BV	38.9	41.7	49.6	60.6
DPS	0.1	0.1	0.1	0.1
Cash Per Share	8.9	5.0	6.0	8.4
EBITDA Margin	10.4	16.2	14.2	16.0
PBT / Net Sales	8.4	14.9	12.9	14.0
PAT Margin	3.5	10.6	9.5	9.0
Inventory days	77.5	80.4	80.0	85.0
Debtor days	173.1	84.7	131.4	131.4
Creditor days	67.9	74.4	78.0	78.0
RoE	8.1	17.1	15.9	18.2
RoCE	14.2	21.6	19.7	23.4
RoIC	12.9	28.1	21.4	24.8
P/E	92.0	40.6	36.9	26.3
EV / EBITDA	32.5	26.9	24.9	15.0
EV / Net Sales	3.4	4.4	3.5	2.4
Market Cap / Sales	3.2	4.3	3.5	2.4
Price to Book Value	7.5	7.0	5.9	4.8
Debt/EBITDA	1.9	0.9	1.0	0.8
Net Debt / Equity	0.4	0.1	0.0	0.1
Current Ratio	3.9	2.4	2.8	2.9
Quick Ratio	2.7	1.3	1.8	1.8

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, Samarth Khandelwal, Chartered Accountant, 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.

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 Agarwal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: 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 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