

CMP: ₹ 294

Target: ₹ 308 (5%)

Target Period: 12 months

HOLD

January 9, 2026

Order inflow key monitorable...

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.

Q3FY26 performance: Transformers & Rectifiers (India) Ltd (TARIL) reported a healthy Q3 FY26, with revenue rising 32% YoY to ₹736 crore and PAT increasing 37% YoY to ₹76 crore, supported by strong execution and margin expansion. EBITDA grew 47% YoY to ₹125 crore, while EBITDA margins expanded 180 bps YoY to 17%. The order book remained robust at ₹5,450 crore, aided by ₹665 crore of new orders, with ₹16,500 crore of active inquiries under negotiation. Order inflows for 9MFY26 stood at ₹1922 crore compared to ₹2447 9MFY25, the inflows have declined by 21% YoY. Separately, the company announced the resignation of CEO Mukul Srivastava and appointed Satyen Mamtara as Managing Director and CEO.

Investment Rationale

- Asking rate of ₹3500 crore of inflows in Q4FY26, key monitorable:** The company expects to close FY26 with an order book of ~₹8,000 crore, compared to ~₹5,450 crore as of Q3FY26. A tender pipeline of ~₹16,500 crore, with multiple projects at advanced stages of finalisation, underpins confidence in order inflows during Q4 FY26. The company need to secure ~₹3,500 crore of orders in Q4FY26 to achieve its guided backlog order book of ~₹8000 crore, which we believe will be highly crucial for future growth trajectory. Any shortfall in the same will pose risk to growth prospects for FY28E given new capacity will be ready for operations by FY27E. Overall, we expect Revenues and PAT to grow at CAGR of 28% and 23% over FY25-FY28E.
- Capacity expansion to augment execution:** TARIL has existing capacity of close to 40000 MVA, it expects to commission additional capacity of ~15000 MVA in Changodar by Q1FY27. Further capacity extension of 22,000 MVA has begun at the Moraiya Facility and is expected to commission by Q2FY27 taking the total capacity to ~77000 MVA. With orderbook already in place & bright bid prospects, execution is expected to scale further up on the back of new capacity in FY27.
- Backward integration to improve margins:** The company is progressing on multiple backward integration initiatives, including CTC, pressboard, RIP bushings and fabrication facilities, with commissioning planned across FY27. These initiatives are expected to reduce dependence on external suppliers for critical inputs, improve supply chain reliability and support margin expansion of ~200 bps over the medium term.

Rating and Target Price

- TARIL needs to continue execution momentum and improve order intake in Q4FY26. Performance in Q4FY26 will be a key indicator of company's ability to plough back its way to growth trajectory. We maintained **HOLD** rating with **revised target of ₹308** (23x FY28E EPS).

Key Financial Summary

Key Financials	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Sales	1,396.0	1,294.7	2,019.4	20.3%	2,631.4	3,400.9	4,201.2	27.7%
EBITDA	120.9	134.1	327.4	64.6%	396.9	539.8	665.2	26.7%
EBITDA Margins (%)	8.7	10.4	16.2		15.1	15.9	15.8	
Net Profit	42.3	47.0	216.4	126.1%	264.9	311.9	401.4	22.9%
EPS (₹)	3.1	3.2	7.1		8.8	10.4	13.4	
P/E	96.6	94.6	41.7		33.8	28.7	22.3	
RoNW (%)	10.4	8.1	17.1		17.5	17.1	18.0	
RoCE (%)	14.5	14.2	21.6		21.7	22.8	25.1	

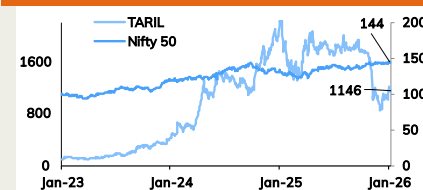
Source: Company, ICICI Direct Research

**Market Data**

Particulars	Rs. crore
Market Capitalisation	8,912
Total Debt (H1FY26)	366
Cash and Inv (H1FY26)	220
Enterprise Value	9,057
52 week H/L (Rs.)	595/230
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

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Key result and concall highlights

- TARIL reported a healthy Q3 FY26, with revenue rising 32% YoY to ₹736 crore and PAT increasing 37% YoY to ₹76 crore, supported by strong execution and margin expansion. EBITDA grew 47% YoY to ₹125 crore, while EBITDA margins expanded 180 bps YoY to 17%.
- Order inflows (OI) stood at ₹665 crore. The orderbook stood at ₹5450 crore up 48% YoY. The company is selective on order intake ensuring healthy margins. The company is evaluating ordering opportunities worth ₹16500 crore, mainly from domestic transmission players. TARIL expects strong order inflows in Q4FY26 and aims to exit FY26E with an order backlog of ₹8000 crore.
- The company aims to limit its order book execution timeline to 18 months, down from the current 24-28 months, to avoid issues with viability and commodity price fluctuations.
- The company received its first HVDC repair order from Power Grid, making it the first Indian-origin player to execute such a project. Successful commissioning is expected to enable pre-qualification for HVDC transformer manufacturing tenders post FY27.
- The company is executing a comprehensive capacity expansion with 15,000 MVA coming at Changodar in Q1FY27 and 22,000 MVA at Moraiya in Q2FY27. This will increase total capacity to 75,000 MVA, with plant utilization expected to reach 85% by next year.
- The company's backward integration initiatives are progressing as planned, with the CTC plant scheduled for commissioning in Q1FY27, followed by the pressboard facility in Q3FY27, and the RIP bushing plant along with the first phase of the fabrication facility expected to be commissioned in Q4FY27.
- The new RIP bushing facility is designed with an initial capacity of 7,000 bushings in the first year, supporting voltage ratings of up to 245 kV, with an expansion to 400 kV capacity in the second year.
- The company has maintained its Revenue and EBITDA margins guidance to ₹2600 crore and 16% EBITDA Margins for FY26E. Company has also maintained its 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	FY28E
Net Sales	1,294.7	2,019.4	2,631.4	3,400.9	4,201.2
Other Operating Income	-	-	-	-	-
Total Operating Income	1,294.7	2,019.4	2,631.4	3,400.9	4,201.2
% Growth	-	56.0	30.3	29.2	23.5
Total Revenue	1,300.5	2,051.1	2,672.9	3,420.9	4,221.2
Cost of materials consumed	895.6	1,424.4	1,818.3	2,299.5	2,841.9
Other Expenses	186.0	247.4	342.6	408.1	504.1
Total expenditure	1,160.6	1,691.9	2,234.5	2,861.1	3,536.0
EBITDA	134.1	327.4	396.9	539.8	665.2
% Growth	-	144.2	21.2	36.0	23.2
Interest	50.8	50.6	51.7	72.0	78.0
Depreciation	24.7	27.0	30.9	72.0	72.0
PBT	64.4	284.8	355.7	415.8	535.2
Tax	17.4	68.4	90.8	104.0	133.8
PAT	44.9	214.4	264.9	311.9	401.4
% Growth	-	377.3	23.6	17.7	28.7
EPS	3.2	7.1	8.8	10.4	13.4

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Profit after Tax	44.9	214.4	264.9	311.9	401.4
Depreciation	24.7	27.0	30.9	72.0	72.0
Interest	50.8	50.6	51.7	72.0	78.0
Other income	(5.8)	(31.7)	(41.5)	(20.0)	(20.0)
Cash Flow before WC changes	114.6	260.3	306.0	435.9	531.4
Change in Working Capital	(88.3)	(164.0)	(172.2)	(316.6)	(304.5)
Cashflow from Operating Activities	26.4	96.3	133.9	119.3	226.9
(Purchase)/Sale of Fixed Assets	(16.9)	(191.8)	(386.2)	(57.9)	(147.9)
(Purchase)/Sale of Investment	(3.3)	(264.0)	200.0	60.0	-
Other Income	5.8	31.7	41.5	20.0	20.0
Cashflow from Investing Activities	(14.4)	(424.1)	(144.8)	22.1	(127.9)
Issue/(Repayment of Debt)	(73.7)	27.0	80.0	(50.0)	(100.0)
Changes in Minority Interest	1.8	11.9	(2.5)	(2.2)	-
Changes in Network	115.1	483.9	(2.0)	(2.0)	(2.0)
Interest	(50.8)	(50.6)	(51.7)	(72.0)	(78.0)
Others	-	-	-	-	-
Cashflow from Financing Activities	(7.6)	472.2	23.8	(126.2)	(180.0)
Changes in Cash	4.3	144.4	12.9	15.2	(81.0)
Opening Cash/Cash Equivalent	22.9	27.2	171.6	184.5	199.8
Closing Cash/ Cash Equivalent	27.2	171.6	184.5	199.8	118.8

Source: Company, ICICI Direct Research

Exhibit 3: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	14.3	30.0	30.0	30.0	30.0
Reserves & Surplus	540.2	1,221.9	1,486.8	1,798.7	2,200.1
Networth	554.4	1,251.9	1,516.8	1,828.7	2,230.1
Total Debt	255.8	282.8	362.8	312.8	212.8
Total Liabilities	825.9	1,579.4	1,916.9	2,187.6	2,498.2
Gross Block	263.7	381.6	631.6	831.6	1,031.6
Net Block	137.0	232.0	451.1	579.1	707.1
Capital WIP	3.6	61.8	200.0	60.0	10.0
Investments	4.2	268.2	68.2	8.2	8.2
Inventory	274.8	444.9	720.9	931.8	1,151.0
Sundry debtors	614.1	468.8	947.3	1,224.3	1,512.4
Cash and bank balances	27.2	171.6	184.5	199.8	118.8
Loans and advances	0.4	0.8	0.8	1.2	1.6
Other Current Assets	68.3	74.3	92.1	102.0	126.0
Total current Assets	984.8	1,160.4	1,945.6	2,459.1	2,909.9
CL& Prov.	248.7	420.5	588.7	760.4	940.8
Net Current Assets	642.4	554.9	1,133.2	1,460.6	1,675.0
Total Assets	825.9	1,579.4	1,917.0	2,187.7	2,498.4

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
EPS	3.2	7.1	8.8	10.4	13.4
Cash EPS	4.9	8.0	9.9	12.8	15.8
BV	38.9	41.7	50.5	60.9	74.3
DPS	0.1	0.1	0.1	0.1	0.1
EBITDA Margin	10.4	16.2	15.1	15.9	15.8
PBT / Net Sales	8.4	14.9	13.9	13.8	14.1
Inventory days	77.5	80.4	100.0	100.0	100.0
Debtor days	173.1	84.7	131.4	131.4	131.4
Creditor days	67.9	74.4	80.0	80.0	80.0
RoE	8.1	17.1	17.5	17.1	18.0
RoCE	14.2	21.6	21.7	22.8	25.1
RoIC	12.9	28.1	21.6	22.4	23.1
P/E	94.6	41.7	33.8	28.7	22.3
EV / EBITDA	33.4	27.7	23.0	16.8	13.6
EV / Net Sales	3.5	4.5	3.5	2.7	2.2
Market Cap / Sales	3.3	4.4	3.4	2.6	2.1
Price to Book Value	7.7	7.1	5.9	4.9	4.0
Debt/EBITDA	1.9	0.9	0.9	0.6	0.3
Net Debt / Equity	0.4	0.1	0.1	0.1	0.0
Current Ratio	3.9	2.4	3.0	3.0	3.0
Quick Ratio	2.7	1.3	1.8	1.7	1.7

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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