

Transformers & Rectifiers India Ltd

CMP: ₹518.7/-

(NSE: TARIL)

(BSE: 532928)

Transformers & Rectifiers India Ltd

Pitch Deck Report

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ISO 9001:2008 | ISO 14001:2004 | BS OHSAS 18001:2007

Business Overview

Transformers and Rectifiers India Limited (TARIL) is a leading transformer manufacturer in India, holding the position of the second largest based on capacity. Operating with three plants around Ahmedabad, TARIL produces a diverse range of power, distribution, furnace, and specialty transformers

Business Segments

1. Power Transformers

TARIL manufactures single-phase power transformers up to 500 MVA and 1200 kV class. These are crucial for high-voltage transmission systems.

2. Distribution Transformers

TRAIL produces transformers tailored for low voltage applications essential for local distribution networks

3. Rectifier Transformers

TARIL offers rectifier (duty) transformers used across various industries for converting AC to DC, vital for processes like electroplating and metal refining



Niche Transformers

Magnum Opus
333 MVA, 1200 kV auto
transformer dispatched to
National Test Station BINA India
through Power Grid.
Highest AC Voltage in the world



156 MVA
Biggest Furnace duty
installed at Novoross
Steel, Russia

132 MVA, 33 kV Electric
Arc Furnace duty
Transformer – 60 Hz
Installed at Grupo,
Mexico



315 MVA, 400/220 kV
Auto Transformer under
Short Circuit test at KEMA,
Netherlands

70 MVA, 36 kV, Electric
Arc Furnace
Transformers – 50 Hz
Installed at Yazd, Iran



Successful testing of
220/253MVA EAF transformer.
Making it one of the largest
transformer manufactured
globally

Stakeholders

1. Promoters & Key Management

Significant promoter holding ensures long-term vision and control.

Key Executives:

- *Mr. Kailash C. Sharma* – Chairman & MD
- *Mr. Jitendra N. Sharma* – Whole-time Director
- *Mr. Jayesh Desai* – CFO

2. Institutional Investors

Growing interest from institutional and mutual funds driven by financial turnaround and market potential.

3. Retail & HNI Investors

Broad retail and HNI base leveraging strong share performance and growth outlook.

4. Strategic Partners & Clients

Key supplier to power utilities, SEBs, and industrial giants in steel, railways, and renewables. Major PSU clients strengthen credibility.

5. Employees

Expert teams across 3 plants in Ahmedabad driving quality, R&D, and innovation.

Financial Statements

Profit & Loss - TRANSFORMERS & RECTIFIERS INDIA LTD

Rs Crs	Mar-16A	Mar-17A	Mar-18A	Mar-19A	Mar-20A	Mar-21A	Mar-22A	Mar-23A	Mar-24A	Mar-25A	Mar-26E	Mar-27E
Sales	657	821	716	855	701	742	1,158	1,396	1,291	2,019	1,866	1,987
% Growth YOY		25%	-13%	19%	-18%	6%	56%	20%	-7%	56%	-8%	6%
Expenses	618	733	650	794	649	673	1,084	1,275	1,157	1,692	1,587	1,731
Material Cost (% of Sales)	73%	75%	81%	71%	76%	72%	84%	75%	72%	71%	68%	68%
Power and Fuel	4%	1%	8%	-8%	4%	-1%	5%	-3%	0%	3%	3%	0%
Other Mfr.Exp	6%	4%	5%	5%	7%	5%	4%	5%	6%	0%	5%	5%
Employee Cost	4%	4%	5%	4%	5%	4%	3%	3%	4%	3%	3%	3%
Selling and Admin Cost	67%	83%	91%	72%	68%	72%	72%	65%	61%			
Gross Profit	179	208	138	244	168	208	183	350	366	585	593	628
Gross Profit Margin	27%	25%	19%	29%	24%	28%	16%	25%	28%	29%	32%	32%
EBITDA	38	87	65	61	51	69	74	121	134	327	279	256
EBITDA Margin	6%	11%	9%	7%	7%	9%	6%	9%	10%	16%	15%	13%
Other Income	4.11	6.05	5.75	11.66	15.87	9.43	9.81	8.69	5.82	34.94	20.96	22.64
Other Income as % of Sale	1%	1%	1%	1%	2%	1%	1%	1%	0%	2%	1%	1%
Depreciation	15	15	16	19	20	19	17	25	25	27	27	28
EBIT	24	73	49	43	32	49	57	96	109	301	252	228
EBIT Margin	4%	9%	7%	5%	5%	7%	5%	7%	8%	15%	14%	11%
Interest	38	42	44	46	46	46	44	48	51	51	52	53
Interest Coverage (Times)	1	2	1	1	1	1	2	2	2	7	5	5
Profit Before Tax (PBT)	(10)	36	11	9	2	13	23	57	64	285	221	197
% Growth YOY		-458%	-71%	-18%	-78%	573%	86%	145%	13%	342%	-22%	-11%
PBT Margin	-2%	4%	1%	1%	0%	2%	2%	4%	5%	14%	12%	10%
Tax	-3	12	4	4	1	5	9	15	17	68	42	47
Actual Tax	32%	34%	41%	41%	44%	39%	39%	26%	27%	24%	19%	24%
Net Profit	(7)	24	6	5	1	8	14	42	47	216	179	151
% Growth YOY		-446%	-74%	-18%	-79%	627%	87%	197%	11%	361%	-17%	-16%
PBT Margin	-1%	3%	1%	1%	0%	1%	1%	3%	4%	11%	10%	8%
EPS	0	1	0	0	0	0	1	2	2	7	6	5
% Growth YOY		-446%	-74%	-18%	-79%	627%	87%	197%	3%	337%	-18%	-17%
Price to earning	-45	22	57	34	69	28	31	18	120	499	608	731
Price	12	20	13	7	3	8	16	28	198	3,600	3,600	3,600
Dividend Payout	0%	0%	0%	0%	0%	17%	14%	5%	6%	3%	3%	5%
Market Cap	313.495	538	356	176	72	217	437	754	5640	108072	109070	110068
Retained Earnings	-7	24	6	5	1	6	12	40	44	210	173	143

Transformers & Rectifiers India Ltd (TRIL)
Financial Snapshot & Outlook

TRIL has demonstrated a volatile but improving financial trajectory, with significant momentum post-FY21. After several years of modest or negative profit, the company experienced a turnaround driven by stronger revenue growth and margin expansion. Sales surged from ₹742 Cr in FY21 to ₹2,019 Cr in FY25 (est.), reflecting a 56% YoY growth in FY25. EBITDA margins improved to 16%, and EBIT margins to 15%, indicating operational efficiency. Net Profit grew significantly to ₹216 Cr in FY25 from ₹47 Cr in FY24, aided by higher operating leverage and a sharp rise in other income. Interest coverage ratio improved to 7x in FY25 from 2x in FY24, suggesting stronger solvency. While the P/E has risen sharply due to a spike in share price, the company's market cap jumped to ₹1.08 lakh Cr in FY25. Looking forward, although moderate earnings normalization is expected (FY26E-FY27E), TRIL's fundamentals remain robust with consistent gross profit margins (32%) and retained earnings growth, indicating long-term value creation potential.

Financial Statements

Balance Sheet - TRANSFORMERS & RECTIFIERS INDIA LTD												
Rs Crs	Mar-16A	Mar-17A	Mar-18A	Mar-19A	Mar-20A	Mar-21A	Mar-22A	Mar-23A	Mar-24A	Mar-25A	Mar-26E	Mar-27E
Equity Share Capital	13	13	13	13	13	13	13	13	14	30	21	22
Reserves	313	312	317	322	323	330	343	381	540	1222	1283	1345
Borrowings	164	209	399	263	308	263	325	330	256	283	299	306
Other Liabilities	299	341	358	281	289	319	428	463	360	650	534	560
Total Liabilities	789	876	1,088	880	933	925	1,109	1,187	1,170	2,185	2,138	2,234
Net Block	185	187	195	201	193	181	168	153	144	251	183	183
Capital Work in Progress	11	6	12	3	2	0	3	3	5	62	51	53
Investments	0	0	0	0	0	0	1	1	4	268	120	135
Other Assets	592	682	881	676	738	744	936	1030	1017	1604	1375	1453
Total Assets	789	876	1,088	880	933	925	1,109	1,187	1,170	2,185	2,138	2,234
Working Capital	294	341	523	395	449	425	509	567	657	954	840	892
Debtors	308	374	501	376	418	416	522	635	614	469	591	617
Inventory	195	201	266	196	214	219	263	273	276	445	363	382
Cash & Bank	35	24	41	27	37	27	46	23	27	172	92	100
Key Ratio	Mar-16A	Mar-17A	Mar-18A	Mar-19A	Mar-20A	Mar-21A	Mar-22A	Mar-23A	Mar-24A	Mar-25A	Mar-26E	Mar-27E
Debtor Days	171	166	256	161	218	205	164	166	174	85	116	113
Inventory Turnover	3	4	3	4	3	3	4	5	5	5	5	5
Net Fixed Aseet Turnover	3.5	4.4	3.7	4.3	3.6	4.1	6.9	9.1	9.0	8.0	10.2	10.8
Debt/Equity	50%	64%	121%	78%	92%	77%	91%	84%	46%	23%	23%	22%
Return on Equity	-2%	7%	2%	2%	0%	2%	4%	11%	8%	17%	14%	11%
Return on Capital Employed	6%	15%	8%	9%	7%	10%	10%	15%	14%	22%	17%	15%
Return on Invested Capital	-2%	5%	1%	1%	0%	1%	2%	6%	6%	16%	12%	10%

Transformers & Rectifiers India Ltd (TRIL) Solid Turnaround with Strong Balance Sheet

TRIL has delivered a remarkable financial turnaround backed by prudent capital allocation, improving operating metrics, and robust growth in reserves. Net worth has grown sharply from ₹540 Cr in FY24 to ₹1,252 Cr in FY25, reflecting strong internal accruals. Debt/equity has significantly declined to 23% in FY25 from 84% in FY23, improving the company’s financial leverage and credit profile. Working capital remains well-managed, while investments have risen—highlighting a strategic redeployment of surplus funds. The sharp reduction in debtor days to 85 in FY25 (from 174 in FY24) indicates enhanced receivables efficiency. Return ratios have improved meaningfully, with ROE at 17%, ROCE at 22%, and ROIC at 16% in FY25—reflecting sustainable profitability and better capital productivity. With stable net block and asset-light capex, TRIL is well-positioned to sustain growth with strong internal cash generation and minimal reliance on external debt.

Source: Screener.in

Financial Statements

Cash Flow Statement - TRANSFORMERS & RECTIFIERS INDIA LTD												
Rs Crs	Mar-16A	Mar-17A	Mar-18A	Mar-19A	Mar-20A	Mar-21A	Mar-22A	Mar-23A	Mar-24A	Mar-25A	Mar-26E	Mar-27E
Cash from Operating Activity (CFO)	37	66	-102	179	16	96	2	28	29	157	9	133
% Growth YOY		79%	-253%	-275%	-91%	489%	-98%	1402%	3%	437%	-94%	1376%
Cash from Investing Activity	-5	-24	-31	-8	-15	-7	-8	9	-22	-625	-280	-312
Cash from Financing Activity	-31	-61	145	-182	2	-93	17	-45	-10	469	192	218
Net Cash Flow	0	-19	12	-11	3	-4	11	-7	-3	0	-79	40
CFO/Sales	6%	8%	-14%	21%	2%	13%	0%	2%	2%	8%	0%	7%
CFO/Net Profit	-537%	277%	-1635%	3501%	1558%	1264%	13%	67%	62%	72%	5%	89%
CFO/EBIDTA	97%	76%	-156%	291%	32%	141%	3%	23%	22%	48%	3%	52%
Capex	-9	-12	-30	-17	-10	-7	-9	-11	-17	-238	-111	-123
FCFF	46	78	-72	196	26	103	11	39	46	395	120	256
Average FCFF (3 Year)										119		171
FCF Growth YOY		70%	-192%	-372%	-87%	292%	-89%	262%	17%	755%	-70%	113%
FCF/Sales	7%	10%	-10%	23%	4%	14%	1%	3%	4%	20%	6%	13%
FCF/Net Profit	-667%	327%	-1155%	3834%	2510%	1356%	76%	93%	98%	182%	67%	170%

Transformers & Rectifiers India Ltd

Robust Free Cash Flow Expansion with Strategic Capital Discipline TRIL has demonstrated a remarkable shift in cash flow dynamics, led by strong growth in operating cash flows (₹157 Cr in FY25 vs ₹29 Cr in FY24), translating to an 8% CFO-to-sales ratio and a CFO/EBITDA conversion of 48%. Free cash flow to firm (FCFF) surged to ₹395 Cr in FY25, a 755% YoY rise, underscoring efficient working capital management and operational scalability. The company has managed this despite aggressive capex (₹238 Cr in FY25), suggesting forward-looking investments in capacity or technology. FCF as a percentage of net profit also improved significantly to 182%, reflecting high-quality earnings and superior cash conversion. With net cash flows stabilizing and financing inflows aligned to expansion, TRIL appears strategically positioned for sustained growth and capital efficiency.

Source: Screener.in

DCF Valuation Methodology

DCF Valuation- TRANSFORMERS & RECTIFIERS INDIA LTD

INR Crores

	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30
Operating Cash Flows	96	2	28	29	157	107	121	136	151	166
% Growth YOY		-98%	1402%	3%	437%	-32%	14%	12%	11%	10%
Capital Expenditure	(7)	(9)	(11)	(17)	(238)	(197)	(244)	(291)	(338)	(385)
% Growth YOY		29%	22%	55%	1300%	-17%	24%	19%	16%	14%
Free Cash Flow to Firm	89	(7)	17	12	(81)	(91)	(123)	(155)	(187)	(219)
% Growth YOY		-108%	-345%	-30%	-771%	11%	36%	26%	21%	17%
Discount Period						1	2	3	4	5
PV to FCFF						-(,79)	-(,123)	-(,155)	-(,187)	-(,219)
EBIDTA	69	74	121	134	327	318	376	434	491	549
% Growth YOY		8%	63%	11%	144%	-3%	18%	15%	13%	12%
FCFF/EBIDTA	130%	-10%	14%	9%	-25%	-28%	-33%	-36%	-38%	-40%

DCF Valuation	
Current Share Price	518.7
Exit Multiple	55.1
WACC	15.30%
PV of Cash Flows	-(,763)
Terminal Value	30,260
PV of Terminal Value	12,879
Enterprise Value	12,116
Less : Debt	283
Add : Cash	171.62
Equity Value	12,005
No of Share	30.02
Eq Value/Share	399.95
Upside Value	77%
Upside target	919
Downside target	119

Valuation Summary – Transformers & Rectifiers India Ltd

We conducted a **DCF -based valuation of Transformers & Rectifiers India Ltd**, factoring in future cash flows, capital expenditure, and growth projections. While the company shows strong EBITDA growth and long-term operational potential, significant capital investments from FY25 onwards lead to negative free cash flows in future years. Using a **WACC of 15.3%** and an **exit multiple of 55.1x**, we derive an **equity value per share of ₹399.95**, compared to the **current market price of ₹518.70**. The **valuation indicates a potential upside target of ₹919**, with a **downside risk to ₹119**, reflecting the business's long-term prospects and associated risks.

Remarks

This valuation analysis is **purely based on our internal estimates, assumptions, and modelling inputs** as of the date of this report. The projected cash flows, WACC, and terminal growth assumptions used in this DCF model reflect our independent view of ITC Ltd.'s potential intrinsic value under a specific base-case scenario.

This document is **not intended to serve as investment advice or a stock recommendation**. The management is strategically focused on securing high-margin orders and are optimistic about growth in the Indian energy sector. They prioritise domestic opportunities and emphasise delivery timelines over pricing. TARIL aims for higher margins, targeting EBITDA margins of 17% or more by FY27, and are improving working capital management. The overall outlook is confident due to a robust order pipeline.