

Initiating Coverage

23th September 2025



INDO TECH

INDO TECH TRANSFORMERS LIMITED

A subsidiary of **Shirdi Sai Electricals Limited**

Indo Tech Transformers Ltd



**SNM VALUE EDUCATOR RESEARCH
SERVICES LLP:
Emerging Titans**

RA No: INH000019789



Indo Tech Transformers Ltd | BUY

Powering India's Energy Transition

Indo Tech Transformers Ltd. has emerged as a reliable partner in India's evolving power sector, with its manufacturing base aligned to serve rising demand from utilities, renewables, and industrial customers. The company is strategically scaling capacity from 9,500 MVA to 16,000 MVA by FY28, positioning itself to capture opportunities in power transmission, renewable integration, and data center infrastructure—all key pillars of India's energy transition.

Backed by its parent company Shirdi Sai Electricals Ltd. (SSEL, 75% stake), Indo Tech enjoys synergies in raw material procurement, customer acquisition, and supply chain efficiencies. Its strong execution capabilities are supported by a conservative financial profile, with minimal leverage (D/E of 0.03), ensuring expansion is funded largely through internal accruals. Financially, FY25 delivered a healthy performance with revenue of ₹628 Cr (↑23% YoY) and PAT of ₹64 Cr (↑36% YoY), along with an ₹850 Cr order book that provides visibility into the next growth phase.

1. Strong Financial Momentum

Indo Tech has delivered consistent growth, with FY25 revenue at ₹628 Cr and PAT at ₹64 Cr, supported by margin gains and cost discipline. Its return metrics remain robust, with RoNW at 23% and RoCE at 30.4%, highlighting efficient capital use and profitability resilience even as the sector undergoes structural shifts.

2. Robust Order Book & Growth Visibility

An ₹850 Cr order book ensures strong near-term revenue visibility, driven primarily by power transformers (80%) and distribution transformers (20%). Management has guided for revenues to cross ₹1,000 Cr by FY27, supported by steady inflows from utilities, renewable-linked projects, and industrial orders.

3. Capacity Expansion in Line with Demand

The company's phased expansion from 9,500 MVA to 16,000 MVA by FY28 aligns closely with the expected surge in demand from renewable energy projects, battery energy storage systems (BESS), and data centers. This capacity scale-up provides the ability to address high-value opportunities while maintaining execution flexibility.

4. Strong Parentage & Low Leverage

With SSEL holding 75% stake, Indo Tech benefits from strategic synergies in procurement and customer acquisition. Importantly, with a D/E ratio of just 0.03, expansion is being funded through internal accruals, allowing growth without balance sheet strain. This provides resilience and financial flexibility in a capital-intensive industry.



Recommendation	BUY
Allocation	3%
CMP (at initiation)	₹1759
Market Cap (₹ Cr)	₹1868
52 Week High/Low	₹3,772/ ₹1,525
NSE code	INDOTECH

Shareholding pattern

Promoter	75%
FII+DII	0.57%
Others	24.44%

Financial Summary

(₹ Cr)	FY23	FY24	FY25
Revenues	371	503	612
EBITDA (%)	9%	13%	15%
PAT	26	47	64
ROCE (%)	21%	34%	38%



Company overview

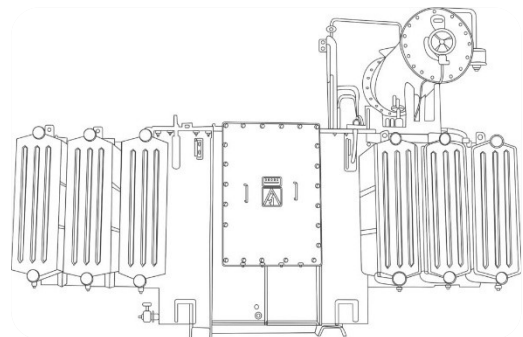
Indo Tech Transformers Ltd., headquartered in Chennai, is one of India's pioneering transformer manufacturers with nearly three decades of experience. The company specializes in power transformers, distribution transformers, and special application transformers, serving utilities, renewable energy developers, and industrial clients. With a current installed capacity of 9,500 MVA, Indo Tech is in the process of expanding to 16,000 MVA by FY28, reinforcing its ability to meet rising domestic demand for high-quality, reliable transformers.

The company's strength lies in its strong customer relationships with leading names such as NTPC, Adani, JSW, L&T, Siemens, ABB, Vestas, and Suzlon, coupled with its ability to deliver customized solutions. While exports are currently minimal (~₹1.8 Cr in FY25), Indo Tech remains largely focused on India's growing power sector, which is witnessing accelerated investments in renewables, data centers, and grid modernization. Its parent company, Shirdi Sai Electricals Ltd. (SSEL), further enhances capabilities through procurement synergies and operational support, giving Indo Tech a competitive edge in a cost-sensitive market.



Business Segments

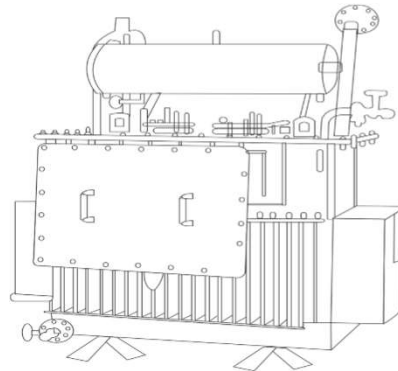
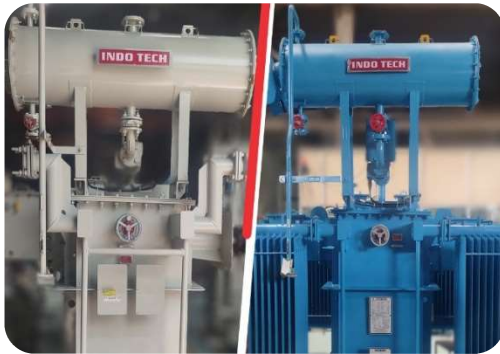
1. Power Transformers



Power transformers form the core of Indo Tech's business, contributing ~80% of its order book. These are supplied to utilities, renewable developers, and industrial projects, with applications in transmission networks, solar/wind evacuation, and large infrastructure. Demand is being boosted by India's increasing focus on high-capacity transformers for grid stability and renewable integration.



2. Distribution Transformers



Distribution transformers, contributing ~20% of the order book, serve state utilities, industrial parks, and commercial projects. This segment provides a steady base of recurring demand, supporting revenue stability. With the electrification of rural and semi-urban areas, as well as data center and industrial expansion, Indo Tech expects continued momentum in this business.

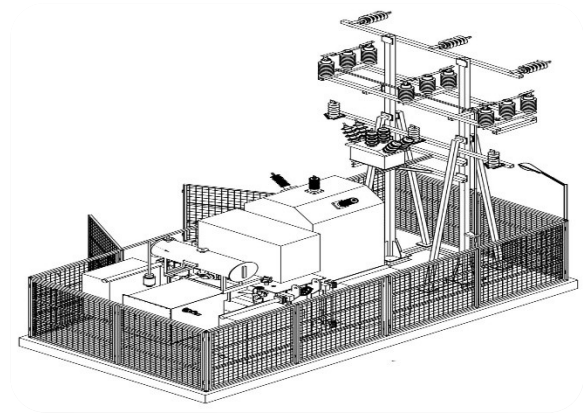
3. Special Application Transformers



The company also manufactures special application transformers for niche requirements such as battery energy storage systems (BESS), railways, and data centers. Though currently a smaller portion of revenues, this segment is strategically important as it positions Indo Tech in emerging, high-value markets with strong long-term growth potential.



4. Skid Mounted Substation



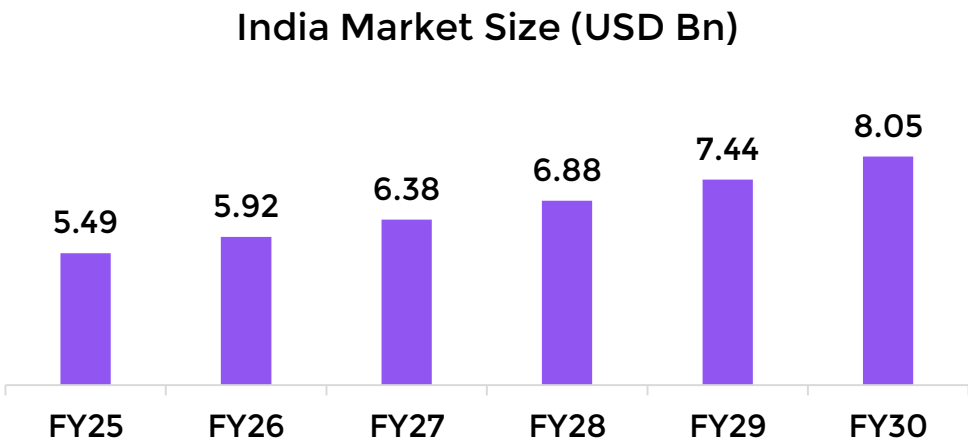
Skid mounted substations developed up to 5 MVA, 11 – 33 KV(HV) for wind mills which provides transformer integrated with HV side protection gear complete with breaker and panel. The complete unit comprised of transformer, HV bushings to breaker panel bus-duct, HV breaker & panel, LV side cable box connections. All components were designed to be assembled on single skid and transported to customer premises a single unit. The entire assembly was reinforced at critical points to bear transportation loads. The transformer was sent with radiator/conservator mounted and completely oil filled to avoid any mounting and oil filtration at site.

The skid mounted substation resulted in great savings for customer in terms of erection time and the space needed when compared with conventional DP yard substations. The savings in space was estimated to be close to 50% and the erection time crashed by 60%.



Industry Overview

The Indian transformer market is on a strong growth path, fueled by expanding infrastructure, industrialization, and rising energy needs. Valued at USD 5.1 billion in 2024, the market is projected to reach USD 7.44 billion by 2029, growing at a 7.9% CAGR a pace above the global average. This momentum is driven by grid expansion, urbanization, government initiatives like Make in India, and large-scale investments in smart grids, renewable integration, and modernization projects. By 2032, the market could surpass USD 9-10 billion, making India one of the fastest-growing and most dynamic transformer markets worldwide.

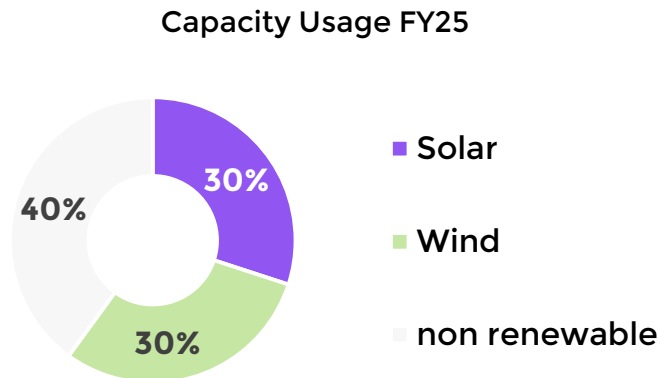


- **Renewable Energy Integration:**India’s target of 500 GW non-fossil capacity by 2030 (280 GW solar, 140 GW wind) increases demand for inverter duty, generator step-up, and high-voltage transformers. Green Energy Corridor projects further expand transformer requirements.
- **Smart Grid Adoption:** Initiatives like National Smart Grid Mission and Power Grid pilot projects drive adoption of smart transformers with real-time monitoring and predictive maintenance, improving grid reliability and efficiency.
- **Grid Expansion & Modernization:** Installed generation capacity expected to grow from ~442 GW (FY2024) to ~900 GW (FY2032). Requires ~12,000 new substations (~141,000 MVA) and transformer upgrades under Revamped Distribution Sector Scheme (RDSS) to reduce losses and enhance efficiency.
- **Rural Electrification & Decentralized Solar Grids:** Schemes like DDUGJY and Saubhagya, along with solar micro-grids, require smaller, cost-effective, reliable transformers (up to 10 MVA).
- **Data Centers & Digital Infrastructure:** India’s data center capacity is projected to double by 2027, requiring high-reliability power transformers. This is emerging as a significant niche market for domestic players like Indo Tech.
- **Industrial & Urbanization Growth:** With rapid industrial expansion and urban electrification, demand for distribution transformers is expected to remain steady, providing a recurring revenue base for the industry.



Future Outlook

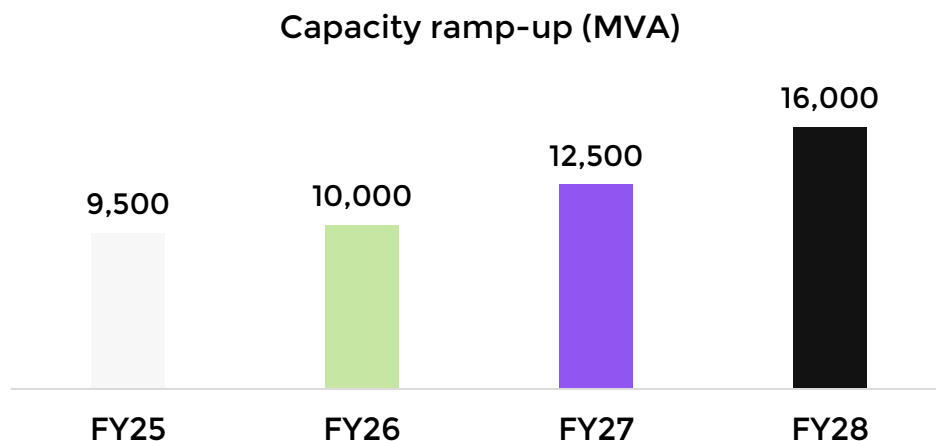
Capacity Expansion



Indo Tech Transformers is embarking on a significant capacity expansion program to align with India's fast-growing demand for transmission and distribution equipment. Its current manufacturing capacity of 9,500 MVA will be increased in a phased manner to 16,000 MVA by FY28, ensuring a strong supply pipeline for both utilities and renewable-linked projects.

- **Phase I (FY26):** Capacity expansion to 10,000 MVA, enabling the company to handle larger orders from utilities and renewable developers.
- **Phase II (FY27):** Further expansion to 12,500 MVA, adding scale for large power transformers required in solar and wind evacuation, battery energy storage systems (BESS), and industrial hubs.
- **Phase III (FY28):** Final ramp-up to 16,000 MVA, positioning Indo Tech among the stronger mid-sized players in the transformer industry.

The expansion will be funded through internal accruals, with a planned outlay of ₹75 Cr over two years, reflecting the company's conservative approach to growth without leveraging the balance sheet. This ensures financial resilience while providing the capacity to address the surge in domestic demand.

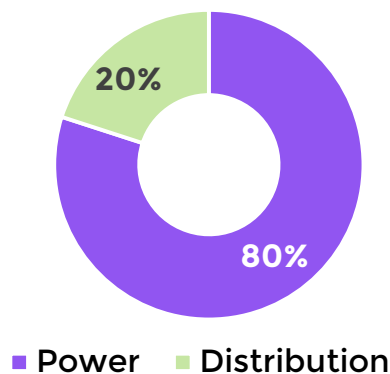




Strong Order Book

Indo Tech enters FY26 with a strong order book of ₹850 Cr, providing clear visibility for the next 12–15 months. With phased capacity expansion, the company is expected to scale revenues to ₹1,000 Cr by FY27, as guided by management in the FY25 AGM. Rising participation in renewable projects, coupled with its strong client base (NTPC, Adani, JSW, Siemens, ABB, Vestas, Suzlon), gives Indo Tech a diversified demand pipeline.

Order Book Split



The company's strategy of focusing on domestic demand aligns with India's self-reliance goals, while its conservative financial profile ensures expansion without leverage risk. Over the medium term, Indo Tech aims to balance stable demand from utilities and distribution networks with high-growth opportunities in renewables, BESS, and data centers. This combination of strong execution, steady expansion, and sectoral tailwinds positions the company for sustained growth, profitability, and margin resilience.



Key Risks

1. Execution Risk in Capacity Expansion

The planned capacity scale-up to 16,000 MVA by FY28 involves phased investments. Any delays or cost overruns could impact order execution timelines and growth targets.

2. Working Capital Intensity

The transformer industry is inherently working-capital heavy, with large receivables from utilities and EPCs. Indo Tech's expansion and growing order book may further stretch its working capital cycle, pressuring liquidity if not managed efficiently.

3. Customer Concentration in Utilities & Renewables

A significant portion of demand is tied to government utilities and renewable projects. Any slowdown in tendering activity, policy changes, or payment delays from state utilities could affect revenue visibility.

4. Commodity Price Volatility

Raw material costs, particularly copper and steel, form a large share of transformer manufacturing costs. Sudden volatility in prices, if not passed on, can affect margins. Parent SSEL provides some procurement efficiency, but risks remain.

5. Competitive Pressure

The presence of established global and domestic players with larger capacities may lead to pricing pressure, especially in large utility tenders. Indo Tech must maintain a focus on cost competitiveness and timely execution to defend its market share.

6. Limited Export Exposure

Exports currently form a negligible share of revenues (~₹1.8 Cr in FY25). While Indo Tech is primarily domestic-focused, reliance on the Indian market leaves it more exposed to domestic policy shifts compared to peers with global diversification.



Financials

Profit & Loss Statement

	2019	2020	2021	2022	2023	2024	2025
Sales	213	205	206	280	371	503	612
Expenses	215	203	195	258	335	435	527
Operating Profit	-2	2	11	22	36	68	85
OPM %	-1%	1%	5%	8%	10%	14%	14%
Other Income	1	5	3	2	3	7	16
Interest	2	2	3	7	8	12	11
Depreciation	5	5	5	5	5	5	4
Profit before tax	-8	0	6	12	26	57	86
Tax %	0%	-1,820%	1%	2%	0%	18%	26%
Net Profit	-8	2	6	12	26	47	64
EPS in Rs	-7.90	1.81	5.92	11.48	24.20	44.12	60.15

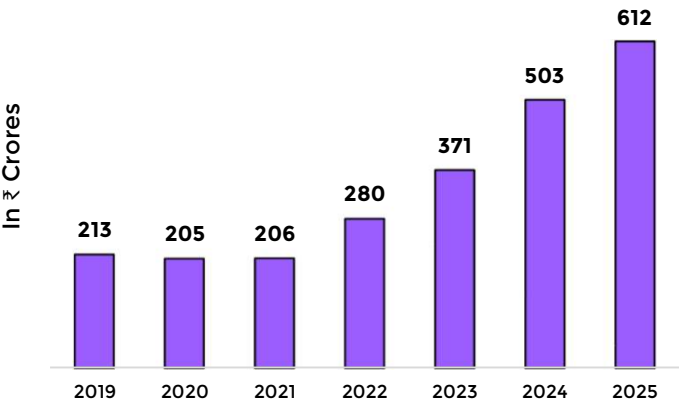
Balance Sheet

	2019	2020	2021	2022	2023	2024	2025
Equity Capital	11	11	11	11	11	11	11
Reserves	115	116	123	134	160	207	270
Borrowings	0	0	0	1	11	5	8
Other Liabilities	69	77	55	94	121	164	150
Total Liabilities	195	203	188	240	303	386	438
Fixed Assets	52	48	44	41	44	49	50
CWIP	0	0	0	1	1	0	6
Investments	0	0	0	0	0	0	0
Other Assets	143	155	144	197	258	337	383
Total Assets	195	203	188	240	303	386	438

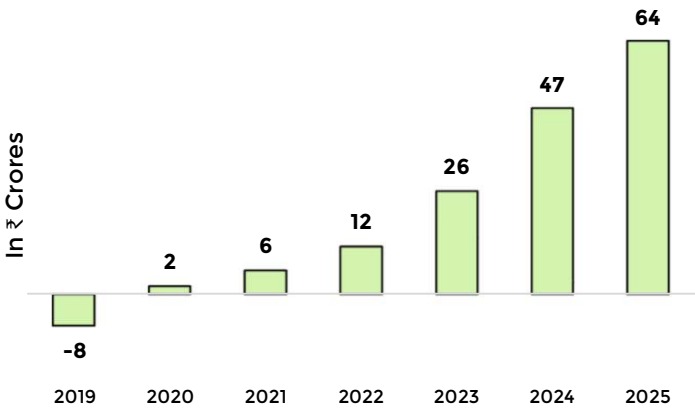


Financials

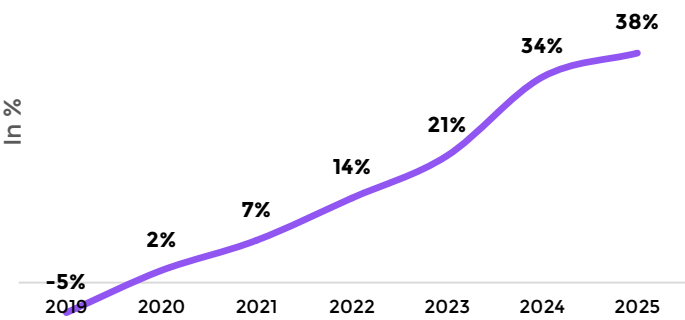
Revenues



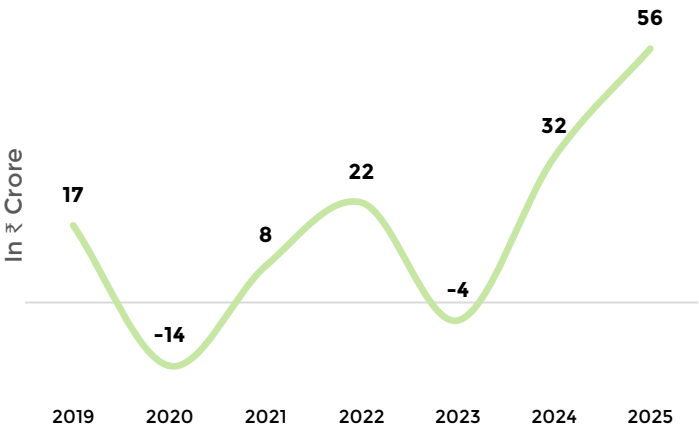
Net Income



ROCE



CFO





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