TRANSFORMERS & RECTIFIERS (INDIA) LIMITED

Initiating Coverage | ThirdView Capital

Initiating Coverage | Power Equipment — Transformers & Reactors | NSE: TARIL | BSE: 532928   15 July 2026

CMP (14-Jul-26)	Mkt Cap	52-Wk H/L	P/E (TTM)	FY26 ROE*	FY26 ROCE*
₹338	₹10,140 Cr	₹579 / ₹224	~38-40x	~19.3%	~23%

**FY26 ROE per DuPont decomposition on a consolidated, financial-year-end basis (Section 8); FY26 ROCE per company/ThirdView Sovrenn tracker (Section 8 footnote). Source: Company Q4/FY26 investor presentation, ThirdView Sovrenn tracker (1-Jul-26), Screener.in consolidated exports.*

1. Company Overview & Business Model

Transformers & Rectifiers (India) Ltd (TARIL), headquartered in Ahmedabad and listed on the NSE/BSE since 2010, traces its roots to founder Mr Jitendra Mamtora's transition from transformer repair to manufacturing 33kV-class units in the early 1980s. The company today manufactures power, distribution, furnace and rectifier transformers, series/shunt reactors, mobile substations, earthing transformers and specialty units (locomotive traction, solar and green-hydrogen applications) across a single-phase rating band up to 500 MVA / 1200kV class.

Installed capacity stands at ~75,000 MVA across the Changodar and Moraiya (Ahmedabad-region) manufacturing hubs, up from ~40,000 MVA, with a global footprint spanning 40+ countries. TARIL is India's only transformer manufacturer with an NABL-accredited electrical-steel testing lab, and in FY26 became the first Indian company to secure an HVDC transformer repair order from Power Grid Corporation of India Ltd (PGCIL) — a technical entry point into a segment presently dominated by Hitachi Energy, Siemens Energy and GE Vernova.

TARIL operates a B2B, project-execution model: revenue is a function of order wins and execution pace rather than end-consumer demand, which makes working-capital behaviour — not just topline growth — a direct read on execution quality (developed further in Sections 4 and 13). The domestic customer base includes PowerGrid, NTPC, Adani Renewables, Tata Power, JSW, GETCO, Torrent Power and Jindal Steel & Power, among others.

Governance: board control sits with three members of the Mamtora family — Chairman (Jitendra Mamtora), Managing Director & CEO (Satyen Mamtora) and an Executive Director. Promoter holding has declined from 74.9% to 64.4% over three years, predominantly via QIP dilution (₹500 Cr raised in FY25) rather than open-market selling — a materially different signal from insider distribution, though family board concentration remains a structural governance watch-item (Section 13).

2. How TARIL Makes Money

TARIL earns revenue on execution of transformer/reactor manufacturing contracts won competitively from utilities, EPC contractors and industrial buyers (steel, renewables, cement, petrochemicals). As of March 2026, the order book mix was 55% utilities, 20% EPC contractors and 25% private-sector customers. Unlike a consumer-facing or recurring-revenue model, profitability is set at the point of order booking (pricing, payment terms, delivery schedule) and realised over a 12–30 month execution cycle — meaning current-period margins reflect orders taken well over a year earlier.

Management has been explicit on this point: FY26 standalone/consolidated EBITDA margins of ~15–18% trail listed peers (18–20%) partly because the current order book still carries legacy pricing from 12–15 months ago. The company's stated remedy is twofold — (a) selective order intake, rejecting orders with delivery schedules beyond 24 months to protect margin and cash-flow quality, and (b) backward integration across four facilities (CTC conductor, bushing, pressboard, fabrication), targeted for 100% integration by Q1 FY28 and expected to add 150–200 bps to margins.

A second, emerging money-making lever is HVDC: transformers represent ~40% of overall HVDC project capex, and management expects PGCIL manufacturing approval roughly six months after satisfactory completion of the current repair order — the pipeline is currently only 1–2 tenders/year but is expected to scale to 10–12/year (three units each), which would be a structurally higher-margin, higher-technical-barrier segment than standard power transformers.

3. Revenue & Earnings Breakdown

TARIL's growth has been non-linear: two flat-to-declining years (FY19–21) were followed by a demand-cycle upswing from FY22, a 56% revenue surge in FY25, and deceleration to 24% in FY26. This note standardises on a single consolidated dataset throughout: FY24–FY26 figures are company-reported (investor presentation / ThirdView tracker note, both explicitly consolidated); FY22–FY23 are sourced from Screener.in consolidated exports, the only source available for those years. EBITDA is computed uniformly as PBT + Interest + Depreciation.

Rs Cr	FY22	FY23	FY24	FY25	FY26
Revenue	1,158	1,396	1,291	2,017	2,509
Revenue growth YoY	—	+20.5%	-7.5%	+56%	+24%
EBITDA	84*	130*	129	359	444
EBITDA Margin	7.2%	9.3%	10.0%	17.8%	17.7%
PAT	14*	41*	47	217	272
PAT Margin	1.2%	2.9%	3.6%	10.7%	10.8%

**FY22–FY23 EBITDA/PAT from Screener.in consolidated export (only available source for these years). FY24–FY26 are the single consistent company-reported consolidated dataset used throughout this note (ThirdView tracker note for FY24; investor presentation for FY25–FY26, which ties exactly). A Screener-derived recomputation of FY24 gives a modestly higher EBITDA/PAT (~₹140 Cr / ~₹45 Cr) than the ₹129 Cr / ₹47 Cr shown here; we use the company/ThirdView-sourced figures for consistency with FY25–FY26 and note the variance here rather than repeat it elsewhere. Source: Company investor presentation, ThirdView tracker note, Screener.in consolidated data.*

The FY19–21 base (revenue ₹701–855 Cr, near-breakeven PAT) is the pre-upcycle floor against which the FY25 56% and FY26 24% growth years should be read. The deceleration itself is guided to continue moderating toward ~29% for FY27E per management's own revenue target (Section 6) — i.e., growth is expected to reaccelerate modestly off the FY26 base once Changodar/Moraiya capacity comes online, rather than continuing to decay linearly.

4. FY26 Consolidated Financial Highlights

P&L — Consolidated (₹ Lakhs)

Particulars	Q4 FY26	Q4 FY25	Growth %	FY26	FY25	Growth %
Revenue from Operations	78,267	67,648	15.7%	2,50,880	2,01,938	24.2%
EBITDA	14,085	13,819	1.9%	44,403	35,914	23.6%
EBITDA Margin	18.0%	20.4%	-240 bps	17.7%	17.8%	-10 bps
PBT	11,947	11,923	0.2%	36,304	28,482	27.5%
PAT	9,110	9,417	-3.3%	27,209	21,658	25.6%
PAT Margin	11.6%	13.9%	-230 bps	10.8%	10.7%	10 bps

Source: Company Q4 FY26 investor presentation (consolidated).

The Central Issue: Cash Conversion

FY26's profit growth masks a sharp deterioration in cash generation — the single most important fact in this note. A company that grew consolidated PAT 26% still burned operating and free cash, funding growth from the balance sheet rather than the business.

Metric	FY25	FY26
Operating cash flow (₹ Cr)	+157	-105
Free cash flow (₹ Cr)	-75	-215
CFO / Operating profit	58%	2%
Debtor days	85	129
Working capital days	34	102
Current borrowings (₹ Cr)	283	457 (+61%)
Inventories (₹ Cr, consol.)	399	561
Trade receivables (₹ Cr, consol.)	443	853

Management acknowledged this directly on the Q4 FY26 call: inventories roughly doubled and receivables rose ~₹410 Cr, attributed to delayed March collections from utilities (₹200 Cr of which was collected within the first 15 days of April). This is a live, not resolved, issue — and it sits in direct tension with management's own stated target of becoming net-debt-free within 18–24 months (reiterated since late 2025). We treat H1 FY27 debtor-day and working-capital trends as the key checkable near-term signal (Section 13).

Balance Sheet Snapshot (₹ Cr, Consolidated)

Particulars	FY24	FY25	FY26
Tangible Net Worth	525	1,180	1,410
Total Borrowings (LT + ST)	250	260	424
Cash & Bank	25	167	139
Net Debt (approx.)	225	93	285
Total Assets	1,129	2,047	2,500

Net debt = total borrowings less cash & bank equivalents (excludes investments). This is the single consistent net-debt dataset used throughout the note, including the DuPont (Section 8), Forecast (Section 9) and Valuation (Section 10) sections. Source: Company investor presentation balance sheet; figures rounded.

5. Capacity Expansion & Capex Plan

TARIL is roughly mid-way through a capacity build-out from ~40,000 MVA to ~75,000 MVA, alongside a parallel backward-integration programme. Both timelines have already slipped once and are being watched for a second slippage.

Project	Scope	Status / Revised Timeline
Changodar expansion	+15,000 MVA	Delayed 4-5 months; commercial production now guided for Q2 FY27
Moraiya EHV plant	+22,000 MVA	Full contribution pushed to FY28; concall guidance is Q3 FY27 start (post-monsoon), vs Q2 FY27 per the Apr-2026 investor presentation cadence - a modest internal inconsistency worth tracking
Backward integration (CTC, Bushing, Pressboard, Fabrication)	4 facilities, ~150-200 bps margin accretion	Targeted 100% integration by Q1 FY28 (already delayed from original schedule; slow site progress and late arrival of plant & machinery cited)
New capex infusion	Rs 600 Cr over ~15 months	Chairman-disclosed, Apr-2026 investor presentation

Order book & pipeline (as of 31 March 2026): unexecuted order book of Rs 5,005 Cr (~18 months' revenue visibility on FY26 sales), against FY26 order inflow of just Rs 2,374 Cr - deliberately restricted relative to an Rs 18,000-23,000+ Cr pipeline under negotiation. Management framed this as capacity and margin discipline (rejecting orders with delivery windows beyond 24 months) rather than demand weakness, though the order book has already missed its own FY26 target of Rs 8,000 Cr. Highest-ever FY26 production volume was ~33,700 MVA (vs 22,118 MVA in FY25).

Recent notable order wins: a >Rs 1,000 Cr PGCIL Ultra-Mega award (June 2026, 30-month delivery), Rs 740 Cr and Rs 473 Cr / Rs 228 Cr GETCO orders, an ArcelorMittal Mexico EAF transformer order, a maiden 193 MVA single-phase STATCOM transformer order, and the PGCIL HVDC repair order that opens the door to future HVDC manufacturing approval.

6. Management Guidance & Vision 2030

TARIL has not articulated a formal, dated 'Vision 2030' programme (unlike some peers); the closest equivalent is the Chairman's stated ambition to reach US$1 billion in revenue (~Rs 8,300-8,500 Cr) within the next three financial years from FY26, i.e. by around FY29. We treat this as a long-dated aspiration rather than a modelled target, and focus on the shorter-dated, more specific guidance below.

Metric	Guidance	Track record
FY27 revenue	~Rs 3,250 Cr (~29% growth)	FY26 guidance was 28% growth; actual came in at 24% (FY26 revenue target was revised down mid-year from Rs 3,500 Cr to Rs 2,600 Cr). FY25 guidance of 55% growth was met (actual 56%)
Order book (FY26-end)	Rs 8,000 Cr target	Missed - actual Rs 5,005 Cr
Capacity utilisation	~75% now, targeting ~95% in FY27	Contingent on Changodar/Moraiya ramp-up without further slippage
Net-debt-free target	Within 18-24 months (reiterated since late 2025)	In direct tension with FY26 net debt build (Section 4); first checkpoint is H1 FY27

Metric	Guidance	Track record
Backward integration	100% integration, +150-200 bps margin, by Q1 FY28	Already delayed once (slow site progress, late P&M arrival)
HVDC	PGCIL manufacturing approval ~6 months after successful repair-order completion	Pipeline seen scaling from 1-2 to 10-12 tenders/year; not yet a disclosed order

Track record matters here: TARIL has missed its own order-book target in each of the last two years and revised FY26 revenue guidance downward mid-year. FY27's ~29% guidance and the medium-term $1bn ambition should be read against that pattern - credible in direction, but with a demonstrated tendency toward optimistic initial framing that gets walked back.

7. Impact of the China-Linked Manufacturer Procurement Exemption

On 24 June 2026, India's Ministry of Finance (Department of Expenditure) issued an office memorandum granting a two-year exemption from Public Procurement Order No. 4 (Rule 144(xi), General Financial Rules 2017) to four China-linked entities with Indian manufacturing units - TBEA Energy India, Nanjing Electric India, New Northeast Electric India, and Taikai Electric (India). The order followed a Ministry of Power request dated 15 January 2026 and Committee of Secretaries deliberations, and allows these entities to bid for central government and PSU power-project tenders - principally EHV transformers and gas-insulated switchgear for Power Grid Corporation of India (PGCIL) - without the security-clearance/registration process ordinarily required of bidders with technology-transfer links to a land-bordering country.

The market reaction was immediate and broad-based: shares of TARIL, CG Power, Hitachi Energy India, Siemens Energy India, GE Vernova T&D India, BHEL and TD Power System all fell between roughly 4.6% and 8.9% on the news (3-4 July 2026), reflecting investor concern that the four newly-exempt Chinese-linked manufacturers could intensify competition in high-voltage transformer and switchgear tenders - the same segment where TARIL is trying to move upmarket via HVDC. TARIL itself fell over 5% on the initial report and traded down further to around Rs 348-359 in the days following.

Read-through for TARIL: this is a negative but bounded and time-limited development. Three points temper the immediate share-price reaction: (i) the exemption is explicitly limited to these four named entities for two years and, per the Finance Ministry's own framing, does not represent a broader relaxation of China-related procurement rules; (ii) TBEA's disclosed India capability centres on EHV transformers and Nanjing/Taikai on switchgear and HVDC-adjacent equipment, putting them in direct competition with TARIL's core power-transformer and emerging HVDC ambitions specifically, rather than a diffuse threat; and (iii) as one industry executive quoted in the coverage noted, the actual impact depends on how many government tenders these firms actually win over the two-year window - an outcome not yet observable. We see this as a genuine incremental competitive-intensity risk to TARIL's HVDC optionality and EHV order pipeline (Section 13), but not, on the evidence available, a reason to revise the FY27-28 order-book or margin assumptions used in Section 10's base case; it is a monitorable rather than a modelled input at this stage.

8. DuPont Analysis (FY22-FY26, Consolidated)

ROE has risen sharply since FY22, but the decomposition shows this is overwhelmingly a margin story, not a leverage or turnover story - net margin expansion (1.2% to ~10.8%) has been the whole engine, while both asset turnover and the equity multiplier have compressed as the balance sheet has grown faster than sales (QIP proceeds, capex, working-capital build). Figures below use the single consolidated dataset standardised across this note: PAT and Revenue per Section 3, Net Worth and Total Assets per Section 4 for FY24-FY26 (company/investor-presentation sourced), with Screener.in consolidated data used only for FY22-FY23, where no company-disclosed figure is available.

FY	Net Margin	x	Asset Turnover	x	Equity Multiplier	=	ROE
FY22	1.21%	x	1.04	x	3.11	=	3.9%
FY23	2.94%	x	1.18	x	3.01	=	10.4%
FY24	3.64%	x	1.14	x	2.15	=	9.0%
FY25	10.76%	x	0.99	x	1.73	=	18.4%
FY26	10.84%	x	1.00	x	1.77	=	19.3%

Net Margin = PAT/Sales; Asset Turnover = Sales/Total Assets; Equity Multiplier = Total Assets/Net Worth. FY22-FY23 Net Worth is full equity capital + reserves per Screener.in (only basis available for those years); FY24-FY26 Net Worth is company-disclosed Tangible Net Worth per the investor presentation (Section 4), which excludes ~₹17-20 Cr of intangible assets - an unavoidable, but immaterial (<1.5 percentage points of Net Worth), definitional difference given data availability. All figures are financial-year-end (not average-capital) based.

Three things stand out. First, the FY24-to-FY25 net-margin jump (3.64% to 10.76%) coincides with the 56% revenue surge and a still-positive operating cash flow year - i.e., that margin expansion was cash-backed. Second, the FY25-to-FY26 net margin held roughly flat (10.76% to 10.84%) even as the balance sheet cash-conversion story deteriorated sharply (Section 4) - profitability on paper was maintained while the quality of that profit (cash backing) fell away. Third, the equity multiplier's decline from 3.11x (FY22) to ~1.73-1.77x (FY25/26) is a direct artifact of the Rs 500 Cr FY25 QIP, which nearly tripled net worth; leverage is not currently the ROE driver, but is a lever management could reintroduce as the net-debt-free ambition (Section 6) is tested against continued working-capital build (see Section 9's forecast net-debt path).

9. Forecast Financial Statements (FY27E-FY29E, Consolidated)

The forecasts below extend the FY27E/FY28E revenue and margin assumptions already used in this note (Section 6 guidance; ThirdView Capital estimates thereafter) into a linked income statement, simplified balance sheet and cash flow statement, adding an FY29E year. All figures build off the single consolidated FY26A dataset (Sections 3-4): Revenue Rs 2,509 Cr, EBITDA Rs 444 Cr, PAT Rs 272 Cr, Net Worth Rs 1,410 Cr, Net Debt Rs 285 Cr. FY29E revenue growth of 22% is a further deceleration consistent with the historical growth-cycle pattern (56% to 24% to a modelled 29%/30%/22%); note this keeps FY29E revenue (~Rs 5,155 Cr) well below management's own $1bn (~Rs 8,300-8,500 Cr) medium-term ambition (Section 6), consistent with this note's more cautious reading of that aspiration.

Income Statement (Rs Cr)

Rs Cr	FY26A	FY27E	FY28E	FY29E
Revenue	2,509	3,250	4,225	5,155
Revenue growth YoY	24%	29%	30%	22%
EBITDA	444	504	697	876
EBITDA margin	17.7%	15.5%	16.5%	17.0%
Depreciation	30	42	58	68
Interest	51	31	47	28
PBT	363	431	592	780
Tax (~25%)	91	108	148	195
PAT	272	323	444	585
PAT margin	10.8%	9.9%	10.5%	11.3%

FY27E revenue is management's own guidance (Section 6); FY28E/FY29E are ThirdView Capital assumptions, not company guidance. Depreciation scales with the Rs 600 Cr capex programme (Section 5) then normalises. Interest is modelled on the prior year-end Net Debt (Section 9 balance sheet below) at an assumed ~11% blended cost of debt - a normalised financing-cost assumption rather than a mechanical extension of FY26A's implied rate, which likely includes one-off trade-finance/LC charges tied to execution volume. Tax held at FY26A's effective ~25% rate. These are simplified, illustrative estimates, not a full audited three-statement model, and are progressively more uncertain from FY27E to FY29E.

Balance Sheet - Key Items (Rs Cr)

Rs Cr	FY26A	FY27E	FY28E	FY29E
Net Working Capital	702	801	868	918
Working capital days	102	90	75	65
Net Worth (opening + PAT - dividend)	1,410	1,725	2,159	2,732
Net Debt / (Net Cash)	285	428	252	(189)
Capital Employed (Net Worth + Net Debt)	1,695	2,153	2,411	2,543

Net Working Capital modelled as Working-capital-days/365 x Revenue, a simplified proxy consistent with the working-capital-days metric already used in Section 4 (not a line-by-line inventory/receivable/payable build). Working-capital days are assumed to improve gradually toward, but not fully back to, FY25's 34 days - a deliberately cautious assumption given management's own guidance-revision track record (Section 6). Net Worth rolls forward on PAT less a nominal, slowly rising dividend (Rs 8/10/12 Cr), consistent with TARIL's negligible ~0.06-0.07% yield (ThirdView tracker note).

Cash Flow Statement (Rs Cr)

Rs Cr	FY27E	FY28E	FY29E
PAT	323	444	585
Add: Depreciation	42	58	68

Rs Cr	FY27E	FY28E	FY29E
Less: Increase in Net Working Capital	(100)	(66)	(50)
Cash Flow from Operations	265	436	603
Less: Capex	(400)	(250)	(150)
Free Cash Flow	(135)	186	453
Less: Dividend paid	(8)	(10)	(12)
Net Debt movement (increase) / decrease	(143)	176	441
Closing Net Debt / (Net Cash)	428	252	(189)

Capex of Rs 400 Cr (FY27E) and Rs 250 Cr (FY28E) reflects the disclosed Rs 600 Cr new-capex programme (Section 5) phased across the Changodar/Moraiya ramp, plus normalised maintenance capex of ~Rs 150 Cr in FY29E. Free cash flow is CFO less capex, before financing items.

Key Ratios

Metric	FY26A	FY27E	FY28E	FY29E
ROE (avg. Net Worth basis)	19.3%*	20.6%	22.9%	23.9%
ROCE (avg. Capital Employed basis)	23%**	24.0%	28.0%	32.6%
Net Debt / EBITDA	0.64x	0.85x	0.36x	(0.22x)
Interest coverage (EBITDA / Interest)	8.7x	16.3x	14.8x	31.3x
Working capital days	102	90	75	65

**FY26A ROE shown here on an average-Net-Worth basis for comparability with the forecast years; differs from the financial-year-end-basis 19.3% in Section 8 only in methodology, not in underlying data - the two happen to round to the same figure. **FY26A ROCE per company/ThirdView tracker (Section 8 footnote); FY27E-FY29E ROCE is computed on this note's own EBIT/average-Capital-Employed basis and is not directly comparable to the company-disclosed FY26A figure.*

The single most important output of this model is the net-debt path, not the income statement: Net Debt is projected to rise from Rs 285 Cr (FY26A) to ~Rs 428 Cr in FY27E - as the heaviest phase of capex (Rs 400 Cr) and continued, only partially-improved working-capital build outrun operating cash flow - before falling sharply to ~Rs 252 Cr in FY28E and flipping to a net cash position of ~Rs 189 Cr by FY29E as capex normalises and cash conversion improves. On these assumptions, TARIL's own net-debt-free ambition (Section 6, 18-24 months from late 2025, i.e. roughly FY27-end) looks achievable only with a roughly one-to-two-year delay, around FY29E rather than FY27E - directionally consistent with, and now quantifying, this note's existing scepticism toward management's guidance cadence.

10. Forward EV/EBITDA Valuation

Why EV/EBITDA, not DCF

- Capex-cycle distortion: TARIL is mid-capacity-build (Changodar/Moraiya, Rs 600 Cr new capex) with a working-capital cycle that swung sharply negative in FY26 and, per Section 9, is modelled to worsen further in FY27E before improving. A standard FCFF/DCF model penalises the stock for investment and working-capital build that should partially reverse as capacity ramps and collections normalise - EV/EBITDA isolates operating earnings power from that distortion.
- Capital-structure and cash-conversion agnostic: given the FY26 divergence between reported PAT growth (+26%) and cash generation (operating cash flow -Rs 105 Cr), a DCF's reliance on projected free cash flow is unusually sensitive to assumptions the company itself has flagged as unresolved (Section 4). EV/EBITDA avoids compounding that uncertainty into a terminal-value calculation.
- Peer read-across: the two closest listed comparators, Voltamp Transformers and Advait Energy Transitions, are both conventionally priced by the market on EV/EBITDA and P/E rather than DCF (Section 11), so a like-for-like lens supports relative valuation.

EV/EBITDA Multiple: A Justified Framework

Rather than assume a multiple, we derive it from three reference points.

- TARIL's own historical trading range: using Screener-derived year-end price/share-count data, TARIL's EV/EBITDA has ranged from ~42x (FY24-end) and a peak of ~45x (FY25-end, at the height of the 56%-growth re-rating) down to ~18x (FY26-end, Mar-2026, post de-rating) and ~23.5x at the current price (Section 9 trailing figure, restated below). The post-de-rating band of ~18-24x - not the euphoric FY24/25 peak - is the relevant historical anchor for a normalised multiple.

- Peer trailing multiples: Voltamp Transformers (~27x) and Advait Energy Transitions (~28.5x), both established in Section 11, trade at a premium to TARIL's current ~23.5x, reflecting their cleaner balance sheets and (in Voltamp's case) debt-free status against TARIL's rising leverage and impaired cash conversion (Sections 4 and 9).
- Sector/cycle context: the broader Capital Goods - Electrical Equipment segment trades at a 30-60x P/E band per the ThirdView Sovrenn tracker, with TARIL at the lower end (~38-40x) - consistent with a name still working through balance-sheet and execution questions rather than one being awarded a cycle-average or premium rating.

Taken together, we anchor the base-case forward multiple at 20x - within TARIL's own recent post-de-rating trading band, but at a deliberate discount to both peers (~27-28.5x) to reflect TARIL's weaker cash conversion, higher and rising leverage (Section 9) and two-year record of guidance revisions (Section 6). The bull case (24x) sits at the top of TARIL's recent range, assuming execution and cash-conversion risks resolve favourably and narrow, but do not close, the gap to peers; the bear case (15x) sits modestly below TARIL's recent range, consistent with the kind of de-rating already seen once between FY25-end and FY26-end.

Implied EV/EBITDA at Current Market Cap (Year-Specific Net Debt)

Basis	EBITDA (Rs Cr)	Net Debt / (Cash) (Rs Cr)*	EV (Rs Cr)*	EV/EBITDA
Trailing (FY26A)	444	285	10,425	~23.5x
One-year forward (FY27E)	504	428	10,568	~21.0x
Two-year forward (FY28E)	697	252	10,392	~14.9x
Three-year forward (FY29E)	876	(189)	9,951	~11.4x

**EV = current market cap (Rs 10,140 Cr, held constant to isolate the effect of the changing net-debt/cash position) + each year's forecast Net Debt / (Net Cash) from Section 9 - not a constant EV assumption. The FY27E rise in net debt (and implied EV) followed by the FY28E-29E decline mirrors the capex/working-capital path modelled in Section 9. This is a cross-check of today's price against a changing balance sheet, not a price target.*

11. Comparable Company Analysis

TARIL's closest listed comparators are Voltamp Transformers (oil-filled power/distribution transformers, Vadodara) and Advait Energy Transitions (power-transmission EPC products, diversifying into solar/BESS/hydrogen). Neither is a pure like-for-like: Voltamp is smaller-rating, debt-free and services industrial/DISCOM demand with a much more conservative capital structure; Advait is EPC/product-led rather than a transformer OEM and is growing off a far smaller base.

Rs Cr unless stated	TARIL	Voltamp Transformers	Advait Energy Transitions
Core business	Power/furnace/rectifier transformers, reactors, HVDC entry	Oil-filled power & distribution transformers (up to 120 MVA)	Power transmission EPC products (OPGW, ACSR, ERS) + solar/BESS/hydrogen
Market Cap	~10,140	~9,500-9,800	~2,390
FY26 Revenue	2,509 (consol.)	2,154	715 (consol.)
FY26 EBITDA (margin)	444 (17.7%)	~350 (16.5%)	~84 (11.7%)
FY26 PAT	272	~305*	58
Revenue growth (FY26 YoY)	24%	11%	80%
P/E (approx., current)	~37-40x	~31-32x	~41x
EV/EBITDA (approx., trailing)	~23.5x	~27x**	~28.5x**
Balance sheet	Net debt ~Rs 285 Cr, borrowings rising	Near debt-free; sizeable treasury investments	Debt/equity 0.46x, rising from 0.22x
Cash conversion (FY26)	OCF -Rs 105 Cr (impaired)	Not separately disclosed in sourced material	OCF only Rs 5.8 Cr vs Rs 58 Cr PAT (weak)

**Voltamp FY26 PAT benefits from sizeable non-operating treasury/investment income on top of operating EBITDA; PAT declined 6.2% YoY despite revenue growth, reflecting Q4 mark-to-market losses on long-duration bond/mutual fund holdings. **EV approximated using market cap; neither peer's net debt/cash position is precisely disclosed in the sourced material, so these multiples should be read as directional rather than exact. Source: Company filings, exchange disclosures, Screener.in, sell-side/media coverage of Q4 FY26 results (May-Jun 2026).*

The comparison is instructive on two fronts. TARIL trades at a lower trailing EV/EBITDA than both peers (~23.5x vs ~27-28.5x) despite comparable-or-higher revenue growth - a discount plausibly explained by its cash-conversion problem and greater balance-sheet leverage, both largely absent at Voltamp. Advait, growing off a much smaller base with weaker operating cash conversion of its own, commands a similar-to-richer multiple, suggesting the market is currently paying more for growth-stage energy-transition optionality than for TARIL's larger, cash-flow-challenged but more order-book-derisked transformer franchise.

12. Bull, Base & Bear Case Scenario Analysis

Illustrative EV/EBITDA-implied equity values on FY28E EBITDA, using the multiples derived and justified in Section 10 (20x base / 24x bull / 15x bear) and scenario-specific Net Debt (scaled from the Section 9 base-case FY28E Net Debt of Rs 252 Cr to reflect each scenario's different cash-generation path, rather than held constant), on 30.02 Cr shares outstanding. These are cross-checks of relative value under different execution/multiple assumptions, not price targets or recommendations.

	BULL CASE	BASE CASE	BEAR CASE
Illustrative value/share	~Rs 635	~Rs 456	~Rs 267
FY28E EBITDA	~Rs 800 Cr (margin ~17.5%, faster HVDC/order-book conversion)	~Rs 697 Cr (margin ~16.5%, per Section 9 base case)	~Rs 570 Cr (margin ~14.5%, further slippage)
FY28E Net Debt / (Cash)	~Rs 150 Cr (faster working-capital normalisation, capex on schedule)	~Rs 252 Cr (per Section 9 base case)	~Rs 520 Cr (continued cash-conversion drag, capex/WC slippage)
EV/EBITDA multiple applied	24x (top of TARIL's recent trading range, Section 10)	20x (base of Section 10's justified framework)	15x (below TARIL's recent range, prior de-rating precedent)
Key assumptions	Moraiya/Changodar ramp on schedule; cash conversion normalises toward FY25 levels in H1 FY27; HVDC converts into a disclosed manufacturing order; net-debt-free target shows visible progress	FY27E guidance broadly met; backward integration lands close to schedule; working capital stays elevated but does not deteriorate further; China-exemption impact stays contained to a monitorable	Cash conversion stays impaired for a second consecutive year; further capacity/backward-integration slippage; borrowings keep rising against the deleveraging target; China-linked entities win a meaningful share of EHV/PGCIL tenders

For context, the current market price (~Rs 338) sits below the base case and meaningfully below the bull case, but well above the bear case - consistent with a market that is pricing in continued execution on the growth story while still discounting for the unresolved cash-conversion and governance questions flagged throughout this note.

13. Key Risks & Monitorables

- Cash conversion: FY26 operating cash flow of -Rs 105 Cr and free cash flow of -Rs 215 Cr, with debtor days nearly doubling (85 to 129) and working-capital days roughly tripling (34 to 102). A second consecutive year of impaired cash conversion would be a serious red flag against the stated net-debt-free ambition.
- Capacity/backward-integration execution: Changodar and Moraiya expansions have already slipped 4-5 months and full contribution is now not expected before FY28; backward integration (CTC, bushing, pressboard, fabrication) has also slipped to Q1 FY28. A second slippage would further delay the margin-accretion and revenue-visibility case.
- Guidance track record: TARIL has missed its FY26 order-book target (Rs 5,005 Cr actual vs Rs 8,000 Cr target) and revised FY26 revenue guidance downward mid-year (from 28% to a lower actual growth path). FY27's ~29% revenue guidance and the medium-term $1bn ambition warrant a similar discount.
- Governance/family concentration: board control rests with three members of one family; MD remuneration rose 161% in FY25; promoter holding has fallen from 74.9% to 64.4% over three years (predominantly QIP dilution, not open-market selling, but still a concentration risk worth monitoring alongside related-party disclosures).
- China-linked competitive intensity: the two-year procurement exemption for four China-linked EHV transformer/switchgear manufacturers (Section 7) is a genuine, if currently unquantifiable, threat to TARIL's EHV and HVDC order pipeline over FY27-28.
- Raw material and input costs: copper and CRGO steel together represent the bulk of input cost; management has flagged only 'slight' disruption from copper price moves and Red Sea-related logistics so far, but this is a structurally exposed cost line.
- HVDC execution risk: HVDC remains a repair-order-stage entry with PGCIL manufacturing approval contingent on satisfactory performance over roughly six months; conversion into a disclosed HVDC manufacturing order is not yet in hand.
- Valuation: at ~37-40x trailing P/E and ~23.5x trailing EV/EBITDA on a business with negative FY26 free cash flow, the multiple is underwriting execution over the next two years rather than results already delivered.

14. Technical Chart Analysis

TARIL 1D chart, NSE - 52-week price/volume history through mid-July 2026. Source: TradingView.

TARIL delivered an 84-93% CAGR over three-to-five years into 2025, driven by the FY25 56% revenue surge, before de-rating sharply - the stock fell from a 52-week high of ~Rs 579 (mid-2025) to a low of ~Rs 224 in January 2026, a decline of roughly 61% peak-to-trough that tracks the FY26 growth deceleration and cash-conversion deterioration more than any single news event.

Since the January 2026 low, the stock has recovered to a range-bound band of roughly Rs 254-359, currently trading around Rs 338 - about 42% below the 52-week high and roughly 51% above the January low. Moving averages and RSI have oscillated between neutral and sell signals through H1 2026 without a sustained directional trend, consistent with a market still digesting the tension between the growth narrative (order book, HVDC, capacity expansion) and the balance-sheet deterioration (Section 4). The early-July pullback coincident with the China-linked procurement exemption (Section 7) is visible as a modest, contained dip within this range rather than a break of it.

We read the current range (~Rs 250-360) as reflecting a market pricing in continued execution risk rather than a clean re-rating in either direction; a sustained move above ~Rs 360-380 would likely require visible H1 FY27 improvement in debtor days/working capital, while a break below ~Rs 250 would likely coincide with confirmation of a second consecutive year of impaired cash conversion or further capacity slippage. Technical readings on this name have been inconsistent across data sources and are backward-looking by construction; we treat this section as directional context, not a timing signal.

Sources

Company Q4 FY26 & FY26 investor presentation (21-Apr-2026); Q4 FY26 earnings conference call transcript (management: Satyen Mamtora, MD & CEO; Mehul Shah, CFO); ThirdView Capital TARIL tracker note (14-Jul-2026) and Sovrenn-sourced tracker page (1-Jul-2026); Screener.in consolidated financial exports; exchange filings/Regulation 30 disclosures (PGCIL, GETCO orders); TradingView price/volume data; Ministry of Finance office memorandum dated 24-Jun-2026 and subsequent media coverage (Business Standard, Economic Times, T&D India industry press, 3-4 Jul 2026) on the China-linked procurement exemption; public financial disclosures and media coverage of Voltamp Transformers and Advait Energy Transitions FY26/Q4 FY26 results (May-Jul 2026). The Section 9 forecast financial statements (FY27E-FY29E) are ThirdView Capital estimates built on the above sources and are clearly distinguished from company guidance throughout.

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