

About the Company

Transrail Lighting Ltd (Transrail) is a leading Indian engineering, procurement and construction (“EPC”) company with a primary focus on the power transmission and distribution business. It has a diversified EPC portfolio with businesses including substation projects, specialised civil projects, poles and lighting, and railway projects. The company has a strong orderbook of Rs 11,499 Cr as of Dec’24. It has 4 decades of experience and wide presence in 58 countries.

Investment Rationale

- **Strong Orderbook:** During the 9 months ended Dec’25, the company received orders worth Rs 4,715 Cr and its unexecuted orderbook as of Dec’24 stood at Rs 11,499 Cr. 51% of the orderbook is from the international market. Furthermore, post Q3FY25, the company won new T&D order worth Rs 2,752 Cr, Railways and T&D order of Rs 1,674 Cr, order for construction of transmission lines in international market worth Rs 240 Cr and domestic orders worth Rs 1,085 Cr. The company’s order book provides strong revenue visibility for 2 to 2.5 years.
- **Backward integration:** The company has four integrated manufacturing facilities across India including a tower testing facility. It has invested in backward integration by adding manufacturing units for towers, conductors, and poles supporting stronger operating margins.
- **Guidance for growth:** The company reported a revenue of Rs 4,000 Cr in FY24. The management is confident of achieving 30% revenue growth for FY25 and 25% growth for FY26. Furthermore, the company’s EBITDA margins for FY24 stood at 11.71% and has improved to 13.04% for the 9 months ended Dec’25. The management has guided sustainable margins in the range of 12% to 12.5%.
- **Capex for Expansion:** The company has received approval for capex of Rs 327 Cr. Of the 327 Cr, 90 Cr is for a brownfield expansion for towers and conductors. It also plans to put a new factory for Rs 120 Cr and Rs 80 Cr for construction tools and plants. The company has strategically planned its expansion to account for the increase in its orderbook.
- **Positive Macro Outlook:** India’s commitment to achieving 50% of total its energy needs through RE by reaching 500GW of RE capacity by 2030 puts focus on growth in the T&D network to facilitate the integration of renewable energy sources into the grid. The National Electricity Plan (2023-2032) envisages a capex of Rs 9.15 Tn by FY32 towards T&D Infrastructure, out of which ~Rs 1 Tn is expected towards EPC (the split between substation and transmission being 70:30). The company is also set to benefit from the opportunities in railway projects. It has recently won a metal fencing order for India’s first bullet train. It also stands to gain from the government’s investment in Kavach Automatic Train Protection (ATP) across its railway lines, requiring investment in telecom towers.
- **Good results expected:** The company’s management is confident of achieving 30% growth rate in FY25 which will translate to a Q4FY25 revenue of ~2,000 Cr. If the company manages to achieve the guidance with an EBITDA margin of 12.5%, the revenue growth would be 44%/47% YoY/QoQ and EBITDA growth would be 40%/39% YoY/QoQ.

Valuation & recommendation:

- The company is in a position to benefit from the tailwinds in the Indian T&D sector. The management has guided 30% revenue growth for FY25 and 25% growth for FY26, and sustainable EBITDA margins to be in the range of 12% to 12.5%. **We recommend a BUY rating on the stock with a target price of Rs 560/share, implying an upside of 10% from the CMP.**

Financial Summary

Y/E	Net Sales	EBITDA	Net Profit	EPS	PER	EV/EBIDTA	P/BV	RoE
March	(Rs Cr)	(Rs Cr)	(Rs Cr)	(Rs)	(x)	(x)	(x)	(%)
FY24	4,077	475	233	19.6	28.3	15.4	5.8	24
FY25E	5,198	624	322	25.1	20.5	11.4	3.6	21
FY26E	6,362	795	452	33.9	15.2	8.6	3.0	22
FY27E	7,462	933	559	42.0	12.3	7.1	2.4	22

Source: Axis Securities; CMP as on 23rd April, 2025

Duration: 3-6 Months

CMP (Rs) 510

Target Price (Rs) 560

Upside (%) 10%

| Why Transrail

- ✓ **Strong Orderbook**
- ✓ **Backward Integration**
- ✓ **Strong Revenue and EBITDA Guidance**
- ✓ **Strategic Expansion**
- ✓ **Positive Macro Outlook**

| Key risks

- ✓ **Delay in Project Execution**
- ✓ **Delay in Transmission Infrastructure Investments**

MARKET DATA

No. of Shares	13.4 Cr
Market Cap	6,870 Cr
52-week High / Low	719 / 375
BSE Code	544317
NSE Code	TRANSRAILL

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| OBJECTIVE



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| Axis PUNCH is strong research based idea based on



Events Based: Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyze changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
- **Macro-Economic Events:** Key macroeconomic events such as RBI Monetary Policy, US Fed decisions, inflation rates, GDP figures, budget announcements, and changes in government policies are factored into our recommendations.
- **Sector Developments:** Material developments within sectors, including monthly production and sales numbers in industries like Auto, Cement, and Steel, as well as competitive landscape changes due to business actions or new entrants/exits, are considered.
- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

Strategic Insights: Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

Informed Decisions: Make well-informed investment decisions backed by the expertise of our dedicated research team.

Medium-term Horizon: Enjoy the medium-term investment strategy, perfectly suited for those looking to optimize returns over 3 to 6 months.

| Why to choose Axis PUNCH



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