



Transrail Lighting Ltd

India's power-grid capex cycle is lifting almost every transmission EPC stock except this one — the cheapest name in its peer set on earnings, and the most capital-efficient, trading near a 52-week low because its first quarter fell well short of the growth management itself had promised.

RATING

HOLD

TARGET PRICE

₹550

CMP (6 OCT 2026)

₹482

UPSIDE (BASE CASE)

+14.1%

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HOLD

Transrail Lighting Ltd

TRANSRAILL

The best capital efficiency in its peer group, priced like the weakest — because the first quarter of FY27 did not deliver the growth management guided

Summary

Transrail Lighting is a four-decade-old, Mumbai-headquartered EPC contractor that designs, manufactures and builds power transmission & distribution infrastructure — lattice towers, monopoles and conductors made in its own plants, erected under its own project teams, in India and in roughly 58 countries abroad. A smaller civil-construction, railway-electrification and pole-and-lighting business sits alongside the core T&D franchise. The company listed on the NSE and BSE in December 2024; promoter family Ajanma Holdings still holds 71.12% of the equity, unchanged and unpledged through every quarter reported since.

FY26 (year ended March 2026) was the best year in the company's history on every headline number: revenue of ₹6,880 crore, operating profit of ₹941 crore at a 13.7% margin, and profit after tax of ₹404 crore — a 23% rise over FY25. Order book closed the year at ₹16,361 crore, up 12% year-on-year, and CRISIL upgraded the company's credit rating to AA-/Stable in August 2025 on the back of a strengthening balance sheet. None of this is in dispute.

What the market is reacting to is the quarter that followed. Q1 FY27 (April-June 2026) revenue grew just 5% year-on-year, against a 20-22% full-year growth target management had reaffirmed as recently as its May 2026 earnings call. The stock closed at ₹482 on 6 October 2026 — 37% below its own 52-week high and barely above its 52-week low — even as the order book, the capacity build-out and the credit profile all kept improving. That gap, between a company that is executing well by most measures and a share price that has stopped believing the growth number, is this report's starting point.

Net: HOLD. On capital efficiency and balance-sheet quality, Transrail is arguably the best-run company in its own peer group — the lowest P/E and the highest ROCE of the five listed Indian transmission EPC names we compared it against. But a stock this cheap usually has a reason, and here the reason is concrete and recent: a guidance-versus-delivery gap that has not yet been resolved, a ₹600 crore equity raise that has shareholder approval but no price, and a cluster of smaller disclosure and litigation items that argue for patience rather than conviction either way.

TARGET PRICE

12-month target	₹550
CMP (6 Oct 2026)	₹482
Implied upside	+14.1%
Rating	HOLD

KEY STOCK DATA

Market cap	₹6,477 cr
P/E (TTM)	15.5x
52-week range	₹400.65 – ₹766.80
Book value/share	~₹170
Dividend (FY26)	₹5/share*
Net debt	~₹204 cr

SHAREHOLDING (JUN 2026)

Promoter (Ajanma Holdings & family)	71.12%
FII	2.49%
DII	6.51%
Public	19.87%

FINANCIAL SNAPSHOT (₹ CR)

	FY25	FY26	Q1 FY27
Revenue	5,308	6,880	1,736
EBITDA	776	941†	203
PAT	329	404†	108



Investment rationale

- **Order book is at an all-time high and growing faster than the balance sheet needs it to.** The book stood at ₹16,361 crore at FY26-end (+12% YoY) and ₹16,035 crore as of 30 June 2026 — roughly 2.3x trailing annual revenue — against a domestic transmission capex cycle that is itself expanding: PGCIL has guided ₹37,000 crore of FY27 capex, and India's National Electricity Plan pegs the transmission investment opportunity at over ₹9.15 lakh crore through 2032.
- **Capacity is doubling, and most of it is already funded and live.** Tower-making capacity has risen from 84,000 to 172,400 tonnes per annum, with a further step to roughly 196,000 tonnes guided by the end of Q2 FY27; conductor capacity rose 70% at the Silvassa plant in September 2026 alone (24,000 to 40,800 km/year, en route to 49,500 km/year by December 2026). The September capacity announcement alone moved the stock up as much as 17% in a single session.
- **It is the cheapest stock in its peer group on the metric that usually matters most.** At 15.5x trailing earnings, Transrail trades below KEC International (16.6x), Kalpataru Projects (22.3x), Skipper (26.8x) and Techno Electric (26.9x) — and yet posts the highest return on capital employed of the five (33.6%, against a peer range of 14.9-23.6%). A stock can be cheap for good reasons or bad ones; the "investment rationale" case rests on the good ones outweighing the bad.
- **Credit quality has genuinely improved, not just on paper.** CRISIL upgraded Transrail's long-term rating to AA-/Stable in August 2025 (from A+), citing network that nearly doubled from ₹1,139 crore to ₹2,070 crore between March 2024 and September 2025, adjusted gearing of roughly 0.9x, and net debt of only about ₹204 crore against unencumbered cash of roughly ₹480 crore.
- **Export exposure is being actively rebalanced, not just accumulated.** Bangladesh — the single largest country-concentration risk flagged by CRISIL a year ago — has been run down from 35% of FY2024 revenue toward a guided 5-6% by the end of FY26, even as the company has opened new geographies: a ₹459 crore Middle East/North Africa order in June 2026, and a first monopole project in Australia in Q1 FY27, taking the stated footprint to six continents.
- **Ownership has not wavered.** Promoter holding has sat at exactly 71.12% through every quarter disclosed since the IPO, with a formal April 2026 filing confirming zero shares pledged — a cleaner ownership picture than several EPC peers show post-listing.

What gives us pause

- **The first quarter did not deliver the year management promised.** Revenue grew just 5% in Q1 FY27 against a reaffirmed full-year target of 20-22%, made on the May 2026 results call. Management attributes this to normal EPC seasonality and a bidding-to-award lag of three to five months on the ₹20,000 crore of tenders it says it bid for in the quarter — a plausible explanation, but an unproven one until the back half of the year shows up in the numbers.
- **Margins are guided down just as revenue is guided up.** FY27 EBITDA margin guidance sits at roughly 11%, below FY26's actual 13.7%, with management citing geopolitical cost pressure and supply-chain disruption. Only about 35% of contracts carry price-variation clauses protecting against steel, zinc and aluminium cost swings — leaving close to two-thirds of the book exposed to input-cost moves the company cannot fully pass through.
- **FY26's own profit and loss numbers do not agree with each other across sources.** Reported FY26 EBITDA appears as ₹941 crore, ₹881 crore or ₹820 crore depending on the aggregator, and FY26 PAT as ₹404 crore, ₹412 crore or ₹421 crore — a real, unreconciled spread rather than simple rounding. We have used the screener.in-sourced figures throughout this report and flagged the alternates in the financial summary; a reader relying on any single secondary source should cross-check against Transrail's own exchange filing.
- **Working-capital intensity is worse than the standard ratios suggest.** Screener-style metrics show debtor days of only ~91-92 — a benign number. CRISIL's own calculation, which captures retention money and unbilled contract assets typical of multi-year EPC contracts, puts receivables closer to 270 days of revenue and gross current assets near 345 days. The business is considerably more cash-intensive than a quick ratio check would imply.
- **A ₹600 crore capital raise has approval but no price.** Shareholders cleared a QIP of up to ₹600 crore in September 2026, intended partly to fund the FY27 capacity build-out and partly to seed new, unproven lines (battery storage, data centres, drones



— all still at an "evaluation" stage per management's own words). Until it prices, the resulting dilution is unknown and is not built into this report's base case; it is a real, near-term overhang rather than a hypothetical one.

■ **Two separate compliance matters surfaced in 2026, both disclosed, neither large but both named.** A ₹8.23 crore GST demand plus a ₹42.74 crore penalty — equivalent to roughly a tenth of FY26's entire profit — followed a March 2026 Income Tax search-and-seizure action; the company is appealing. Separately, BSE and NSE issued a formal warning in April 2026 over an inaccurate disclosure describing a senior employee's exit as a resignation rather than a termination.

Corporate governance assessment

1. Which rules actually apply

Transrail listed on the NSE and BSE mainboard in December 2024 and is therefore subject to the full SEBI LODR regime — Regulations 17 through 27 on board composition, committee structure and related-party disclosure — with no SME exemption to fall back on. Rated NCDs and commercial paper outstanding bring an additional layer of debt-market disclosure. Roughly 40% of the order book sits outside India, which means country-specific regulatory and currency considerations (Bangladesh, the Middle East, Australia) run alongside the domestic LODR regime, though the available sources did not detail how those are managed internally.

2. What the company does well

Promoter shareholding has not moved an inch — 71.12% in every quarter disclosed since listing — and a formal regulatory filing in April 2026 confirmed zero pledge on those shares, a cleaner signal than the steady post-IPO drift seen at some peers. The company paid a dividend (₹3 interim plus ₹2 final for FY26) even while funding a capacity doubling largely from internal accrual and a modest term loan. Two rating actions from CRISIL inside eighteen months — reaffirmation and then an upgrade to AA- in August 2025 — required sustained financial transparency to an external agency, not just to the exchanges. And when a contractual dispute over container-detention charges on a Nigeria project was escalated by a logistics vendor into an insolvency petition at the NCLT, the tribunal dismissed it on jurisdictional grounds — the company successfully defended what the adjudicating authority itself characterised as a dispute that had no business being an insolvency filing.

3. Grey areas

Digambar Bagde holds the Chairman's seat in an executive capacity rather than as an independent, non-executive chair — a common structure among Indian promoter-led companies, but one that concentrates authority rather than separating it. The statutory-auditor picture is not fully clear from public sources: shareholders approved G.M. Kapadia & Co. as joint statutory auditor at the September 2026 AGM, but whether this sits alongside the incumbent, Nayan Parikh and Co., or replaces it, could not be confirmed. No itemised related-party-transaction disclosure was found in the sources reviewed, which is worth noting given that the promoter group's holding company, Ajanma Holdings, sits at the centre of the ownership structure. Independent director Dilawar Singh ceased to hold office on 13 September 2026 with no stated reason available in public filings reviewed. Separately, institutional ownership has shifted composition over four quarters — DII holding fell from 14.08% to 6.51% while FII holding rose only to 2.49% — a pattern that could reflect benign index rebalancing or a more cautious institutional read on the stock; the available sources did not settle which.

4. Red flags

Two, both disclosed, neither disqualifying at current scale. Following a search-and-seizure operation by the Income Tax Department at Transrail's offices and factories between 24 and 28 March 2026, the company subsequently received a GST demand of ₹8.23 crore and an associated penalty of ₹42.74 crore — a penalty equal to roughly 10.6% of FY26's net profit. The company has stated its intent to appeal; the matter is unresolved as of this report. Separately, BSE and NSE issued a warning in April 2026 for a disclosure that described a senior employee's termination as a resignation — a LODR disclosure-accuracy breach rather than a financial one, but a breach nonetheless.



5. Items to watch

The outcome of the GST appeal; the pricing, size and timing of the ₹600 crore QIP; written clarification of the joint-versus-replacement auditor question; resolution of an arbitration dispute with Uttar Pradesh discom Madhyanchal Vidyut Vitran Nigam Ltd, whose financial materiality could not be established from available filings; and the status of a proposed acquisition of part of Gammon Engineers and Contractors' bridges-tunnels-hydropower business, which remains unconfirmed as approved, pending or withdrawn.

GOVERNANCE CONCLUSION

Adequate, with disclosed matters that call for attentiveness rather than alarm. Nothing found in this research rises to a structural governance failure, and the ownership picture — a stable, unpledged promoter stake, dividends paid through a capex cycle, voluntary rating-agency transparency — supports reasonable trust. But three threads are live and unresolved at once: a tax penalty under appeal, a pending and unpriced equity raise, and an auditor-transition question that public filings have not fully answered. None of them, alone, would change this report's conclusion. Together, they are a reasonable argument for waiting for clarity before adding conviction either way.

SWOT analysis

STRENGTHS

- Highest ROCE (33.6%) and lowest P/E (15.5x) among five listed Indian T&D EPC peers
- CRISIL AA-/Stable (upgraded Aug 2025); net debt of only ~₹204 crore against ~₹480 crore unencumbered cash
- Order book ₹16,035 crore (Jun 2026), ~2.3x trailing revenue; FY26 order inflow a record ₹8,520 crore
- Backward-integrated manufacturing (towers, conductors, in-house HTLS carbon-core conductors) cushions pure-EPC margin volatility
- Promoter holding flat at 71.12% since listing, zero pledge confirmed

WEAKNESSES

- Q1 FY27 revenue growth of 5% YoY against a reaffirmed 20-22% full-year target
- FY27 EBITDA margin guided down to ~11% from FY26's actual 13.7%
- True working-capital intensity (CRISIL: ~270-day receivables) considerably worse than standard screener ratios (~92 debtor days) suggest
- FY26 EBITDA and PAT figures disagree across reputable data sources — an unresolved data-transparency gap
- Virtually no live institutional brokerage coverage; the one identifiable target (Axis Direct, ₹560) is 18 months old

OPPORTUNITIES

- PGCIL FY27 capex guidance of ₹37,000 crore and a National Electricity Plan pipeline exceeding ₹9.15 lakh crore through 2032
- Export order inflow running ahead of the book's own mix — 63% of Q1 FY27 inflow was international, with new entries in Australia and the MENA region
- Near-complete, largely self-funded capacity doubling positions the company for the next leg of order conversion
- Early-stage evaluation of battery storage, data-centre and drone-related business lines — optionality not yet reflected in the share price either way

THREATS

- Only ~35% of contracts carry price-variation protection against steel, zinc and aluminium cost volatility
- Country-concentration precedent — 15-20 day execution delays from 2025 political unrest in Bangladesh — could recur in newer export geographies
- ₹600 crore QIP dilution of unknown size and timing sits outside this report's base case
- Three separate legal/corporate-action items in play at once (GST appeal, MVVNL arbitration, Gammon Engineers acquisition) — individually modest, collectively a pattern worth tracking

Key developments to watch

- **H2 FY27 execution against the 20-22% full-year growth target.** The single data point that will confirm or disprove management's own guidance, after a Q1 that came in well short of it.
- **Pricing and terms of the ₹600 crore QIP.** Shareholder approval is in hand; the raise itself is not yet priced. The dilution this introduces is the biggest unknown variable in this report's own numbers.



- **Commissioning of the remaining capacity.** Tower capacity to ~196,000 tonnes/year by Q2 FY27-end; conductor capacity to 49,500 km/year by Q3 FY27-end (December 2026) — both largely on track per company disclosure, but not yet complete.
- **Resolution of the Gammon Engineers and Contractors proposal.** Whether Transrail actually proceeds with this bridges-tunnels-hydropower diversification, and on what financing terms, remains unconfirmed.

Key risks to be aware of

- **Execution risk against guidance (dominant).** A 20-22% full-year target with a 5% first quarter requires a materially back-half-loaded year; if H2 disappoints as well, both the growth and margin stories unravel together.
- **Margin compression with incomplete cost pass-through.** Guided EBITDA margin of ~11% assumes input-cost pressure that only around a third of the order book is contractually protected against.
- **Dilution risk.** The ₹600 crore QIP, once priced, will change the share count this report's base-case EPS is built on.
- **Working-capital/cash-conversion risk** inherent to long-cycle EPC contracts, understated by standard screener-style ratios per CRISIL's own, more complete calculation.
- **Country-concentration risk** in export markets, with a documented precedent (Bangladesh) for political disruption translating directly into execution delay.
- **Data-transparency risk.** FY26 EBITDA and PAT figures disagree across sources we reviewed; this report used the most commonly cited (screener.in) figures and flagged the alternates, but a reader should not treat any single secondary source as definitive.

Valuation

₹ crore unless stated

Transrail carries no live, current institutional price target we could verify — the one identifiable brokerage call (Axis Direct, BUY, ₹560) dates to April 2025 and predates more than a year of capacity expansion, order wins and the FY27 guidance-versus-delivery gap this report leads with. In the absence of current sell-side coverage, we built our own forward estimate directly from management's own stated FY27 guidance, rather than from a brokerage consensus that does not exist.

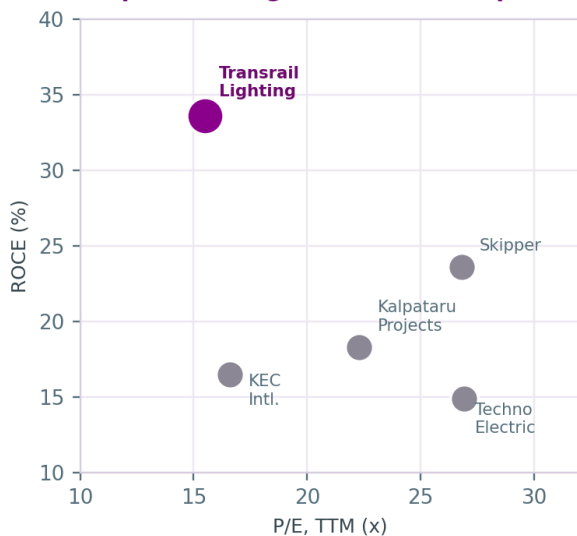
We start from FY26 actuals (revenue ₹6,880cr, EBITDA margin 13.7%, net margin 5.9%) and apply three scenarios for FY27, scaling net margin off FY26's own EBITDA-to-net-profit conversion ratio (42.9%) — a simplifying assumption, stated explicitly, not a disclosed figure. A target P/E is then applied to the resulting EPS, informed by where Transrail trades today (15.5x) and where its peers trade (16.6x-26.9x, average ~23x) — without assuming full convergence to the peer average, given the unresolved guidance gap.

Scenario	Revenue growth	EBITDA margin	EPS (₹)*	Target P/E	Target price	Upside/(downside)
Bear	18%	10.0%	25.9	13.0x	₹337	-30.1%
Base	21%	11.0%	29.3	17.0x	₹498	+3.3%
Bull	22%	11.7%	31.4	21.0x	₹659	+36.7%

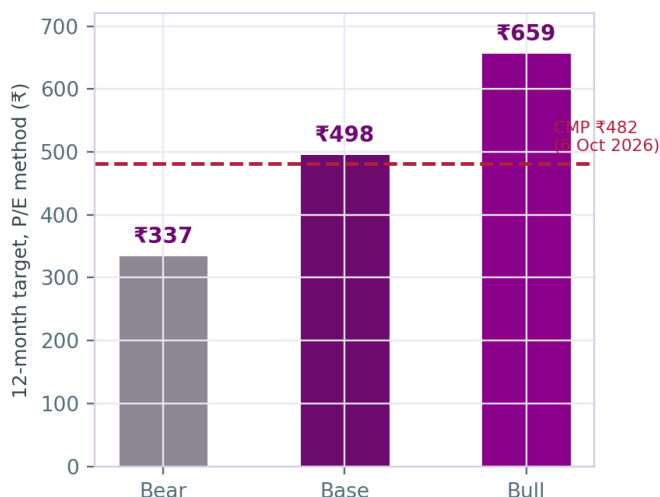
*EPS derived on the current share count of ~13.44 crore shares; the pending ₹600cr QIP would dilute this further once priced, which this table does not attempt to anticipate given its terms are undisclosed. Bear case uses revenue growth below management's guided 20-22% range, reflecting the Q1 FY27 print; base case takes management's own 21% guidance midpoint at face value; bull case assumes the top of guided revenue growth alongside Q1 FY27's actual (rather than guided) EBITDA margin of 11.7%. Target P/E of 17.0x for the base case represents a modest re-rating from the current 15.5x — well short of the ~23x peer average — reflecting that the guidance gap is unresolved, not that it has been dismissed.



Cheapest P/E, highest ROCE of its peer set



Base case sits just above today's price



Transrail is the cheapest stock and the highest-ROCE business in its own peer set — the valuation gap this report is trying to explain. Peer figures are same-day (6 Oct 2026) screener.in pulls; scenario target prices are Dart Consultants' own construction from management's FY27 guidance, not a brokerage estimate.

Cross-check (second method): Transrail's current enterprise value (market cap ₹6,477cr plus net debt ~₹204cr) of ~₹6,681cr implies an EV/EBITDA of roughly 7.1x on FY26 actual EBITDA — we could not source a comparable EV/EBITDA figure for any of the four peers, so this check is against Transrail's own current multiple, not a peer benchmark. Applying a modestly re-rated 9.0x to the base-case FY27E EBITDA of ₹916cr gives an enterprise value of ₹8,244cr; subtracting the same ~₹204cr net debt gives an equity value of ~₹8,040cr, or ₹598 per share (+24.1%) — higher than the P/E method's base case. Averaging the two methods' base cases (₹498 and ₹598) gives ₹548, which we round to this report's ₹550 target. The ₹100-per-share gap between the two methods is itself informative: it is roughly the size of the uncertainty this report has tried to name explicitly throughout, rather than resolve by picking one number and presenting it as precise.

RECOMMENDATION: HOLD, TARGET ₹550 (+14.1% FROM ₹482, 6 OCT 2026)

Upgrade triggers: H2 FY27 revenue growth tracking back toward the guided 20-22% range; the ₹600 crore QIP pricing at a level that does not meaningfully dilute per-share value; resolution of the GST appeal without material incremental liability. **Downgrade triggers:** a further cut to FY27 revenue or margin guidance; a QIP priced at a materially dilutive level; an adverse outcome on the GST appeal beyond the ₹42.74 crore already provided for; confirmation that the Q1 FY27 shortfall reflects demand softness rather than the bidding-to-award timing lag management has cited.



Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY24	FY25	FY26	Q1 FY27
Revenue	4,077	5,308	6,880	1,736
EBITDA	559	776	941*	203
Net profit (PAT)	233	329	404*	108
EPS (₹)	18.81	24.48	30.06	8.04
Order book (year/quarter-end)	—	—	16,361	16,035
Net debt	—	—	~204	—

*FY26 EBITDA and PAT are reported inconsistently across sources: this table uses screener.in's figures (₹941cr EBITDA, ₹404cr PAT). A second screener.in-derived pull gave ₹881cr EBITDA and ₹411.63cr PAT for the same year, and separate trade-press coverage cited ₹820cr EBITDA and ₹421cr PAT. The spread could not be reconciled from secondary sources in the time available for this report; a reader needing an exact figure should refer to Transrail's own FY26 exchange filing or annual report rather than any single aggregator.

Selected ratios	FY26 / current
ROE	20% (FY26)
ROCE	33.6% (current) / 35% (CRISIL, FY25)
Net debt / EBITDA	~0.2x (FY26)
Debtor days (screener) / receivable days (CRISIL)	~92 days / ~270 days
Dividend per share (FY26)	₹5.00 (₹3 interim + ₹2 final)
Credit rating	CRISIL AA-/Stable (long-term), A1+ (short-term) — upgraded Aug 2025

Balance sheet and cash-flow statements are not reproduced in full here; the detail available from secondary sources did not extend to segment-level capital-employed figures, and a full restatement risks implying more precision than the underlying disclosure supports. Readers needing the complete financial statements should refer to Transrail Lighting's own annual report and exchange filings. Source: screener.in, CRISIL Ratings (rationale dated 4 March 2026 and 5 August 2025), company investor presentations, and exchange-filing coverage via business-standard.com, tdindia.com and multibagg.ai — all accessed 7 October 2026 unless otherwise dated in the text above.

DISCLAIMER

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