INDO TECH

August 17, 2026

Department of Corporate Services
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001
Scrip Code: 532717

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051
Symbol: INDOTECH

Sub: Intimation of Reaffirmation of Credit Rating

Dear Sir/ Madam,

Pursuant to Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, we hereby submit the summary of reaffirmation of credit rating from India Ratings and Research (Ind-Ra) as tabulated below:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned Along with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR4,000	IND BBB+/Positive /IND A2	Affirmed; Outlook revised to Positive
Bank loan facilities	-	-	-	INR1,200	IND BBB+/Positive /IND A2	Assigned

The rating letter and rationale for reaffirmation has been annexed to this letter. The rationale for reaffirmation is also made available on Ind-Ra's website. The link is mentioned below:

i) https://www.indiaratings.co.in/pressrelease/84865

We request you to take the same on record.

Yours faithfully,
For Indo Tech Transformers Limited

KARTHICK
Digitally signed by KARTHICK
Date: 2026.08.17 22:09:22 +05'30'

Karthick. D
Compliance Officer

INDO TECH TRANSFORMERS LIMITED
A Subsidiary of Shirdi Sai Electricals Limited
CIN : L29113TN1992PLC022011
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India Ratings Revises Outlook on Indo tech Transformers's Bank Loan Facilities to Positive; Affirms at 'IND BBB+'; Rates Additional Limits

Aug 17, 2026 | Indo tech Transformers Ltd. | Heavy Electrical Equipment

India Ratings and Research (Ind-Ra) has revised the Outlook on Indo tech Transformers Ltd.'s (ITL) bank loan facilities to Positive from Stable while affirming the rating as follows:

Details of Instruments

Instrument Description	Regulator of Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (INR million)	Rating Assigned along with Watch/Outlook	Rating Action
Bank loan facilities	RBI	-	-	-	4,000	IND BBB+/Positive/IND A2	Affirmed; Outlook revised to Positive
Bank loan facilities	RBI	-	-	-	1,200	IND BBB+/Positive/IND A2	Assigned

Analytical Approach

India Ratings continues to take a standalone view of ITL to arrive at ratings. Currently, transactions between ITL and its parent, Shirdi Sai Electricals Limited (SSEL), remain limited, with only minimal exposure in the form of sales, job work transactions, and receivables. Any material increases in operational, financial, or funding-related transactions between ITL and SSEL over the near to medium term will remain a key rating monitorable.

Detailed Rationale of the Rating Action

The Positive Outlook reflects a significant improvement in the company's scale of operations, continued healthy EBITDA margins and comfortable credit metrics in FY26. Ind-Ra expects the scale of operations to further improve in the near term, supported by the execution of the existing order book and planned capacity expansion. The ratings are supported by the promotors' over three decades of experience in the transformer industry.

List of Key Rating Drivers

Strengths

- Strong operating and financial performance; likely to sustain growth momentum
- Healthy EBITDA margins
- Comfortable credit metrics
- Experience of promoters and reputed clientele

Weaknesses

- Volatile raw material prices
- Working capital intensive nature of operations

Detailed Description of Key Rating Drivers

Strong Operating and Financial Performance; Likely to Sustain Growth Momentum: ITL demonstrated strong operating performance in FY26, with its revenue increasing to INR7,731.80 million (FY25: INR6,055.20 million; FY24: INR4,983.08 million), driven by growth in sales volumes to 10,919 MVA (8,306 MVA) supported by sustained demand for the company's transformer products. The increase in sales volumes was supported by the expansion of installed capacity to 12,000 MVA in FY26 (FY23-FY25: 9,684 MVA). Consequently, its capacity utilisation improved to 92.5% in FY26 (FY25: 80.2%; FY24: 75.1%) reflecting efficient absorption of the augmented manufacturing capacity. The revenue expanded at a CAGR of about 28.1% over FY23-FY26.

The company had an order book of INR11,228 million as on 30 June 2026, which the management expects to execute largely during FY27. The order book provides healthy near-term revenue visibility and translates into about 1.45x FY26 revenue. The EBITDA increased to INR1,291.16 million (FY25: INR846.28 million; FY24: INR683.41 million), supported by higher scale of operations. Exports contributed a marginal 0.12% (0.32%; 4.31%) of the revenue, with the balance generated from domestic customers. Ind-Ra expects ITL's scale of operations to improve over the near to medium term, supported by execution of the existing order book and planned capacity expansions.

Healthy EBITDA Margins: ITL's EBITDA margin remained healthy at 16.70% in FY26 (FY25: 13.98%; FY24: 13.71%), primarily driven by better absorption of personnel and administrative expenses following higher scale of operations. The return on capital employed also strengthened to 37.2% in FY26 (FY25: 31.4%), reflecting improved operating efficiency.

The company’s profitability is likely to witness pressure, due to the current geopolitical conditions, elevated freight costs and volatility in raw material prices, particularly copper and cold rolled grain oriented (CRGO) steel. Ind-Ra expects the EBITDA margins to remain healthy over the near to medium term, supported by the company's predominantly variable-price contracts, which allow it to pass on a significant portion of input cost increases to customers, thereby mitigating the impact on profitability.

Comfortable Credit Metrics: ITL's gross interest coverage (operating EBITDA/ gross interest expense) increased to 11.70x in FY26 (FY25: 7.97x; FY24: 5.49x) and the net leverage (net debt/EBITDA) reduced to negative 0.57x (negative 0.48x; 0.22x), supported by the increase in its EBITDA coupled with increase in free cash balances to INR781.73 million (INR710.77 million; INR260.78 million) and a decrease in debt levels to INR51.95 million (INR81.59 million; INR49.96 million)

The company incurred capex of about INR340.55 million in FY26 towards capacity enhancement to 12,000 MVA. The capex was funded entirely through internal accruals. The management plans to increase the capacity by 13,000 MVA by end-FY27 through a capex of INR680 million and further expand by 25,000 MVA by end-FY29 through an additional investment of around INR3,950 million over FY27-FY29. The management expects the capex to be funded through a mix of internal accruals and debt. Despite the proposed debt-funded expansion, Ind-Ra expects the credit metrics to witness only a moderate moderation and remain comfortable, supported by the likely improvement in its operating scale and cash generation.

Experience of Promoters and Reputed Clientele: ITL benefits from the experience of its promotors, SSEL, in the transformers industry for over three decades. N. Visweswara Reddy, who has around three decades of experience in the transformer industry, is the managing director of SSEL. The agency expects the company’s established industry presence and operational track record to enhance customer engagement and support the acquisition of fresh orders. ITL has reputed clients such as Tata Projects Limited (‘IND AA’/Stable), Avaada Energy Private Limited (debt rated at ‘IND A+’/Stable) , Hero Solar Energy Private Limited, JSW Neo Energy Limited, Tata Power Solar Limited, and Blupine Energy Private Limited.

Volatile Raw Material Prices: ITL's key raw materials, including cold rolled grain oriented (CRGO) steel and copper, are subject to price volatility. The company operated under a mix of fixed price and variable price contracts. In FY26, fixed price contracts accounted for 27% (FY25: 59%), with the balance being variable price contracts. Due to fluctuation in raw material prices, the company preferred variable contracts over fixed contracts in FY26. To mitigate this risk, the company follows a proactive procurement strategy by making advance payments for raw materials such as CRGO steel and copper which accounts for 65% to 70% of the total consumption of raw materials, thereby locking in prices and insulating itself from unforeseen and adverse price fluctuations. This approach provides a degree of cost stability and supports margin protection to an extent.

Working Capital Intensive Nature of Operations: ITL's operations remain inherently working capital intensive, reflecting the characteristics of the transformer manufacturing industry. The business requires significant inventory holdings to support timely execution of orders, extends credit periods of 60-120 days to customers, and operates with an execution cycle of four-to-10 months.

Furthermore, the company generally makes advance payments for procurement of key raw materials to minimise exposure to commodity price volatility, resulting in limited supplier credit support. Consequently, the working capital cycle remained elevated at 153 days in FY26 (FY25: 152 days). Its inventory days increased to 129 in FY26 (FY25: 112), primarily due to a higher proportion of larger-capacity transformers in the production mix, which have longer manufacturing and execution cycles. Debtor days reduced to 57 in FY26 (FY25: 74), while creditor days remained largely stable at 33 (34). Despite the inherently working capital-intensive nature of operations, Ind-Ra expects the working capital profile to remain manageable, supported by healthy profitability and cash flow generation.

Liquidity

Adequate: ITL’s average maximum utilisation of the fund-based working capital limits stood at 54.17% and non-fund-based limits was 71.25% during the 12 months ended May 2026 and the utilisation is likely to remain at similar level as on date. The cash flow from operations stood at INR549.60 million in FY26 (FY25: INR571.20 million; FY24: INR322.61 million). Furthermore, the free cash flow stood at INR209.05 million in FY26 (FY25: INR409.95 million; FY24: INR241.41 million), due to the capex of INR340.55 million (INR161.35 million; INR81.20 million). ITL has debt repayment obligations of INR29.46 million and INR16.12 million in FY27 and FY28, respectively.

Rating Sensitivities

Positive: A substantial improvement in the scale of operations, along with maintaining the liquidity position and the credit metrics, with the net leverage remaining below 2x, all on a sustained basis, could be positive for the ratings.

Negative: Any significant deterioration in the scale of operations and/or large unanticipated debt-funded capex along with any substantial cash outflow to group entities, resulting in deterioration in the liquidity position and credit metrics, with the net leverage rising above 2x, on a sustained basis, could lead to a revision in the Outlook to Stable.

Any Other Information

Not applicable

About the Company

Incorporated in 1992, ITL is engaged in the manufacturing of electrical transformers. Its product portfolio comprises of power and large power transformers up to 200 MVA/ 230 KV and distribution transformers up to 5 MVA/ 33 KV. The company’s production facilities are located at Kancheepuram and Chennai, Tamil Nadu, with an aggregate installed capacity of 12000 MVA as on 31 March 2026. ITL operates as a listed subsidiary of SSEL which holds a 70.29% stake. SSEL acquired this stake from ITL's previous promotors, Prolec GE, a joint venture between the Mexican Industrial conglomerate Xingnus SA de CV and General Electrical Company.

Key Financial Indicators

Particulars	FY26	FY25
Revenue (INR million)	7,731.80	6,055.20

Particulars	FY26	FY25
EBITDA (INR million)	1,291.16	846.28
EBITDA margin (%)	16.70	13.98
Gross interest coverage (x)	11.70	7.97
Net leverage (x)	-0.57	-0.48
Source: ITL; Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook
	Rating Type	Rated Limits (INR million)	Current Rating	05 June 2025
Bank loan facilities	Long-term/Short-term	5,200.00	IND BBB+/Positive/IND A2	IND BBB+/Stable/ IND A2

Bank wise Facilities Details

The details are as reported by the issuer as on (17 Aug 2026)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	Bank of Baroda	Fund-based working capital limits	100	IND BBB+/Positive
2	Federal Bank	Fund-based working capital limits	50	IND BBB+/Positive
3	IndusInd Bank Limited	Fund-based working capital limits	50	WD
4	State Bank of India	Fund-based working capital limits	260	IND BBB+/Positive
5	Federal Bank	Non-Fund Based Working Capital Limit	780	IND A2
6	Bank of Baroda	Non-fund-based working capital limits	930	IND A2

7	IndusInd Bank Limited	Non-fund-based working capital limits	780	WD
8	State Bank of India	Non-fund-based working capital limits	1590	IND A2
9	State Bank of India	Term loan	50.66	IND BBB+/Positive
10	NA	Proposed Bank loan	239.34	IND BBB+/Positive / IND A2
11	NA	Proposed Bank loan facilities	1200	IND BBB+/Positive / IND A2

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

Contact

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