



“Shilchar Technologies Limited Q4 & FY25 Earnings Conference Call”

April 22, 2025



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Moderator: Ladies and gentlemen, good day and welcome to the Shilchar Technologies Q4 and FY '25 Earnings Conference Call, hosted by Avendus Spark.

As a reminder, all participant lines will be in listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*”, then “0” on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ravi Swaminathan from Avendus Spark. Thank you and over to you, sir.

Ravi Swaminathan: A warm welcome to the Q4 FY '25 Earnings Call of Shilchar Technologies.

To take us through the Results today, we have with us from the Management Mr. Alay Shah – Managing Director; Mr. Aashay Shah – Executive Director; Mr. Aatman Shah – Manager Operations; and Mr. Prajesh Purohit – the CFO.

We will start with a brief opening remark on the business performance of the quarter and full year from Mr. Alay Shah and then open the floor for Q&A. Thank you and over to you, sir.

Alay Shah: Hello, everyone, and good evening. I am Alay Shah – Managing Director of Shilchar Technologies Limited. Thank you for joining us today.

Before we open the floor for questions, I would like to provide a brief update on our performance for the quarter and the full year.

I am pleased to report that both Q4 and Year '25 have been exceptional for Shilchar Technologies with strong results across all key metrics. Operationally, we achieved significant milestones, including the successful commissioning of capacity expansion in the month of August and a subsequent ramp up in production in the following quarters. Notably, we reached full capacity utilization in Q4, well ahead of our original target in Year '26. As a result, we delivered our highest ever top line and bottom-line performance, both on a quarterly and annual basis. This robust revenue growth has driven positive operating leverage while maintaining healthy gross margins, leading to a market improvement in our EBITDA and net profits.

The transformer industry continues to benefit from several favorable trends. India's electricity consumption is rising and is projected to peak at 273 gigawatts in June '25. Investments in generation capacity across both renewable and conventional sources remain very strong, complemented by significant capital expenditure in power transmission and distribution sector. Sub-segments such as renewable, including solar and wind are poised for a continued growth, supported by the Government of India's ambitious plan of 500 gigawatts green energy road map for 2030.



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Given this demand trend, there is potential for further investment in our manufacturing capacity. While we have not yet finalized specifics, I want to assure you that Shilchar is fully prepared to capitalize on the emerging opportunities in the transformer sector. For the immediate future, our focus remains on optimizing existing operations and consolidating our recent gains.

I would also like to address the recent update regarding reciprocal tariffs by the new US Administration. As of now, there are no reciprocal tariffs on the export of transformers from India to US. And thus, there is no immediate impact on Shilchar's exports. We will, however, closely monitor the situation as the 90-day tariff pause concludes, and we will adopt our strategy, should any change arise.

Our outlook remains positive for both domestic and export markets, though we expect the domestic business to experience higher growth in the coming financial year. Accordingly, we anticipate a somewhat greater share of domestic revenue in the upcoming financial year.

Finally, recognition of this year's strong performance. The Board has recommended a final dividend of Rs. 12.5 per equity share, subject to shareholders' approval. Additionally, the Board has approved the equity bonus issue, 1 new fully paid-up equity share for every 2 shares held by eligible shareholders.

In conclusion, we are optimistic about the future and remain committed to achieving our growth objectives while maintaining operational excellence.

Thank you for your attention. I would now like to open the floor for your questions.

Moderator: Thank you. We will now begin with the question-and-answer session. The first question comes from the line of Abhi Jain from AJ Capital. Please go ahead.

Abhi Jain: So, a couple of questions, sir. One is, I discussed this last time on the concall also, what are the plans on listing on NSE? Because last time you said that in the 4th Quarter of FY '25 you would plan to do that, but since we have passed that so wanted to understand that.

Alay Shah: Yes. So, that plan is already, for NSE listing we need to have a minimum Rs. 10 crores of paid-up capital, which we will be eligible by giving this bonus share. So, once the bonus shares are issued, our authorized capital will be to Rs. 11.44 crores. And after that, we will be applying to NSE for the listing.

Abhi Jain: Okay. Sir second question was, obviously you have covered in your presentation and in your opening remarks also that the current situation with the US tariffs is moving and nobody can ascertain right now what will happen. But I just wanted to understand it internally, have you come up with a risk mitigation plan? Are you thinking of derisking? Are you thinking of reducing your reliance on the US in terms of revenue? Because domestically the demand that is there and all the other competitors of yours who are more focused on domestic market, I mean,



the demand is there and you might have also been seeing it and witnessing it. So, there are a lot of options available in terms of derisking from the US. So, just wanted to understand from your perspective what are you doing?

Alay Shah: Yes. So, I mean, we have our own strategies. Suppose after 90 days if there are tariffs levied from export of transformers from India to US, I would not like to go much in detail. But, I mean, we are very confident that our business will not be that much affected with those tariffs. I mean, we are very well placed in terms of our product, our quality, our service with our customers. Also, the North American sales is only like less than 20% of our total revenue, so rest is all other countries and domestic market. So, there will not be any significant impact.

Abhi Jain: Alright. Thank you, sir. Final question, sir, given that the outlook on the industry is pretty strong and everyone in the industry is currently seeing more demand than supply, and obviously you have also indicated something to the tune of same. And you have also indicated that as and when it is necessary you will disclose to the shareholders in terms of our expansion plan. But I just wanted to understand that since you are already achieving your capacity utilization before time, what is the probabilistic capacity expansion that you are looking in the next 12 to 18 months? Currently you are at 7,500, so how do you see it ramping up in the next 12 to 18 months? Just a glide part would be helpful.

Alay Shah: So, we have still not finalized the concrete plan, but we are already working on the expansion that how we would like to do it, until what capacity we want to do it, and what is the maximum rating which we would like to have with this new capacity. Everything is going on in detail and we are also working on the budgeting, what will be the cost, what will be the land area which will be required and all those things. Once everything gets finalized and once we are ready to start the expansion project, we will definitely come back to all our shareholders and give presentation with complete details.

Abhi Jain: Thank you so much, sir. I like your candor and honesty. Just wanted to tell you that if we can have these concalls every quarter, that would be helpful, rather than having it after six months or a year.

Alay Shah: Sure. Will keep that in mind. Thank you.

Abhi Jain: Thank you so much.

Moderator: Thank you. The next question comes from the line of Ninad Sarpotdar from Aditya Birla Money. Please go ahead.

Ninad Sarpotdar: Yes. So, I wanted to ask the first question regarding the TAM, the addressable market. Like you discussed in previous concalls, for taking a hypothetical number, say, for 1 gigawatt of solar energy you need 1 gigawatt of transformation power, am I correct, is that the right ratio?



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- Alay Shah:** Yes, that is the right ratio.
- Ninad Sarpotdar:** Yes. And your product is only installed at the generation point. Ideally for transformation it's at the generation point and as well as the end consumption point. So, if you put up a 1 gigawatt solar energy per se, so you will need 2 gigawatts of transformation power, is my understanding correct? So, your TAM is half because your product is put at generation point? Just wanted to know.
- Alay Shah:** No, I actually do not understand your question technically what you are trying to say. But what I can explain you is that our transformers are used for generating voltage, and they are stepping up the voltage from the solar panel which are like 800 volts or 700 volts to 33 kV volts. And those 33 kV volts are fitted into the grid. So, against the 1 gigawatt of generation, the total capacity of transformer required is 1 gigawatt.
- Ninad Sarpotdar:** Okay. So, that's for only stepping up the power, right?
- Alay Shah:** Correct, yes.
- Ninad Sarpotdar:** And for stepping down also you need transformers, like on the opposite end, right?
- Alay Shah:** Yes, but that is at the consumer level or at the distribution level or substation level.
- Ninad Sarpotdar:** So, that's the product you are not into. I understood. And sir, the second question that since now US is focused more on to conventional power and they have shifted the focus from renewable development or growth, do you see any demand fluctuation from that market or how the export scenario is looking for US?
- Alay Shah:** No, right now the US market is very, very robust and there is lot of demand in all segments. And we are not specific to any one segment for our export business, so we cater to all kinds of transformers.
- Ninad Sarpotdar:** Okay. But your 60% sale is from inverted duty transformers, right?
- Alay Shah:** That is for local business.
- Ninad Sarpotdar:** Okay. Got it. Yes, that's all from my side. Thank you so much.
- Alay Shah:** Yes. Thank you.
- Moderator:** The next question comes from the line of Mahesh Bendre from LIC Mutual Fund. Please go ahead.
- Mahesh Bendre:** Hi sir, thank you so much for the opportunity. Sir, I just wanted to understand the opportunity for us in terms of step up transformer requirement in domestic market and export market, what



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kind of inquiry flows you are witnessing right now? If we have to look for the next 12 to 18 months, what kind of opportunity is going to come on our way?

Alay Shah: No. So, demand is very strong in both domestic market as well as for export market. And we are flooded with inquiries, and we have at present a very good order position, orders on hand. So, I do not see any downfall in the demand in the coming near future.

Mahesh Bendre: Do you see a strong demand in domestic market or is it both domestic and export side we are witnessing the same?

Alay Shah: No, we are witnessing the same very strong demand in both domestic as well as in export market.

Mahesh Bendre: Yes, because what we are currently witnessing is, in the transmission side there is huge demand for transformers across 400 kV. So, when we look at the distribution transformer, is it the solar is the only driver or is it some other CAPEX that is coming up in distribution side that will drive the growth?

Alay Shah: So, locally we do not supply any distribution transformer. We only supply locally solar IDT transformers and wind transformers, and some power transformers for stations.

Mahesh Bendre: Okay, sure. Thank you so much, sir.

Moderator: Thank you. The next question comes from the line of Samyak Jain from Marcellus Investment Managers. Please go ahead.

Samyak Jain: Thank you for the opportunity. My first question is, so if I recall, our discussion in quarter two's concall, so you had mentioned that you will be standardizing the CAPEX plans or expansion plans by Jan '25. So, I just wanted to understand if we have so strong demand visibility, like what are the reasons that the plans are still under discussion stage? So, just wanted to know your thoughts on that.

Alay Shah: We are already working on all the datas and drawings and what kind of capacity we want to increase, what will the cost be, what kind of land which we will be requiring for this new CAPEX. We are going a bit slow because we are a bit conservative, we want to make sure that any expansion we do has to be manageable and sustainable. But the plan is already going on, and at the right moment we will make a formal announcement.

Samyak Jain: Got it. Sir just to follow-up, so I believe once the plan is finalized, it will take a year's time for the capacity to go live. So, do you foresee any loss of revenue or loss of orders due to any delay in finalizing the investment plans? Is there a chance of any loss on that front?

Alay Shah: Well, I do not think so because once the plant is ready, much before that we will start marketing for that particular plant and acquire the orders. So, I do not think there will be any loss of any orders.



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- Samyak Jain:** Understood sir. And a follow-up to a previous participant's question. So, you mentioned that for your expansion plans, you are also considering going for a higher rating transformers. So, does that mean that you are going for a higher kVA transformer? So, I just wanted to understand a bit more about what's the plan on that front.
- Alay Shah:** Yes. So, again, it is not finalized, but we are considering higher MVA and higher kV class of the transformer.
- Samyak Jain:** Alright, thank you so much.
- Moderator:** Thank you. The next question comes from the line of Sunil Jain from Nirmal Bang Securities Private Limited. Please go ahead.
- Sunil Jain:** Yes. Just to confirm, once you decide on the expansion and start making this implementation, how much time will it take for the first production to come?
- Alay Shah:** Yes, it will take anywhere between 12 months to 18 months to complete the project and start production.
- Sunil Jain:** And since you have done recently expansion, so land is already there or you need to acquire additional land?
- Alay Shah:** No, we already have land. We have 17 acres of plot and hardly 40% is utilized so far. So, we have ample land for further expansion.
- Sunil Jain:** Yes. And in other utilities like connectivity to grid and all will be available?
- Alay Shah:** Yes, that is already available.
- Sunil Jain:** Okay, fine. And this order book, can you quantify, is it possible how much is the order book or no?
- Alay Shah:** So, at present I think our order book is close to Rs. 400 crores.
- Sunil Jain:** Okay. Great, sir. Thank you very much.
- Moderator:** Thank you. The next question comes from the line of Prolin Nandu from Edelweiss Public Alternatives. Please go ahead.
- Prolin Nandu:** Mr. Shah, thank you for taking my question. A couple of questions from my side. On the state of the industry, right, while you are thinking of capacity expansion, a lot of your peers have already announced capacity. And I was looking at, let's say, some of the top 10 players are expanding capacity in the next three years by almost 50%, right. So, do you see a condition in the market where there's an oversupply and there could be some pricing power? Could you help



us understand that, a lot of players are expanding capacity, and you are also probably thinking of doing it, so I mean is there a high probability of oversupply in the market in, let's say, next couple of years? And could that lead to some sort of a high competitive intensity and pricing erosion in the market?

Alay Shah:

So, I mean, we were ahead of all our competitors. We have already done our first expansion and started production in full swing. What we are talking right now is the 2nd Phase of expansion where all our competitors are still doing their 1st Phase of expansion. Yes, everybody is expanding, so there will be huge capacity coming in the market in the next two to three years. But at the same time, the government data shows that there will be a huge demand for transformers also because they will be in a very huge demand for power, and government is doing their best to meet this power demand. So, it's very difficult to say, but there will be a lot of progression and there will be a lot of demand also.

Prolin Nandu:

Okay, understood, sir. Sir my second question is that one of your peers has gone for backward integration in terms of lamination of CRGO, right. So, is it something we are also probably thinking to do? And if not, we are fine with our vendors who are doing it for us, can you help us understand what could be, I mean, when you will think about backward integration on this aspect? And is it critical for you to probably move into higher kVA? Is this backward integration one of the important things that needs to be?

Alay Shah:

So, personally I feel that this backward integration is not required at all because there are enough suppliers of laminations very close to our city, Vadodara. And we are able to get, we never face any shortage or any problems of lamination from any of them. So, personally, I feel that we should concentrate on our product consumer and not its raw material **(Inaudible) 22:57** in-house where our model is only to manufacture transformer and get everything from outside.

Prolin Nandu:

Understood. And can I ask one more question, sir, if that's okay with you?

Alay Shah:

Yes, go ahead.

Prolin Nandu:

Yes. So, sir, in the export market, right, where some of your transformers also go for the export market, and probably US is one of the key markets that you also highlighted to the previous participant's question, could you help us understand that in US market what could be the share of transformers which are coming from, let's say, China? And because of these tariff issues, do you see an opportunity for some of the Indian players to probably gain market share in US?

Alay Shah:

Yes. So, as far as US market is concerned, there are no Chinese transformers going into the US market because there are tariffs on that product since last so many years. But there are other countries which are exporting transformers to the US market. And of course, there are lot of opportunities over there.

Prolin Nandu:

Okay. Understood, sir. Thank you. That's it from my side.



- Moderator:** Thank you. The next question comes from the line of Balasubramanian from Arihant Capital. Please go ahead.
- Balasubramanian A:** Good evening, sir. Congratulations for good set of numbers. Sir, you mentioned about North America sales are less than 20% of revenue. I have seen the presentations, like could you please share the exports breakup for these 5 continents, America, Europe, Middle East, Africa and Asia for FY '25?
- Alay Shah:** Yes. So, I do not understand your question.
- Balasubramanian A:** Sir, for exports, we are supplying to five continents, America, Europe, Middle East, Africa and Asia. And like if you could share approximate exports breakup for these continents?
- Alay Shah:** I cannot give you a precise number, but at least I can say that North America is about 20% of our total export, and the rest is around 80%, mainly Middle East and North Africa.
- Balasubramanian A:** Got it, sir. Sir, on that CAPEX front, I am looking at the historical data. It took first 18 years to achieve 1,000 MVA to 4,000 MVA, and from 4,000 MVA to 7,500 MVA it took only six, seven years. So, based on the historical CAPEX capacity expansion, so whether we can able to take another 3,000 to 4,000 additional NVAs in next three, four years, is that right assumptions we can look at?
- Alay Shah:** Yes, there is a possibility.
- Balasubramanian A:** Yes. Thank you, sir. That's it.
- Moderator:** Thank you. The next question comes from the line of Arpit Shah from Stallion Asset. Please go ahead.
- Arpit Shah:** Yes. Congratulations, Alay. You have just done a fantastic job executing such a large number of transformers.
- Alay Shah:** Thank you.
- Arpit Shah:** Just wanted to understand how sustainable is this number of Rs. 220 crores on a quarterly basis? Or you think this number has been led up in anticipation of tariffs to be and leading to higher orders in the last 15 days of the month? So, I just wanted to understand how sustainable is the Rs. 220 crores revenue number going ahead?
- Alay Shah:** So, first of all, I mean, that tariff issue started only from first week of April and we cannot pull up numbers in anticipation of tariffs in last year. So, that is an assumption on your side. But I mean, if you look at our track record, I mean, since last 11 quarters we have been performing very consistently as far as our margins are concerned. And I am sure that we will continue to do that. That will be our goal to maintain this profitability and also improve it.



- Arpit Shah:** Got it. So, you have continued to surprise us with 28% margins, now we have come up to about 31%, so how should we look at this number going ahead, should it continue to go higher? Or this is the number that you would be looking as a sustainable run rate?
- Alay Shah:** Are you talking about EBITDA margins or revenue?
- Arpit Shah:** Yes, EBITDA margins.
- Alay Shah:** Like I said, we will try our best to maintain this, or maybe even improve it, why not.
- Arpit Shah:** Got it. And you will be looking to double the capacity, or will you be looking to announce it in a month or so?
- Alay Shah:** Like I said, we are still working on it. At the right moment we will give you all the details.
- Arpit Shah:** And what is the aspiration that you are looking at? What kind of ambition you are looking at in terms of numbers to build in? How big do you think in terms of what kind of PAT targets you have maybe, let's say, Rs. 6,500 crores PAT number, maybe what you are looking at?
- Alay Shah:** So, again, depends on the complete project viability. We are working on numbers. And once we finalize that, okay, this is the capacity which we want to increase and this is the CAPEX which we want to incur for this increase in capacity, we will give you all the numbers that then what will be the revenue from that and what will be the PAT.
- Arpit Shah:** Sir, I was just trying to understand one thing --
- Moderator:** Just one question. Just one question. Just trying to understand one thing, sir, it's not that our CAPEX is being used, it's only Rs. 30 crores the last time we spent CAPEX. Even if we double capacity, and assuming you go wrong, okay, you will lose probably one quarter of profit, it's not going to cause a loss of more than that, right. So, why so conservative in capacity addition, just trying to understand?
- Alay Shah:** So, like I said, I mean, I said this earlier also that any expansion has to be manageable and sustainable. Why are we doing the best EBITDA? Why our company is having the best EBITDA margin in the industry among all our peers? So, we are doing something extraordinary which we would like to maintain it.
- Arpit Shah:** Right, right. So, competition cannot come in basically so easily in our products, even assuming there's a market out there, even though we are not increasing capacity very fast, we are not scared that some other competition will come and take our market away.
- Alay Shah:** So, we are increasing capacity fast, like, I mean, we did increase our capacity from 4,000 MVA to 7,500 MVA and that was only in this year. So, further expansion we will be doing it. But,



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again, like I said, we are working in detail with all the numbers then we will inform you at the right moment.

Arpit Shah: Got it, sir. Good luck, sir. Good luck. So, nice speaking to you.

Alay Shah: Thank you.

Moderator: Thank you. The next question comes from the line of Aman Soni from Nvest Analytics Advisory LLP. Please go ahead.

Aman Soni: Alay sir, congrats for a decent set of numbers. Just in continuation with earlier participants only, like, you are saying demand is very decent, particularly in the domestic market. And in your opening remarks you also mentioned that exports are also having a decent demand. So, my question is, like in this quarter we are operating at fuller utilization. So, do you see for rest of the quarters, obviously, for all the quarters in '26 are we going to maintain these kind of utilization levels?

Alay Shah: Yes, that's the plan. So, for this coming year, Year '25-'26, we are targeting around Rs. 750 crores in sales in top line.

Aman Soni: But in this quarter we did around Rs. 230 crores revenue. So, going by that, should not it be close to Rs. 950 crores a full year?

Alay Shah: So, if you look at historically, the first quarter for transformer industry is always low sales, and then gradually every quarter the sales increases, and Q4 is the maximum sales for all the companies, being capital equipment. So, if you consider the same scenario for this coming year, I think we should be able to comfortably reach to Rs. 750 crores or more.

Aman Soni: Understood. Rs. 750 crores is just I think 20% kind of growth from our existing numbers, right? That's what you are targeting?

Alay Shah: Sorry, I cannot hear you. I did not hear you.

Aman Soni: That means 20% kind of the growth we are targeting for next year, right?

Alay Shah: Yes, some 20%, 25%, yes.

Aman Soni: Understood, understood. Okay, sir, all of my questions are answered. Thank you very much, sir. Thank you.

Alay Shah: Thank you.

Moderator: The next question comes from the line of Rucheeta Kadge from iWealth. Please go ahead.



- Rucheeta Kadge:** Hello, sir. Very good evening. Sir, first of all, I would like to understand on the export side of business. So, during this year what is the kind of revenue that we have done on the export side? And what are the products, like where are we selling these transformers to? I understand it's not the solar inverter duty one, so which other transformers are we selling there?
- Alay Shah:** So, I think we have done export of almost 44% of our total revenue this year. And we supply all kind of transformers, we export IDTs also for solar and then we supply distribution transformers also. So, it's a complete mix range of transformers which we export.
- Rucheeta Kadge:** And sir, would the realizations be different in domestic versus export? Because I have been seeing some data points of your export, and it looks like on the export side of it you make around Rs. 20 lakhs, Rs. 22 lakhs of realization versus domestic around Rs. 6 lakhs, Rs. 7 lakhs. So, there's like a steep difference. So, just want to understand, like, how different is the product?
- Alay Shah:** No. So, I mean, domestic we supply the higher rating of transformers like 10 MVA, 15 MVA, 20 MVA, that is our major sale. Therefore, export it is smaller ratings of transformers, so that is why you cannot compare the price. Transformer is a big area and there are many, many different types and sizes and ratings of transformers. So, you cannot generalize the costing based on this.
- Rucheeta Kadge:** Understood, understood. So, just for MVA I was just calculating, so was just trying to understand like why the difference was there, but understood currently. And sir, on the margin side, right, we are doing better than the industry, is it mainly because the export portion for us is higher than what the industry is doing, like around 10%, 20%?
- Alay Shah:** Yes. So, I have said this in the past also that export gives us better revenue compared to domestic. But at the same time, we run this company very efficiently with very less expense, and that is how our margins are on the higher side compared to our competitors.
- Rucheeta Kadge:** Understood, sir. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Shantanu Srivastava from SMIFS Limited. Please go ahead.
- Shantanu Basu:** I think my name has been wrongly said. My name is Shantanu Basu. So, the question that I have is, and I am from SMIFS Limited. So, the question that I have is, when I am looking at your balance sheet, so basically I am seeing a huge jump in receivables disproportionate to the revenue increase. So, can you please explain as to why this receivable position went up so high?
- Alay Shah:** Can you please repeat the question? I could barely hear you.
- Shantanu Basu:** Okay. Can you hear me now, sir?
- Alay Shah:** Yes.



- Shantanu Basu:** Okay. So, I was saying that when I looked at your balance sheet, the FY '25 trade receivables portion is very high compared to FY '24. There has been very good growth in revenue, but the growth in receivables is disproportionate to that, it's very high. So, can you please explain as to why this happened?
- Alay Shah:** Yes. So, there are two, three reasons. One is that when the revenue increases you need more working capital. The majority of the sales which has come from last quarter, and we have the terms of LC with all our customer with 180 days of payout. And we can encash this LC if we need the funds, but we do not do it and we wait for 180 days to receive the fund which we get it with interest. Because we have surplus fund, we do not encash the LCs. So, that is why the number looks bigger, but actually it is not an outstanding, we are earning interest out of that.
- Shantanu Basu:** So, I mean, in essence have your receivable days increased compared to historical terms?
- Alay Shah:** So, like, with customers I have a payment term of, I mean, LC with payment term of 180 days where 30 days interest is to the sellers account, but the rest is with the buyers account. So, technically I can encash the LC within 30 days and get my money, but I do not do that because we have surplus funds. So, we wait till 180 days and get the interest and then receive the money. But on balance sheet it looks as if receivable.
- Shantanu Basu:** Okay. And how much percentage of receivables is that which is LC backed?
- Alay Shah:** I think the domestic market is almost entirely against the LC.
- Shantanu Basu:** Okay. So, domestically you are doing against LC, okay. Not the export?
- Alay Shah:** Even export also with LC or with advanced payment, I mean, there are various terms with various customers.
- Shantanu Basu:** So, on an aggregate, how much percentage would be LC backed, roughly, ballpark figure sir?
- Alay Shah:** Ballpark figure would be about 70%, 75%.
- Shantanu Basu:** And is this your normal trend?
- Moderator:** Sorry to interrupt, Shantanu, those were your two questions. I would request you to rejoin the queue. Thank you. The next question comes from the line of Jainam Vora from Soltero Investment Advisors. Please go ahead.
- Jainam Vora:** Yes. Congratulations on a great set of results. My question was similar to what Shantanu was asking, so I will just ask my first question regarding that. So, on an overall basis, how much of the trade receivables is LC backed is what I would want to know first, and then I will ask my second question.



- Alay Shah:** I think I already answered that, it's almost like 70% to 75% ballpark figure.
- Jainam Vora:** Okay. And with the share of domestic increasing, as you have said, continuing on the same question with the domestic share increasing, do you see, increase in this LC and trade receivables days increasing? As well as the margins kind of getting deflated because the share of domestic would increase, so what are a sustainable level of margins and receivable days that you are trying to look at? If you could share that, it would be great.
- Alay Shah:** Like I said, this receivable is not actually receivable, I mean, I already explained earlier. So, it doesn't matter. I mean, if we need money we can get it any day. But our cash flow situation is very good and we are totally a debt-free company, we have surplus funds. So, we just keep our LC with us, and on the due date after 180 days we get the payment with interest, and that is an other income for us.
- Jainam Vora:** So, none of your receivables are more than a year, is that a fair assumption? Or you have customers from receivables for more than a year?
- Alay Shah:** No.
- Jainam Vora:** Okay. And what about the margins, given the fact that domestic share is going to continue to increase, as you said, the government trust and solar identity and all that as you have said, is that going to be two different margin? Given how the export situation is overall as well, as the deglobalization trend starts kicking in, what is Shilchar trying to do to continue to maintain those kind of margins and deal with the competition?
- Because I think in terms of competition as well, one of your competitors has announced a 15,000 MVA capacity increase, out of which about half of it is going to be for IDT transformers. So, if you could provide some color about that, it would be great, because your journey so far has been great but coming into the future with so many variables at hand, and as you have said that you continue to do extraordinary things, if you could take two to three years out what are the things that you are going to do, it would be helpful.
- Alay Shah:** So, we are going to continue to be innovative and we are going to continue to be efficient in managing the company and keeping our overheads low. In which margin will remain as it is because we will be growing and our overheads will continue to be on lower side. So, even if there is a price pressure, there will be a decent margin which we will be able to have.
- Jainam Vora:** But do you see price pressure actually happening --
- Moderator:** Sorry to interrupt, Jainam, those were your two questions. I would request you to rejoin the queue. Thank you. The next question comes from the line of Ashutosh Garud from Ambit Wealth PMS. Please go ahead.



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- Ashutosh Garud:** The kind of capacities which you have, and given the fact that the demand outlook is so good domestically and internationally, and even you are confident from a margin perspective, you are expecting just a 20% growth from a revenue term, say, for the next year. So, wouldn't there be a case of much faster growth given the kind of scenario you just mentioned?
- Alay Shah:** Yes. So, I mean, 20%, 25% is a conservative figure which I am telling. And if you look at our track record, we have always beat the projection what we have shared at the beginning of the year. We will do our best to even grow much more than what we have said.
- Ashutosh Garud:** Okay, okay. And any particular reason why, from a tariff perspective, transformers are being exempted, any particular reason for that?
- Alay Shah:** Sorry, can you repeat the question please?
- Ashutosh Garud:** Any particular reason why the transformers have been exempted from US tariff list I am saying?
- Alay Shah:** I have no idea, but it's good for us, right?
- Ashutosh Garud:** No, absolutely. Absolutely. So, any thoughts around, if at all that would happen in future, I mean, just wanted to get a sense around that because although they are not included in the list, but will it be a case where you see that it could very well happen with the 10%, 20% tariffs coming in, that is what from an industry sense I wanted to understand.
- Alay Shah:** So, frankly speaking, I do not think that will happen. I mean, we have been talking to all our customers when they are also very confident. But even if that happens, we have already worked out some strategy which I cannot share it right now, but it won't affect our business or our exports.
- Ashutosh Garud:** Okay. Thank you.
- Moderator:** Thank you. The next question comes from the line of Gunjan Kabra from Niveshaay. Please go ahead.
- Gunjan Kabra:** Hi, Alay. Thank you so much for the opportunity. And congratulations on the good set of numbers to you and your entire team.
- Alay Shah:** Thank you.
- Gunjan Kabra:** Just one question. Alay, since last two, three quarters we used to hear that the lead time in the transformer industry in the domestic market is around 1.5, 2 years, and in the export market it was much higher. So, how has that been trending out now going forward?
- Alay Shah:** So, I think, the lead time still remains the same in the power transformer industry. But the advantage with us is that, again, I am repeating the same thing, we have been very efficient and



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very on demand on the situation where we are able to deliver our transformer with shorter lead time, and that gives us an advantage with our customers.

Gunjan Kabra: And likewise, in the export market also it's the similar thing or you have it ready with you now, because of the material availability?

Alay Shah: No, in export also the lead time is, I think it has even gone longer, because there is still lot of demand in the export market as well.

Gunjan Kabra: Okay. Because I was just assuming because the raw material availability has eased up, has the lead time reduced with respect to the demand and more supply coming in?

Alay Shah: Yes, it's not raw material availability, it's more of what you have. So, if there is a backlog and then if you are having a constraint with the capacity then lead time also increases. So, there are a lot of factors in the longer time.

Gunjan Kabra: Okay, got it. Thank you and good luck.

Alay Shah: Thank you.

Moderator: The next question comes from the line of Arya Singh from Atishay Stockbroking. Please go ahead.

Arya Singh: Congrats on the great set of numbers. Given that over 40% of your revenues come from exports, could you please elaborate on the rationale behind not hedging your Forex exposure, especially considering the recent currency volatility, was this a strategic decision and how do you plan to manage the margin impact going forward?

Alay Shah: I could barely hear you. Can you repeat the question? Can you speak a bit louder?

Arya Singh: Sure. Congratulations on the great set of numbers, first of all. Given that over 40% of your revenues come from exports, could you please elaborate on the rationale behind not hedging your Forex exposure, especially considering the recent currency volatility?

Alay Shah: Yes. Because, I mean, hedging is always a bit risky and we hardly import anything. So, it is only an inflow of foreign currency for us. The outflow is very less. So, we do not hedge. And if you see last two, three years of our record, I mean, we have always gained foreign since currency, we have never lost money.

Arya Singh: Thank you. Also what is the current order book?

Alay Shah: It's between Rs. 350 crores to Rs. 400 crores.

Arya Singh: Okay. Thank you so much.



- Moderator:** Thank you. The next question comes from the line of Harsh Mehta from Cured Advisors. Please go ahead.
- Harsh Mehta:** Yes. I just wanted to understand, in the presentation you mentioned that you have hit 100% capacity utilization, but later on we can see a slide where you have shown a calculation highlighting 77% capacity utilization. So, if you could just help us understand how the calculation is working there? And as you had mentioned previously, the realizations were around Rs. 10 lakh per MVA, so has that changed?
- Alay Shah:** I am saying that the 100% capacity utilization is only for Q4 on a run rate basis. Since the capacity only came in online in August, for the full year it was not available. And for the full year, the utilization is at 77%.
- Harsh Mehta:** Okay. And for the realization part you had previously mentioned it was Rs. 10 lakh per MVA. So, is that the same or has that changed?
- Alay Shah:** I do not think we have mentioned that in presentation, but I mean if you look at our last two, three years of record, we are maintaining pretty much in this ballpark figure.
- Harsh Mehta:** Okay. And just one last question. So, you had mentioned to one participant earlier that you are planning to expand into higher rated transformers, so approximately what kV class are you planning to expand to?
- Moderator:** Sir, we are still not able to hear you. Ladies and gentlemen, I would request you to stay online while I get the management reconnected. Thank you. Ladies and gentlemen, we have got the management back. Please go ahead, sir.
- Moderator:** The next question comes from the line of Viraj from Arjav Process. Please go ahead.
- Viraj:** Who are our exact peers and how are we exactly priced in?
- Alay Shah:** Sorry, can you repeat the question please?
- Viraj:** What I am asking is, who are our exact peers in this business and how are our products priced compared to our peers?
- Alay Shah:** There are many companies within India who are competitors to us who in renewable energy transformers. I mean, I can name few like Raychem, Danish Transformer, Transformer & Rectifier and so on.
- Viraj:** Okay. And, sir, how are our products price compared to them?



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- Alay Shah:** So, we are competing with each other, so we have to be in line with everybody. I mean, no customer will give us very extraordinary premium, because of our quality service we get some premium but it is like maybe 1%, 2%, 3% maximum.
- Viraj:** Okay. And sir, if US imposes that tariff on us, then do you expect competitive intensity to change or any change in the competition?
- Alay Shah:** No, I do not think so.
- Viraj:** Alright. So, the situation will be same for everyone, right?
- Alay Shah:** Yes, exactly.
- Viraj:** Okay. Thank you.
- Moderator:** Thank you, ladies and gentlemen, in the interest of time, we will take that as the last question for today. I would now like to hand the conference over to the management for the closing comments.
- Alay Shah:** Yes. Thank you everybody for joining. Like I said, we will be growing this year by more than 20%, 25%. We will try and fully utilize the capacity what we have created in last year during the entire year. And I think the demand is very good, the market is very good. And we are, again, very confident of having an excellent Year '25-'26. Thank you once again.
- Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of Avendus Spark, that concludes this conference. You may now disconnect your lines.