



“Shilchar Technologies Limited  
Q4 FY26 Earnings Conference Call”

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**MANAGEMENT: MR. ALAY J. SHAH – CHAIRMAN AND MANAGING  
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**Moderator:** Ladies and gentlemen, good day and welcome to the Shilchar Technologies Q4 FY26 Earnings call hosted by Avendus Spark. As a reminder, all participant lines will be in the 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 star then zero on a touchtone phone. I now hand the conference over to Mr. Alay J. Shah, Chairman and Managing Director from Shilchar Technologies. Thank you and over to you, sir.

**Alay Shah:** Good evening, everyone and thank you for joining us today. Before we open the floor for questions, I would like to walk you through our performance for Q4 and the full year FY26 and share some updates on our operational and financial performance. For the full year '26, Shilchar Technologies delivered revenue from operations of INR652 crores, reflecting around 5% growth year-on-year with EBITDA of INR190 crores and an EBITDA margin of 29%.

Profit after tax for the year stood at INR158 crores, up 8% on year-on-year basis with an EPS of INR138. These numbers, while healthy in absolute terms could have been notably better as the year closed with a weaker than expected Q4 driven by two distinct and external factors that I will address shortly.

On a five year basis, Shilchar's compounding story remains strong with revenue, EBITDA and PAT growing at CAGRs of 38%, 77%, and 83% respectively. Turning to Q4 specifically, revenue from operations came in at INR152 crores with EBITDA margin at 21% and PAT at INR28 crores. Two developments weighted on Q4 dispatches.

First, the uncertainty around US tariff policy in the preceding quarters moderated order intake from US customers, specifically in Q3. While order inflows recovered through Q4, dispatches remained slow given the lower order intake in preceding quarters and the interim policy uncertainty at the time.

With subsequent US tariff policy amendments and a firm demand outlook from US customers, both order intake and deliveries have picked up notably in Q1 financial year '27. Second, a significant volume of shipments scheduled for delivery to Middle East customers in March '26 could not be dispatched due to the crisis in West Asia and the resulting logistics disruptions.

These shipments have been deferred and not cancelled. Dispatches to the region resumed in April and the situation has improved considerably since then. Both of these factors were temporary in nature and we expect Shilchar to resume its growth trajectory from the coming quarter.

This will be supported by the structured demand across power transmission, distribution and renewable energy. On the domestic front, demand has remained firm. India commissioned 55 gigawatts of renewable energy capacity in year '26, a record high and this sustained momentum continues to underpin strong order inflows in our domestic renewable transformer business.

Coming to our balance sheet, Shilchar remains debt free with cash and cash equivalents of INR246 crores at the end of financial year '26, a part of which will be used to financing our



ongoing capex. Operating cash flow for the year stood at INR192 crores. On our capex project, our Gavasad expansion number three, which will add 6,500 MVA and take our total installed capacity to 14,000 MVA, remains on track for commissioning in April '27.

Civil foundation work for the site is completed. PEB erection and utility infrastructure work is currently in progress and all major production equipment has been ordered. The capital expenditure of approximately INR120 crores is being funded entirely through internal accruals. For financial year '27, we expect to run our existing 7,500 MVA capacity at almost full utilization and the new facility will drive the next leg of growth from financial year '27-'28 onwards.

Our business outlook remains strong with order visibility for financial year '27 of approximately INR800 crores, supported by robust inquiries from both domestic and export customers. The global transformer demand remains favourable. Domestically, investments in grid infrastructure, T&D capacity and the ongoing build out of renewables provide strong visibility. With these remarks, I would like now to open the floor for the questions.

**Moderator:** Thank you very much. We will now begin the question and answer session. We have first question from the line of Ayush D from Shravas Capital. Please go ahead, sir.

**Ayush D:** Yes, hi. Thank you for the opportunity. Sir, just trying to understand on the gross margin compression, could you just throw some light in terms of which aspect of our RM basket has taken a hit? Because clearly we had gross margin compression and just trying to understand which part of the RM basket has taken a hit?

**Alay Shah:** Yes, so in Q4 basically our export is considerably less. Main reason for that is that we could not ship out the transformers in March due to this Middle East crisis and that has reduced our export compared to the domestic and that has changed the ratio of our raw material consumption. And secondly, I mean all the raw material prices have gone up, but in the month of March specifically, we were hit by the increase in oil price. So these are the two main factors which have created problems in, I mean which has increased the consumption of raw material.

**Ayush D:** Understood, sir. And just a follow-up, sir, given the nature of the inflation in our RM basket as well, are we taking any price hike and have you had any dialogue with your customers in terms of accepting these price hikes? Just to give us an understanding of what is going on that front?

**Alay Shah:** Yes. So we have approached almost all customers for the price increase, revision in price and the active dialogues are going on. I mean, some of the customers have already agreed for the price increase and with some customers we are still under discussion. And the good thing is that this price increase is known to each and every one. Even our customer understands the increase in raw material cost. So I think slowly, slowly we are able to get the price increase from all our customers.

**Ayush D:** Understood, sir. And also sir when do you see.

**Moderator:** Sir, Mr. Ayush D, sorry for the interruption. Please rejoin the queue for follow-up questions.



- Ayush D:** Sure.
- Moderator:** We have the next question from the line of Shrenik Mehta from IndoAlps Wealth GmbH. Please go ahead, sir.
- Shrenik Mehta:** I just wanted to understand a little bit about how the first quarter of the current year will fare. So broadly speaking, we have lost INR80 crores, INR90 crores of sales in the quarter 4 because of this Middle Eastern crisis. What proportion of this would be added additionally to the Q1 or Q2 sales expected in Q1?
- Alay Shah:** So like I said in my opening remarks, the shipping has already resumed and we have already started shipping out transformers which we were not able to ship in the month of March and slowly, slowly that situation is becoming normal. And we have a very strong order book. As of now, we have an order book of almost INR452 crores. Yes we are discussing with all our customers regarding the price revision. So once that is settled, the normal operation will take place and we are feeling quite confident about the Q1.
- Shrenik Mehta:** Any guidance, say for the first half or for the full financial year FY27? Are you targeting INR800 crores sales or more or less?
- Alay Shah:** Now, so our target for the entire year is INR800 crores and that we are very confident to achieve.
- Shrenik Mehta:** And any clues on the first half? That will be a majority increase in the first half or?
- Alay Shah:** I won't be able to, you know, give you the exact figures, but it will be a normal quarter.
- Shrenik Mehta:** Thank you.
- Alay Shah:** Thank you.
- Moderator:** We have the next question from the line of Pankaj from Axis Cap. Sir, please go ahead.
- Pankaj:** Thank you for giving me this opportunity. A quick question I have is, as you explained the Middle East crisis actually impacted your Q4, so can we get at least some numbers for the actuals for the month of April this year, April '26, and how do they compare with April '25?
- Alay Shah:** So, see, as far as the export is concerned, I think we'll do pretty much same as the previous quarter. It will be a normal quarter as far as the export is concerned. The local domestic shipments will also be in, you know, quite a healthy way, except that, you know, there might be some time taken for, you know, discussing about the price revision. But otherwise, we don't, you know, anticipate any major issues in quarter one.
- Pankaj:** But is it possible for you to give the actual numbers for April, sir?
- Alay Shah:** No, unfortunately, I won't be able to give you the number.
- Pankaj:** Okay. Thank you.



- Moderator:** Thank you. We have the next question from the line of Akash from NV Alpha Fund. Sir, please go ahead.
- Akash:** Yes, sir, just wanted to understand, I believe in terms of margins, both on the gross and EBITDA margins, we have almost taken a 7% to 8% kind of a hit. So, and one of the reasons like you stated is that our exports in March were halted due to the Middle East war to the amount of INR70 crores to INR80 crores? But then, would even if we would have done that, would our margins be similar to what we have achieved in the past, like in the last quarter and the year before?
- Alay Shah:** So, in, you know, the month of March, export as well as, you know, for the price increase of, you know, all the commodities, that has, you know, impacted the EBITDA margin. And yes, if this situation would not have been there, we would have done similar margin as what we did in Q1, Q2 and Q3.
- Akash:** Understood. Sir, just a follow-up on that. I mean, firstly, what kind of inventory levels do we work on? Secondly, if you could quantify the gap in margins, that is the 7% to 8% delta that we have in this quarter as against the previous quarters?
- If you can split it and quantify the amount of hit due to lack of us being able to export the transformers and the secondary reason that you mentioned, that is the inflation and commodity prices. If you could just quantify that and these three things. Yes?
- Alay Shah:** You mean you want to know the inventory we keep in terms of rupees, in value?
- Akash:** Yes, sure. Yes, and in terms of months or days also will help. Both value and month.
- Alay Shah:** No, so, I mean, as of year-end March 31, we have a total inventory of close to INR100 crores.
- Akash:** Okay.
- Alay Shah:** And I mean, of course, the export business has higher margin than the domestic business and because of the less export in the month of March, our EBITDA has, you know, come down.
- Akash:** Okay. So, at any point of time we have only around 10% to 15% of our sales as inventory levels?
- Moderator:** Mr. Akash, sorry for the interruption. Please rejoin for the follow-up question.
- Akash:** Yes, anyway.
- Moderator:** We have the next question from the line of Het Shah from Dalal & Broacha. Please go ahead.
- Het Shah:** Yes, so thank you for the opportunity. Firstly, what would be the export-domestic mix for the quarter? Secondly, guidance on the EBITDA margin front for FY27 and the quantum of dispatches that were delayed in March if you could? Yes, these are my questions.



- Alay Shah:** Yes, so in Q4, our total export was around INR52 crores and the domestic is around INR100 crores. And export we could not ship in the tune of almost like INR35 crores to INR40 crores in the month of March.
- Het Shah:** Okay, fine. And sir, I mean you've already given the top-line guidance for FY27, so in terms of margins, would it be the same 29% to 31%?
- Alay Shah:** Yes, we'll do our best to maintain the same margin or even increase the margin.
- Het Shah:** Okay, fine. And sir, Middle East exposure in FY25 would be what percentage of your revenue?
- Alay Shah:** You mean the coming year?
- Het Shah:** No, FY25 and this year?
- Alay Shah:** So, for the total turnover, we did almost 30% sales, I mean 30% revenue came from the export to the Middle East in FY25- FY26.
- Het Shah:** Okay. And sir, the previous year would be how much?
- Moderator:** Sorry for the interruption, Mr. Het Shah. Please rejoin the queue for the follow-up question.
- Het Shah:** No, that was just a part of the question that I asked.
- Alay Shah:** I think it was about the same. I mean, you can check the balance sheet.
- Het Shah:** Fine, sir. Okay.
- Moderator:** A reminder to all the participants, please restrict yourself to two per question. We have the next question from the line of Naman Parmar from Niveshaay Investments. Sir, please go ahead.
- Naman Prammar:** Yes, hi, sir. Just wanted to know currently what is the percentage cost of the transformer oil in the overall transformer [inaudible 00:17:10]?
- Alay Shah:** I'm sorry, I didn't understand your question. Can you repeat it, please?
- Naman Prammar:** Yes, the percentage cost of the transformer oil in the transformer.
- Alay Shah:** Transformer oil. I think it depends on the transformer because, you know, it varies from different rating of transformers to different application of transformers, but it is somewhere between 8% to 12%.
- Naman Prammar:** Okay, understood. And secondly, on the lead time, currently what you are seeing the lead time specific for the higher kV class transfer, specific for the power transformer?
- Alay Shah:** It's about, so power transformer, whatever we make right now, we are able to supply within, you know, 12 to 16 weeks.
- Naman Prammar:** Okay. 12 to 16 weeks. Okay, understood. Thank you so much.



- Moderator:** We have next question from the line of Kunal Mehta from Incred Equities. Please go ahead.
- Kunal Mehta:** Hello. Yes, hi sir. Very good evening. So, my first question is, do you think we'll be able to get back to historical EBITDA margins of 30% now? And will the price revision, with the price revision discussion with the customers, lead to similar margins that we used to make on the gross and EBITDA level?
- Alay Shah:** Yes, like I said earlier, we will do our best to maintain the same similar margin what we have been doing in past few years.
- Kunal Mehta:** And sir, just a little broader picture, you know, on how's the competitive landscape in the overseas? And maybe some, you know, light on how are we going to expand beyond the 6,500 MVA capacity that will come next year?
- So, anything that we have planned, let's say, for a over a three year view, what is it that, you know, Shilchar wants to achieve? If you can throw some light on that. Not numbers, just a basic sense on, you know, what's the vision?
- Alay Shah:** Yes. So, I mean, you know, yes, so once this, you know, expansion takes place and once we start fully utilizing this new facility, we can do an turnover of around INR1,500 crores. And of course, we have a plan for further expansion. So, we'll not wait for this new facility to be utilized 100%. I'm sure that we'll do some, you know, further expansion. We'll plan it and we will announce it in future.
- Kunal Mehta:** And do we see the major driver being USA in this, the INR1,500 crores? Or Middle East?
- Alay Shah:** No, it will be combination of everything. Domestic and export.
- Kunal Mehta:** Okay. And in domestic, how is the pricing situation?
- Moderator:** Mr. Kunal Mehta, sorry for interrupting. Please rejoin the queue for the follow-up question.
- Kunal Mehta:** Okay, okay. I'll join the queue. Thanks.
- Moderator:** Thank you. We have next question from the line of Nikunj Bhanushali from Wallfort PMS. Please go ahead.
- Nikunj Bhanushali:** Hi. Thank you for the opportunity. Am I audible?
- Alay Shah:** Yes, please go ahead.
- Nikunj Bhanushali:** Yes, sir. So the first question is, what is the current scenario in terms of transformer oil pricing? And how much is the hike in the commodity, raw material?
- Alay Shah:** So oil prices have become almost double than what we used to buy in month of February. So February till today, it has increased to almost 100%. And all other commodity has increased in range of 10% to 25%.



- Nikunj Bhanushali:** And that is still there. I mean, none of this has subsided in the current months?
- Alay Shah:** No, no, nothing.
- Nikunj Bhanushali:** Okay. And my second question is, with the new facility coming up, do we have any plans to move up the higher voltage class? So I think up till now we just make transformers till 132 kV class.
- Alay Shah:** Yes, so the new facility what we are making will have a capacity to make transformers up to 160 MVA 220 kV class.
- Nikunj Bhanushali:** Okay. And do we have any plans to get the PGCIL approval for that?
- Alay Shah:** Of course, Yes. Once the facility is ready, we'll be going for all the different approvals.
- Nikunj Bhanushali:** Okay. Yes, that's it from my side. Thank you.
- Moderator:** Thank you. We have next question from the line of CA Garvit Goyal from Equinox Capital Ventures Private Limited. Please go ahead.
- Garvit Goyal:** Thanks for the opportunity. First question is on the margins front. Considering the capacities in India right now, do you really think domestic customers will agree to pass on the price hike sir?
- Alay Shah:** Yes, because everybody is demanding price rise and everybody knows that the prices have gone up drastically. So if they don't accept, I don't think anybody will supply them any transformer, because nobody will do business in loss.
- Garvit Goyal:** Okay. And so far, any domestic player agreed to it for Shilchar?
- Alay Shah:** Yes, we have already received couple of price revision, and we have already resumed supply to them.
- Garvit Goyal:** Understood. And second question is on the guidance, guidance for FY'27. I remember in last concall, you people were speaking about INR850 crores to INR900 crores for FY'27, right? And now we are speaking about INR800 crores.
- Considering that you, you have mentioned initially like things are getting normalized now and we are having the capacities to do that INR850 crores-INR900 crores, then why we are not looking for that target, sir?
- Alay Shah:** We are looking for that target. I mean, it will be INR800 crores to INR850 crores. Just conservatively, I am saying INR800.
- Garvit Goyal:** But previously you were targeting INR900 then INR850, then now we are speaking about INR800. So that's the reason I want to understand, sir?
- Alay Shah:** It can reach to INR900 crores also. I mean, it's not that we are not targeting, but we have to take a conservative approach when we say any figures. And if you look at our past track record, I



mean, whatever figure we have said, we have always done more. So we will try and do whatever best possible, whatever maximum is possible.

**Garvit Goyal:** Got it, sir. Thank you very much, and all the best for the future.

**Alay Shah:** Thank you.

**Moderator:** We have next question from the line of Abhijeet Singh from Systematic. Please go ahead.

**Abhijeet Singh:** Thank you for the opportunity. Sir, sorry to harp on the question again. Just want to understand the gross margin impact for this quarter. There is a severe impact on a Q-on-Q and Y-on-Y basis. Sir, and as far as I understand, there are a couple of forces acting. And one of them is, of course, the commodity price?

And there's also some of the imports that we do and the depreciation in rupee is also impacting the increased cost. Sir, since the extent of increase for some of the commodities like oil is double in a month or two months, sir, what percentage of it is something that we can pass on to the end customer?

Because I am sure there will be a limit to the absorption of the end customer as well. So how does this gross margin look like going forward in Q1 and Q2? Because I believe some of these forces will sustain even in the quarters going ahead. So what is our position within this entire situation to pass on the increased cost of input and all the other costs?

**Alay Shah:** So, I mean, frankly speaking, whatever orders we have on hand, it will be, I mean, we will have to convince our customer to absorb the price increase. And we will be, I mean, we'll have to accommodate our customer's request also.

But going forward, this is a temporary situation. Going forward, whatever new inquiries we get, of course, we'll be quoting higher price considering the present raw material cost. So then there will be no impact on the margins.

**Abhijeet Singh:** Right, right. But the existing order book that we have, so as long as we execute the existing order book, that impact might remain. Is it?

**Alay Shah:** Not really, because if customer has placed an order with a delivery in, say, Q2 or Q3, I mean, they will have to give us the price rise.

**Abhijeet Singh:** Okay. So you can also, there's a possibility to negotiate on the existing contracts that we have?

**Alay Shah:** Of course, of course, yes.

**Abhijeet Singh:** Right, sir. Thanks a lot for answering. That's it from my side.

**Moderator:** We have next question from the line of Kaushal Sharma from Equinox Capital Venture Private Limited. Please go ahead.



**Kaushal Sharma:** So, sir, my question is on your Q4 sales. Like you said that our Q4 has been impacted due to export and INR30 to INR35 crores of revenue has been stretched to the next quarter. So if we add this INR30 to INR35 crores in our Q4 numbers, that it comes to be around the INR192 crores. It is still less than the Q4 '25 number, '31.

So the deep growth in the revenues, you think that there is some overcapacity in the transformer or the competition intensity in this lower KV class is increasing? That is the reason of this.

**Abhijeet Singh:** I would not look at it that way. I mean, you have to look at the, do the comparison on year to year basis. So if we would have added about INR35 crores of export in March, then our growth from 623, so it would have been to, you know, almost close to INR700 crores. So that is higher than the previous year's turnover.

**Kaushal Sharma:** Look, it is less than the Q4 '25 number. So it's Q4 '25 to INR31 crores of revenue in the last quarter of the previous year.

**Alay Shah:** I mean, it is, it's very difficult to compare from quarter to quarter. I mean, it all depends on the order position. So, if you if you have done in previous quarter, say, higher turnover, that does not mean that you end up doing, more turnover in the next quarter. And we are running almost at full capacity. Almost. So...

**Kaushal Sharma:** So as of now, demand was good in the distribution transformer?

**Alay Shah:** Sorry? Please, can you repeat again?

**Kaushal Sharma:** I am saying as of now there is a good demand in distribution and the competition intensity is quite less and there is no situation of overcapacity as of now.

**Alay Shah:** Yes, demand is very good and the order position is also very good. And we anticipate that new -- more and more demand is going to come for the market segment what we are catering.

**Kaushal Sharma:** Got it, sir. Thank you very much.

**Alay Shah:** Thank you.

**Moderator:** We have next question from the line of Yash Gupta from Ashit Kotecha Family Office. Please go ahead, sir.

**Yash Gupta:** Good evening, sir. Sir, if we take the revenue of INR652 crores for FY '26 and INR75 crores of the revenue that we are not able to book due to supply issue, so that adds up to 725. And for next year, we are targeting INR800 crores. Out of that, INR755 crores will come from this current month revenue. So do you think, meaning, we are not projecting any growth for FY27?

**Alay Shah:** We are projecting growth. Like I said, the growth will not be very substantial, and this has been discussed in previous investor meets also, because we are running almost at the full capacity. And once the new capacity which will be added in year '27-'28, then we will see a multiple growth.



- Yash Gupta:** Okay. If you look at, like, from 7,500 to 14,000 MVA, we are going to do in next year, while our all the major players are also doing, adding up the capacity. How confident we are in the industry that demand will be absorbed from the supply?
- Alay Shah:** So like I said, it's not, I mean, everyone is expanding right now. But at the same time, if you look at the numbers and if you look at the, you know, demand being generated, I think there is enough, you know, orders in the market, you know, for which everyone can, you know, cater to. So I don't think, because there is a strong demand in the market, the expansion will not be, I mean, very difficult for us to get the new orders. We are very confident that we'll be able to, you know, get the orders and start the production and utilize the capacity to its fullest.
- Yash Gupta:** Okay, sure. Thank you. Thank you, sir.
- Moderator:** Thank you. We have next question from the line of Chinmay Dhyani from Sattva Ventures. Please go ahead.
- Chinmay Dhyani:** Yes. So, sir, I wanted to understand from, what kind of commodity inflation we are facing? So what are the items which are getting expensive and how much it is? And I wanted to link it to, suppose if there is a 10% to 15% kind of increase in the cost of commodities itself, then from a 650-700 base to leading to an 800 base is just the pricing increase for almost, say, 8%, 10%. So can you throw some light on the commodity price thing and individual commodities also into this?
- Alay Shah:** So, I mean, I can tell you that right now the, per commodity prices have gone up by 10% to 25% depending on the, you know, raw material. And oil is specifically gone up by 100%. What will happen in coming months, we have no idea. If suppose that situation improves and if there, the crisis gets over in Middle East, prices may come down to the original level. So it's very difficult to, you know, calculate based on the inflation. I mean, nobody can predict that.
- Chinmay Dhyani:** Okay. So indirectly, do you have any scope for any kind of volume growth in the coming year? Even a 5%, 8% kind of volume growth?
- Alay Shah:** Yes, of course. In terms of MVA, we will be growing for financial year '26-'27.
- Chinmay Dhyani:** So can you give, how much have you done for FY26?
- Alay Shah:** Sorry?
- Chinmay Dhyani:** How much was the FY26 MVA?
- Alay Shah:** I think so almost 6,000 MVA.
- Chinmay Dhyani:** Okay. So out of 7,500 capacity, we have done only 6,000.
- Moderator:** Mr. Chinmay, sorry for the interruption. Please rejoin the queue for the follow-up question.
- Chinmay Dhyani:** On just a continuation of that if you can reply. On the capacity utilization part?



- Moderator:** We will take the next question. We take the next question. Next question from the line of Prateek Shrivastava from Nivesh Wisdom. Please go ahead.
- Prateek Shrivastava:** Hello. Yes, sir, my question is on the capacity utilization. Sir, on FY25, our capacity utilization was 77%. In FY26, the capacity utilization was 79%. Now if you're saying that the demand has been so strong, my first question is why the utilization has gone up by only two percentage points?
- Alay Shah:** I think I already explained that, you know, because of Q4, this crisis of shipping and logistics, we were not able to ship out many transformers, and that is why the, you know, the sales have gone down. [inaudible 00:34:48].
- Sayam Pokharna:** Just one clarification. The capacity utilization that has been given on the presentation is on the basis of dispatches. We have obviously produced more and we are carrying that as closing stock as of 31st March which will be dispatched in the coming year. So the utilization in terms of production is higher, we are not at liberty to share that but it is higher than 79%. So 79% or almost 6000 MVA is the dispatches we have done in '26.
- Prateek Shrivastava:** Okay, got it. Yes, I think that is a very important point to be clarified in presentations; otherwise, it is very confusing. So, thank you, thank you again for the confirmation. Now, my second question is that now we are saying by FY27, we are going to increase that to 100%. Now, first, my first question is, is it even practically possible? Are there no downtimes? Are there no maintenance windows?
- Alay Shah:** So, I have, I mean, we have never said that we will be utilizing 100%, but we would be, you know, trying our best to reach to our, that goal. Like I said, demand is strong and we will, you know, do our best to get more and more orders executed.
- Prateek Shrivastava:** Okay. But then if I look at your implied realization, if I do the math, if I look at your implied realization, you will actually have to use around 95% to 100% utilization to reach your INR800 crores top-line growth. Because your implied realization today is around INR11 lakhs per MVA and now given you will have to use around 7,500 MVA into 11, that gets you to around INR825 crores, which means practically around 100% utilization.
- Alay Shah:** Yes, I understand your point, but that is a, you know, thumb-rule calculation. We are not sure what is going to be the commodity price, what will be the costing per MVA, you know, going forward. So, that figure may change. I mean, if suppose that copper, aluminium price goes down, the calculation will change. If it goes up beyond today's level, again, the entire calculation will change.
- Prateek Shrivastava:** Got it, got it. Okay, my second question is on your 220 kV. Now, there is, I think, known that in the industry there is a shortage of bushings. Are you going to face that? What is your take on that and who are your suppliers for this?
- Alay Shah:** So, right now, our supplier is, you know, Yash Highvoltage. They are also based in Baroda and we have a good business relation with them and we even plan to import also from China.



- Prateek Shrivastava:** Got it, got it. Okay, thank you. So you won't face shortage to make the transformers.
- Alay Shah:** Yes, it is not a shortage. I think the lead time is quite long and if we maintain some inventory, then I think we should be okay.
- Prateek Shrivastava:** Okay. Okay. Thank you, sir.
- Moderator:** Thank you. We have the next question from the line of Madhu Agrawal from Family Office. Please go ahead.
- Madhu Agrawal:** Hi, Mr. Shah. So, looking forward to the new facility that we're introducing, can you give us some indication as to by when we expect it to be fully ramped up on utilization?
- Alay Shah:** So, the production will start from April '27 onwards and, of course, the approval for the higher transformer will take some time because once the facility is ready, we'll have apply, we will have to do registration, our customer will come and do the audit of our facility, and then the actual production will start.
- But meanwhile, we will not leave the production facility idle. We will start taking more and more orders for the solar and wind projects and start manufacturing in that facility. And once we start getting approvals and orders for the power transformer, we will reduce the solar and wind transformers in that facility and start making power transformers.
- Madhu Agrawal:** Understood. So, in your experience, could we then expect to see the full impact of the new facility in, say, FY29?
- Alay Shah:** I would say, Yes, FY29 to FY30; yes, you can say that.
- Madhu Agrawal:** FY29 to FY30. Thank you. And then for the INR450 crores order book that we have right now, what percentage of that is exports?
- Alay Shah:** Almost, I would say, around 30%, 30% to 32%.
- Madhu Agarwal:** Got it. And just a follow-up on that. In the previous calls, we talked about how US customers are currently, or at least back in Q2, they were willing to absorb the impact of the tariffs. Are we still finding that they are willing to absorb it or is there more pushback on that front?
- Alay Shah:** No. So, right now, there is no tariff now. I mean, whatever tariff is there, it is applicable to each and every country. So, we are back in business now, we are competing with our competitors very easily and we have already started getting orders from US customers.
- Madhu Agarwal:** So, then -- to what would you attribute the lower exports mix? Because this is much lower than our order book historically, the export component?
- Alay Shah:** It is because of the Middle East dispatch.
- Madhu Agarwal:** Okay, just because of dispatch, and that's affecting the order inflows as well. Okay.



- Alay Shah:** Yes.
- Madhu Agarwal:** Okay. That is all from me. Thank you so much.
- Moderator:** Thank you. We have the next question from the line of Mr. Shubham Thorat from Perpetual Capital Advisors. Please go ahead.
- Shubham Thorat:** Hi. Thank you for the opportunity. Am I audible?
- Alay Shah:** Yes. Please go ahead.
- Shubham Thorat:** Yes. So, sir, I just wanted to know your guidance in terms of volumes. So, you mentioned we did around 6,000 MVA in FY'26. What kind of numbers are we targeting for FY'27?
- Alay Shah:** Around 7,000 MVA.
- Shubham Thorat:** Okay. And my second question is, so our effective utilization in FY'26 was 79%. So, what is the optimum number that we can go up to? I mean, that 100% won't be practically possible, but at what level we can touch it up to?
- Alay Shah:** So, if like I said earlier, if we would have been able to ship out the transformers to Middle East in the month of March, that utilization would have gone up to maybe 82%, 83%. And ideally, in any facility, up to 90%, 95% is considered to be a good utilization. And we plan to do that for this coming year.
- Shubham Thorat:** Okay, got it. That's it. Thank you so much.
- Moderator:** Thank you. We have the next question from the line of Resham Jain from VVD Asset Management. Please go ahead.
- Resham Jain:** Yes, hi. Resham Jain here. So, I have two questions. First is with respect to inventory. You mentioned that you couldn't do dispatches, but when I look at the inventory of FY'26 end versus FY'25, it is almost similar, INR92 odd crores. So, if the dispatches might not have happened, I was just wondering how one should look at it?
- Alay Shah:** So, I mean, you need to consider even the work-in-progress inventory, and which is also there. And of course, when in the beginning of March the shipping issue took place, we had to stop the production. I mean, we did not convert it into the finished goods because then storage and everything would be a problem. And once the situation became normal, we already started dispatching in the month of April.
- Resham Jain:** So, the second question is with respect to your order book of INR452 crores. So, one is that I could see in the industry, a lot of companies have a back to back kind of raw material hedging policy. So, just wanted to understand your approach here.
- One is that you could ask customer to take price hike as you mentioned in your comments. But the second is the contract itself, which -- is the contract has price escalation kind of terms into it. And what is our hedging policy?



**Alay Shah:** So, you know, in the previous meet also we have said this that whenever we get an order, we immediately book either copper or aluminum, and we don't take any risk on that. But in this specific situation, the prices have gone up suddenly and very drastically where all our suppliers where -- whatever orders we had placed, they are also not able to get the raw material at lower prices.

And then they were demanding or they are demanding price rise. So this is a very unique situation, it's a force majeure condition where everybody is demanding price rise even though the material is booked or the order is placed. And similar way, you know, we are approaching to our customer with the same force majeure condition and asking for the price rise.

We do have some orders right now which are based on the PV clause where we are not worried about anything because whatever the EMA PV says at the time of dispatch, we will charge accordingly to the customer. But whatever orders are there at the fixed price, we are demanding price rise.

**Resham Jain:** Understood, sir. Clear. Thank you so much and all the best.

**Moderator:** Thank you. We have the next question from the line of Himanshu Shivhare from MB Investment. Please go ahead.

**Himanshu Shivhare:** My question is, what percentage of cost is oil of the total cost? And just another clarification, once the situation in Hormuz or the shipping situation gets better, we already have the goods that are to be shipped to them ready, right? So that revenue can be realized soon thereafter, right?

**Alay Shah:** So I think, I already replied. Oil depends on the transformer, but it is anywhere between 8% to 12% of the total transformer cost. And of course customers still want transformers very badly. It is only because of the shipping we were not able to dispatch.

And the shipping has already somewhat become normal, so we have started dispatching transformers in the month of April. And pretty soon, I think, the situation will become normal.

**Himanshu Shivhare:** All right. Thank you so much.

**Moderator:** We have the next question from the line of Bhavya from Kriis. Please go ahead.

**Bhavya:** Hello, sir. My first question was that I wanted to know how much in this year have we done sales to the US, and how do you see the US transformer opportunity evolving over the next two to three years?

**Alay Shah:** So we have done around 18% to 19%. I mean, 18% to 19% of our revenue has come from the US exports. And this year US was like up and down because in August last year, the US announced a tariff of 50% on Indian goods, where we lost some orders.

Now it has come down to 10%. So now we are able to compete, and we have started getting orders from all our US customers. And the opportunities in next three years is going to be great, and we are expecting, quite a good growth in the US export.



- Bhavya:** Yes. And my second question is, sir, what would be the TAM of inverter duty transformers in the US as well as in India?
- Alay Shah:** Sorry can you repeat that please?
- Bhavya:** Sir, what would be the TAM of inverted duty transformers in US as well as in India?
- Alay Shah:** So right now, the IDT market we are getting is only in India and some of the Middle East countries. In India, you already have, like, government data where the government is targeting almost 50 to 55 GW of renewable energy. So that is the market which India has.
- Bhavya:** Okay. Thank you, sir.
- Moderator:** Ladies and gentlemen, due to shortage of time, that was the last question. I now hand the conference over to Mr. Alay J. Shah, Chairman and Managing Director from Shilchar Technologies, for closing comments.
- Alay Shah:** So I thank everybody to participate in this Investor Meet, and we are very confident for this coming year for the growth and profitability. Last year was a turbulent year in terms of the US tariff and this Middle East crisis
- But we are hopeful that the situation will become normal in the Middle East and things will become normal very soon. Thank you once again for the participation.
- Moderator:** Ladies and gentlemen, on behalf of Avendus Spark, that concludes this conference. Thank you for joining us, and you may now disconnect the line. Thank you.