Shilchar Technologies Limited

July 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	103.00	CARE A; Stable / CARE A1	Reaffirmed
Short-term bank facilities	5.00	CARE A1	Reaffirmed

Details of facilities in Annexure-1

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

Ratings assigned to bank facilities of Shilchar Technologies Limited (STL) continue to derive strength from promoters' vast experience in the transformer industry, STL's established track record of operations, strong end-user demand and its reputed clientele. Ratings also derive strength from STL's healthy profitability due to presence in niche segment, healthy financial risk profile, and strong liquidity.

However, ratings continue to remain constrained considering STL's moderate scale of operations, presence in a competitive industry, and susceptibility of its profitability to volatile raw material prices, and foreign exchange rates.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained volume-driven growth in scale of operations with total operating income (TOI) of over ₹750 crore while maintaining healthy profitability and liquidity profile.
- Diversification of customer base.

Negative factors:

- Decline in scale of operation with TOI falling below ₹450 crore and significant moderation in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin on a sustained basis.
- Deterioration in capital structure with adjusted overall gearing (debt adjusted for free liquidity) over 0.25x.
- Elongation in operating cycle or major capex significantly impacting the free liquidity of the company.

Analytical approach: Standalone

Outlook: Stable

A 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that STL will continue to benefit from its established track record, customised offering and strong demand from renewable segment, enabling it to sustain its financial and operational performance in the medium term.

Detailed description of key rating drivers

Key strengths

Experienced promoters

Alay Shah, Chairman and Managing Director of the company, has around three decades of rich experience in transformer industry and looks after the company's overall operations. He is assisted by his sons, Aashay Shah (Executive Director) and Aatman Shah (Executive Director). They are supported by a team of experienced and well-qualified key professionals, associated with the company for over a decade.

Established track record of operations

STL has an operational track record of over two decades with an established position in the domestic market for renewable energy segment. It also exports its products to destinations, such as the US, Canada, the Middle East, and African nations, including Kenya and Nigeria. Over the years, STL has established its product and customer base. STL manufactures distribution transformers ranging from 5 KVA to 3,000 KVA and power transformers ranging from 3,000 KVA to 50,000 KVA with application across power and energy sector. STL is accredited with ISO 9001-2015 certificate from Bureau Veritas for its design, manufacturing and dispatch of transformers and special transformer up to size 650 KV peak basic impulse level and is BIS certified. STL's transformer testing

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

laboratory in Gavasad, Vadodara, has been accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL).

Reputed customer base though moderate customer concentration

Over the years, STL has well-established its position and caters to reputed clients across sectors. STL mainly focuses on private sector clients due to better credit terms. STL has moderate customer concentration as marked by its top five domestic customers forming 57% of its domestic sales in FY26.

Healthy profitability on a moderate scale of operations

STL's scale of operations marked by its TOI remained moderate at ₹668 crore in FY26 (PY: ₹632 crore), registering growth of 6% y-o-y considering increase in demand from its key segments. STL's export revenue increased by 16% y-o-y to ₹315 crore in FY26.

In the current year as well, STL has a healthy order book on hand supported by good demand, and hence, the company is expected to register further growth in its TOI in FY27. STL receives repeat orders from its existing customers and strives to add new customers on a continuous basis with an order execution cycle ranging from 3-9 months, reflecting reasonable revenue visibility.

The company's operating profitability marked by its PBILDT margin remained healthy at 30.90% in FY26 (PY: 30.72%) due to high demand of transformers and customised product offerings. Consequently, profit after tax (PAT) margin also remained healthy at 23.69% in FY26 (PY: 23.23%). With this, the company reported strong return on capital employed (ROCE) and return on net worth (RONW) of over 50% and 37%, respectively, in FY26.

Comfortable leverage and coverage indicators

STL had a strong capital structure with overall gearing of less than 0.01x as on March 31, 2026, considering minimal reliance on debt and strong net worth base of ₹491 crore as on March 31, 2026 (PY: ₹347 crore). Total outside liabilities to tangible net worth (TOL / TNW) ratio was also strong at 0.20x as on March 31, 2026 (PY: 0.41x).

The company is undertaking an expansion project to increase its capacity from 7,500 MVA to 14,000 MVA with envisaged cost of ~₹120 crore, entirely proposed to funded through internal accruals. The said capex is expected to be completed by April 2027. With low debt reliance, STL's debt coverage indicators remained strong marked by interest coverage ratio of 436x (PY: 440x) in FY26.

CareEdge Ratings expects the company to sustain its financial risk profile over the medium term considering healthy profitability and absence of debt-funded capex plans.

Key weaknesses

Presence in a competitive industry

The transformer manufacturing industry is highly fragmented with presence of large number of medium-sized players and large-established players having reputed brand names. Hence, players' profitability margin remains under pressure due to the competitive industry. However, STL caters to niche industry segments such as renewable energy, where it has established presence, and hence, commands better profitability.

Raw material volatility and forex fluctuation risk

STL's major raw material includes copper, transformer oil, cold rolled grain-oriented (CRGO) steel, and aluminium forming ~80-85% of the total raw material cost, whose prices have historically remained volatile. Raw material prices are driven by international demand-supply dynamics and have exhibited a volatile trend in the past. CRGO steel is imported in India due to lack of domestic manufacturing facilities, resulting in added volatility in its prices due to movement in foreign exchange (forex) rates. However, STL purchases large part of raw material back-to-back on receipt of orders, hence, raw material fluctuation risk is largely mitigated.

In FY26, 48% of STL's revenue (PY: 43%) was from export sales against negligible direct import of raw material and in absence of active hedging policy, its profitability is exposed to foreign currency fluctuation risk. However, with depreciating trend of Indian Rupee against US Dollar, the company reported foreign exchange gain of ₹12.09 crore in FY26 against gain of ₹3.98 crore in FY25.

Liquidity: Strong

STL's liquidity position was strong marked by healthy cash accruals and liquid funds against nil scheduled debt repayment obligations and nil utilisation of its fund-based working capital limits, though non-fund-based limits remained moderately utilised (62%) in last 12 months ended March 2026.

The company reported healthy net cash accruals (NCA) of ₹148 crore in FY26 and is expected to generate NCA of over ₹160-260 crore in FY27-FY29 period against nil long-term debt repayment obligations in the same period. STL's cash flow from operations (CFO) increased substantially supported by decrease in receivables and inventory levels and remained healthy at ₹182 crore (PY: ₹35 crore) in FY26. On the back of healthy CFO, free liquidity with the company increased significantly from ₹87 crore as on March 31, 2025 to ₹227 crore as on March 31, 2026, comprising unencumbered cash and bank balance of ₹25 crore and other liquid investments to the tune of ₹202 crore.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

Environmental	1. There are adequate systems and processes in the company to monitor and ensure compliance with following acts: • The Water (prevention and control of pollution) Act, 1974 & Rules • Air (Prevention & Control of Pollution) Act, 1981 & Rules • Environment Protection Act, 1986 & Rules • Water Cess Act, 1997 & Rules The company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards etc. 2. The company has implemented a mechanism of Zero Liquid Discharge in both manufacturing units and office. STL is actively reducing its Green House Gas emission by installing solar and windmills. These projects have reduced its greenhouse gas intensity by 57%.
Social	STL has established a robust Health, Safety, and Environment (HSE) management system in line with the ISO 14001 and 45001 standards.
Governance	1. **Board Composition:** STL's board of directors has seven directors, which include four independent directors, of which one is a woman director. 2. Chairman of audit and nomination and remuneration committees are independent directors. The Board of Directors, through its committees, oversee the ESG initiatives and performance.

Applicable criteria:

[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Electrical equipment	Other electrical equipment

Vadodara-based (Gujarat) STL was established in 1986 and is engaged in manufacturing categories of transformers, including power, distribution, and electronics & telecommunication. The company manufactures and supplies customised transformers of various ratings and power specifications tailor-made according to needs and specifications of customers, having application in niche industry segments. It caters to the demand of domestic market and export market mainly including the US, Canada, the Middle East, and Africa.

The company has capacity of 7,500 MVA as on March 31, 2026, to manufacture distribution transformers ranging from 5 KVA to 3,000 KVA and power transformers ranging from 3 MVA to 15 MVA.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	632.03	667.76
PBILDT	194.18	206.31
PAT	146.85	158.16
Overall gearing (times)	0.01	0.00
Interest coverage (times)	440.11	436.27

A: Audited Pb: Published results and schedules; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-CC/Packing Credit	-	-	-	-	10.00	CARE A; Stable / CARE A1
Fund-based - ST-Bank Overdraft	-	-	-	-	1.00	CARE A1
Fund-based - ST-Working Capital Demand loan	-	-	-	-	4.00	CARE A1
Fund-based/Non-fund-based-LT/ST	-	-	-	-	10.00	CARE A; Stable / CARE A1
Non-fund-based - LT/ ST-Bank Guarantee	-	-	-	-	83.00	CARE A; Stable / CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based - LT/ ST-CC/Packing Credit	LT/ST	10.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (04-Jul-25)	1)CARE A-; Stable / CARE A2+ (30-Dec-24) 2)CARE A-; Stable / CARE A2+ (11-Jun-24)	1)CARE BBB+; Stable / CARE A2 (22-Jun-23)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	10.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (04-Jul-25)	1)CARE A-; Stable / CARE A2+ (30-Dec-24) 2)CARE A-; Stable / CARE A2+ (11-Jun-24)	1)CARE BBB+; Stable / CARE A2 (22-Jun-23)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	83.00	CARE A; Stable / CARE A1	-	1)CARE A; Stable / CARE A1 (04-Jul-25)	1)CARE A-; Stable / CARE A2+ (30-Dec-24) 2)CARE A-; Stable / CARE A2+ (11-Jun-24)	1)CARE BBB+; Stable / CARE A2 (22-Jun-23)
4	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (22-Jun-23)
5	Fund-based - ST-Bank Overdraft	ST	1.00	CARE A1	-	1)CARE A1 (04-Jul-25)	1)CARE A2+ (30-Dec-24)	-
6	Fund-based - ST-Working Capital Demand loan	ST	4.00	CARE A1	-	1)CARE A1 (04-Jul-25)	1)CARE A2+ (30-Dec-24)	-

LT: Long term; ST: Short term; LT / ST: Long term / Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-CC/Packing Credit	Simple
2	Fund-based - ST-Bank Overdraft	Simple
3	Fund-based - ST-Working Capital Demand loan	Simple
4	Fund-based/Non-fund-based-LT/ST	Simple
5	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please **click here**

Annexure-6: List of entities consolidated: Not applicable

Annexure-7: List of Facilities/Instruments and FSRs

As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), among others. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the press releases subsequent to issuance(s), CareEdge Ratings shall separately capture the rated quantum details and names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

@ These ratings were assigned in regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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