

SBCL/BSE & NSE/2025-26/60

November 19, 2025

To, BSE Limited Corporate Relationship Deptt. PJ Towers, 25th Floor, Dalal Street, Mumbai – 400 001 Code No. 513097	To, National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, G-Block Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Code No. SBCL
---	--

Subject: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcription of Earnings Call held on Thursday, November 13, 2025

Dear Sir,

Please find attached herewith transcription of Earning's Call held on Thursday, November 13, 2025. Kindly take the same on record and acknowledge.

Thanking you,
For Shivalik Bimetal Controls Limited

Aarti Sahni
Company Secretary
M. No: A25690

Shivalik Bimetal Controls Limited

Q2 & H1FY2026 Earnings Webinar Transcript

Thursday, November 13th, 2025: 4:00 PM IST

Speakers from the Management:

1. Mr. Sumer Ghumman- Whole-time Director
2. Mr. Rajeev Ranjan- CFO
3. Mr. Kanav Anand- Head of Sales & Marketing

Management (Sumer):

Okay, good afternoon everyone. Our performance in the first half of Financial Year 26 shows the strength of our business model and the discipline with which we are executing our long-term strategy. Despite a broadly stable volume environment, total volumes contracted only marginally by 0.9%. We delivered strong earnings momentum, with Profit After Tax up 26.3% in H1 FY26.

This outcome reflects a healthy combination of margin expansion and operating leverage. Gross margin improved by 296 basis points and consolidated EBITDA margin rose 305 basis points year-on-year, evidence of our focus on pricing, product mix and cost control. Earnings per share increased to ₹8.22, reaffirming the quality and sustainability of our profitability.

Regionally, we continue to see solid traction. In India, shunt sales grew 25.23% in Q2, driven by robust demand from smart meter and industrial sectors. Across Asia, excluding India, sales climbed 38.5% as we deepened customer engagement and expanded into new accounts. These gains more than offset temporary softness in certain export markets.

In the Americas and Europe, shunt volumes were impacted primarily by timing and channel recalibration rather than any structural weakness. Several customers moderated call-offs to balance inventories after earlier builds, while a few OEMs deferred orders as part of annual pricing and design approval cycles. We view these effects as transitory. Feedback from our global customers remains positive, and the underlying demand pipeline for precision resistors and assemblies remains strong.

As these customers rebalance and resume normal ordering, we expect our momentum to stabilise and inventories to return to more appropriate levels through the second half of the year.

Looking ahead, the outlook remains encouraging. Our end-markets – smart metering, industrial automation and mobility electronics – continue to offer multi-year growth visibility.

We are focused on extending our leadership in high-value assemblies, improving cash conversion, and accelerating both forward and backward integration initiatives that deepen customer partnerships and strengthen margin quality.

Thank you for joining us this afternoon. We'll... over to you, Shankhini. I think we were supposed to introduce first and we've gone the other way around, so you can do the introduction part now.

Moderator (Shankhini – Dickenson IR):

No problem. Thanks, Sumer, and thank you for those opening remarks.

Welcome everybody to **Shivalik Bimetal Controls Limited's** Q2–H1 FY2026 earnings webinar produced by Elevease. I'm **Shankhini**, Director – Investor Relations from **Dickenson**, and I'll be moderating our call today.

Joining us from Shivalik's management team are:

- Mr. **Sumer Ghumman**, Whole-time Director,
- Mr. **Kanav Anand**, Head of Sales and Marketing, and
- Mr. **Rajeev Ranjan**, Chief Financial Officer.

Please note that this conference is being recorded and that some statements in this call may be forward-looking, based on current expectations and subject to risks that could cause results to differ materially.

You can download Shivalik's investor deck and press release from the links in the community chat, or from the Company's website or the NSE directly.

Perfect, great. We'll start with the first participant. The first participant will be **Deepan Sankara**. Deepan, your line is unmuted; you can go ahead and ask your question.

Q&A

Deepan:

Hello, hello. Am I audible?

Moderator:

Yes, Deepan, go ahead, please ask your question.

Deepan:

Yeah, thanks a lot for the opportunity. Firstly, from my side, congratulations on a strong set of numbers.

The only thing we wanted to understand is: volume growth has been muted for a couple of quarters now, both in shunts and also bimetals. What are the strategies we are adopting to see improvement in volume growth over H2, and how do we look at the outlook for FY27?

Management (Kanav):

Yeah. On the volume side, if you see, the market globally has been a little muted, especially in the western part of the world. That's why our push is more towards, as Sumer was saying, moving into assemblies to add more value.

We expect that in Q3 and Q4 of this financial year we'll start seeing more value addition for us, which should help push volumes closer to our expectations. Additionally, we have added some new accounts into our customer base. Currently what we are seeing is pilot sampling and sample lots going out, which should convert into ramped-up commercial supplies in the coming quarters. That should further increase volumes for us.

Deepan:

Okay. And what is the key reason for the strong gross margin improvement? Is it product mix change or raw material prices going down?

Management (Sumer):

Raw material pricing does not really have a very strong effect on our margins, mainly because there is a complete pass-through of costs. So that doesn't have a major impact.

What we have been talking about in the past is that we have been going into forward-integration initiatives, which have already begun, and we have moved into more value-added processes. For example, if we had a large customer account where we were supplying materials in strip form, that has now moved more into components.

Our entire development and marketing strategy has been oriented towards higher value-add products, and that is what we are now seeing converting into numbers. So although you will see a lower growth in the top line, you will continue to see an improvement in the bottom line because of those products.

Deepan:

Okay, thanks a lot and all the best.

Management:

Thanks for your question.

Moderator:

Our next question will be from the line of **Dhruv Jain**. Dhruv, your line is unmuted; you can go ahead and ask your question.

Dhruv:

Hey, thanks for the opportunity. In the last six months we've seen multiple headwinds in our end-markets, but you also mentioned the outlook for the second half looks better.

I think in the last earnings call you had mentioned that you're looking at 12–15% topline growth for the full year. Now if I just do a back-calculation, it basically means that for the second half of the year you'll have to deliver anywhere between 16–20% topline growth.

So I just wanted to understand if that still holds true – does the double-digit growth for the full year still hold – or do you think that's going to be more of an FY27 sort of phenomenon?

Management (Sumer):

We were absolutely on track based on our last call. What happened was that a large portion of our customer base, and a large portion of our expected growth, was to come from our customers in the US based on the forecasts we had. We had some optimism from there.

Now what we are seeing with this 50% tariff that's been placed on India is that we have not lost any business because of that – it's impossible for our existing customers to immediately start buying from alternate sources. So we have not lost business, but what we've seen is a reduction in orders and in forecasts because nobody wants to carry extra inventory and pay that 50%.

So they've come down to buying as little as possible, and they are also forecasting lower volumes, assuming that the markets are not going to be that great in the coming months in the US. We've seen certain reductions there.

If we hadn't experienced that, we feel that in the last quarter we could have had at least 2–3% higher growth. Which means that in order to achieve double-digit growth for the full year, instead of needing ~16% in the second half, the requirement would have been closer to maybe 12–13%. That sounds more achievable with the current forecast and expectations that we have.

So, although by the end of the year we were earlier expecting double-digit growth of somewhere between 12–15%, that now comes down by maybe 4–5%. It could end at just a high single-digit or maybe touch double-digits. It's hard to say. We do still have optimism for the second half of the year.

Dhruv:

Sure. And my second question is on margins. You mentioned the value-addition aspect, and in the last four-five quarters we've seen consistent improvement in margins. I just want to understand: is this the optimal level of margins that we should work with on a sustainable basis, or is there room for further margin improvement from here?

Management (Sumer):

With our current strategy of focusing development activities mostly in areas where there is more value addition, the development time increases. Anything that has a higher value-add obviously means there is a technical barrier or difficulty in developing it, so sometimes it can take longer. But once it is developed, it has a substantial impact on the bottom line.

To give you some perspective: if you're doing extremely small-size resistors – about 80% of all our new development in the last 24 months has been related to small resistors – as more and more of that business converts, we will continue to see those developments converting into regular business.

We expect that before this margin expansion plateaus, we will continue to see, for a few more quarters, this percentage improving further because as we speak these things are being converted. Today we might be getting 10% of a certain business; in a year's time they may give us 20–30%.

So over the next two-three year horizon, we should continue to see that improvement in margins, because all the developments we're doing are mostly higher value-add. They may not have a very huge impact on top line – say they add, over a three-year period, maybe ₹40–50 crore to top line – but they add a very substantial amount of value, and that makes the overall numbers look really good.

So part of our strategy has always been to focus on such initiatives.

Dhruv:

So, just to understand this better, this 23% EBITDA margin – realistically, say over the next four quarters – can it improve by about 200 basis points?

Management (Sumer):

It's possible. We feel that in a three-year horizon, it is possible to take it up another couple of percentage points beyond that.

Of course, during that time if we feel there is a high topline opportunity for us to add a certain product which can add substantial revenue but at the cost of margin, then the overall numbers may look different. If such a project gets added, that's a different story. But as of now, like-for-like with our existing business, we do expect to see further improvement.

Dhruv:

Sure. And my last question is on new products – the PCBA offering and the busbars. I remember last quarter you had mentioned that from the fourth quarter onwards we'll start to see some revenue coming from the PCBA side. Just want to understand: are we on track for that, and any guidance you'd want to give on that for FY27 for the full year in terms of new product contribution?

Management (Moderator handing over):

I think, Kanav, you can take the PCBA update along with the busbar.

Management (Kanav):

Yes. As we mentioned last time, Q4 seems to be the time where we will start seeing some revenue generation from the PCBA assemblies, and we see that this has the potential to give us, at least in the near term – that is, next financial year – a topline of about ₹50–70 crore.

So, to answer your question in a very simple way: yes, it's on track as of now. The developments we had in mind are as per schedule.

Moderator:

Thanks for your question, Dhruv.

Participants can raise their hands again for follow-ups and you'll be rejoined into the queue.

Moderator:

Our next question will be from the line of **Ayush Aggarwal**. Ayush, you can unmute yourself and go ahead and ask your question.

Ayush:

I hope I'm audible.

Moderator:

Yes, continue.

Ayush:

Great. Great numbers, Sumer and Kanav, in challenging times. We've been investors for around eight years now – amazing execution over this period and great data representation as well.

We've been trying to make more sense of the data that you've been presenting. What I'd like to understand is: especially in this quarter on the shunt side of the business, volumes have gone down and realizations have gone above ₹3,290 per kg on an average basis, whereas earlier it was around ₹2,000 per kg back in FY23.

So I'd really like to understand: you mentioned that you are moving from strips to components, but apart from that, is it also base metal prices going up that's showing here? And is there a risk that whenever volumes come back, realizations might go down? Some comment on this will be really helpful.

Management (Kanav):

I think it's essentially multiple things here. We've always been talking about product mix. As the

product mix becomes more favourable, you'll start seeing realizations go up. Additionally, of course, metal prices do play a role. That also impacts overall prices, which we've already discussed in the past – it gets passed through. Whatever metal is impacting the material cost for us gets passed on to the customer.

So when it comes to the actual valuation of Shivalik, it doesn't really hamper us. And as we've also been talking about in the last few quarters, our focus has been more and more on moving into assemblies and into component-level solutions so that we can add more value and bring more to the table for Shivalik, in these difficult times. That's what we have been doing over the last one-and-a-half years, and we'll continue to do that.

Ayush:

That's really great to hear. My second question is on the smart meter side. Given the scale-up that is happening, what sort of numbers can we see from smart meters on the shunt side and also on the relay side in FY27 and FY28?

Management (Kanav, then Sumer):

I think we mentioned this last time also. We are very hopeful and very positive. These numbers are already reflecting in our Q2 results. In fact, Q3 should be even better. We're getting more acquisitions.

For us this is a real growth area and a lot of activity and new developments are happening for Shivalik in this specific domain, and we see a very positive and bright future here.

Also, as we have developments in some of the smaller components, it's a little bit misleading in the numbers: the overall production in kilos may look like it hasn't gone up as much, or has gone down, because those smaller parts add more value but, in terms of kilos, are very small.

To clarify even further, some of our heaviest shunt material used to come from Vishay, which has either remained flat or gone down drastically in certain product categories. As a result, it shows lower production of shunts in kilos, but still growth in resistors overall and growth in the bottom line but owned output in terms of Kilo's look like going down it's little bit misunderstanding it you have lower value of high volume weight wise material shows very different number, where as in a particular quarter if you do a particular sale it will show a different set of numbers. Product mix, as you mentioned, plays a big role.

Ayush:

Great. Final question from my side: in the presentation you have also mentioned a couple of very interesting industries – one is data centres and second is energy storage system packs. Both are picking up traction in India and globally. If you can mention what sort of products we have here and when we can see meaningful contribution from these applications in the next 2–3 years.

Management (Kanav):

On data centres, we've always been very guided in this area. We've talked about it in the past as

well. For Shivalik, our products form part of the capex of data centres in some form or the other. More and more growth in that part of the industry will bring opportunities for our bimetals, for our contact business as well as for resistors, and that's why we are very excited for all three product lines in this domain.

In fact, with AI coming in, the demand and requirements for our kinds of components and products are expected to be around 3x what is currently being used in existing data centres. So from that perspective, we see a lot of traction and opportunities coming in for our components and products.

Management (Sumer Ghumman):

Also a lot depends on where our parts are going to be used. Our parts are not directly sold to data centre builders. Our parts go into devices that further go into those applications. So a lot depends on how fast development of those devices happens in the regions where we supply, especially India.

We do see movement in that area. We see customers moving really fast to develop these things here rather than relying on imports. For example, a lot of our OEMs are signing contracts with global players like Google for building up various data centres, and directly or indirectly, once they sign those contracts, it definitely brings in opportunity for our products.

Moderator:

Thanks for your answers, Sumer and Kanav, and thanks for your question, Ayush.

Moderator:

Our next line of questions will be from **Saloni Jain**. Saloni, you can unmute your line and go ahead and ask your question.

Saloni:

Thank you for the opportunity. Am I audible?

Moderator:

Yes, please proceed.

Saloni:

First of all, congratulations, team, on such great results during challenging times. My first question would be on your plans regarding onboarding OEMs directly, especially in light of tariffs in the US along with the muted environment there.

On that, have we onboarded any OEMs as direct customers, and what is your outlook on taking market share in assemblies given longer approval cycles?

Management (Kanav):

That's correct, Saloni. In fact, our agenda and objective has always been to get on board more and more OEMs. That's what we've been doing. All our efforts are being placed towards building end-use applications and towards getting to those end-use customers.

But you also have to understand that a lot of our products and components go through assemblies and built-up modules, which Shivalik has been talking about in the past. We've been saying we are trying to move towards making those assemblies so that we can directly get into those OEMs, and that has been our endeavour over the last year-year-and-a-half – moving more towards making these assemblies so that we can onboard OEMs directly rather than routing through different channel partners.

Saloni:

Sure, okay. And my second question is: you had also mentioned in past calls about a partner with whom you're indigenising nickel alloys, and that was expected to happen in October. How are we on track there, and what are the inventory cost and working capital benefits that we're looking at from this indigenisation?

Management (Sumer):

We are currently at a stage where the results for that development have been better than expected. Some of the base-level grades, which are slightly more straightforward to produce, are now at the final stages of testing, and so far we've been seeing good results.

Which means that in maybe another three-four months' time, about 20–25% of our total raw material consumption we should be able to source locally, which will have an improvement to some extent. But the real game-changer would probably be next year, when that number could go closer to 50%. That's when we should be able to see a positive impact on both cost of materials and the working capital cycle.

Moderator:

Thanks for your question, Saloni.

Moderator:

Our next question will be from the line of **Anirudh Shetty**. Anirudh, your line is unmuted; you can go ahead and ask your question.

Moderator:

Hi Anirudh, your line is unmuted. You can go ahead and ask your question.

Anirudh:

Hi, am I audible?

Moderator:

Yes, please go ahead.

Anirudh:

Thank you for the opportunity. Just one question.

Given that over time we will be doing products where the volume will be lower but the realization may be much higher, and we might do assemblies where the margins might be lower but the absolute profit can be higher, and we're doing so much on automation – should the right financial metric that we as investors focus on be absolute EBITDA, given there could be a lot of movement in margin percentage?

And if so, aspirationally, what is the EBITDA growth that you are looking at over the next few years, given there are so many opportunities and new developments you're working on?

Management (Sumer):

This is something that's happening alongside our other plans to have an impact on topline as well. There are projects that we're working on actively wherein, more than just value addition, the example could be the PCBA assemblies or some of the other forward-integration activities.

Some of those developments – and some that we are actively working on but haven't spoken about publicly – are lower-EBITDA-margin businesses but with very high impact on topline. So the two activities are happening alongside each other.

That is why earlier in another question I had mentioned it can go the other way around as well. Today we feel that some of our developments which are converting into business are adding more value-add, so you're seeing a difference there. But if we quickly go into an opportunity where we can add ₹100 crore to topline in a short period of time but at a lower EBITDA margin, then the overall numbers will look different.

It's very difficult at this stage to say what that target would be because it can swing either way. But I think the right way to look at it is that as a management team we are working towards multiple opportunities in both areas. We're not just looking at high value-add, small-topline opportunities; we're working equally on both.

The vision for the company at this point is to look at both, because we understand the value of sustaining this profitability by adding these smaller topline, high-margin businesses – which then allows us to go after higher-topline, lower-margin opportunities as well. So the two things complement each other.

Anirudh:

Got it. So what I hear you saying is it's not so much about the margin percentage but the absolute rupees/crores of profit that you're really trying to optimise for, which might come from higher topline–lower margin or decent topline–higher margin – it could be a combination.

Management (Sumer):

It could be a combination, as long as we follow one methodology: we don't want to do something which gives us profitability – whether at a smaller percentage or a larger percentage – that is not sustainable. We don't want to get into something where we see a three-year horizon of making money and then it fades away.

We want to do things where we can consistently further improve processes and maintain technical barriers and less competition. So sustainable profit for us is the biggest priority, rather than just a target margin percentage or absolute number.

Anirudh:

Got it. Second question was on the backward integration. Assuming you are at 50% indigenised raw material, do you have some indication of what kind of working capital savings and gross profit margin boost you can expect?

Management (Sumer, then Rajeev):

When it comes to indigenised raw materials, an absolute cost saving in the very beginning may not be possible because, obviously, with new developments the overall cost will initially either remain the same or even be slightly higher. We will start seeing improvement in cost over a period of time because we also understand that the suppliers we are working closely with have also invested and their costs are high at this point.

For us at this moment, the main priority is to indigenise so that we stop relying on imports. Because of all these trade barriers, we know we have to have an Indian source for these materials.

As far as the working capital cycle goes, I think Rajeev can add. Yes. Maybe from next year onwards, if we start 50% local supply,

CFO (Rajeev):

50% would be great even if we achieve a reduction in inventory days of around 30 days, it would have a great impact on financial costs, and circulation of cash would be easier. We can accumulate more cash and earn interest on the accumulated cash.

It is very hard to put a precise number on raw material cost savings, but yes, due to saving in working capital days, it will have an impact and a fractional saving on the interest side.

Anirudh:

Got it. And just to clarify, you're talking about net working capital days at overall company level as a percentage of sales – this 30 days.

CFO (Rajeev):

Correct, around 30 days.

Anirudh:

Got it. Okay, great. Thanks for answering my questions.

Moderator:

Thanks for your questions, Anirudh.

Moderator:

Our next line of questions will be from **Nirali Gopani**. Nirali, you can unmute yourself and go ahead and ask your question.

Nirali:

Hi, thanks for the opportunity. Again, my set of questions are on the growth side. For the last many quarters we see that some segment or geography is constantly dragging our growth.

Is it fair to understand that EV has not picked up the way it was expected to and hence shunts are not performing the way we would have expected, and that is one big reason for the overall growth rate to come down?

Management (Kanav, then Sumer):

Nirali, I'll answer that question in two steps. Of course, a well-diversified portfolio can have its advantages as well as disadvantages.

As you know, in the last year-year-and-a-half, the global turmoil has been such that some region or some area of the world is always impacted, which of course has a direct impact on businesses. However, being diversified also enables us to still successfully, reasonably decently, pass through these difficult times, and that's what we've shown in the last few quarters.

On EVs specifically, when it comes to shunts, as we've mentioned in the past, we expect demand for our shunts not just to be limited to EV requirements but also in general for ICE engines or even if alternate hybrids come in.

What we've seen recently is that there is a lot of stop-start kind of activity, especially in the western part of the world, where the industry is still trying to figure out what the right way forward is. That's where a lot of acquisitions and new projects are being put on hold or delayed, and you'll see that on the shunt side we've been doing pretty well in Asian geographies, because that's where the majority of new acquisitions and new project implementations are happening.

So yes, the industry is still figuring out the right way forward, which has definitely slowed down the overall growth that we were anticipating, but it's not just specifically restricted to EVs.

Nirali:

Right, fair enough. See, there is no doubt on your technical capabilities or products. But

historically we have seen some very strong performance – whether revenue, EBITDA or profit. Is that a distant dream for the next few years at the moment?

Because the last two years have been flattish; this year also we are not going to see that kind of growth. If we want to focus on when we see it picking up – because new products will also take time, the forward and backward integration will take time – when do we see that coming into the numbers and repeating our historic performance?

Management (Kanav):

A lot of new activities that we are already undertaking, or have taken in the past year-year-and-a-half, we've always said they take time when it comes to our kind of products. But a lot of them have now already started to take shape. We are in prototype stage, in pilot-production stages, and this is now going to get ramped up.

We feel that we'll definitely have a stronger Q4 and, of course, a much stronger FY27.

Management (Sumer):

I'll also add something very interesting here. Our anticipation of a lot of our growth was from developed markets such as the US and Europe. What we are now seeing, interestingly, is that our biggest growth market for automotive shunts – whether it's EVs or hybrids – specifically for two-wheeler EVs, is coming from India.

The kind of forecasts and developments we have for some mainstream models from large two-wheeler players in India is one thing that, in a very short term, could bring about that level of growth. Percentage-wise, those growth numbers, if everything goes well, could repeat those levels that happened a few years ago.

And the moment you supplement that with the fast growth that we are already experiencing from the smart-meter side – and irrespective of whether smart-meter installations go up or not, for us the growth is still there because of the relays being manufactured here – we are very optimistic about the next two quarters and the next financial year.

You are looking at this as flat growth – this 8%, 7%, 10% kind of growth in certain quarters. Why it looks like that is because, even after a decline of over 20% year-on-year for almost two-and-a-half years now from a large customer like Vishay, which used to be 30–35% of our total revenue, we are still registering 8–10% growth.

So your question is very valid and it could be a cause of concern for a lot of people. But when you look at it from the other point of view – with your major customer reducing their buying by 20–25% year-on-year and you are still registering 10% growth – where is that coming from?

That is coming from exactly what Kanav mentioned: all of those developments that we have done in the last 2–3 years are now materialising into business. Whether something takes one year or two years to do, it can vary straight away by two–three quarters, as we have been seeing.

Because those developments are converting into business now, we feel optimistic. For our kind of business, when you look at it from the product point of view, you'll realise that one or two quarters here and there is extremely normal.

We have to give some kind of timeline when we talk about the future, but those numbers can vary. What we are happy and optimistic about is the fact that those developments have taken place, they're approved, and they're moving ahead. As and when they convert into business, we will see growth happening.

So when it comes to shunts and EVs and automotive components, there's a lot to be very optimistic about for us as management.

Nirali:

Great to know. Hoping for a better future. That's it from my side, thank you.

Moderator:

Thanks for your questions, Nirali.

Moderator:

Our next line of questions will be from **Deepak**. Deepak, your line is unmuted; you can go ahead and ask your question.

Deepak:

Yeah, thank you for the opportunity. Am I audible?

Moderator:

Yes, please go ahead.

Deepak:

Hi. So, earlier in the call, you nicely pointed out that looking at shunt resistor volumes alone might be misleading because there is an inverse relationship between value addition and volume growth – that's why you see higher realizations but subdued volumes.

My particular question is regarding the bimetal front. In the last call we sounded relatively confident that for year-end FY26 we'll achieve a volume growth of around 7–8% in the bimetal front. Now, looking at the current quarter with a flattish kind of growth year-on-year, it appears very difficult because in H2 that implies an ask rate of almost 10%.

So firstly, what is our volume target for FY26 and FY27 from the bimetal front? And why is it that the Indian revenue continues to see a decline on a year-on-year basis – is it something that we are losing market share, or that the end-products in which we are supplying are not doing well? Could you please elaborate on that?

Management (Sumer & Kanav):

We'll start with the second part of your question on the domestic market.

Yes, we've seen muted, relatively subdued demand in the domestic market. The reason is clearly not that we have lost market share, but we also have to understand that a lot of our Indian manufacturers to whom we supply components, parts and bimetals also export.

So they are also facing a similar issue to what we are seeing in terms of tariffs and global geopolitical situations. Even if for us the supplies are within the domestic region, a lot of the end-product goes to international markets, which has an impact on our overall sales.

We had anticipated that this would get better based on feedback from customers. However, what we are now seeing from most of them is that Q1 next year, or Q4 of this financial year, is where they are projecting very strong numbers again, because in anticipation of an India-US trade deal, they expect conditions to normalise.

Many end-customers have reduced their forecasts, anticipating lower demand in those parts of the world. So those things have an impact, but we are now seeing some positivity coming from customers in anticipation of this trade agreement.

Deepak:

But the Indian revenue would be related to the domestic market, right? It is not as if, if you're supplying to an Indian company and then it exports outside, those would be captured in your America, Europe and other Asia buckets, correct?

Management (Sumer):

No. If we supply to an Indian customer, for us it is domestic sale. What they produce and export, and what percentage of their output is exported, is something that in many cases we won't know in detail.

So it does have an impact, although it's difficult to quantify. It's cyclical – sometimes our supplies to a customer like, for example, Havells, go up because export orders are up, and sometimes they say their export orders have completely gone down.

Deepak:

Okay, got it. So at best I would presume that 4–5% growth is what would happen in FY26 in bimetal in volume terms.

Management (Kanav):

That's definitely realistic. We think it should be more than that, hopefully, but that's something we do expect will happen.

Deepak:

Okay. My second question is with respect to shunt resistors. There is some issue going on with European automobile companies with respect to chip sourcing from a Dutch company, Nexperia, and because of this ongoing tussle between Europe and the Chinese government, a lot of auto companies have flagged that they are not able to source chips.

Are we seeing any slowdown further in the European geography for shunt resistors – in terms of order-book visibility?

Management (Sumer):

We were anticipating growth which has not happened; it's basically subdued, and that is because of the current issues that are already there. It is already reflecting in our numbers. We don't really foresee further reduction from here.

Deepak:

Okay. Final question is with respect to our growth visibility. You highlighted the PCBA arrangement. We had two projects: one was related to a white-label agreement with one of the clients and another was PCBA, and white-label revenue was supposed to flow through in FY26 with PCBA coming in FY27.

Just wanted a clarification: which project is getting translated into revenue for us in which year or quarter, and how will you ramp that up?

Management (Sumer):

The white-label agreement business has already begun, as we had anticipated, with a clear forecast from our customer for Q3 and Q4. For Q3 our orders are already in place; for Q4 we already have a forecast.

So the white-label agreement part of it is all as per plan. Our forecasts are also as per our original expectations. Now, because of tariffs etc., things can change in the future – not that we have any indications of that at this point – but as of now, that is absolutely in order.

PCBA, as Kanav mentioned earlier, should start contributing revenue from Q4. Those developments and testings are already taking place at customers' end. There are two or three developments that have reached advanced stages, so Q4 onwards we will have certain revenue from that business this year, and we will have regular revenue throughout next year.

So, to simply answer your question: both are absolutely on track.

Deepak:

Thanks for your answers, and all the best.

Moderator:

Thanks for your questions, Deepak.

Moderator:

Our next line of questions will be from **Jayesh**. You can unmute yourself.

Jayesh:

Thanks for giving me this opportunity, and congrats for resilient numbers. I have a couple of questions.

One is: I think maybe you've answered this in terms of your gross margin – this quarter they are about 2.5% higher than the trend we've seen. Do you think this is sustainable, or is this a one-off?

Management (Sumer):

As I had mentioned earlier, I'll give you a simple, real-life kind of example as to what's causing this, and then you'll know whether it's sustainable or not.

Earlier we were talking about a major customer of ours, Vishay, who used to buy very large volumes of continuous strip-form welded shunt material from us. They used to manufacture the shunts or resistors and we supplied the strip.

When we do that kind of business, the value-add in that business is much lower because making parts out of that strip is a very long-drawn process; it involves a lot of steps and high-precision operations. So there's a lot of value-add involved in part-making, not in strip supply.

Now, that strip business has consistently gone down as a total percentage of our revenue and even in overall volume. At the same time, as I mentioned earlier, we have faced from Vishay about a nearly 20% reduction for the third year in a row. It has come down to almost half of what it once was.

Even then, overall for our resistors and shunts business, we are registering about 8–10% growth. So where is that growth coming from? It's all coming from components – and many of them being high value-add components. That is exactly the reason why you are seeing a growth in margins.

All of those businesses are not temporary. In fact, if anything, the complicated small-component business, a lot of which has been added and which is causing this, is definitely a longer-term business than strip supply, for example.

Strip business has fewer production processes. Tomorrow, maybe, Vishay can buy strip from us or maybe from somebody else if tariffs remain; but when we are making a high-precision, small component, for which years of development and tooling investments have gone in, even a 50% tariff cannot immediately push a customer to start buying from an alternate source.

So our developments have moved more and more towards that, and that is evident. That is what is causing this. If anything, I would say that this improvement in margin is more sustainable than it has ever been.

We are following a very similar strategy even in thermostatic bimetals, where we want to supply more and more high value-add components. Eventually, at some point in the future, maybe a year or two down the line, we will start seeing this trend show up in numbers – the bimetal gross margins will also rise. By then, if our raw material is indigenised, we will see maybe a further improvement in gross margin.

So this is one part of multiple areas of strategy where we are working on top line and bottom line.

Jayesh:

Sure, that helps. But this sharp improvement is visible primarily in the last two quarters. In Q1 FY26 we improved our gross margin by about 1.5%, and this quarter another 2.5% QoQ – so a big improvement in a very short span, from close to 57%, about 400 basis points improvement. That's why I was asking if this is sustainable. Vishay business has been reducing as you said last couple of years but this improvement in last two quarters.

Management (Sumer):

Because a lot of the business that we developed prior to that – say something that may have started in 2022 or 2023 – is now showing up as substantial business.

In a small-size resistor, even if it's not automotive, typically, a development that starts in 2023 usually takes somewhere between 18–24 months for process development as well as approvals to complete. Then we usually see between 10–20% of the original forecast volume in year one, going up to 30–40%, and if you club everything, it becomes a 4–5 year process.

If there is a delay, a rejection, or some kind of result not being met and R&D has to be redone, that can drive it up to even 5 years. That is exactly what the entry barrier is.

So maybe a little bit of patience at this point, but when it adds business, it adds it in a big way – and we've seen that happen in the past. Why we feel optimistic is because, in the last two years, the total number of developments we have done – in terms of customer part numbers as well as potential business value – has been more than what we had done in 10 years combined.

So whether it happens over two quarters or four quarters, that is a variable thing, but it will happen. Those investments have been made by both Shivalik and the customer.

If those developments were not taking place and had not been successful, we would have a big problem and we would be worried at this point of time. But we are not worried because of that. It is only a matter of timing.

Jayesh:

Understood. Just one more question. We have been incurring some amount of capex. If you see, for quarter ended September 25, we have about ₹32 crore in capital work-in-progress. What is it, and when do you think we are going to come to the end of this capex programme?

Management (Sumer & Rajeev):

We had major capex come to an end about two years ago, other than maintenance capex, but we have slightly changed our strategy.

We have seen that the cost of manpower has been consistently increasing in the area that we are in, and we have been facing issues related to getting the right manpower. It's sometimes difficult to find the right technical people for certain processes.

Keeping these factors in mind, we have been focusing a lot of our capex and development activity towards automation. We've seen that in the medium- to long-term it makes a lot more sense for us to continue to focus on automation. That strategy has, obviously, caused us to incur more capex, but we should be able to see benefits over the medium term.

CFO (Rajeev):

Since it's a consolidated number and our subsidiary is in expansion mode, out of ₹32 crore almost ₹20 crore pertains to **SEPPL**, which is underway for capitalisation – that's why it looks high compared to previous quarters.

And even in that capex, towards the finishing stages of that wholly owned subsidiary for the contact business, our strategy again was to go for more automated processes rather than manual operations. So what we had originally planned versus what we actually ended up incurring was different; the number was higher.

We also acquired more land to expand in line with the long-term vision for SEPPL itself, that's why original gets extended by 20-25%. This capex will be capitalized by the end of December, which is why it is currently under CWIP.

Jayesh:

Got it, that answers my questions. Thank you.

Moderator:

Thanks for your answers, Rajeev and Sumer, and thanks for your questions, Jayesh.

We'll take a few more questions. I know we've crossed 5:00 p.m., but since we have the management here, we'll take advantage of it.

Moderator:

Our next question will be from the line of **Naushad**. Your line is unmuted; you can go ahead and ask your question.

Naushad:

Hi, thanks. Hope I'm audible.

Moderator:

Yes, go ahead.

Naushad:

Congrats, team, for a decent set of numbers in tough times. A couple of clarifications.

Firstly, on the growth side: given the consolidation we have experienced in the last two years, and assuming the cycle revives – especially in the pockets where we are currently facing problems – and if we have not lost market share or clients, then in the first year of revival, should we experience at least an exponential growth versus our historical rate, and then it should normalise? How should the first year of recovery look from a growth point of view?

Management (Kanav & Sumer):

You're absolutely right. We were also internally discussing that once the recovery starts happening, with the existing activities that we have initiated and are already working on, we would actually see a very high recovery rate.

As we mentioned earlier, even if our customers come back to their base levels without further growth, we would see a substantial increase in our top line as well as bottom line.

Naushad:

Does this imply that whatever negative experience we are currently having with Vishay is because of demand and their inventory, or is it because they're shifting their sourcing to someone else?

Management (Sumer):

It's a combination of both. What has happened is that a lot of business from Vishay has shifted to some of its competitors, and we have also received some of that indirectly, which is why we still have substantial growth in shunts overall even after such a decline at Vishay.

What we see now, interestingly, is that there are certain developments at Vishay which could bring them back to their earlier volumes. They have developed some new types of resistors using welded shunts, and the kind of welding they need for that they can only source from Shivalik.

So, as part of the white-label agreement we have with them, we foresee that development moving very fast. If those numbers materialise, business from Vishay could come back to similar levels as a percentage of our revenue in the next year itself.

This is a possibility. I would say about 50% of it is still on the optimistic side, but it is right there in front of us; it is not something that is yet to be developed.

Now, if this 50% tariff in the US remains for long, even a company like Vishay, which values and has faith in Shivalik's products, will at some point have to look at alternate strategies. So assuming that some resolution comes in – because that American development for us, for shunts and bimetal, becomes very important – when that recovery happens, we expect it to be sharp.

Naushad:

Just to clarify: what I've understood is that we are not losing market share from a Vishay point of view, but Vishay itself is losing market share, and that's impacting us. Have I understood that correctly?

Management (Sumer):

That is part of the problem. The biggest reason was that Vishay was very over-optimistic on their volumes, and they over-ordered. They were stuck with inventory which took them more than a year-and-a-half to normalise. Some of the reduction came from that, which we've talked about earlier.

Some part of it is also that there are competitors of Vishay which have taken some of their business. In those cases, if that competitor was buying, say, 20% of their volume from Shivalik and Vishay was buying 60%, then if that business goes to the competitor, indirectly some of that business we have also lost.

But with the new developments at Vishay, we should see numbers moving back because they have a clear technical advantage in those new designs.

Naushad:

Next, on the client-addition side. Earlier we had talked about BYD and Hella China – these new clients. What is the progress there?

Management (Sumer):

Hella China is already a customer; we are already supplying certain components to them. The new development with Hella was related to the Indian market, which is on track at this point in time and under various stages of development.

BYD is a development that we are doing through Vishay. At this point of time that is also as per track, and that is not just for BYD but also for other designs. So we are doing a lot of developments with Vishay for some new customers, though not directly at this point of time.

Naushad:

Last question from my side. From a domestic point of view, in the last five years the EMS industry – the assembly guys – has done quite well. Now, given the different policies that are coming to support the component side of EMS, any thoughts on that, and how are we planning to participate in this growth for EMS components?

Management (Sumer):

We are now at advanced stages of entering some new product verticals which are related mainly to electronic applications. We are also making use of this ecosystem where we are getting certain advantages.

We have finalised which components we are looking at; we have done the financial working on them; we are at the stage of finalising the “where” – including location and line-up. So very soon we will be in a position to make a formal announcement as to what we are doing and what kind of products we are entering. It’s just a little before that stage right now, so I won’t be able to talk much more about it.

But yes, we are at advanced stages of participating in electronics-components manufacturing, wherever we see some connection to what we already do – either at a customer base level or a metal-working process level where we have technical advantage.

We have chosen products on that basis; none of them are something that is completely new to us. We’ve steered clear of those kinds of developments.

Naushad:

Got it, thank you so much.

Moderator:

Thanks, Naushad, and thanks, Sumer, for your answers.

Moderator:

We’ll take the last question for the day from **Bhavya**. Bhavya, your line is unmuted; you can go ahead and ask your question.

Bhavya:

Hi. So until the last call, I think we spoke of ₹150 crore coming in FY27 from PCBA assemblies and other forward-integrated products. Do we still think it is achievable? Because in one of the earlier answers you mentioned a number of ₹50–70 crore, so I wanted to clarify.

Management (Sumer):

So that was specific to PCBA. The earlier ₹150 crore we mentioned was the potential from all identified forward-integration opportunities combined. Some of those opportunities may not yet

be in hand in terms of development, but can be accessed and are being targeted. That was the potential.

That Kanav spoke about is related to the developments that we already have in hand and are actively working on. Those have obviously reached a stage where they can realistically be part of the topline.

Bhavya:

Understood. And just as a last question, could you please share an update on the progress with busbars? Because I understand they enable faster production, but how are they in terms of cost competitiveness?

Management (Kanav):

In terms of busbars, we are developing certain specific designs which will also be IP-protected technologies and will bring a reasonably good level of value addition. In fact, one of our biggest advantages in these busbar developments is cost competitiveness – that is one of our strongest points.

Bhavya:

Got it. Can you maybe just finally give us guidance on how you see FY27 panning out – what sort of growth do you see?

Management (Sumer):

Again, assuming that these trade-related issues that we are facing get resolved – we have to understand that a lot of our existing business as a percentage was based on the US. It had been consistently going down; our exposure has come down from nearly 40% to about 17–18% recently, but that 17–18% still has an impact.

Where these trade-related issues take this business, and how much impact it has on the overall market, is a key variable. Assuming all of those things are corrected – and we all hope that they are – and keeping in mind our new developments, new projects and Vishay's forecasts on their existing business, we feel that double-digit growth for next year is definitely doable and achievable.

Probably it could be on the higher side of double-digits – somewhere in the range of 13–14% to 17–18%. That is what we have in mind; it is possible with the developments in hand, but there are many variable factors out there, as you can imagine.

Bhavya:

Understood, thank you so much.

Moderator:

Thanks, Bhavya, and thanks, Sumer, for your answers.

We'll conclude the Q&A session on that note. As soon as this call finishes, you'll receive a survey for your feedback. Kindly take a few short moments to participate in this quick survey.

I'll now hand over for closing comments. Over to you, Sumer.

Management (Rajeev – Closing Comments):

Thank you for participating in today's call and for being part of Shivalik's growth journey. As we head into the rest of the financial year, we wish you all a very pleasant evening ahead. Thank you.

Moderator (Closing):

Thanks, Rajeev, and thanks to Sumer and Kanav as well for your answers today, and to everyone for participating.

If you have any more questions, please write to us at the email ID given at the end of the investor deck or to the Dickenson Investor Relations team, and we'll be happy to get your questions answered.

Thank you for joining us today, and you may now disconnect your lines.

Disclaimer

This transcript has been auto-generated and carefully reviewed to reflect, as closely as possible, the discussions held during the Q2 & H1 FY26 earnings call. It is shared in the interest of providing convenient and timely access to the substance of the conversation for investors and other stakeholders. In the event of any discrepancy or interpretation difference between this transcript and the call's audio recording or the disclosures filed with the stock exchanges, the audio recording and filed documents will be deemed authoritative.