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SBCL/BSE & NSE/2025-26/15 **05th June, 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 with Investors/Analysts held on 30th day of May, 2025

Dear Sir,

Please find attached herewith transcription of Earnings call with Investors/Analysts held on May 30, 2025. Kindly take the same on record and acknowledge.

Kindly let us know if any other information is required in this regard.

Thanking you,

For Shivalik Bimetal Controls Limited

Aarti Sahni

Digitally signed by Aarti Sahni
Date: 2025.06.05 17:04:32 +05'30'

Aarti Sahni
Company Secretary
M. No: A25690

Encl: As above

Shivalik Bimetal Controls Ltd.

Q4 & FY25 Earnings Webinar Transcript

Friday, May 30th, 2025: 3:00 PM IST

Speakers from the Management:

1. Mr. Kabir Ghumman- Managing Director
2. Mr. Rajeev Ranjan- CFO
3. Mr. Kanav Anand- Head of Sales & Marketing

Moderator:

Ladies and Gentlemen- Good Afternoon, welcome to Shivalik Bimetal Controls Ltd's Q4 & FY25 Earnings Conference Call produced by ElevEase.
I am Shankhini Saha- Director of Investor Relations from Dickenson, and I will be moderating our call today.

Joining us from the Shivalik's management team are:

1. Mr. Kabir Ghumman- Managing Director
2. Mr. Rajeev Ranjan- CFO
3. Mr. Kanav Anand- Head of Sales & Marketing

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 presentation and press release from the links in the community chat or from the company website or the National Stock Exchange website.

Rajeev Ranjan:

Good Afternoon everyone and thank you for joining us today.

FY 25 unfolded against the backdrop of mixed macro signals and re-collaborating demand trends across global markets. Within this landscape, our execution remained prudent and financially disciplined. During the fourth quarter, we delivered a 25% year on year growth in EBITDA, with margins expanding by over 400 basis point to 23.17% profit before tax rose by over 30% and profit before tax margins strengthen to over 20% these improvements reflect a combination of steady gross Profit delivery and a major approach to cost control for the full year, FY 25 although revenue moderated by 2.7%, we preserved operating efficiency, closing with an EBITDA margin of 22.28% and a PBT of 84.7 crore.

Our return on capital employed remained robust at 24.65% while net debt stayed at zero, we also continued to generate cash flows in excess of our capital expenditure in recognition of this performance and our capital discipline, the board has recommended a final dividend of rupees 1.50 per equity shares for FY 25 this takes the total dividend for the year to rupees 2.70 per share, reflecting our continued commitment to balanced value creation for shareholders.

Let me now invite our Managing Director, Mr. Kabir Ghumman, to walk you through the operating dynamics, product evaluation and strategic outlook for Shivalik as we step into FY 26.

Kabir Ghumman:

Thank you, Rajeev, and good afternoon, everyone.

So FY 25 has reaffirmed the underlying strengths of our business, precision engineering, product diversification and as always, a deep rooted culture of technical excellence, as Rajeev has already pointed out on the operation side, shunt resistor segment saw good traction India as the Indian market. It led with over 30% growth. This was supported by demand from mainly smart metering, e mobility and some industrial control applications. Our footprint in Europe and Southeast Asia also deepened meaningfully with new applications and new customers coming on board. On the other hand, the bimetal segment saw some softness throughout the year, but there are signs of recovery. There are signs of recovery on the bimetal front in Q4 especially. From Asia and parts of the US. These trends underline the merit of maintaining a balanced geographical product portfolio. On the other hand, we are advancing in multiple phases to reinforce our structural capabilities, as we've spoken about in the past. On the forward integration front, we've made progress with a smart DC sensor mounted shunts on PCB assemblies, and also the new inductor application that is now in advanced stages of development. And these both represent promising steps toward expanding our value added offerings at the plants level in all locations we are upgrading through automation and additional capacity with new equipment focused on testing calibration and overall improvement in product efficiency. At the same time, we are also enhancing our procurement model.

We by favoring domestic suppliers to eventually work towards de risking from the global quality volatility and exploring partnerships for full-fledged backward integration. On the R & D front, we are strengthening our R & D capabilities. The goal here is to establish a more robust and dedicated R & D department to support our current product portfolio and accelerate all new product development. This will be a key enabler of innovation as the market evolves and in line with trends and electrification and digital infrastructure, looking ahead to FY 26 we are focused on execution. Strategic agenda remains clear, to deepen customer engagement, to invest selectively and in scalable capacity and innovation and to continue building resilience through integration and regional proximity, we remain confident in our ability to navigate near term volatility and align with long term demand drivers. So, I hand it back over to you.

Moderator:

Thanks Kabir and Rajeev . We'll now begin with the Q and A session.

Our first question will be the line from Dhruv Jain, Dhruv, your line is now unmuted. Please go ahead and ask your question.

Dhruv Jain:

Thanks for the opportunity. Hi Rajiv ji, hi Kabir Ji, a couple of questions here from my end. So you know, in your opening remarks, Kabir, you mentioned that you know you are looking at a lot more new products. And even in your presentation, I saw that there are pilot runs already happening for the PCBA segment, right? So, from a new product development and new product launch perspective, what is the kind of revenue contribution that we can expect going forward from Shivalik in terms of absolute or percentage contribution, whichever way you would want to put it, say, in the next 12 months or 24 months, that's my first question.

Kabir Ghumman:

Dhruv, in terms of the value add or contribution, I think for that, I'll let Kanav also give some pointers on that. But in terms of the timeline, you see, these are mostly for automotive applications, and how the process will flow down would be that there would be, there are already golden samples and working prototype samples that have been developed, that are under testing and validation, some in house, some have been sent over to the customers, and some are in external, independent labs, also in India and also outside of India.

Now this will undergo a phase of testing and validation, which will then be completed with a full set of reports indicating that these are good to go for various high current and high demand applications. Based on that, there will be some feedback that will come from the customers, where some fine tuning will have to be done from an application specific point of view. So there could be maybe, you know, multiple variants of a single series, or some design changes depending on the mounting arrangements, after which we will go into the actual final release drawing or release design that will go into the Product Validation (PV) phase right now. This is the Design Validation (DV) phase.

So after DV, it goes into a PV phase, where these are actually mounted on the end application, and then they undergo a series of tests. So these usually can take anything between 12 to 18 months, if you're being optimistic, and that's when it then gets released for commercial production. So that's. We're looking at in terms of the timelines. And for the contribution side, Kanav, I think you could add a few points on that.

Kanav Anand:

So on the contribution side, of course, Dhruv, as our intention is to kind of supply the whole product, rather than just the component. So definitely, it adds much higher value add for the company in terms of contribution. We see that by FY 27 we feel that this would bring in an opportunity of a year on year, opportunity of 150 crores year on year, which will build a much wider landscape for Shivalik and Shivalik products.

Dhruv Jain:

Yeah, thanks for that second question. You know, last two years we have seen the markets not being very supportive in terms of growth. But you know, how do you look at FY 26 in terms of top line individual segments or geographies would be helpful. Do you think that you know you can grow in excess of 15% given the last two years, or have been on a lower base? And if yes, then you know what will be driving this for the next one year or two years?

Kanav Anand:

I think Dhruv it's a very good question. Yes, we are. Last couple of years have been challenging, and we all know there have been many external, geopolitical as well as market related aspects which have impacted the overall growth. But if you look at the q4 performance, we had already started looking at an upturn towards the demand for our products, and we are definitely confident that this, coming year, this financial year, is going to be a lot more promising for us, and it will bring us double digit growth, as we have been anticipating for both shunt as well as for our bimetal business.

Dhurv Jain:

And so just one question. Interestingly, in your presentation, you spoke about, you know, opportunity that's opening for exports from the switchgear perspective. Could just, you know, talk a little bit about that? Because typically, you know, we've sort of noticed earlier, also that switchgear is not a category which can offer a lot of growth, right? But this is interesting that you've put out in the presentation with respect to GIS export boom. So if you could just talk a little bit about that. Thanks a lot. And all the best.

Kanav Anand:

This is bringing a lot of opportunity, because internationally, we are seeing a lot of economies or areas where there is upgradation of the grid required, where, where there's a huge push towards infrastructure, I would say, upgradation, which brings in a demand for a lot of our products. Along with that, we also know that we are, we are still focusing on energy storage applications, which require a lot of CapEx investments in setting up these capabilities, which again require a lot of switchgear requirements, which is pushing the demand for our products. Along with that, I think India is becoming more and more a favorable squat location for global multinational companies, which we are a part of, which we are seeing there's a lot of push towards and focus, towards focusing manufacturing or sourcing from India, which is Bringing us and giving us a lot of opportunity to push our switch gear products or buy metal products in these global markets. And you're already seeing that in both in whether it's in Europe or in America, we are seeing that that push is already showing results.

Kabir Ghumman:

Yeah, and I think I'll just add one more point here, which is a fairly, I mean, a more recent development that's underway, that's that through the Indian government, we are also seeing a push, as far as the BIS is concerned. And there's been, you know, a significant amount of work that has already been put in to include finished components for BIS, for thermostatic bimetals, as well as for shunt. And we're working very closely with various departments in the government, and there's been, you know, a lot of back and forth that is happening. And so we are expecting that within this year, we should be seeing both of these categories also come under BIS, which obviously, as you can imagine, has a significant impact as far as the domestic scenario is concerned for both product lines.

Kanav Anand:

Yeah, and in fact, that makes it a lot more favorable for the company to kind of be. Become a preferential supplier over non-BIS compliant products.

Kabir Ghumman:

Also, I think, that would insulate the, potentially the impact of, you know, aggressive pricing from China that could down the line, have, you know, have a negative impact on our own pricing. So that should also be, if it all falls through, that should also be a plus point.

Moderator:

Thanks. Kanav and Kabir. It was very insightful. We'll take the next question now. So, our next question will be from Nikhil Poptani, Nikhil, your line is unmuted. You can go ahead and ask your question.

Nikhil Poptani:

Thank you for giving me the opportunity. So my first question is on forward integration, forward integrated products, so are those impacted by the recent tariff scenario, and how is the capacity expansion for our forward integrated product is going on, or capacity modification? How is that going on? And what are the timelines? Timeline for that?

Kabir Ghumman:

Yeah, so from the tariff standpoint, I think I let my colleague answer that section, but kind of, I'll take care of the capacity and the, you know, the structural impact of these forward integration projects. So, as you could imagine, that these forward integration processes are not, let's say, not identical in any way, to our existing process lines. Our existing process lines would be, let's say, an N minus one state, and with the forward integration, you're reaching an end state.

So, the additional equipment and the additional processing lines that will be required would be new developments in terms of process, in terms of production capacity. Now what we are doing is we are being, you know, quite we are following a sequence as far as the forward integration is concerned where, as I mentioned earlier, the initial golden samples and the prototyping and the working samples that have been gone out for testing, these have been made on smaller prototype lines, which are already in house. These are, you know, virtually will create the same product as what a series production line would create once we are closer to the fine tuning that I had mentioned about earlier, based on customer feedback, based on end application testing, at that point, we would be placing orders for various types of lines in terms of assembly testing, calibration and packaging. But obviously, with these products being completely customized, the production lines, it's tools, fixtures and jigs also must be customized.

So, we don't want to invest immediately, till we have a very clear picture on what the process or product variation will look like. We have the suppliers already, you know, selected and earmarked. Some of these are existing suppliers that have supplied other equipment to us, and once we reach a stage where there's, you know, a fair amount of finalization on the final product design, then we'll go ahead and, you know, go ahead and place orders on the series production equipment.

Rajeev Ranjan:

And as far as the tariff is concerned, you see, it's a very grey area at this moment. Even it is not very clear from the US market, and our target market for this product line is very scattered. So eventually, as per our calculation, as of moment, there is no tariff implication for this product in future.

Nikhil Poptani:

So the last in the last call, we said that we have signed a contract for this strip based component. So that is that getting delayed or something?

Rajeev Ranjan:

No in the last call, we have mentioned regarding the whiteboard contract, which is currently we are supplying in a strip form that will be converted into component, and which will be supplied to the different geographies. It is underway. But once you are converting from a strip to component, take some validation time, and I like to request Kanav Anand to focus more on it.

Kanav Anand:

I think this, this is already on the way, the PC and work, the vpap levels, working with the end customers, is already in progress and as what we had anticipated from the third quarter, fourth quarter of this year, we will start seeing the numbers coming in. So we are in that process, and this activity is ongoing, and everything is in order as per what we've shared with you in the past.

Nikhil Poptani:

So my next question is, like last time we were talking about we are engaging with the new clients? For the client edition, for the prospective lens. So, how is the progress been going in that direction in the other geography? Geographies, except for America?

Rajeev Ranjan:

So you can see in numbers, in quarter four, our European market has improved, uh, significantly. Even the Asian market has also improved that is the result of the onboarding of new customer and supplying to the existing customer too.

Nikhil Poptani:

So are the new clients outgoing the existing clients right now?

Rajeev Ranjan:

No. So now we are supplying to the existing client, and we are also having new clients on board in both the product line, specifically to the European market and the ASEAN market.

Nikhil Poptani:

Okay, that's great to hear. So my question is, like, during the prior to tariff scenario, before the announcement a lot of companies were starting to front run the tariffs, like they were building up their inventories and post that like, are we going to see in any kind of inventory correction period in coming quarters, or our order flows exactly the same or better in our business line?

Rajeev Ranjan:

In our business line , you see, there's no impact on that. If even you can go through the investor deck, you can see only three to 4% of the total revenue somewhere is having an impact, and that is not directly somewhere hurt us in a long term, because the customer size, the customer on board process, the validation, the approval system takes so much of time in both the product line, the biometric and shunt, so we are not foreseeing any such impact on our product line, and that's why this business cycle itself is serving those tariff ups and down.

Why are you just sharing that there's no need to even invent rise at this moment to any geographies, specifically it’s the opposite here, right now.

Kanav Anand:

In fact, the customers are a little, I would say, conservative in terms of making ordering only as per the right demand situation, rather than over inventorying it because the general phenomena is by both that we should soon be concluding a favorable condition between the two countries.

Rajeev Ranjan:

And I think the general understanding is that this would be business as usual, and we are not in a business where we need to invent price inventory to safeguard from the tariffs. Yeah, so tariff does not have a major or significant impact on our product lines.

Moderator:

Thanks for your answers, Kanav and Rajeev. Nikhil, you can raise your hand again to ask more follow ups. So we'll move on to the next participant asking a question. So that will be from the line of Pratik Jain. Pratik, your line is unmuted. You can go ahead and ask your question.

Pratik Jain:

Just on my first question is on the data keeping side. Can you help me with the shunt business revenue mix within IC, auto, Ev, smart meter domestic, smart meter exports and other shunts.

Rajeev Ranjan:

So I can give you overall automotive energy meter, which is a smart meter mix for our products. So currently, we are doing almost 37% automotive business out of total revenue, and 10% the Smart Meter business. This is for both domestic and export.

Pratik Jain:

Okay, got it, and this has a percentage of total sales, or shunt sales, total sales, got it. Got it. Thanks. Now my second question is, in your slide, you have interestingly given your updated time. So you know, if I compare with your previous slides where you used to give your time and opportunity, I guess you have increased your, you know, estimates on time. Can you please spend some time here explaining what changed like, did we enter new verticals? Or, you know, what just happened on this side?

Rajeev Ranjan:

So, you see, if you go the market opportunity and the driver. Where we have intimated the revised, not revised. And this is what the market study says about the bimetal and the shunt in the long run. And parallelly, we have informed the source of information from where we have taken such numbers. But if in this slide, if you go our original estimation, where we have intimated that environmental as per our capacity, we will be doing 700 crore. And in shunt we will be doing 600 crore. So, and then in electrical contacts, we have mentioned the 300 crore. So we have not changed our time per se, but we have informed to the market about the recent research, whatever the research is saying, and based on which we have also informed the source where we have taken such information.

Pratik Jain:

Okay, got it, and this has a percentage of total sales, or shunt sales, total sales, got it. Got it. Thanks. Now my second question is, in your slide, you have interestingly given your updated time. So you know, if I compare with your And if I see my, if I see your shunt register business for America, it's been flat and declined. Vis a vis FY 23 you know, according to you, have things out, things settled there on the in terms of EV penetration, or, you know, it's just in the at the hold moment right now?

Kanav Anand:

I think the market conditions have settled. we are seeing that the traction is increasing again. We are we are seeing higher, higher number of inquiries and opportunities for the automotive EV opportunities in North America and all our customers are now very, very positive on the upcoming demands, and then they are gearing up and building up their capacities and projects based on that.

Moderator:

We'll move on to our next participant asking a question that will be Akash Vora. Akash, your line is unmuted, you can go ahead and ask your question.

Akash Vora:

So before I come to my set of questions. I just wanted a clarity on the earlier answer that was given to one participants question, sir, is it true that the smart DC current sensor that you're talking about the new product, that that product's revenue will start between only from later part of FY 27 and FY 28?

Rajeev Ranjan:

Yeah, see, as I think, our Managing Director has explained in detail about the progress of DC smart sensor, and Mr. Kanav Anand has explained about the margin and the opportunity which is coming up. We are hopeful that and the last quarter of this year, we will start the business, the commercial business. But we are not counting such things, because it will, it will be very hard to say until, unless, we are not receiving the form demand or form purchase order from our customers. So we are, we are estimating, and we are including such growth.

Akash Vora:

And now, sir, since, I mean, for the past three years, if I look at that upline, especially 23-24 and 25 we have been stuck somewhere around that 500 crore 450, to 500 crore range, sir. And also, I think you all alluded to double digit growth, right? So double digit growth will be like, it could be as low as 10% and as high as 99% sir. So wanted some clarity on that. If you could just, you know, break it up into segments, what kind of growth you'll expect, let's say, coming to the chance business, what, what kind of growth you're expecting, the automotive and smart meter front and then accordingly, in by metals and in context?

Rajeev Ranjan:

So I can give you a broad idea. When we are saying double digit growth, we are estimating at least we should surpass 15% in consolidation for both the product and as far as the register, business means shunt and bi metal. So shunt will always be in the range of 15 to 18% and bimetal would be in the range of 12 to 16%.

Akash Vora:

I mean, if you could break up Smart Meter, because smart meters are really on a rising trajectory.

Kanav Anand:

I think you've already seen or heard that smart meter still kind of forms a very small percentage of our total revenue, which is about close to just 10% so, but if you see, we grew at about 30, 31% last year, and we are expecting to grow almost by 50% specifically in that segment this year as well. So this is as a segment is going to grow significantly for like but of course, we looking at, when we talking to you, we're talking in a holistic view of what shunts in general will bring in and what the biomechanical will bring in.

Rajeev Ranjan:

But yes, and I'd like to add, as managing director has informed you regarding the BIS system, so when it will be implemented. Currently, you see some of the register for smart meter is still coming from China. Once we have such system implemented through government, it will somewhere help us to scale in a smart meter industry.

Akash Vora:

So at last, data on exports and the domestic- How do you forecast the growth on each side and on the export side and on the domestic side?

Rajeev Ranjan:

If you see for the last historically, it is around 50 50% but for the last three years, you see our export market is from 60% to 56% and domestic market is going from 40% to 44% in in FY 26 and 27 we are estimating the that the export will continue in the range of 55 to 58% and the domestic market would be in the range of 44 to 47 okay. And lastly, growth in contacts has almost grown by 20% last year, and we are estimating this year it will surpass 20%. This year, 20% or 26%.

Akash Vora:

And just one last question, if I could squeeze in, I mean, in a JV, the JV business has gone significantly down from, I think, around two odd crores to only 50 odd lakhs this quarter. I mean, what, what would be a sustainable kind of an JV share that we can, you know, build in our estimates going forward.

Rajeev Ranjan:

Yeah, so in JV, we used to supply to the European market, and there is one specific customer based off out of Sweden. So somehow, they hold the supplies in the last quarter, and that's why they have even not met up the estimation for this year. But the coming paper, 26 is very promising. The demand is increasing from both the side, from the export and the domestic both. So this year, they are estimating a growth at least 10 to 15% on the scale of 24 not on 25.

Moderator:

Thanks, Rajeev, and thanks for your questions Akash. We move on to the next participant asking a question that will be from Harjit Sachdeva. Your line is unmuted. You can go ahead and ask your question.

Harshit Sachdeva:

Just a very broad question, as in, now, in the future, do you see applications for your products? Are you developing anything that could be used? Let's say in the switch cares for windmills. And second, the government came out with an EMS PLI for it, hardware and stuff. So, any applications or products that you developing there?

Rajeev Ranjan:

As far as EMS and PLI is concerned, we are into it. And for the last four years, we are getting such incentive from the government. In fact, our product falls under this category through his we can, we can get such incentive for increased sale.

Rajeev Ranjan:

As far as EMS and PLI is concerned, we are into it. And for the last four years, we are getting such incentive from the government. In fact, our product falls under this category through his we can, we can get such incentive for increased sale.

Kanav Anand:

For technology, I think, on a question on windmills any form of energy generation, the power distribution that's going to happen is still going to use the. Ah, our products which require MCBS and MCCBs for any distribution which will continue to use our bimetals. So, yes, ah, focus on renewable energy does bring in a lot of opportunity for our products.

Moderator:

Our next question will be from the line of Rohan Vora. Rohan, your line is unmuted. You can go ahead and ask your question.

Rohan Vora:

Thank you for the opportunity. So, sir, first question was on the BI metal business that, you know, we've seen flat volumes this year. So, what are the discussions that are happy with the customers in terms of the switchgear segment and how? What is the indication, because the capex in India is pretty much on in the first fourth quarter, and we've seen, you know, other companies giving out the results in that manner. So, what is your view and what are the discussions happening with the customers? That was the first question.

Kanav Anand:

Basically, on the switch gear side. The discussion with customers is very positive. In fact, if we talk about most of our key customers, they are talking about 2x by 2028 2029 and if they are looking at 2x 2028-2029 we are looking at the similar number, similar kind of growth with them for these so the post the budget, the anticipation is that the focus on infrastructure growth is going to be the prime focus of this government, which is going to push demands for the products that our components go into. So of course, the only all the discussions that are happening with the domestic customers are around these kind of numbers in the next three to five years.

Rohan Vora:

The second question was on the Smart Metering part of it shunts broadly. So, how is the how is the response there, in terms of relay manufacturing in India?

Kanav Anand:

Things are progressed, pretty much, well this year, if you see the numbers also, the installation level has also gone up. The speed of insulation has also gone up. Some good manufacturers have finally not only developed the product, but also developed capacities and capabilities to kind of participate in this bull run. And Shivalik has also seen or been witnessing the advantages of such activities that have taken place in the last year and a half. Along with that, what to be in and Rajeev were also talking about was the BIS if that implementation is also anticipated to happen this year. If that happens, that will further put us in a much stronger position to be able to take on the possible opportunities and potential that is coming up to us from this smart meter installations.

Moderator:

Our next participant asking a question will be Richa Aggarwal, Richa, your line is unmuted. You can go ahead and ask your question.

Richa Agarwal:

You know, like tariffs will not have an impact on shunt register business, but given the end markets that are, you know, kind of feeling the effect of that and auto being 37% of our revenue. So do you see, you know, from what are the feelers that you are getting from the end markets? How confident they are, or are they on Wait and watch mode currently, another question is, how much auto India would contribute to our revenues, because I was reading somewhere that, you know, this pause on rare matters or some kind of restriction from China is creating some sort of disruption and slowdown in the domestic production of auto volumes?

Kanav Anand:

I think the most importantly we need to understand that 37% of the automotive business that we're doing is not coming all from the United States or not or North America. So that doesn't completely, as we have already mentioned, only 5% of our revenue, of the total revenue, is in some way impacted. And these kind of products- subsequently, the last year, when we signed this, this contract that we had allows us to distribute our components directly to all parts of the world, to our OEMs, rather than through our customer, which is not in North America. So that kind of helps us push through that, that scare that any investor or you have related to the tarrif situation that has come up and on the on the Indian automotive market. I think we are still at a very early stage. Indian automotive market is still relatively small. Lot of new players are developing new products and technologies which are at prototype and sampling stages. But in the next year and a half, I foresee Indian automotive market is going to start playing a very important role in in the EV segment, and which will, of course, give us an opportunity to kind of play a very significant role on the China disruption. We haven't really seen too much now, from our product perspective, is we are not seeing that the volumes are in any way impacted because of that, and we are very closely and continuously following that.

Richa Agarwal:

And sir, like you, shared the share for auto around 37% could you also talk about how much we get from energy storage? Because I think it's emerging as a big theme. So going forward, do you expect it to be, you know, what kind of share do you expect it to be in the entire mix of the revenue? And currently, what is the share?

Kanav Anand:

I think energy storage, now, is very small percentage of our total business, which is about seven and a half 8% maybe lower. In fact, I think would be less than 5% of our current segment. And this would, definitely- as smart metering is also growing on a 2x basis, year on year. So, at the moment, it falls very forms, a very small percentage of our revenue. So, it doesn't show too much, but this is going to, in the next three to five years, play a very significant role.

Richa Agarwal:

And so, two more questions. First is on the PLI contribution, how much it was for FY 25 and what kind of investments can we expect? You know, given the forward integration and the growth in the existing segments to capture that 150 crore opportunity.

Rajeev Ranjan:

So the first question regarding the PLI in FY 25 it was around 3.75 crores, which is under the other income. And the infrastructure we have currently does not require any additional Capex for capacity, per se, but still, we are having an estimation of 10 to 15 crore regarding the automation and the improvements in the existing machineries, which will add value to the through the quality and for the automation in the future.

Moderator:

Thanks for your questions. On to the next participant. Vivek, your line is unmuted. You can go ahead and ask your question.

Vivek Seth:

Hi. Thank you for the opportunity. My question is regarding the Smart Meter. So last that I remember that you mentioned that these are, in monetary terms, around 100 to 150 rupees per smart meter contribution. So with the new components and the value addition forward integration taking place, is there any incremental change in these numbers?

Rajeev Ranjan:

No, that will be the same. And once we are saying 100 to 125, contribution, which includes both shunt and electrical contacts. So as you know, we are having a three product segment. One is bimetal shunt, register and electrical contact. Yeah. Shivalik is manufacturing bimetal and shunt, and our subsidiary is manufacturing the electrical contact. So our whole contribution on the consolidated value would be in a smart meter segment, is around 100-125 second question of yours regarding any impact for the forward integration on this number will not change.

Vivek Seth:

One more question, so we are aware that BYD is one of the customers, and since they are starting their manufacturing in India, so any tie ups with them for the new components that we are- going to produce?

Kanav Anand:

It's in progress.

Moderator:

Thanks for your questions. Next participant asking a question will be Jay Patel. Jay, your line is unmuted. You can go ahead and ask your question.

Jay Patel:

Yeah, so, so if I'm not mistaken in the last phone call, you had mentioned that once we go from once we go towards sub assembly, our revenue would increase by around 10x but you have given the double digit around 18 to 20% so even if we are able to convert just 20 to 30% of our stunt shells into sub assembly, we are able to forward integrate, that revenue would be much higher. So are you going conservative, or is it that it will take some more, some more, maybe four to five years to take those 10x kind of revenue?

Rajeev Ranjan:

No, you see, let me correct what we said in the previous con call. It was- suppose today we are supplying 10 rupees shunt to someone, once we will supply the whole component after assemblies would be a 10x so that will become 20 rupees, becomes 200 rupees. That was the explanation in the previous earnings call. And it is, what we are going to do. Rest, as we have discussed, regarding the timeline, the whole scenario about the product is as we explained in this earnings call.

Jay Patel:

And again, in last con call, it was said that pretty much capex is done and no new capex would be required. But again, here we are saying that there would be new capex once we have clear orders in pipeline. So can you throw some light on the amount of Capex that would be required and asset terms that would come from you?

Rajeev Ranjan:

Yeah. So, as we explained earlier, we have already incurred the Capex for the capacity of making shunt and bimetal up to 12 to 1300 crore. Now we are going into another sub-assemblies' product line where we may require some capex, and in addition to that, as we already discussing and sharing to the market regarding the continuous maintenance capex and the automation capex, which is in the range of 10 to 15 crore year on year.

Jay Patel:

Right? So that I got it. But regarding this new capex for subs and for forward integration, can you quantify how much would it be? Or it would be too early to tell?

Rajeev Ranjan:

To some extent, we have quantified, but it is too early to intimate to the market, but we must intimate maybe the on the next concall.

Moderator:

Thanks for your question, Jay, our next participant asking a question will be from the line of Lakshman Makana. Lakshman, your line is unmuted. You can go ahead and ask your question.

Lakshman Makana:

So sales have not grown much in the last six quarters. Can you explain the reason?

Rajeev Ranjan:

Yeah, see the quarter fourth results, then you can see, we are coming back on the track. The previous quarter in our history is the deepest quarter in terms of as far as sale is concerned.

Rajeev Ranjan:

Yes, it is. You see there was some consumption issues from the beginning of this financial year 25 but that has somewhere settled down on fourth quarter onwards. And it is not only from the domestic market, it is across the globe. So even you see the fourth quarter result, you will see that there is an improvement in domestic there is an improvement in American market, there is an improvement in European market, in both the segment.

Lakshman Makana:

So the sales have been stagnant for past two years, sir. So?

Rajeev Ranjan:

I agree with you. If you go by the consolidated sale, then you will see it is stagnant, but you see the quarter four result, where we are seeing a sentiment change and we are getting more orders in pipeline. The fourth quarter was the largest achievement, as far as the sale is concerned, for us, and it will continue.

Lakshman Makana:

Can you please explain any tailwinds are helping? Like, from the upcoming quarters, like, what could be the reasons for the growth?

Kanav Anand:

Of course, smart meter remains one of our indicators. We are seeing our presence in Europe, the positioning in Europe, is in helping us get gaining more traction with the end customers, adding more volume there, in China, plus one, strategy is also kind of pushing us to gain more market share globally with the customers. Lot of our existing customers are adding us as a supplier, into their other locations globally. And then also, we are seeing that the push against the hybrids and the EV’s is also kind of pushing increasing demand for our components that focus on renewable energy is also very critical area where Wind and solar energy is basically generating power which is going to result in increased generate increase in generation of power will result in storage of these powers, which is going to bring a lot of potential for our products in energy storage applications, where all these current sensing components are going to be used. So, in terms of, , then again, AI, as you all also know, plays a very important role for our products. The data centers that require that for AI applications require 30% more, require more, 30% more power generation, which basically again, focuses on Power Distribution products, which is going to push demand for our components and our products. So, in general, we are, we are very much placed in those areas where, we expect that there's going to be strong growth opportunities. And these are very strong indicators for why we are confident of much better year going ahead.

Moderator:

Thanks for your question, Jay, our next participant asking a question will be from the line of Easwar. Your line is unmuted. You can go ahead and ask your question.

Easwar:

So hi, Mr. Kabir. So the question I had was our biggest competitor, the shunt segment. They have their production unit in China, if I'm not wrong. So with the recent volatilities in the trade war between US and China, do you see any business diversifying average from them and coming towards us?

Kabir Ghumman:

I think, Kanav had touched on this topic earlier, also that we have been seeing a lot more activity as far as new RFQs are concerned over the last few months, and this may, coincidentally fall in line with the volatility as far as the US is concerned, and the policies that are in a little bit of a limbo at this point. So, we are seeing, you know, fresh RFQs from product segments or from product series in terms of shunt, which we have not seen before. And these have been popping up since, since this volatility began. So, to answer your question, yes, this has fallen in line in terms of the timeline to what is happening. As far as the US market is concerned, we are working with these customers. There are some that have been sampled already quickly to not lose too much steam on that, and there are some that are still in an RFQ phase. So the team is working on that.

Easwar:

The latching relays that go into the Smart Meter, most of it is procured from China as of today. So, government is trying to bring in BIS standards to this latching relay. So how much percentage, of these relays are made in India as of now. And how do you see that moving going forward in the next two to three years?

Kanav Anand:

I think for the latching really at present. In fact, if I go back a year back, it almost 60% - 65% of, or maybe close to 70% of the Latching relays were coming from China today, today, I would say the, as I mentioned earlier, the local players have started playing an important role, and they are now close to 50% of the of the total demand that is required for these latching relays, and with this BIS and the safeguarding duties that are coming up and that are proposed to come up for these kind of products, the endeavored is to substantially increase the share. And that's why we are seeing local players are not only working on increasing capacities, but there are a couple of new players also entered, also who are building up capabilities to meet this demand. And the push is right now. The most important aspect of the push is from the from the customers itself. So both the government and the customers are pushing towards localization of delays. Some players have also kind of decided to make their own relays in India, and that is clear, indicative that the market is wanting to focus purely on make in India products.

Moderator:

We have time for a couple more questions before we wrap up. So our next participant asking a question will be Apoorv Singh- your line is unmuted, you can go ahead and ask your question.

Apoorv Singh:

Yes. I just went through your PPT. I think you have given very good guidance for the next decade. But coming back to what is FY 26 scenario, I'm not very clear, and that has been the case for the last couple of quarters. Would you guide on what kind of top line and bottom-line growth are you envisioning for FY26 in terms of what visibility you have and what kind of next one to two years growth engine you want to become, in terms of top nine, because 3x tam in five years, kind of is 25% CAGR. So can we expect a 25% revenue growth?

Rajeev Ranjan:

As far as FY26 is concerned, as I mentioned earlier, that from both the segment, this year, we are targeting a double digit growth and number terms, it would be in the range of 15 to 18% the second person regarding your time achievement in the next three years in our business, you can see the history also in a year, we have been grown by 60% we have been grown by 40% it depends on the demand. Since we have a capacity build up in house, we are ready for delivery, and it happens in our business line. So maybe next year, in 27 we will see a good demand from automotive or even in a smart meter that can give us more than 30%, 40% growth. So based on which we are very confident that this tam is achievable in a timeline, in a time frame we have given to the market, and we are very hopeful and confident, in consultation with our customer, that we are going to achieve it.

Apoorv Singh:

Got it so you just said 15 to 18% top line for the next year. And should we expect any margin improvements?

Rajeev Ranjan:

Yeah, so this is in line with our confidence, with our with our customer at this moment, and as far as the margin is concerned, the margin we are maintaining like 22% or 23% EBITDA, we have been maintaining year on year. It is the bottom line which is which we are maintaining at this point. So once we have an improvement in product mix or an scale up even by 20% it will improve.

Kabir Ghumman:

Also, you know, this is directly also related to investments in capex, as far as automation and inspection is concerned. So there's a parallel focus on increasing product efficiency, in process efficiency, as well as end of line efficiency. So there are internal targets in place. There are benchmarks that we are using to automate over a certain threshold in volume to automate as fast as far as possible, the last stages of the process which are possible to automate, and in some cases where the volume thresholds allow it, we have already automated those lines, and we are seeing. Uh, product efficiency increase. So we'll be horizontally deploying that across other product lines as soon as the volume thresholds get cross. So that should also add to the improvement.

Moderator:

Thanks for your question. Our next participant asking a question will be from the line of Sriram. Your line is unmuted. You can go ahead and ask your question.

Sriram:

Thank you for the opportunity. So, regarding this forward integration, what will be the margin of those assemblies? I mean, even on even a broad range would do now, you know, can you also elaborate on the type of assemblies and the specific application? Like, you know, do we have to import something to make the full component? Or everything will be made in house, like, whether the product lines will be fungible to produce multiple products or to be a single product assembly, you know, some color on this

Kabir Ghumman:

So Rajeev, you can take care of the margins discussion. I'll take the second question first. See, as far as the production lines are concerned, as I mentioned earlier, we are very closely watching the feedback from the customers, from the first prototype samples, as I mentioned earlier, there will be some fine tuning in terms of mounting designs, in terms of current carrying capacities, possibly some minor changes as far as the product outlay is concerned. So, the idea is, clearly to kind of have these smart, smart DC shunt sensors to fall into four major categories in terms of size, in terms of current carrying capacity. Now those four will possibly need dedicated lines, but within those dedicated lines, there will be flexibility to switch to various problems in terms of the shunt itself and changes within the PCB. So the idea would be to have, at least, you know, multiple lines carrying forward the standard designs, and then flexibilities within those multiple lines to switch over to variations of those designs. But from the beginning of focuses has been to have a primary design which can be adapted to slight customer variations depending on the end user application.

There could be, potentially a scenario where volumes for a certain end user application could be large enough that would justify setting up a dedicated line when it comes to these types of, you know, automated end of line assembly, end of line, calibration and testing, the less you switch over, the better it is. So that goes hand in hand with the volumes, where volumes justify it, certain specific designs could justify their own dedicated lines, but otherwise, the idea would be to design multiple production lines that you know, day in and day out would be making a standard design, but then also be adaptable to slight variation depending on the end application. As far as the assembly itself is concerned, it contains, you know, a mix of, obviously, the shunt, the PCB itself, and certain other components that are mounted and soldered onto the PCB. The products that are soldered onto the PCB would be standard items brought, you know, bought out items like thermistors or other types of temperature sensors, maybe some sort of a connector and possibly an amplifier in the middle, depending on the end user. So, a few of those parts will be bought out parts which are standard catalog items from multiple vendors, which are already, you know, defined and qualified, and the remaining PCB, as well as the shunt, of course, is designed by Shivalik. That is a Shivalik product. The shunt is a Shivalik product. So, it's a mix of in house products as well as certain bought out parts.

Sriram:

For the value addition that would be more than 90%- I mean, the in-house value addition?

Rajeev Ranjan:

See, as far as the value addition is concerned, depends entirely on the brought product that we have. But currently, our shunt which is, which is, which is what we are producing right now, and that plays a major role for the costing. So, the bill of materials somewhere in between 15- 16 brisk. So, the rest is the market. And it also somewhere signifies when we scale up this business that can increase our margin to a certain extent. Once you are purchasing the bought-out autumn in a bulk, more or bulk, then you are also saving some cost there. So, this product where, suppose today we are selling a shunt only, where we are making 20- 23% as for our EBITDA, so tomorrow we are selling the whole product line. So there, there the estimated margin would be in the range of had this 40 to 50%.

Moderator:

Thanks Rajiv, and thanks Kabir for your answer, and thanks to Sriram for your question. We'll now have to wrap up our Q and A session. I can see that all the participants with their hand raised, please do write to us at shivalik@dickinsonworld.com, it's the email ID on the last slide of the investor deck, and I'll ensure all your questions are answered to your satisfaction. So that concludes our Q and A session. As soon as this call finishes, you'll be directed to a survey for your feedback. Kindly take a few moments to participate in this quick survey. I'll now hand over to Rajeev and Kabir for some closing comments on the call. Over to you. Rajeev.

Rajeev Ranjan:

Thank you, Shankhini, and thank you all for participating in our call. We hope we have somewhere satisfied your question answer session, and we are with very committed for the growth in FY 26 thanks again.

Kabir Ghumman:

Yeah, and I have the same sentiments. So, thank you everyone, and thank you for the questions. And we are committed to delivering and performing, also internally, as well as for all our shareholders and investors. There's a focus looking outwards, but there's also a very strong focus looking within the company, within the manufacturing locations, to improve our systems internally, our manpower, our internal KPIs, so there's a core focus on both areas, and we are committed to deliver on both fronts.

Moderator:

Great. Thanks to Kabir, Rajeev and Kanav for your time today and to answer all the questions. That's the end of our call today. So, on behalf of Shivalik, thank you for your participation, and if any remaining questions, you can write to us at Dickinson. Thank you all for joining us, and you may now disconnect your lines. Please have a great afternoon.