



# Shivalik Bimetal Controls Ltd.

(A Govt. of India Recognised Star Export House)

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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
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**Subject: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcription of Earnings Conference Call with Investors/Analysts held on 09<sup>th</sup> day of February, 2024**

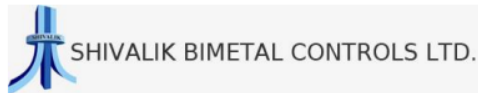
Dear Sir,

Please find attached herewith a transcription of the Earnings Conference call with Investors held on February 09, 2024. Kindly take the same on record and acknowledge.

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

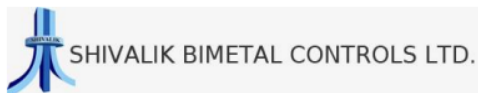
Thanking you,  
**For Shivalik Bimetal Controls Limited**

**Aarti Sahni**  
**Company Secretary & Compliance officer**  
**M. No: A25690**



# “Shivalik Bimetal Controls Limited Q3 FY-24 Earnings Conference Call”

**February 09, 2024**



**MANAGEMENT: MR. RAJEEV RANJAN – CHIEF FINANCIAL OFFICER  
MR. KANAV ANAND – HEAD OF SALES AND  
MARKETING  
MR. SUMER GHUMMAN – MANAGING DIRECTOR,  
SHIVALIK ENGINEERED PRODUCTS PRIVATE LIMITED.**

**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 FY24 for Shivalik Bimetal Earnings Conference Call hosted by PhillipCapital (India) Private Limited.

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

I now hand the conference to Mr. Nikhil Kanodia from PhillipCapital (India) Private Limited. Thank you and over to you, Mr. Nikhil.

**Nikhil Kanodia:** Thank you, Muskan. Good afternoon everyone. On behalf of PhillipCapital (India) Private Limited, I welcome you all to Shivalik Bimetal Controls Limited, Q3 FY24 Earnings Conference Call.

Today, we have with us Senior Management, represented by Mr. Sumer Ghumman – MD, SEPPL, Mr. Rajeev Ranjan – Chief Financial Officer, and Mr. Kanav Anand – Head of Sales and Marketing.

Without taking much of a time, I would like to hand over the floor to Management for their opening remarks, post which we can open the floor for Q&A. Thank you and over to you, sir.

**Rajeev Ranjan:** Thank you Nikhil. Good afternoon, welcome to the Earnings Call for Shivalik Bimetal Controls Limited, where we will be discussing our “Financial Performance” for the 3rd Quarter of Fiscal Year ‘24, and the preceding nine months FY24.

I’m pleased to have with me joining us for the call today Mr. Sumer Ghumman, Managing Director of SEPPL and Mr. Kanav Anand, Head of Sales and Marketing.

Despite facing moderated market demand Shivalik Bimetal Controls Limited has demonstrated resilience in Q3 and nine month FY24. Our total income increased by 4.31% in Q3 FY24 to reach Rs.112.17 crore and by 8.8% over the nine month period ending in FY24 to Rs.337.64 crores. These figures reflect our commitment to driving sustained growth and creating value for our stakeholders. Our EBITDA for the nine month period ending in FY24 rose by 4.74% to Rs.81.03 crore, highlighting our continued focus on operational efficiency. Furthermore, our profit after tax improved by 3.56% to Rs.55.64 crore underscoring the strength of our financial performance.

We also witnessed significant growth in our Thermostatic, Bimetal, Trimetal segments in Q3, FY24 and nine months FY24th. With sales increasing by 22.22% year-on-year in Q3 FY24 and 22.10% year-on-year in nine months FY24. This growth, particularly in the Asia region, positions us well in the global electrification landscape and reflects the effectiveness of our initiatives.

We are well positioned in India's energy sector transformation and continue to build on our forefront position in catering to domestic demand, particularly in the smart meter and switchgear opportunities. While we encountered challenges in America, particularly in the Shunt Register category, we remain optimistic about the future. As global markets recover and demand rebound, Shivalik is prepared to capitalize on emerging opportunities and drive sustained growth.

Looking ahead, we are confident in our ability to navigate evolving market dynamics and continue delivering value to our stakeholders with a solid cash position of Rs.25 crore and Rs.68 crore generated from operations in nine-month FY24. We have the resources and agility to see growth prospects and enhance shareholder returns.

In the light, we are delighted to declare the Board's approval of an interim dividend of 35%, that is Rs.0.70 per equity share.

In conclusion, I would like to express my gratitude to all our stakeholders for their continued support and trust in Shivalik Bimetal Controls Limited.

Let us begin with our question-and-answer.

**Moderator:** Thank you. We will begin the question-and-answer session. And the first question is from the line of Pratik Jain from Solitary Investment Managers. Please go ahead.

**Pratik Jain:** Sir my first question is, can you give me the split between the number of Shunts that go into overall two-wheelers and overall, four-wheelers?

**Sumer Ghumman:** It varies, so basically there is no general answer to this because Shunts are used in various applications in an automobile so in some cases there could be only, we could be supplying only one Shunt and rather could be part of other devices. In some cases it could be 12 or 15 different components. So, there is no one fix answer as to how many Shunts would go into one. It's probably an easier answer to give for a two-wheeler because the battery management systems are not multiple and there it's an easier system so in most cases, there will be one maximum two components in a two-wheeler in case of two batteries. But for four-wheelers it's very difficult to give a standard answer in this.

**Pratik Jain:** And what is the realization for Shunts in two-wheeler and four-wheeler?

**Sumer Ghumman:** Actually, the two things are again interrelated depending on the number of components it can vary a lot, it can go from Rs.20, Rs.30 to Rs.2000 also. So, again, it's somewhat the same answer as, what it was for the first question.

**Pratik Jain:** So, even the realization per Shunt range is very wide?

**Sumer Ghumman:** Well, it's the number of Shunts and components are varying that much so, of course the value also of it would be varying accordingly.



- Pratik Jain:** No, my question is, realization per Shunt. So, I agree that with number of Shunts your guiding will go but per Shunt realization, is the range also wide?
- Kanav Anand:** Yes, because there are different types of, different voltages of batteries that you are talking about, the size and the shape will definitely vary, the power would be different. So, it will vary from one design to another.
- Moderator:** Thank you. The next question is from the line of Akash from Dalal & Broacha Stock Broking. Please go ahead.
- Akash:** Two questions from my side. Firstly, I wanted the breakup for both the Shunt and the Bimetal side. So, for the nine month revenue of Shunt, how much is from smart meter, how much is from the automotive category and how much is for the power storage modules?
- Rajeev Ranjan:** Actually we have the application wise details like from Shunt side the total.
- Kanav Anand:** I would say we would basically break this into different applications than our products go into, they go into automotive, they go into gas meter, they go into energy meter applications and so on. Now, if we look at the Shunt portion of the business, if you look at the automotive side almost 50%, 60% of the total Shunt business is into automotive applications. Then, we have about 13% to 14%, 15% of our Shunt business that goes into metering applications and close to about 8% to 10% is into energy storage and the rest is basically miscellaneous and other applications.
- Akash:** So, this breakup was for this current nine months, the 150 odd crore Shunt revenue that we have done?
- Kanav Anand:** Yes, this is purely on the Shunt revenue yes.
- Akash:** Okay. On the Bimetal side can I get a similar breakup?
- Kanav Anand:** On the Bimetal side?
- Akash:** Yes.
- Kanav Anand:** Most of the Bimetal application go into switchgear and circuit breaker application which is approximately 65% of our business, about 15% to 20% will go into appliance business. About 8% will go into gas metering applications and the rest will go into other applications, small applications, miscellaneous ones.
- Akash:** Okay. And my other question was, we have been observing that for the current year, our realization have been dropping both on the Shunt and the Bimetal side. And in spite of our volumes going up significantly on the Bimetal side. So, is there any particular reason that

because we are selling more in India, we are not able to price the same kind of realizations or what is it like?

**Kanav Anand:** See, we have mentioned that in the past also, the realization price is to be also dependent upon the commodities and the commodities have been easing out in the last one year. If you look at quarter-on-quarter and it will obviously have a direct impact on our top line.

**Akash:** So, this is more due to the raw material prices and not our sale price is going down, average realizations per product of ours?

**Kanav Anand:** No, the valuation remains the same it's the metal impact and the reduction in the metal prices, which will impact the sales price and the realization value.

**Akash:** So, have our gross margins been affected due to these raw material prices, because I understand that we are able to pass this on completely right?

**Kanav Anand:** See, again I said, the impacts have passed down, but if you for example take a \$10 copper to a \$7 copper, \$3 reduction in copper price, will it actually reduce the price of the top line, it will not impact the gross margins.

**Rjeev Ranjan:** Yes, but as far as gross margin is concerned, this is due to the product mix, because you see in the last three quarters we are having growth in Bimetal rather than in Shunt, and Shunt has a little ace over the margin compared to the Bimetal. So, if we are growing in Bimetal there must be a reduction in gross margin.

**Akash:** But, I understand our Shunt revenue has picked up again in this quarter, we are more or less sitting again at that 45, 55 kind of ratio between Shunt and Bimetal this quarter, still our gross margins have dipped significantly?

**Kanav Anand:** No, but we have seen a 4% reduction overall. If you look at from last year, we are talking about 49, 51 ratio to a 45, 55 ratio.

**Akash:** Correct.

**Kanav Anand:** So, there is still about 3%, 4% gap in our overall product mix percentage, which is impacting the overall gross profit.

**Akash:** Okay, so basically about the product mix, due to the product mix?

**Kanav Anand:** Yes.

**Akash:** Sir, my last question is on the contacts business of ours. How is that faring, because even that we see that it is pretty much steady state, we are not seeing lot of growth there?

- Sumer Ghumman:** So, I'm not sure if from our previous calls and the data that we have been giving out related to this business, we are currently running our plant at a near full capacity for which the plant is under construction. So, what we are doing, as of now whatever growth we are achieving in that is basically just whatever best we can do by improving the processes in the existing plant, otherwise we are in desperate need to increase that capacity for which we are building a plant. So, real growth numbers will start showing up in that from when the new plant is ready, which we expect to have by the first phase of it starting in the middle of this year.
- Akash:** What is the capacity utilization there?
- Sumer Ghumman:** Therefore, for 80% to 85% of all our product types we are running at over 100% capacity, we are running multiple shifts, we don't have the space actually in the plant.
- Akash:** Overall level Shunt and Bimetal?
- Sumer Ghumman:** Shunt and Bimetal are 38% to 39% capacity level right now because of the reduced Shunt.
- Akash:** I didn't get the number; how much is on the utilization level?
- Sumer Ghumman:** 35%, 36% after the recent expansion that Shivalik has done for both Shunt and Bimetal, after that the capacity utilization has come down to about 35% to 37%, 38% range.
- Moderator:** Thank you. The next question is from the line of Hardik Doshi from White Whale Partners. Please go ahead.
- Hardik Doshi:** Can you please repeat, the end market breakup for the Shunt resistors, I missed that.
- Kanav Anand:** What I said was that our automotive is somewhere around 70% of the total Shunt business that we do, 65% to 70%, we are doing energy meters, which are approximately 13% to 14%, 15%. And we have about 7% to 8% in energy storage, and balance is miscellaneous applications.
- Hardik Doshi:** Okay. And within the autos, how much would be electric vehicles versus IC?
- Kanav Anand:** Right now, it is still 65:35 ratio, EVs are still in a stage where we are still seeing that they are more right now in the news rather than actual market, but yes, that portion of the market is increasing. But still the proportion is much lower than the IC.
- Hardik Doshi:** That's about 35%?
- Kanav Anand:** Yes.
- Hardik Doshi:** So, we have been talking for a few quarters now about how there's an inventory correction kind of going on obviously, the volumes are down as much globally as far as when you look at the cars. Is this inventory correction largely over and how are you seeing demand on the Shunt side,

that's number one. And number two is, in your AGM you have mentioned that while there is a lot of talk about smart meters, the implementation on the ground could take some time. But now with the new initiative by the government talking about solar panels on the houses, you will see a significant pickup happening on the smart meter front?

**Kanav Anand:**

I'll start with your first question. Inventory correction, yes of course, that is still happening. Parallel to that, we are also seeing that the North American market, automotive market has been muted in terms of not that it's not growing, and it is kind of on the negative trend. But at the same time, in fact I was just recently in that part of the world and the feedback that we are getting is the good part is that we have not lost any opportunities neither our customers have lost any opportunity. Neither we have lost any customer. So, looking at how things are, we see that second half of 2024, we will see that the North American market demand should start picking up again. And which clearly indicates that the inventories are coming to a level which is acceptable to the industry. And the second part of the question was, can you just repeat that second part of your question, please, once again?

**Hardik Doshi:**

Yes, the second part of the question was on smart meters. In your AGM you have mentioned that while there is a lot of excitement around it, there could be delays in terms of implementation, and actually volumes picking up but I'm just wondering with the government announcing the rooftop solar project, which I'm guessing requires a lot of smart meters attached to the houses, do you see much more traction and how are you looking at that business from the next two, three years?

**Kanav Anand:**

Absolutely. In fact, smart metering is now becoming more and more interesting for us. In fact, we already started seeing results in our domestic Shunt related business as it is growing. And we expect this to continue to grow in 2024-25 as well. And it is definitely now in the market, it's come to a stage where the tenders are now actually being started into, it's going into production.

**Hardik Doshi:**

Related to the rooftop solar initiative of the government, have you done any kind of analysis of what this means for you from a addressable market perspective?

**Kanav Anand:**

It's too early to kind of get an idea on that. However, of course this is definitely going to bring value in terms of opportunities or the Shunt business, but how much of that, what designs would come in, what kind of resistance it would kind use, that's still is a very early stage to kind of identify how much of that will kind of transform into an opportunity for us.

**Hardik Doshi:**

Okay. Just one follow up on my first part of question, you mentioned in your conversations with customers that you have not lost share and we have not lost any opportunity. Is this mainly anecdotal or do you get industry data which kind of confirms that you have not lost market share?

**Kanav Anand:**

No, it is also clearly reflecting in the industry data as well, you see the North American automotive market is clearly showing signs, in fact the transition of moving into the hybrids and the high-end ICE engines as well as the EVs, were slower than what it was anticipated. So,





obviously, we see that in the last couple of years, there has been a certain level of inventory piled up with our customers, which is now getting liquidated.

**Moderator:** Thank you. The next question is from the line of Aman Vij from Astute Investment Management. Please go ahead.

**Aman Vij:** My first question is on the Metalor MOU, which we have signed, for the Bimetal JV. So, can you give further update on the same when can we make something concrete on this, how big investment are we planning to do, with the same product or this will be a totally new category of Bimetals?

**Sumer Ghumman:** This is for the contact businesses, the silver contact business which used to be a joint venture with the Checon until a couple of years ago, then it is a wholly owned subsidiary of Shivalik at this point, and I was just a few minutes ago was mentioning about this plant being run at full capacity and a new plant under construction. This is for that business, and the MOU that was signed with Metalor currently we are in a stage where we are constructing and working on business plans to assess what kind of products we would like to add or what kind of capability we would like to add. So, basically, along with a due diligence process, we are in the midst of all of that, and as soon as that process is complete, we should have an idea of as to how we are proceeding with the joint venture and what we are planning to invest, and those details will come out. But as of now we are in the process of creating that, we are pretty advance stages of it. So, I wouldn't be able to put a timeline to it. But, I would say soon we should have the dates, et cetera numbers available about what kind of investments we are looking at.

**Aman Vij:** Sure. Just one clarification before I move to my second question. So, we already have our own new facility coming up for contacts. So, then you will have, we will be selling on our own and there maybe something through JV as well, this is the plan?

**Sumer Ghumman:** No, we will probably, that is what part the part of this due diligence process will give us answers to what kind of an arrangement we are planning to make and what kind of more suited to both companies. A Metalor is the global leader when it comes to precious materials, refining precious materials manufacturing as well as silver contacts and we are very pleased that they are working with us to go ahead with this because the reason that only to mention to go with a world leader for a product is always going to bring benefit in the long run.

**Aman Vij:** Sure, that helps. My second question is on the market situation, both in Shunts and Bimetal. On the Shunt side, if you can first talk about because in the commentary, I believe there were hints that by the end of this financial year itself we might see some uptick. But in the initial question you have talked about maybe second half of this calendar year, so if you can just talk about it, is it in one quarter, it's like still two, three quarters away. And because you were also highlighting the point that, there was shortage of capacity from our side. So, is the demand an issue, is the capacity an issue, is both the issue, if you can just help us clarify. And similarly on Bimetal side there was shortages last year. So, if the shortages are still ongoing, because some of the

competitors shut down, or if the situation now becoming normalized, because Bimetal never used to grow at such fast rate. So, do you expect the Bimetal growth to go back to that low single digit kind of level or do you think this high double-digit kind of growth can sustain for one, two more years?

**Kanav Anand:**

I'll take your question one by one. So, first, of course on the capacity because it's faster one, on the capacity you got a little confused on the Shunt and the Bimetal side, we are working at about 38%, 39% capacity. So, we don't have any capacity shortage there, what we were talking about the capacity constraint was on the silver contact business. So, that is SEPPL, which is the 100% subsidiary of Shivalik. So, again, when it comes to Shivalik operations on Bimetal engine we have enough capacities to kind of cater to the upcoming demands.

Secondly, on the demand side, as I said that, if you look at it, our numbers are very positive when you talk about the Asian market, the Europe market, our numbers are growing pretty strongly there. What we have seen in the last one year is that the North American market has been very muted which has kind of impacted the overall growth. But if that comes back, we are more than confident that we will come back to the previously projected numbers that we had anticipated. So, that's specifically why we were in that market with the customers to kind of assess where we are right now and as I mentioned, the second half of the year, we are seeing that the demand is going to start picking up, we are going to start seeing, we are already seeing a lot of customer engagement happening right now on the schedules and the forecast, the numbers that are coming forward. Looking at all that, and looking at the ordering process, and from the time we would start supplying to them that's why we feel that the second quarter of the exponential numbers is where we will start seeing the numbers picking up again.

**Aman Vij:**

And on the Bimetal side if you can?

**Kanav Anand:**

Okay. On the Bimetal side, of course a lot of growth. On the competition side, that has already stabilized, that was in fact stabilized last year. This year, we have seen a lot of growth coming from the local domestic market, we have seen that the markets have been very strong. And a lot of emphasis has been on infrastructure, up-gradations and improvements. And of course, we are now coming to a period where of course we all know it's election time. So, a couple of months, we might see that there might be some effects because of the election coming in. But we all anticipate that if this continues this continuous growth in this specific area will happen. And that's why for the next couple of years, this should be sustainable.

**Moderator:**

Thank you. The next question is from the line of Manan Poladia from MKP Securities. Please go ahead.

**Manan Poladia:**

So, my first question is with regards to the smart meter Shunts business, the last time we spoke on the previous call, you indicated somewhere along the line of 10% of your Shunts business being, domestic Shunts business being from smart meters. This time you indicated somewhere around 13%, 14% and you also indicated that you wanted to double next year, given the fact that

you are now looking at it more positively and you are seeing the implementation pickup come in. Is there a change in the guidance or should we expect any different numbers for domestic Shunt contribution of smart meters?

**Kanav Anand:** No, you are absolutely right, on the metering side we will definitely see these numbers grow exponentially and which will definitely going to affect the overall contribution of shunt in the metering application. And we are expecting a solid growth perspective when it comes to the smart meters application for our product.

**Manan Poladia:** There is material change in the guidance, 20% is what we should work with right now as well?

**Kanav Anand:** In fact, if we see the local growth on the Shunt side, we've seen that it's about 30%. So, anticipation of that much would be reasonable too.

**Manan Poladia:** Correct, understandable. My second question is on the silver contact side, since you said that we currently have an issue and the last time we spoke, you said the Metalor JV was something that we were exploring doing a feasibility study on and then we will figure out what we want to do about it. So, has there been any update on that progress, because you said some facilities are underway?

**Sumer Ghumman:** As I just mentioned that currently with Metalor we are currently working on certain business plans, etc. and we are working on feasibility study of what we have to, what is the best things to, what are the best products to jointly manufacture whether we would like to get into something new, or we would like to improve certain processes and there what we need to do, and that will help us assess what kind of investments we are looking at. And other than that there's a due diligence process that's going on between us. And it's at pretty advanced stages at this point, because we have been doing that for the last three, four months. So, we are at a stage where we should be arriving at certain conclusions very soon.

**Manan Poladia:** And what about the current facility that is being constructed for the silver contact?

**Sumer Ghumman:** Yes, that is under construction at location 10 kilometers ahead of its current facility in between Solan and Shimla. And we started construction about 18 months ago, we are at almost ready stages, the plant should be functional maybe in another five to six months.

**Manan Poladia:** And what is the peak revenue potential of that facility if you could just?

**Sumer Ghumman:** The level of investment that we have, we are looking at about 250, 300 crore levels of revenue generation, but then we have designed the plant in such a way that more space can be added. And I can't answer that at this point because I don't know what we will create there and what revenue it can add, but in its existing phase of what we have created it can have a peak revenue of about 250 to 300 crore.

**Moderator:** Thank you. The next question is from the line of Ashish Soni from Family Office. Please go ahead.

**Ashish Soni:** One question, last quarter you guided that 10% to 40% growth you can expect but based on the current situation, what's your quantitative number I heard a lot of qualitative experts on it. So, where do we stand on that 10% to 40% growth?

**Sumer Ghumman:** See currently, if you know what we were talking a little earlier, our main reason why the growth is looking, what we should be what we were expecting to be at versus where we are, we see a difference in that mainly because of the automotive Shunt requirement specifically of North America. So, that is a minor number. So, that is causing all of the other product types which are ranging from 25% to 30%, even 35% in some cases like smart meters for example. And all of those are looking at a overall 10%, 12% growth because of the negative of the automotive. Now, where we see that changing is maybe in the second quarter of next financial year or second half of this year calendar year, which is what the information we have from our customers and even if that market was to remain like that, we still have a positive outlook were in that particular area, because we have added new business as well. So, even if the market situation doesn't improve, we will see our revenues still improving in the near future. So, there we see that change, now if that changes the market situation, automotive market situation in the US changes, we will see a very substantial growth and which is why that number, that's huge variation of 10 and 40 came, the moment that changes and all these other areas remain at 25%, 30% growth when we will look at 25%, 28% even 30% growth level, that is a possibility, we just need to see the US automotive market improving. And it is actually the only one thing holding us back, which is actually something that's in a way for good also, because we know it's only that one thing and it's not multiple problems we are dealing with. But then it's also obviously because there is a heavy portion of our sales that were being supplied to that area for this particular application. So, obviously, it is having this kind of an effect, but we do see it as a temporary situation.

**Kanav Anand:** And of course, one thing that I would like to add is that the advantage today Shivalik has because we are into these diverse applications, that some specific markets falling down, we still see a certain level of growth which if you look in our, if you look at some competition going into some similar product lines were heavily dependent on specific automotive markets only they are showcasing negative growth. So, that's where the spread of our products into various applications does provide us a certain level of derisking.

**Ashish Soni:** Okay. And regarding energy storage, your end user market. So, how are you seeing because I see a lot of investment across the world, even in India a lot of plants are going to come. So, how do we see that vertical growing for us?

**Kanav Anand:** As you rightly said, it is at an investment stage, we are very excited, it is going to bring a lot of opportunity. Question is, in what form, in what proportion is something we will probably know a little later in the whole ecosystem once we design, and once these products are clearly established then we will have more clarity on that.

- Ashish Soni:** So, is it like one to two years later sort of thing?
- Kanav Anand:** Two to three.
- Moderator:** Thank you. The next question is from the line of Richa from Equity master. Please go ahead.
- Richa:** Sir my question is on the smart meter opportunity in India, if you could just give us a sense of what kind of value on an average would go, you have a 65% market share please correct me if I am wrong and what would be the overall from a top down perspective, if you look at it, what kind of opportunity do you see for players like you in the domestic smart meter market?
- Kanav Anand:** Interestingly, you can look at the Smart Relay opportunity brings us value to Shivalik in two forms, one is on the Shunt side, and one is on the contact side. So, looking at the basic opportunity that we will have, it would be approximately Rs.60 to Rs.70 per meter is what we will be contributing into it. And you can kind of estimate you yourself will be smart enough to kind of estimate the size of the market, the quantities that would be manufactured, and the opportunity that will bring in for Shivalik.
- Sumer Ghumman:** In fact, that's on the lower side. But that is obviously going to be the maximum volume. But also, but there are also certain types of meters that we are supplying into where the product value is actually about Rs.300 to Rs.400, but that's a smaller volume. But Rs.60, Rs.70 as an average is a fair number to take.
- Richa:** Okay. And sir my second question is, last year or in recent years we have expanded our capacities in Shunt and Bimetal and currently we are at like sub 40% utilization, as a very niche market so, if you look at the peers do you see any kind of more capacity is being set up at their end as well, which could make this market share thing challenging for us, if you could just give us a sense of supply side capacity addition?
- Kanav Anand:** At the moment on the Bimetal side, we don't really see anything coming up. In fact, till last-to-last year, I would say we have seen shortages in the mid-market, so we kind of were in a position to grab more opportunities. On the Shunt side also, right now we feel that we are very sufficiently placed in the market. And in fact, the idea in the market is also to not build in capacities to an extent that it commoditizes the product line. So, right now I don't see such kind of a challenge coming in. Of course, with more and more growth coming in, we will definitely see some competition coming in. But, with the economies of scale and the opportunity of being in the low-cost manufacturing side we are ready to bring it on.
- Richa:** Okay. And sir lastly, like we have seen a lot of auto sector tends to be cyclical and currently we are facing some kind of downturn because of what's happening in the US auto. So, going forward let's say, if you look at five to eight years from now, do you see auto more as an opportunity, or is it something that you would like to diversify away from?



**Kanav Anand:** No, right now our focus definitely remains on the auto side, because you see there is a lot of potential coming in for our kind of products currently, as well as the new products and new designs that are coming in. So, our focus definitely remains there. But that does not mean that we don't, we are privy to the aspect that there is always a risk to remain in a specific application. And that's why we like to remain diverse and go into multiple sides of the product lines and applications. And we will continue to do that.

**Moderator:** Thank you. The next question is from the line of Kiran, as Individual Investor. Please go ahead.

**Kiran:** My first question is, our components are very small in size and weight Bimetal and Shunt, so I was wondering our export, do we do it by ocean or do we air ship it?

**Kanav Anand:** Both. We do both by air and by sea. Small in numbers we are talking about tonnes and tonnes of material that going so shipping it by air, some can be very expensive.

**Kiran:** Okay. So, in terms of percentage what will be roughly, it would be 75:25 which is ocean?

**Kanav Anand:** Yes, 75%, 80% would go by sea, 20%.

**Kiran:** Okay. So, related to that, are we affected by the Red Sea situation right now?

**Kanav Anand:** Yes, we did. In fact, the world is affected by it, in terms we see that there is a longer and a larger time required for movement on materials. But in terms of, I would say in terms of our supply chain, in terms of our supplies to the customer, those three weeks are still manageable.

**Kiran:** And is there any cost impact?

**Kanav Anand:** We saw this increase but it's transferable to the customer, freights are.

**Kiran:** Okay, passed on to the customer?

**Kanav Anand:** Yes.

**Kiran:** Okay, thanks. And my last question is, this is regarding the promoter stake sale which happened couple of months back. So, I just wonder would like to know, is there any further promoter stake sale planned or our promoters done with the state for now?

**Sumer Ghumman:** There is no intention of selling anymore stake. There is no such plan also.

**Moderator:** Thank you. The next question is from the line of Akash from Dalal & Broacha Stock Broking. Please go ahead.

**Akash:** My question was on, so to understand what kind of margins do we generate on the contact side of the business?

- Sumer Ghumman:** What kind of margins?
- Akash:** What kind of EBITDA margins do we generate on the contact side, gross and EBITDA both?
- Sumer Ghumman:** That's currently at about 11% to 12% EBITDA margin.
- Akash:** Okay. And with the plant coming up and capacities coming in line, do you see this has a tendency to move up or have we peaked down?
- Sumer Ghumman:** No, we expect to see it going up for two reasons. One is that the new plant, you see the previous plant was built very organically over time, and in a sort of an ad hoc manner. So, with the new plant, we will have more refined and more efficient processes. So, that will have some improved, that should cause some improvement in EBITDA margins. Also we should be able to have higher volumes as a result of it, because there's a lot of business potential that we already have in hand with our existing customers, as well as some more new opportunities. So, we see with that going up, and our overall sales going up, we would see an improvement in margins there as a result of that as well. So, it's very important for us to quickly get into the new plant and start.
- Akash:** So, can they improve by 3%, 4%. Like, can we make 15%?
- Sumer Ghumman:** Sorry, what's that?
- Akash:** Can we touch the 15% kind of EBITDA margin range in the contact business?
- Sumer Ghumman:** I would say that's a little bit hard to reach maybe that level I would imagine like a 1.5%, 2% improvement is more realistic, unless we change substantially our product mix and get into certain other types of products, which opportunities in the future can come in but don't see it happening in the near future because this is a business that also has certain competition in India, also it is a high value material, high value material oriented kind of a product. So, in many cases we were say 85%, 90% material cost involved, the primary raw material being silver. So, as a result, this is generally a lower margin generating business across the globe. In fact, when we compare with other similar companies doing similar kinds of components, we see our margins actually on a more healthy side as compared to other companies.
- Moderator:** Thank you. The next question is from the line of Pratik Jain from Solidarity Investment Managers. Please go ahead.
- Pratik Jain:** Sir, I have couple of questions. One is, can you give me the split between Shunt sale between different industries your auto, smart energy and energy storage, smart meter and energy storage?
- Kanav Anand:** We gave this.
- Pratik Jain:** I missed that.



- Kanav Anand:** Okay. So,, if you look at what I said is 65% to 70% is between automotive, energy meters is about 13%, 14% and about 8% is energy storage and rest is miscellaneous.
- Pratik Jain:** And what it the same in 2023, so this is for nine months FY24?
- Kanav Anand:** Yes.
- Pratik Jain:** And how as it different in FY23?
- Kanav Anand:** FY23, in that case we were 10% was energy meters and automotive was somewhere roughly around 67%, 70% of our total revenue and then 7% to 8% again was our energy storage and then the balance was miscellaneous.
- Pratik Jain:** Got it, alright. And sir one more thing, can you please again highlight the cost of difference between the Shunt and Bimetal gross profit margin and EBITDA margin?
- Rajeev Ranjan:** For our Bimetal, the gross margin is somewhere in between 44% to 46%. And for Shunt margin it is somewhere in between 48% to 52%.
- Pratik Jain:** And on EBITDA level?
- Rajeev Ranjan:** EBITDA in combination that comes down to in the range of 23% to 26%.
- Pratik Jain:** So, for both Shunt and Bimetal EBITDA....
- Rajeev Ranjan:** Yes, so if you combine both the products you will see that EBITDA will always be in the range of 22% to 26% level.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments.
- Rajeev Ranjan:** Thank you. In conclusion, I wish to express my sincere gratitude for your presence today and your participation in Shivalik growth journey. Should you have any further questions or insights please feel free to reach out to Dickenson. Thank you for your continued support and I wish you a pleasant day ahead.
- Moderator:** Thank you very much sir. On behalf of PhillipCapital (India) Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.