



Shivalik Bimetal Controls Ltd.

(A Govt. of India Recognised Star Export House)

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SBCL/BSE & NSE/2024-25/33

06th August, 2024

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

Sub.: Regulation 30: Press Release

Dear Sir/Madam,

Please find attached herewith a copy of the Press Release to be issued by the Company.

The same is also being uploaded on website of the Company at www.shivalikbimetals.com. You are requested to take the above on record.

Kindly take the above on record and acknowledge receipt. Thanking you.

Yours truly,

For Shivalik Bimetal Controls Limited

Aarti Sahni
Company Secretary
M. No: A25690

NEWS RELEASE

Shivalik Bimetal Controls Ltd. Reports Shunt Success in Europe, Asia & India for Q1 FY25

New Delhi, India – August 6th, 2024: At a meeting held on August 6th, the Board of Directors of Shivalik Bimetal Controls Ltd. (SBCL) released the financial results for Q1FY25. As a global leader in thermostatic bimetal/trimetal strips, shunt resistors, and silver contacts, SBCL navigated a challenging global market environment marked by commodity price fluctuations and geopolitical tensions. The Company demonstrated resilience and continued to drive positive volume growth.

Q1FY25 Financial Performance Summary:

- **Total Income:** Decreased marginally by 5.18% to ₹107.22 Crore from ₹113.07 Crore in Q1FY24, reflecting the effects of lower commodity prices for key input metals.
- **Product Volumes:** In volume terms, measure in total weight, our business grew by 8.58% YoY in Q1FY25, from 5,47,916kg in Q1FY24 to 5,94,951kg in Q1FY25.
- **Profitability:** Profit Before Tax (PBT) fell by 18.75% to ₹21.75 crore, with PBT as a percentage of sales decreasing by 339 basis points to 20.29%. These declines are primarily due to rise in Cost of Goods Sold (COGS); marginally due to increased manpower costs with investment in people and R&D; and to some degree higher operational expenses. Management is implementing enhanced cost management strategies towards future mitigation through improved manufacturing efficiencies and implementing selling price adjustments that is absorbable by the market.

Q1FY25 Highlights from Shunt Resistor Sales:

The strong growth in Europe, Asia, and India has mitigated the reduction in sales from the Americas to a great extent, maintaining Shivalik's robust financial health and reaffirming its strategic focus on having a diversified market presence.

- **Europe:** Sales in Europe surged by 134.40%, reaching Rs. 8.04 crore in Q1 FY25 off a small base of Rs. 3.43 crore in the same period last year. This growth is the result of Shivalik's successful market penetration and increasing demand for its high-quality shunts in the European region.
- **Asia (Excluding India):** The Asian market recorded a substantial increase of 67.02%, with sales rising to Rs. 17.03 crore from Rs. 10.20 crore in Q1 FY24. This growth stems from Shivalik's strategic expansion and the robust demand across various Asian markets outside India.
- **India:** The Indian market continued to show steady growth, with sales increasing by 11.34% to Rs. 11.26 crore in Q1 FY25 from Rs. 10.11 crore in Q1 FY24. This consistent performance is the outcome of the steadily rising domestic demand and the Company's solid foothold in its home market.
- **Americas:** Despite the significant gains in these regions, sales for Shunts in the Americas dropped by 44.76%, from Rs. 29.22 crore in Q1 FY24 to Rs. 16.14 crore in Q1

FY25. This decrease reflects market-specific challenges and ongoing consolidation in the EV marketplace being experienced in the United States.

Financial Performance:

(Rs. In crore) (Standalone Figures)

Key Figure	Q1FY2025	Q1FY2024	Change
Total Income	107.22	113.07	-5.18%
Profit before tax	21.75	26.77	-18.75%
PBT as % of Sales	20.29%	23.68%	(339 bps)
Profit after Tax	16.30	20.23	-19.41%
PAT Margin	15.21%	17.89%	(268bps)

Topline Performance and Demand: The Q1FY25 financial performance reflects a complex interplay of external market conditions and strategic operational decisions. The total income decreased by **5.18% to ₹107.22 Crore from ₹113.07 Crore** in Q1FY24, reflecting the impact of lower commodity prices for input metals and market fluctuations. This reduction in raw material costs, coupled with market volatility, has contributed to the overall decrease in sales revenue. This decline was partially offset by increased volumes in both bimetal/trimetal strips and shunt resistors, indicating continued underlying demand strength for the Company's products.

Profitability: Profit Before Tax (PBT) fell by 18.75% to ₹21.75 Crore compared to ₹26.77 Crore in Q1FY24. The PBT as a percentage of sales decreased by 339 basis points to 20.29%. Profit After Tax (PAT) reduced by 19.41% to ₹16.30 Crore from ₹20.23 Crore in Q1FY24, reflecting overall pressure on profitability due to increased operational costs amidst fluctuating market conditions. The PAT margin dropped by 268 basis points to 15.21% compared to 17.89% in Q1FY24, driving the Company's focus on cost management to maintain profitability in a volatile market environment.

The decline in profitability reflected in Q1FY25 is due to several factors. Increased Costs of Goods Sold (COGS) was the main contributor to the profitability drop alongside marginal rise in operational expenses, including higher utility costs and maintenance expenses. In response to these challenges, Shivalik is strengthening its cost management strategies to optimize operational efficiencies, effectively manage input costs, and ensure sustainable growth despite volatile market conditions. Furthermore, Shivalik anticipates that as the Company transitions towards producing more complex subassemblies using their components to deliver value-added solutions, coupled with future general selling price adjustments that the market can absorb, these measures should offset the current cost loads.

Regional Performance: The Company showed resilience through positive volume growth and strategic market expansion in key regions of Europe, India, and Asia (excluding India).

- 1. Taking Root in Europe:** Europe's performance in Q1FY25 showcased significant growth, particularly in the shunt resistors segment. Shunt resistor sales in Europe surged by 134.40%, reaching ₹8.04 Crore compared to ₹3.43 Crore in Q1FY24. This substantial increase reflects the growing demand for shunt resistors driven by the adoption of electric vehicles (EVs) in the region. Despite a slight decline in the thermostatic bimetal/trimetal segment, with sales decreasing by 19.61% from ₹11.93 Crore in Q1FY24 to ₹9.59 Crore in Q1FY25, the overall market presence in Europe remains strong. This performance is the result of Shivalik's strategic positioning and the successful penetration of high-growth markets.
- 2. Stable Performance in India:** The Indian market continued to demonstrate stable growth in Q1FY25, particularly in the thermostatic bimetal/trimetal segment. Sales in this segment marginally increased by 0.39%, reaching ₹29.89 Crore compared to ₹29.77 Crore in Q1FY24. The shunt resistor segment also showed positive growth, with sales increasing by

11.34% to ₹11.26 Crore from ₹10.11 Crore in Q1FY24. This consistent performance underscores the company's strong market presence and the increasing demand driven by the smart meter transition and the steady adoption of hybrid and electric vehicles, aligning with India's push towards modernisation and electrification.

- 3. Dynamic Growth in Asia (Excluding India):** Asia, excluding India, displayed dynamic growth patterns in Q1FY25. The shunt resistor segment experienced significant growth, with sales increasing by 67.02%, reaching ₹17.03 Crore compared to ₹10.20 Crore in Q1FY24. However, the thermostatic bimetal/trimetal segment faced challenges, with sales declining by 42.91% to ₹4.12 Crore from ₹7.22 Crore in Q1FY24. This mixed performance highlights the strong growth potential in the shunt resistor market while underscoring the need for strategic adjustments in the thermostatic bimetal/trimetal segment to enhance growth across all Asian markets.
- 4. Strips stay resilient in the Americas:** The performance in the Americas showed a mixed picture, with significant growth potential and recovery signals. While shunt resistor sales declined by 44.76%, from ₹29.22 Crore in Q1FY24 to ₹16.14 Crore in Q1FY25, thermostatic bimetal/trimetal sales remained stable, showing a marginal decline of 0.36% to ₹11.15 Crore from ₹11.19 Crore in Q1FY24. Despite these challenges, the region's market is expected to recover, driven by strategic market initiatives and customer signals indicating a positive outlook for the upcoming quarters.

Management Commentary:

Mr. N.S. Ghumman, Managing Director of Shivalik Bimetal Controls Ltd., commented:

"Over the past year, we have diligently focused on adapting to market fluctuations and enhancing our strategic initiatives to drive sustainable growth. Our Q1FY25 performance underscores the effectiveness of these efforts, particularly in the European market where our efforts in shunt resistor sales are taking root. Additionally, our strategic expansion in other high-growth markets and the rising long-term demand for electric vehicles (EVs) position us favourably across various regions.

Our commitment to research and development is key to our success. We specialize in niche and critical products that require technical expertise and have high value in segments like smart meters, Battery Management Systems (BMS), and electrification. With positive market pick-ups in Europe, Asia, and India for shunt resistors, especially as the EV market grows, our ongoing R&D initiatives aim to add further value through forward integration for OEMs. We are also focused on improving automation, operational efficiency, and technological processes for our high-precision products. These efforts ensure we remain at the forefront of innovation and continue to deliver superior value to our clients."

CFO, Mr. Rajeev Ranjan added:

"Our financial performance in Q1FY25 demonstrates the robustness of our business model amidst a challenging market environment. Despite a 5.18% decrease in total income to ₹107.22 Crore, our strategic focus on volume growth yielded an 8.58% increase in product volumes, underscoring the resilient demand for our products. This growth is a testament to our market positioning and the effectiveness of our expansion strategies in Europe, Asia, and India.

The decline in profitability, with PBT falling by 18.75% to ₹21.75 Crore and PAT reducing by 19.41% to ₹16.30 Crore, reflects the impact of increased COGS also affecting our margins. Looking forward, we are enhancing our R&D capabilities and operational efficiencies, positioning us for long-term growth. We are implementing manufacturing cost management to improve our margins.

Looking to the future, our market diversification strategy is yielding positive results, particularly in the European market, where shunt resistor sales improved by 134.40% off a modest base. This growth, along with significant gains in Asia, demonstrates our ability to capture high-growth segments and adapt to regional market dynamics. While sales in the Americas faced challenges, we are optimistic about a gradual recovery as the EV market stabilises and demand picks up.”

Shivalik Bimetal Controls Ltd.

Founded in 1984, and headquartered out of New Delhi, Shivalik Bimetal Controls Limited is a process and product engineering specialised business based in India. It manufactures and sells thermostatic bimetal/trimetal strips for switching components used in electrical, electronics, automotive, and industrial applications. The Company also makes shunt resistors for use in the high-growth automotive and industrial equipment segments. The rising demand for switchgear, battery management and smart metering systems also conveys solid long-term prospects for Shivalik's product lines. With its unique business model based on proprietary bimetal technologies and niche solutions that OEMs demand, Shivalik thrives in an industry with high entry barriers. Today, as a valued vendor, the Company is making a mark in supplying high-quality bimetals and shunt resistors to the fast-emerging electric vehicles and customisable smart meters of the future,

Shivalik's highly experienced management has led the Company to prominent ownership in technology and applications. Its solid balance sheet, combined with prudent capital management, drives Shivalik's robust growth potential. With plants in Chambhaghat and Kather, Solan, operated by a team of 808 vastly skilled people, Shivalik serves more than 125 clients globally.

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