



Shivalik Bimetal Controls Ltd.

(A Govt. of India Recognised Star Export House)

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SBCL/BSE & NSE/2024-25/23

06th June, 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
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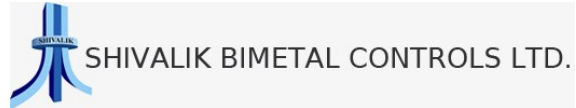
Subject: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcription of Earnings Conference Call with Investors/Analysts held on May 31, 2024

Dear Sir,

Please find attached herewith transcription of Conference call with Investors/Analysts held on May 31, 2024. Kindly take the same on record and acknowledge.

Thanking you,
For Shivalik Bimetal Controls Limited

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



“Shivalik Bimetal Controls Limited
Q4 FY '24 Earnings Conference Call”
May 31, 2024

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

Moderator: Ladies and gentlemen, good day and welcome to Shivalik Bimetal Controls Limited conference call hosted by JM Financial. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nikhil Kandoi. Thank you and over to you.

Nikhil Kandoi: Thank you. Good afternoon, everyone. On behalf of JM Financial Securities Limited, I welcome you all to Shivalik Bimetal Controls Limited Q4 FY '24 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 the time, I would like to hand over the floor to the 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. And good afternoon, everyone. I am pleased to welcome you to our earnings call for the financial year 2024 and the fourth quarter of financial year 2024.

Thank you for joining us today. Looking at our last five-year history, our journey over this period has been one of consistent growth and strategic expansion. Revenue from operation has risen from INR187 crores in 2020 to INR449 crores in 2024, reflecting a compound annual growth rate of 24.48%. Our profit before tax has grown substantially at a CAGR of 61.19% and our profit after tax at a CAGR of 58%. These metrics demonstrate a strong financial health, effective strategic initiatives and robust market positioning.

With the backdrop of knowing our performance over the last five years or our quinquennial performance, let us move on to fiscal year 2023-'24. Despite the complexities of the global market environment, financial year 2024 has been an interesting year for us, marked by resilience in the city revenue growth and significant achievements in profitability.

Our performance continues to reflect the strength of our business model, economic modes and strategic market positioning. During this year, we have further strengthened our overall global position with leading OEMs as a quality player in bimetals and shunt registers. Let me now go over some financial highlights for the fourth quarter and the year-end as of March 31, 2024.

For Q4 FY '24, our profit after tax surged by 34.07% to INR25.33 crores, with the tax margin improving by 551 basis points to 22.66%. This enhanced profitability is the result of sharply controlling input costs and enhancing operational efficiency. On an annual basis, our total income for financial year '24 rose by 7% to INR449.40 crores. We achieved this resilient performance despite moderated demand from the North Atlantic markets, particularly USA.

In Europe, we achieved a 25.79% growth in thermostatic bimetal trimetals sales for financial year '24, maintaining a stable performance across both segments. In India, our thermostatic bimetal trimetals sales grew by 31.69% year-on-year, effectively offsetting the sluggish demand

from the Americas. Asia, excluding India, also saw an increase of 32.84% year-on-year in shunt register sales, reinforcing our expanding market presence.

Our profit before tax increased by 33.58% in Q4 '24 to INR33.13 crores and for the full year, profit before tax rose by 11.25% to INR108.12 crores, further strengthening our reserve positions for investments and our ability to comply with the Board's policy on dividends. Our strategic initiatives, including the production-linked incentive scheme, have also helped our bottom line, contributing INR 8 crores realized in cash from an overall INR12 crores as other income.

I am pleased to share the company's zero-debt status as of financial year 2024, which reflects our strong financial management and strategic planning. Our prudent approach to debt ensures that we have the financial flexibility to invest in organic and inorganic growth opportunities and navigate any future economic uncertainties should we need to.

As we move forward, your company is well-positioned for long-term growth, underpinned by strong market tailwinds, a robust balance sheet and consistent, solid financial performance. As we progress through financial year 2025, we anticipate a steady growth recovery in the USA and continued robust demand from Asia and especially India.

With important contracts formalized during financial year 2024, we also have a promising business pipeline with OEMs. To prepare for our growth, we recently acquired a new property, providing sufficient headroom for forward integration and expansion of our assembly lines. We also hope to establish a meaningful alliance for our contract business, creating another pillar for growth.

In line with our strategic goals to expand our footprint and enhance customer engagement in the European market, I am pleased to announce that we have proposed to incorporate a wholly owned subsidiary in Italy. This new entity will allow us to better serve our clients, streamline operations and grow our independent presence in the evolving European landscape. Our commitment to research and development and technological innovation remains strong.

During the year, we continue to develop new solutions, build new alliances and explore new untapped markets through aggressive approval sampling. On the back end, we continue to innovate our processes and introduce automation selectively, which are helping us with better cost control while elevating quality tolerances and improving yields. Operating in the region of Solan in Himachal Pradesh, we are acutely aware of our environmental responsibilities.

Our focus on sustainability and environmental stewardship is integral to our operations, ensuring we contribute positively to the global push towards electrification and modernization. As a company, primarily using hydroelectric energy sources, we maintain a relatively low carbon footprint compared to typical electrical component manufacturers. Additionally, we are dedicated to looking after the community surrounding our operations, actively engaging in initiatives that promote local development in areas such as education and health.

Our commitment extends beyond compliance as we continuously seek to innovate in our processes and products to further reduce environmental impact and support sustainable growth.

I thank our dedicated employees, valued customers and trusted partners for their support and commitment. Thank you for participating today and I look forward to your questions.

Moderator: Thank you very much. We will now begin the question and answer session. We'll take our first question from the line of Pratik Jain from Solidarity Investment Managers. Please go ahead.

Pratik Jain: Yes. Thanks, sir. Thanks for the opportunity. So, my first question is, on slide number 40 of our investor presentation, we have explained how bimetals and trimetals are doing for the full year in different geographies. Can you spend some time on explaining what's working in each geography and what's working in, you know, America and Europe, where our, Yes, in America, where our bimetals and shunt sales are going down. Can you just, let's spend some time on it, explaining what's happening?

Management: Sorry, can you just repeat that question again? I don't think we understood that exactly.

Pratik Jain: Yes. So, on the slide number 40 of our investor presentation, we have given shunt resistors and thermostatic revenue by each geography and how each has grown over FY23 and FY24. Can you help me understand what is happening in each geography, like what's working and what's not?

Management: Yes. So, if you, if you refer to slide number 40, which gives the demographic performance of Shivalik Bimetal Controls Limited, where we have shown the product-wise performance.

The first slide shows about the thermostatic Bimetal trimetal performance and the second part, the right side, shows about the shunt register. So, it clearly says that our outstanding performance in India in thermostatic Bimetal trimetals and even in Europe, we have grown by 25.79% and in domestic market, we grew by 31.69%, whereas in America, we have a degrowth of 12.29%. Similarly, in shunt register, we grew in India by 10% and there is a degrowth in American market by 18.63%.

Pratik Jain: Yes, sir. My question is that why is there a degrowth in America and what's really working in India where we are having this kind of growth? That's what my question is.

Kanav Anand: Yes. For America, there are a couple of reasons, of course. The degrowth is directly linked to what we've discussed in the past as well in several calls that the automotive market is sluggish. The EV market hasn't really moved at the pace at which the market and the OEMs had anticipated and because of which end of 2023 and 2024 has been a year where most of the OEMs have been kind of busy correcting their inventories and that's where we've seen a degrowth happening in North America. And secondly, of course, we all know that this is a year where elections are coming here in the U.S., so markets are currently at a wait-and-watch situation, looking at what comes in in the form of new government and I think once these aspects are more clarified, we would start to see a return to growth opportunities within this market.

Pratik Jain: Okay. And, sir, standing today, how do you see the strength of opportunities incrementally in America? Has the situation resolved or, you know, the problems still exist?

- Kanav Anand:** No, I think the situation is still kind of wait-and-watch, but, of course, we feel that we've bottomed out when it comes to the market positioning in North America. EVs and the automotive industry right now, of course, the trend is not very clear. We have very mixed information on the market. The EV demand remains low. However, with the focus on hybrid and of course, the focus on other opportunities in the automotive industry.
- Sumer Ghumman:** Kanav, I think I'll just add one thing to this. You see, you all must be reading in recent times there has been a lot of news coming about how EV sales are either declining or they're flattening out because the initial adopters of EVs, at that time, the growth came and now a lot of people are wondering whether we should switch to EVs or continue with ICE engines or go for hybrids. So that slowdown in the EV market is being experienced by all automotive companies.
- And when you compound that along with some of the reasons that Kanav just mentioned, that is having an impact. Now, that doesn't have a very major impact on us directly because EVs are not the only application for our resistors. So, however, there is a shift. Like, for example, more resistors are generally used in an EV and as things move, people are seeing things are moving towards hybrids. We will see that our components probably will get more utilized in that area. So we will eventually still get business from there. This slowdown is more of a temporary thing for us, even from the EV market.
- Pratik Jain:** Got it. All right. Thanks, sir. So my second question is, you know, my understanding on the business is for bimetals and shunts, the bimetal business is lower on the gross margin side, but on the EBITDA level, both shunts and bimetals are at the same level. Is my understanding correct?
- Rajeev Ranjan:** No. If you see, once the gross margin in bimetal is lower compared to the shunt, so at the end, if you calculate the EBITDA only on the bimetal side, it will be lower compared to the shunt.
- Pratik Jain:** Okay. So what's the difference between EBITDA margin of bimetals and EBITDA margin of shunts?
- Rajeev Ranjan:** So generally, the gross margin comes out in bimetal is around 40%-42% and that's why the EBITDA level is lower, since in shunt register, the gross margin is around 45%-48%.
- Pratik Jain:** So typically, there is a 3% of delta roughly in the margins of both the business. Is my understanding correct?
- Rajeev Ranjan:** Yes, 3%-5% delta you can consider in both the products.
- Pratik Jain:** Got it. Got it. And so my last question is, you know, on the domestic smart meter side, we haven't seen the uptick in the installation. So incrementally, what's your view that how are the things panning out in India in the domestic side, smart meter?
- Kanav Anand:** I think smart meter is very, that's one area where we are very excited. The numbers are -- the domestic market is now pretty geared up to start deploying these smart meters into the market and we are expecting substantially good growth starting this financial year.

- Pratik Jain:** Got it. So we are confident that...
- Moderator:** Mr. Jain, may I request you to join back the queue please as we have other participants waiting. Thank you. The next question is from the line of Praful Kumar from Dymon Asia. Please go ahead.
- Praful Kumar:** Hi, gentlemen. Good afternoon. Am I audible?
- Moderator:** Yes. Please go ahead.
- Praful Kumar:** Thank you. Sir, I have just a couple of questions. Given that domestic markets are doing extremely strong on the automotive side, are you guys working on any interesting products with the upcoming models in India or any big OEM which can be a big opportunity for us?
- Sumer Ghumman:** Yes, we are working on the EV, a lot of EV developments within India, both two-wheelers and four-wheelers. And also now we are in the process of starting out with certain hybrid developments also which are aimed towards high-volume hybrids, because until now hybrids in India have been more of a niche and a smaller percentage of the total automotive sector. But we see automotive manufacturers are now coming out with hybrids in a much bigger way, looking at the general trend of EVs. So they want to have EVs as well as hybrids in hand. So we are a part of all of those developments.
- Praful Kumar:** Okay. So if hybrid in India comes through, you will be a major beneficiary, that's what you're saying? Okay.
- Sumer Ghumman:** Yes, absolutely. Because the suppliers to those kind of hybrids for the battery management systems are already our customers.
- Praful Kumar:** Got it. And also I think you sometime back announced a prospective feasibility study with a foreign partner on the JV side. Any update on that? And if that comes through, how big is that opportunity for Shivalik?
- Sumer Ghumman:** We are in the now finishing stages of due diligence with the French company, Metalor, that has appointed PWC for the due diligence purpose. We are in the final stages of that. Now, we are awaiting a report. Actually, Metalor is awaiting a report of the due diligence. And then, the further steps will obviously emerge from what comes out of the due diligence. But we are guessing that the timeframe for this should be anywhere between the next six weeks to maybe, let's say, about 12 to 15 weeks in that kind of timeframe. But definitely, everything will be completed and settled and started as a joint entity all within this year itself, within '24 itself.
- Praful Kumar:** Okay. In terms of opportunity, sir, just to complete the question, how big is this opportunity if it comes through in terms of, say, over three years...?
- Sumer Ghumman:** This opportunity, what we are doing currently as part of business planning, how we saw this business as a standalone business for Shivalik, we see that along with Metalor, we can look at a much larger share because there are certain technologies with which we can work. We see this as a if I was to put a number to it, our market size basically what we had anticipated as a stand-

alone entity, it probably about doubles in size of that. So the opportunity is very big. The contact business that we were aiming for earlier, it doubles that market size with all that technology that we can have available to us as a part of the joint venture.

Praful Kumar: All right. Okay, sir. I'll come back in the queue. Thank you.

Moderator: Thank you. We have our next question from the line of Akash from Dalal & Broacha.

Akash: Yes. Thanks for the opportunity. Sir, my first question would be, I would like to understand the segment-wise breakup for the total shunts revenue that we have done this year in terms of automotive and how much is from smart meters and how much is from the other things, like a solar module or UPS inverters? And what kind of growth do we estimate there in the next two years?

Kanav Anand: Okay. Akash, at present, about 80% of our revenue in shunt comes from automotive applications, about 14% comes from the energy meter applications and some of that also comes through gas metering applications, which is about 4%, the balance. Going forward, as I had mentioned earlier, when it comes to automotive, we feel that this year, it might be flat. However, when it comes to metering, we are looking at a minimum of 2x.

Akash: For FY'26?

Kanav Anand: Sorry?

Akash: For FY'26?

Kanav Anand: For FY'26?

Sumer Ghumman: It's a little bit hard to say at this point because you see, even towards the end of '24-'25, we are expected to see a certain level of growth. This is the kind of forecast we have received from our customers. So '26 definitely should look good on the basis of that. But I think the kind of volatility that we have seen in this automotive sector, it's very difficult for us to say what '26 would be like. We hope it will be good.

But another very interesting point, what Kanav just mentioned, that the excess, the heavy growth that we are seeing now in the smart meter requirements, that in fact will not only in this year maybe make up for some of that slowdown in the automotive, but within that '26 or '27 figures, it will start surpassing those levels also. So in this area, we have very interesting growth. Let us assume that the automotive thing remains flat or the growth is not as exciting as people had initially thought. The smart meter can make up for more than what that brings down.

Akash: Got it, sir. So that demand will be from India? That additional smart meter demand?

Sumer Ghumman: Yes, all of the smart meter demand is from India.

Akash: Great, sir. So my second question would be to understand a similar segment-wise breakup on the bimetal side as to how much we got from switchgear, from other electrical appliances and

what is the growth rate we focused from there? This year, we did a high base of almost INR245 -INR246 crores on bimetals. That's why.

Sumer Ghumman: See, more than 80% of that is switchgear-related. Very, very small percentage of it comes from appliances. The bigger growth and the faster growth, as you can also imagine, is coming from the switchgear market, both from residential as well as industrial because you can see all the development even in infrastructure when it comes to roads and buildings and a lot of new projects, private, residential, as well as government.

The kind of growth that we are seeing there and the forecast that we are receiving from our major switchgear players like large companies like ABB, Schneider, etc, the kind of forecast that they're giving us is, you know, 2x to 3x in the next three years, four years. That's the kind of numbers that we are receiving from them at this stage for switchgear. And we are very prepared for that because we have added a lot of capacity in that area. So, yes, domestic bimetal market as well as, in fact, even global but more so domestic bimetal market is expected to continue to grow like this, maybe faster.

Akash: Okay, sir. And we are ready with the capacity, right?

Kanav Anand: Yes, absolutely. We are actually ready with more than 3x our existing output.

Akash: Got it, sir. Thanks. I'll join back in the queue.

Moderator: Thank you. We have our next question from the line of Vikram from Niveshaay Investment Advisors. Please go ahead.

Vikram: Hi, sir. Thank you for the opportunity. So, sir, my first question is regarding, earlier in calls you mentioned that we have good opportunities of INR40 to INR50 per smart meter if the relays are manufacturing domestically. So how is the current scenario in domestic relay manufacturing picking up and what is import in domestic mix?

Sumer Ghumman: Yes. So in the last 1.5 -- 2 years a lot of domestic capacities for manufacturing relays has been set up. It is no longer a situation where it's in the talks because imports of relays have been slapped with additional duty this year and last year it was a duty that was added and which is going to add another, the government is adding another 5% next year. So a lot of capacity for manufacturing these relays have already been installed and that is where the sudden growth numbers now that we are experiencing for smart meter is coming.

Our basic issue about 2 years ago which was the smart metal demand is there, but the relays we are not being able to supply to the entire demand because a lot of those relays are coming from China. But we are very confident now and in fact excited about this as Kanav mentioned our excitement in this area is because those relay manufacturers are there and they are actually producing and making those relays. It's not just under development or construction.

Kanav Anand: And just to add one more thing to what Sumer just said, the Make in India opportunity is a preference that the government is offering to manufacturers who are basically making in India in terms of having more than 70% of the cost of a meter manufactured within India is kind of

pushing the market more and more towards sourcing most of the products from India within India including the relay.

Vikram: What is our market share in domestic market? Is it above 80%, 90%?

Kanav Anand: In terms for the metering applications, yes.

Vikram: And sir what was the actual revenue from domestic smart meter market in FY24 absolute revenue?

Kanav Anand: Can you repeat your question because your voice is echoing a little bit.

Vikram: So what was the revenue from the domestic smart meter market in FY24 actual revenue?

Kanav Anand: That was about INR12 crores I think about 6.5% of our domestic sales.

Vikram: Okay, sir. Thank you.

Moderator: Thank you. We have our next question from the line of Richa from Equitymaster. Please go ahead.

Richa: Sir, thank you for the opportunity. Sir like you elaborated on the U.S. market shunt resistor demand could you also talk about what's happening on the bimetal and shunt resistor side in the Europe market as well as the rest of Asia because the quarterly growth numbers and the annual trends I mean there is some kind of dichotomy and how do you expect these two markets in both the product segments to perform in FY25 and 26?

Kanav Anand: I think when it comes to Asia market, both for bimetals and shunt resistor as what Sumer also mentioned and I think Rajeev also mentioned the same we are very optimistic and very positive. The numbers are already showing that we are continuously growing in this region. And with switchgear as what Sumer just mentioned we continue to see strong numbers forecasted by our customers.

So, we are seeing that the numbers are going to be positive which is adding to our excitement. And similarly on the resistor side with more and more two-wheeler and four-wheeler opportunities coming in within India and the Asian market, it's kind of bringing more opportunities for our shunt resistor applications as well.

Richa: And sir what about Europe market in both bimetal and shunt because for the quarter there was just 1.6% increase. Has it slowed down as compared to year when it was?

Kanav Anand: Yes, Europe has been a little muted and in fact if you would have listened to Rajeev carefully, we have now planned to set up an wholly owned subsidiary in Europe. The clear objective of management is to kind of create a direct presence within that market, within that region to bump up and increase our sales and we are very positive with the opportunities that we are getting from there.

Richa: And sir you spoke about Asia market, but if I exclude India from there and let's talk about rest of the Asia. So there we had kind of 77% decline during the quarter in thermostatic and almost 300% increase in shunt resistor, so could you also explain what's happening in these markets in both these segments?

Rajeev Ranjan: So you were talking about the Asia excluding India.

Richa: Yes.

Rajeev Ranjan: What has happened in Asia region in thermostatic bimetal one of our customer has accumulated some of the quantity in the initial three quarters. In the last quarter they put due to inventory correction a lower amount that's why the figure is somehow looking very upward in thermostatic bimetal, but as you see in the shunt resistor we have grown substantially in the Asian market due to the demand they placed for us.

Richa: So just a momentum you expect to continue like 20% kind of growth that is 30%-odd percent in the shunt resistor?

Kanav Anand: Yes. We are expecting this region to continue to grow strongly for us.

Richa: And sir your receivable days it is up from around 69 days to over 80 days. So what's leading to higher receivable days and going forward any kind of guidance you would like to share?

Rajeev Ranjan: Yes still it is under 90 days as we expect in this business to be receivable days, but see we are exporting almost every continent and in export what is happening sometimes there is a logistic problem like the Red Sea region which is hampering the time extended at least by 15 or 20 days. Due to that the receivable days will increase because most of the customers will pay you based on their net 30 days. So as and when they are receiving the material and making the GRN, they will release your payment within 30 days, but if the material is leasing due to some circumstances late by 15 days, 20 days that will increase your receivables. Second thing since we are growing at least by 10%, 15% so that will also give a little bit receivable days, but it will be under 90 overall as a whole.

Richa: And sir if I may ask one more question with this Metalor connect-do you expect your margins in electrical context which I think are typically 9% to 11%, is this just an extension of opportunity size or margin improvement scope is also there?

Sumer Ghumman: The margin improvement scope is definitely there in this business. One of the primary reasons why we are even going ahead with this kind of a joint venture is to have complete control over our silver alloy raw materials. And one of the reasons why margins have taken a hit in the past is because of the rising cost of those materials.

So in order to keep that in control this partnership can have a very valuable impact on that. Another aspect to this whole thing we are creating more and more capability of forward integration in this business that means to go further into more complicated assemblies where value-add increases and hence again contributing to more margins.

- Moderator:** Ms. Richa I request you to join back the queue, please.
- Richa:** Sure. I'll just finish with this. I mean, is it like 14%, 15%?
- Sumer Ghumman:** We could estimate that. Of course, it's difficult to say at this point which projects take off at what time frame. But yes, the target would be to take it up to those levels. You're right.
- Moderator:** Okay, thank you. Thank you and all the best.
- Sumer Ghumman:** Thank you.
- Moderator:** Thank you. We'll take our next question from the line of Aman Vij from Astute Investment Management. Please go ahead.
- Aman Vij:** Yes, good evening, sir. My first question is if you can get the split of our shunt sales, automotive shunt sales in terms of EV and non-EV.
- Sumer Ghumman:** There is one part of our shunts that are used in certain systems that could go in both types. So there is a bit of a gray area. But kind of the last time when we were trying to do this calculation, we came up with our shunts going into almost a 50-50 ratio into EV and non-EV. Is that correct?
- Kanav Anand:** Yes, that's correct. But because of the sudden pause on the EV situation, I think right now we are about 70-30, more and more towards the ICE than towards the EV.
- Sumer Ghumman:** And as I mentioned, it's actually, some of this is estimation. It's difficult for us to know some of standard resistors which could be going in EV or in ICE. We will not know. But this is our estimation.
- Aman Vij:** Sure, sir. That helps. So, just continuing on this part. So, have we lost any market share in US?
- Kanav Anand:** No, the good thing is that not on our products. We haven't lost market share. We are very closely connected with our OEMs. It's mostly inventory correction and the slackness in demand which is really causing the degrowth.
- Sumer Ghumman:** In fact, with some new developments, recent developments, we have been able to increase our market share. It's just that the general demand is lower in the market, so that's making the number look like that. But it's not – it's actually been an increase in market share.
- Aman Vij:** Sure. And we have been discussing for the last two, three years that we have been building our relationship with a couple of newer OEMs which can be quite big over a period of time. So, there hasn't been much progress on it over the last one, two years because we were expecting that maybe that – if that pickup had happened, that would have helped us grow and company.
- Sumer Ghumman:** These developments have happened and they have increased business but how this – the automotive components like these, how they work, they start with only like 5% or 10% initially and then they go into 20% and 30%. They spread out, they increase in order. They don't – they are getting even a financial advantage by buying from us.

That does not mean that within the second year or so, they will quickly run to about 60% to 70% of their requirements from us. So, this is for these kind of components in the automotive market. All of our old customers who are now at a very large percentage of their buying from us, they also followed that same pattern. So, we will continuously see a growth in that area as a result of it but none of it may be suddenly increasing.

Aman Vij: And by which year do you think we can reach those levels with these newer customers? You have talked about we are at maybe say 10%, 20% levels only and our aspiration is maybe having like 40%, 50%, 60% kind of share. So, when do you think in, say one year, in two years, in five years?

Sumer Ghumman: So, with some of our developments that have taken place in the last one or two years, we can see that in the next two years or so, we should have larger portions of the quantity and they will still maintain their supply from two minimum, at least two suppliers if not three because they cannot obviously rely on a large quantity towards one. So, we can see them reaching their optimum levels, maybe ranging from the next two years to the next four years, depending on which customer we are talking about.

Aman Vij: Sure. And a question on the hybrid in US, sir. So, is the product very different compared to the EV product or the BMS normal ICE product? And if yes, then how long will it take for us to develop? And because hybrids are now growing faster than EV, so aren't we missing the bus if we are not launching products for the same soon versus?

Sumer Ghumman: So, the answer to this lies in somewhat in what your first question was when we were talking about how when you say EV and non-EV and I'm obviously putting hybrid in the non-EV. So, there are certain types of components which can be utilized in both applications. And then there are certain types which are only used in EVs. So again, it's difficult to say. But with the increase in hybrids, of course, we will see a trend towards going in that direction for those components as well.

Aman Vij: Sure. And just last on this part, EV we were expecting that they will be picked up in domestic parts, especially maybe in two-wheelers as well. So, any update on that? Is it slower than your expectation? When can we see a big jump up in that shunt for EVs domestically?

Sumer Ghumman: No. In fact, on the other hand, we are seeing an increase in shunts required for see, when a lot of these two-wheelers, two-wheeler makers, etc, they started out with their smaller quantities by importing the BMS as they made some market share and started having more volume as they developed their BMS within India and then those components. So, we are seeing an increase, in fact because of course, the two-wheeler market in India for EV two-wheelers is really looking encouraging. In fact, more so than even four-wheelers, of course.

Aman Vij: Sure. Just final question before I come back in the queue. On the margins, so Q4 the margins had come down below 20%. So, could you talk about the reasons for the same and as well as copper prices are increasing at a very fast rate. So, are we able to pass on? Do we pass on with the lag? Where do you see the margins for the full year for FY '25?

Rajeev Ranjan: Yes, this year, the margin has downsized by almost 3% in gross and almost 1.2% in EBITDA. The reason is this year is a year of thermostatic bimetal where we have sold more in bimetal compared to the shunt resistors. When we sold 50% shunt and 50% bimetal then the gross margin was about almost in the range of 48% to 50%.

But once you are selling due to the product mix, the bimetal has a lesser margin compared to the shunt. So, if the trends will continue the 25 will be at this level. It will not go down beyond at this level. Maybe and as I said earlier also, this plus minus will be in the range of 5% due to product mix. There are so many variables for this margin.

Aman Vij: Any impact because of copper price suddenly increasing?

Rajeev Ranjan: Not necessarily has a direct impact on the margin but yes, on top line it has an impact. So, whenever copper or any commodity like nickel or copper goes downside then that decrease in LME has an impact on top line rather on the margin. So, if you see, if you compare or if you have done your homework, then you can see this year there is almost a 20-25% downside in the commodity prices, which may result in our case a top line declination of 5% to 6%.

Aman Vij: Sure. I will get back in with you. Thank you.

Moderator: Thank you. We have our next question from the line of Rohan Vora from Envision Capital. Please go ahead.

Rohan Vora: Hello, Am I audible

Rohan Vora: Yes. Thank you for the opportunity, sir. So, just one clarification. Earlier when you said that you expect the demand from smart metering to grow to X in FY '25, you also said that you expect demand from auto to remain flat. So, just a clarification on is this the right understanding and what is the outlook on the auto demand broadly? Thank you.

Sumer Ghumman: We have the automotive demand. What information we have from our customers is that towards the end of this financial year, we will start seeing an increase. So, we do not want to think of that increase really as something big.

So, we want to just look at it as let us assume for a second that automotive remains the way it is, which is flat. Why is it flat? Because there is growth in some areas and there is degrowth in some areas. So, averaging is about flat somewhere. And we are considering that let us say that things remain like that in this year as per our conservative, I would say, forecast. We feel that somewhere along the line that flatness will get compensated by the increase in the other types of charts, other types of metering-related applications.

Rohan Vora: Okay. So, sir, when we say the demand remains flat, so what you are trying to say is that the Indian increase in demand would offset the reduction in demand elsewhere in auto. Is that the right definition?

- Sumer Ghumman:** That is correct. Something similar to what has happened in the last year. Something similar in the sense that the same thing happened that there was a decline in the U.S., but because there was an increase elsewhere, it was showing as a sort of a flat number.
- Kanav Anand:** You could see that we are growing in India. We grew in India by 17%. We grew in Asia by 27% from the previous year, but it did get compensated by the degrowth in North America. So, we have kind of given you an overall outlook of the automotive market globally.
- Rohan Vora:** Got it. Understood. Thank you very much
- Moderator:** Thank you. We have our next question from the line of Shikha Mehta from Time and Tide Advisors. Please go ahead.
- Shikha Mehta:** Hello, sir. Am I audible?
- Moderator:** Yes. Please go ahead.
- Shikha Mehta:** Yes. I was actually looking to understand your margins a little better. So, when we are saying that there is substantial growth in the smart metering division, how are those margins compared to the auto division? And even if you could help me out with India versus U.S. margins?
- Rajeev Ranjan:** See, we are not doing any activity or the product-based margin calculation. This is all about the two segmental marginals we are calculating. So, it is very hard to disclose or give you a number about the Asian margin and the American margin.
- So, but, yes, what I can say here is whenever we are doing exports, we have a little bit edge compared to the domestic market margin. So, export margin is a little bit better than the domestic margin.
- Shikha Mehta:** Understood. And for another thing, a bookkeeping question, rather. This quarter, our other expenses were up a bit compared to last quarter.
- Is there anything you would like to comment on that? Or is it just in normal terms?
- Rajeev Ranjan:** Other margin, other expenses. So, other expenses, this is the last quarter. And here in provision, some of the expenditure you may know that is putting at the last quarter, like the Odyssey.
- So, such type of things somehow increase quarter-to-quarter. But on year-to-year, if you see the other expenditure, which is flat compared despite having a 7% growth in the top-line. So, we have operating leverage due to which we maintained and even reduced 1% of the gross margin correction in EBITDA margin.
- Shikha Mehta:** Right, right. And lastly, any guidance for FY '25 and FY '26?
- Rajeev Ranjan:** If you see the trend of Shivalik, we have been maintaining such margins for the last 4 or 5 years. That's why we have been growing at a revenue by 25%, whereas our EBITDA and the PAT margin is growing by more than 30%. And if the product will continue in the same growth

perspective, we will maintain such margin. Even if the product mix will change in the coming years, then the margin will improve gradually.

Shikha Mehta: All right, so broadly we're saying if we can maintain our historical trend for the next 3-5 years, is that what we're saying?

Rajeev Ranjan: Yes, correct.

Shikha Mehta: All right, sir. Thank you.

Moderator: Thank you. We have a next question from the line of Midhun James from MJ Investing. Please go ahead.

Midhun James: Hello, Am I Audible ?

Midhun James: So my first question is, I'm referring to slide 36 in the presentation. So in Q4, while we see a volume growth of about 17.8%, the revenue is flat. So why is that? So revenue is about 1.49% growth. I'm talking about the shunt as well as bimetal put together revenues. So is there a price erosion? What is the reason why the volumes have gone up and the revenue is like flattish?

Rajeev Ranjan: So you're right. In terms of revenue, it's a muted growth in Q4 compared to Q4'23 and Q4'22. And you were saying this, the quarter four had some impact even in India, the geopolitical, I can say and which impacts our customer to some extent. Second thing you were saying, if you see the metal degrowth in this quarter, which is more than 28% quarter-to-quarter and that has an impact on our top-line.

So if I calculate the metal degrowth of only this quarter, which will impact at least 9% on the commodity. So if I add 9% of the 1% growth, our growth for this quarter-to-quarter will be around 10%. So it is basically due to degrowth of the commodity prices quarter to quarter.

Midhun James: Okay. So basically what you're saying is that there is a price drop on the commodities and that has kind of impacted your overall revenues, the dollar value revenues.

Rajeev Ranjan: That's correct.

Midhun James: And my second question, so how much is the PLI? You mentioned that in your initial comment. So how much was the PLI booked in this quarter? And will we be booking the PLI only in Q4 going forward or it will be kind of phased out in different quarters?

Rajeev Ranjan: Yes. So in this year, since we have received the last 2 years PLI claim, along with we have calculated the current year PLI estimation and we booked the overall INR12 crores as the other income revenue. This will continue in the coming three years at least. But you see the PLI scheme says in the first 3 years, first 3 years we will pay 5%, 4%, 4%. In the last 3 years you will get only 3%. So it depends on the growth also. If the production will increase to a certain level, then this amount will increase despite the scheme percentage has been allotted to us.

Midhun James: But will the booking be kind of split between multiple quarters or will we be booking PLI going forward also in Q4 only?

- Rajeev Ranjan:** Until and unless we do not get assurance from the government, we are not booking as a revenue in our books account. So we always prefer to have confirmation from the government side based on which we are booking. So whether it may be on the third quarter, it may be on the fourth quarter.
- Midhun James:** Okay. My last question would be that since you alluded that the U.S. market, we have kind of a slowdown on EV. And we are in kind of reading across multiple channels that the EV market is going to be kind of flooded with Chinese products, be it BYD, really and whatnot. So, do we have any OEMs cracked in China for our chance or is that the reason why the US. We are kind of struggling if I put it that way?
- Kanav Anand:** No, I think some of the names that you've taken, we are already suppliers to them. And if you see that our business is growing in Asia and China and Taiwan is part of that region where we are growing through our OEMs and through our partners. So, off course we've mentioned before also the other regions are supporting us in this growth journey despite the, de-growth that we've seen in one of the most important economies, which is North America. So, we will continue to remain diversified in terms of geographical locations to make sure that we are able to sustain this growth that we are projecting.
- Midhun James:** Yes that is very comforting. Thank you very much for your answer. That's all from my side.
- Moderator:** Thank you. We move on to the next question from the line of Vivek Seth, an individual investor. Please go ahead.
- Vivek Seth:** Sir, the PLI benefits that we are getting, is it part SPECS automated PLI scheme?
- Rajeev Ranjan:** It is part of the registered PLI scheme.
- Vivek Seth:** Which is that, electronics or automated?
- Rajeev Ranjan:** Electronics.
- Vivek Seth:** Electronics. And the new investment that we are doing now, the land that has been acquired, will that, whatever the plans are, will that also be eligible for the PLI scheme?
- Sumer Ghumman:** It depends on what is it that we finally do over there. But as Rajeev had mentioned in his opening statement that our main aim is to use that facility for, as a general philosophy, wherever we can find opportunities of forward integration among our components. So, we would like to use it for that.
- Now, if that falls under a qualification for PLI, definitely we can look into that. If not, then of course, it could, maybe we could be starting with more switchgear related. So, we are still in the process of identifying which parts. But yes, definitely if possible, if required, or if qualified, then we would be able to, guess.
- Vivek Seth:** Just one more. Like Schneider and all, they are also expanding rapidly in this switchgear space. And I believe they are your customers for a long time now. So, the current expansion, that and your expansion going ahead, is it in line with their strategy?

Sumer Ghumman: Yes, absolutely. And, a company like Schneider, it's interesting you mentioned that, because a company like Schneider would not make you a part of their strategy unless they were confident that that capacity existed and it was sustainable. And among our audits that we have done, we are confident of that, both in terms of capabilities and capacity.

Vivek Seth: Thank you so much and all the best.

Moderator: Thank you. Ladies and gentlemen, we'll take that as the last question for today. I now hand the conference over to the management team for closing comments. Over to you.

Rajeev Ranjan: So, thank you for being part of Shivalik Bimetal Controls Limited journey. Please contact Dickenson for any further questions or information. Thank you and have an excellent evening.