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**SBCL/BSE & NSE/2024-25/40** **14th August, 2024**

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

**Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcription of Earnings Conference Call with Investors/Analysts held on 08th August, 2024**

Dear Sir/Madam,

Please find attached herewith transcription of Conference call with Investors/Analysts held on August 08, 2024. Kindly take the same on record and acknowledge.

Thanking You,
**For Shivalik Bimetal Controls Limited**
AARTI SAHNI
Digitally signed by AARTI SAHNI
Date: 2024.08.14 22:29:41 +05'30'
**Aarti Sahni**
**Company Secretary & Compliance Officer**
**M. No: A25690**

**Encl: As above**

# Shivalik Bimetal Controls Ltd.
# Q1FY25 Earnings Webcast

## Answered by Management:
## Mr. Sumer Ghumman- Promoter of SBCL
## Mr. Rajeev Ranjan- CFO
## Mr. Kanav Anand- Head of Sales & Marketing

Thursday, Aug 08, 2024, 4:00PM IST

Moderator:

Ladies and gentlemen, good afternoon. Welcome to Shivalik Bimetal Controls Limited Q1FY25 Earnings Webcast produced by Dickenson.

Please note that this conference is being recorded and that some statements in this call may be forward looking based on current expectations and subject to risks that could cause results to differ materially. You can download Shivalik investor presentation and press release from the downloads box on the bottom right hand side of the page.

I now hand the conference over to Mr. Rajeev Ranjan CFO of the company for opening remarks. Thank you. Over to you Rajeev.

Rajeev Ranjan:

Thank you very much Shankhini, and thank you all for joining us today for Shivalik Bimetal Controls Limited's quarter one financial year Q1FY25 earnings webcast.

I am Rajeev Ranjan, the Chief Financial Officer, and I am glad to present to you the financial performance and key highlights of our first quarter for the fiscal year 2025

With me today are members of the management, Mr. Sumer Ghumman, Promoter of SBCL, Mr. Kanav Anand- Head of Marketing & Sales, SBCL

Before we delve into the details, I would like to extend a warm welcome to all our participants and stakeholders.

Beginning with our financial performance:

Our Q1FY25 performance reflects both the challenges and opportunities we encountered in the global market. Despite a 5.18% decrease in total income to ₹107.22 crore, down from ₹113.07 crore in Q1FY24, our strategic focus on volume growth remains strong. In volume terms, our business grew by 8.58% year-over-year, increasing from 548 MT in Q1FY24 to 595 MT in Q1FY25.

Looking at our profitability, we experienced a marginal decline in our Profit Before Tax (PBT) by 18.75% to ₹21.75 crore for the quarter, with PBT as a percentage of sales coming down by 339 basis points to 20.29%. This was primarily because of product mix change which resulted into increases in our Costs of Goods Sold (COGS),. Similarly, our Profit After Tax (PAT) eased marginally by 19.41%, to still give us a wholesome ₹16.30 crore for the quarter.

Looking deeper into this quarter in terms of segment and regional performances, Q1FY25 delivered strong growth in our shunt resistor sales across all other regions –mainly Asia, Europe and India, which helped mitigate a 45% decline in sales Year-on-Year from the USA.

- **IN Europe**: Sales grew by 134.40% off a modest base, reaching ₹8.04 crore compared to ₹3.43 crore in the same period last year. This substantial increase underscores our successful market penetration and the growing demand for our high-quality shunts in this region. As Europe's electrification momentum strengthens, this will only keep improving.
- **IN Asia (Excluding India)**: We recorded a significant growth of 67.02%, with sales rising to ₹17.03 crore from small base of ₹10.20 crore in Q1FY24. This is the result of our growing OEM and channel approval base, and wider acceptance of our products – all of which are taking root for sustained and growing business from this region.
- **IN India**: Our home market continued to show steady growth with an 11.34% increase in sales to ₹11.26 crore from ₹10.11 crore in Q1FY24. Our dominant market share position in India will hold well for us in India as domestic demand keeps rising in line with economic growth. we expect India to become a key market for us over the next 3 years.
- **IN Americas**: Despite the gains in other regions, sales in the USA dropped by 44.76% from ₹29.22 crore to ₹16.14 crore. This is due to a slowdown in the USA economy – turning consumers and manufacturers cautious, and a temporary lull in the Automotive marketplace where consumers are playing a wait and watch game.

As we move forward, our focus remains on enhancing cost management strategies to optimize operational efficiencies and manage input costs effectively. Our commitment to research and development is pivotal to our success, as we specialize in niche and critical products that require technical expertise, such as smart meters, Battery Management Systems (BMS), and electrification solutions.

We are also investing in automation and technological advancements to improve our manufacturing processes and deliver value to our clients. Our strategic market diversification and expansion efforts are beginning to bear fruit, particularly in regions like Europe and Asia. We are optimistic about a gradual recovery in the USA and remain committed to driving sustainable growth across all our markets.

In conclusion, despite the market environment being a mixed bag internationally, Shivalik has demonstrated resilience despite a complex global market. Our Q1FY25 performance has underscored due to supressed metal market and north America muted growth. We thank you for your continued support and confidence in our vision.

I now invite you to join us for the Q&A session. Thank you.

Moderator:
As a reminder, please click on the Zoom link to enter the interactive audio Q and A session. Kindly ensure you mute this page as you enter zoom.

Kindly raise your hand on Zoom to join the question queue. You can also post questions in writing on this webcast page to join the queue on Zoom. Kindly raise your hand. Instructions on how to do so are in the community chat. We will wait a few minutes for the question queue to form.
Our first question is from the line of Utsav Adani from Oak Lane, capital,

In the bimetal segment, specifically the motor segment. Are you seeing customers moving to microprocessor based smart relays from the current thermal bimetallic relays? Also, what percentage of your sales in the bimetal segment would come from this segment?

Mr. Kanav Anand:
Overall? I think the bimetal business constitutes about 51% of the total sales. In terms of the motor. I think what was what the investor wants to know is about the percentage of the motor starter of the total bimetal sale, which is probably less than 8 to 10% of our total bimetal sales. And we don't really foresee, and we are not seeing any movement of these mechanical relays going towards micro processors at the moment, and so the demand for the bimetal, bimetallic motor relays remains.
I would say, the same as what we've been seeing in the past.

Mr. Sumer Ghumman:
It doesn't add any value or any advantage.

Moderator:
Our next question is from the line of Yogakshem from Bay capital India.

Yogakshem:
The Q1 FY25 revenue dropped by nearly 5% largely due to lower commodity prices. However, despite lower commodity prices, the cost of raw materials has increased in Q1 FY25 versus Q1 FY24 Could you please explain the reason behind this?

Mr. Sumer Ghumman:

So basically it's a valid question, but the main reason why you see that happening is because the product mix is also at this point different, so we have higher sales or higher growth in areas which have higher material consumption, and where we have faced in the last few quarters, where we have faced a lower level of growth, those areas have a lower material consumption. So that is, that is the reason why this difference is showing up.

Mr. Rajeev Ranjan:

And I'd like to add to the second part of that question regarding the metal prices, if we see if any metal is increasing in that quarter , it will have an impact in our pricing the next quarter, not in the same quarter.

Moderator:

A follow up question, what is the reason behind inventory days increasing by 33 days in Q1 FY25?

Mr. Rajeev Ranjan:

in the last two months. If you see the red sea disturbance causes some supply chain, based on which we have decided to uplift some material through air, and due to that, this quarter, we have some accumulated inventory which will be consumed in the next quarter.

Moderator:

Thank you. Our next question will be from the line of Deepan Sankara Narayana, your line will now be unmuted. Please go ahead with your question.

Deepan Sankara Narayana:

Yeah. Good evening everyone. Thanks a lot for the opportunity. So firstly, wanted to understand these two large domestic smart meter companies are talking about 10 to 20,000 crores kind of order book, but we have not seen such a stronger growth in domestic shunt business. So what is your view on domestic smart meter installation progress, and when do we expect strong shunt volumes growth in domestic market?

Deepan Sankara Narayana:

Hello?

Mr. Sumer Ghumman:

Sorry. Can you hear me? Yeah, yes, okay, so the two players that you mentioned are basically both. Both these players were importing their latching relays. And the latching relays is where our product is used. Now imports for latching relays over a period of time have become more expensive because of added duties, etc, and currently they are in the process of starting manufacturing of these latching relays in India, and I would say between both of them, they are both at now, at a stage where we are already supplying smaller quantities to them, either to them directly or to their relay manufacturer, whoever they have tied up with. And now, in the coming quarters, we will see an impact of that happening. But as of now, of course, because since they were importing the relay, our part was not used in it, because the entire relay was coming from China.

Deepan Sankara Narayana:
Okay, and what is your view on the overall domestic smart meter installation growth progressing? Will it be the growth will be completely back under towards FY28, to FY30, or initially, also we see stronger growth in quarter.

Mr. Sumer Ghumman:
no, we are getting some customers. Is very strong because, of course, they manufacturing the relay is now here. They need to, you know, they've already started sharing forecasts about it. So we see a very strong growth coming from there. Now, obviously, there is, you know, there are, there are, there are things like, because the end of the day, it is a government driven thing. So it can have certain things beyond what we plan. We don't hope that it will happen. We don't see any reason why. But since it is a government driven thing, anything is possible, as you can imagine. So what we estimate, though, is that this five year period  that the government says that it will be installed, and we look at it more like a 10 year period. So we are missing our forecast planning, etc, on the basis of a 10 year period.

Deepan Sankara Narayana:
Okay, okay, okay. Globally, these power deficit scenario is rising due to AI and huge data centers. So this has given the strong switch gear demand for global requirements. So what is our growth outlook for domestic and exports in bimetal?

Mr. Kanav Anand:
HiDeepan. Very good question, I must say,very well looked at we are seeing globally the demand, as you likely said, power deficit, the demand for power electrification is going to increase. Power Distribution is increasing, all our customers, and the application we fall into is in the field of data centers and power distribution. And next five to six year outlook is very positive, and we have already started receiving those forecasts from our customers, domestically as well as international.

Deepan Sankara Narayana:
Okay, okay, and last from my side. So assuming this global slowdown on EV continuing for next two or three years, do we expect this hybrid segment can drive over volume growth to the similar levels and hybrid content per car. Is it same as per electric vehicle? Or lesser than that?

Mr. Sumer Ghumman:
It can, it can actually, in some cases, certain hybrid car designs can even an bigger value of our products in it, because it is constantly moving from engine to battery. And that actually is there this battery management system becomes of key importance. So higher value add products are definitely more likely to be there in hybrid cars. And yes, to answer the first part of your question, we

feel we see a very positive opportunity with hybrids. Even if the EV market doesn't grow as per what was originally intended, hybrids certainly will. If you see the trend in the US, hybrids have been consistently going up because the second or the third stage of EV buyers are now looking at multiple options. So we are at a very, you know, we are at a situation where the market could swing in any direction. In some countries, EVs have proven to be successful. In some countries, people are still leaning towards hybrids. So yes, we have an opportunity, big opportunity, with hybrids as well.

Deepan Sankara Narayana:
Thanks allot.

Moderator:
Thank you. Our next question is from Pradeep Rawat. Pradeep, your line is unmuted. Please go ahead.

Pradeep Rawat:
Yeah. Thank you for the opportunity. So my question is regarding to the peak revenue potential, as you mentioned in your presentation, that our peak revenue potential is 1600 crore rupees. So would this peak revenue potential be based on the land that we have all do, and we have to do further CapEx for plant and machinery, or we have put plant & machinery in the place right now for the 1600 crore potential?

Mr. Sumer Ghumman:
Everything is already in place, other than incremental capex. So all the primary capex is already in place. Incremental capex of, let's say, you know, over a five year period of 5-6-7-8 crore a year. That level of incremental capex, other than that, to be able to reach peak revenue, this already covers all of it the capex,

Pradeep Rawat:
And my other question is, regarding our customer concentration, so can you provide a number for our top five customer revenue? That revenue we generate from top five customers.

Mr. Rajeev Ranjan:
Yeah, so customer concentration is distributed in our case, but if you see the top 10 customer constitutes almost 40% of our business,

Pradeep Rawat:
And when was the most recent customer among this these 10 customers was acquired?

Mr. Rajeev Ranjan:
Out of these 10, there are one or two belongs to registered business as acquired in the previous two years.

Pradeep Rawat:

Yeah, and my last question is, regarding our R&D. So how much investment do we put in into R&D on a yearly basis, and what would be the trajectory going forward?

Mr. Rajeev Ranjan:
See we, being a technical company, R&D has two major components of expenditure. One is the human resource, and second is the machinery. And we have heavily invested in machineries last year, so this year, their incremental cost highly dependent on the human resource increment and so on.

Mr. Pradeep Rawat:
Okay, understood. Thank you and all the best.

Moderator:
Thank you. Our next question is from the line of Akash Vora. Akash, your line is unmuted. Please go ahead.

Akash Vora:
Yeah. Thanks for the opportunity. I have a couple of questions, starting from the margin side. The EBITDA margin said we have done this quarter around 80-90% odd. So so this quarter if we see on a volume level. Also overall, volumes were up by almost 9% with both shunt and Bimetal two combined, and both of them were pretty much even in the in terms of mix, I think shunt was around 48 and bimetals around 52 so generally, when we have an even kind of a mix between the two, we generally do a good set of margins. But if we look at the gross margins this quarter, they were the lowest the last five, six quarters, around 42% - even sequentially, we have seen a dip around half a percent here. So just wanted some color on you know, when will we see margin recovery? Because now, even though shunt mixes come back,

Mr. Rajeev Ranjan:
So on the margin side, if you see in the last five quarters, and in fact, in the last three quarters, it is on the similar line. And as we have examined and concluded that it is due to the product mix. Product mix constitutes, not only the bimetal and shunt, it also constitutes the component variable and the street value. So if anything goes here and there in component andshunt, that will also cause marginal up and down. In fact, the third element, and the factor which should be considered for the margin control is the export and domestic business. So while we are doing more in export, and if you see in the last five quarters our export is going down and down, whereas our domestic is going up. So these are the factor which is consistent. And in fact, quarter four and quarter one, if you see there is a slight improvement in our margin, gross margin, like if the EBITA margin has improved by almost 0.7%. And going forward, as our growth will constitute, at least, it will come to the similar level as we were maintaining around 22 to 26% and in fact, when our growth CAGR will improve by 20% onwards, then there will be an additional margin employed.

Moderator:
Thank you. Our next question is from Ajay Surya, from Niveshaay.

Our performance in shunt resistors in US has been constantly declining in the past quarter, the management guided that they are seeing a bottom down situation. However, performance continues to decline. Is it due to the slowdown in EV and rising acceptability of hybrid or is it the overall auto sales, which is leading to this? Are we losing market share to other players? Would like to understand the situation in detail with regards to what is happening on the ground.

Mr. Kanav Anand:

So when it comes to the volumes to North America, it is continuing to remain, I would say, stagnant and lull. Of course, the automotive segment has been what we can see with everybody can see that it is still on a decline. EVs, as well as automotive segment in general, has not really picked up since the last three quarters, but as we had mentioned last time, also that we are seeing signs of recovery already, we are positive about the upcoming quarters, and North America is starting to showcase that FY 25 is going to remain, is going to be strong for them. With regards to the second part, with regards to the competition, we haven't lost any opportunity, I would say, customer competition. It is just delays in the introduction of new models into the market, which is purely related to the market sentiment right now.

Moderator:

Our next question is from the line of  Utsav Adani from Oakland. Your line is now unmuted. Please go ahead with your question.

Utsav Adani:

Thank you for the opportunity. So continuing on the Shunt side of the business. I wanted to understand, how are we placed, cost wise, with Chinese competitors, even it seems like China might be getting closer to winning the EV race. If you can shed some light on the cost basis?

Mr. Kanav Anand:

I think two important aspects that one has to consider. One has to consider the price as well as the capacities- we have the world's largest capacities required to fulfill the demand that's going to come in. And of course, on the cost side, there are certain specialized applications where, where we are not really seeing, at the moment too much Chinese competition, and that's where we feel that in certain areas of expertise, we kind of hold that technical advantage over our competition.

Utsav Adani:

Understood. On the contact business. Can you share what is the end user Industry split, for instance, I understand automotive and smart meters are the key. If you can share on the contact business, please?

Mr. Sumer Ghumman:

In the contact business, almost all of the target market for the contact business is switch gear.

Utsav Adani:

And can you share the capacity utilization across all three segments?

Mr. Sumer Ghumman:
As of now, between average between everything included, is about 36 but if you look at it individually, it's about shunt is at about 40, 45%, bimetal is about 30 to 33% and contacts is closer to 90% but then we're moving to a new plant, creating capacity at the new plant, which should be operational by, January next year. So then we will again, we will have that business will also come to about a capacity utilization of what 30%.

Utsav Adani:
Understood, sir, I made a request to the IR team to share some historical data on the contacts business. If you could share that across, that would be really helpful. And one small suggestion from mind, if you can add the contacts part of the business, in the PPT that you share, because I understand going forward, that can also be a large portion of our business that will help investor analyst to understand,

Mr. Sumer Ghumman:
We will share what you may require. And sure, yes, it can be a very big part of our business, because it's a very large market size compared to other product verticals. So although a low value add product, but due to the market size, addressable market size is much larger.

Moderator:
Our next question is from the line of Aman Vij. Aman your line is unmuted. Please go ahead.

Aman Vij:
Yes, good afternoon, team. So I have questions on different segments. So let's start with shunt first. So could you talk about the reasons of strong growth in Europe and rest of Asia? Was it automotive shunt? Was it the other kind of shunt, individually, if you can talk about the strong growth in Europe and rest of Asia.

Mr. Kanav Anand:
In with Europe, our market penetration is improving. We are, we are. We are adding more strength in that market, in that region, which is giving us that additional, ability to reach the reach the end user, which is one of the reasons. We on the, on the on the Asia side, we are seeing a lot of recovery, also from what we had lost in 2000 we were reduction in demand in 2022 23 volumes, where we started, starting seeing a little bit of a reduction in the Asian market, but we are seeing that the that the EVs in Asian market is doing still strong, are still comparatively strong, and which is which is also resulting in strong demand for our products.

And of course, as what we initially, Sumer was also mentioned- Smart Meters have started picking up for us, and that's why we are seeing demand for shunts coming in. So far, the market was busy setting up the supply chain required to meet the overall requirements, expectations of the installation required by these metering manufacturers and and we are seeing  that effort gone in in the last one, one and a half years is starting showing some numbers which are going to further strengthen our position in the Asian market.

Aman Vij:

Sure. So if you have to broadly understand the growth, or slash degrowth, in the sub segments in shunts, which is automotive, and say the other smart meters. So what was it for Q1?

Mr. Kanav Anand:

in terms of shunt the automotive, automotive, and contributed about 66% of our total revenue, which is down by about 13% from from last year, and that's where, probably because of the North American market, energy meters have almost doubled. It's come to a close to almost 30% of our of the shunt revenue, which was about 14/14.5%, and a half percent last year. And then there are other miscellaneous applications.

Aman Vij:

sure. So we were expecting the scaling of some of the other big shunt players. Could you talk about that? Will they be contributing to Europe, or will they be also be a US contribution? Going forward?

Mr. Kanav Anand:

This trend has been mostly in Europe and and to be honest, we have a very strong,
I would say, market reach in North America. And so far, we've been able to keep and carve out a very important niche for ourselves in that region. And it's just that the current dip in the demand in the automotive markets is not really a giving us any fruits, but we are confident that 2025 numbers are going to start coming back and as what this was similar, something similar to what we had discussed in our last quarter results as well.

Aman Vij:

So just to summarize this shunt part first, so for the full year, do you expect our shunt growth to be like flattish or five -10% growth, or five -10% de-growth for the full year?

Mr. Kanav Anand:

We don't foresee a deep growth. Overall, we will see a 5 to 10% growth in our shunt business by the end of the year for the full year, for the full year.

Aman Vij:

Coming to the bimetal part. So it was after many quarters, there was a degrowth. So could you talk about it? Was it like one off? Do you think there's some inventory issues, or do we see the growth coming back from Q2?

Mr. Kanav Anand:

the two things, bimetal, de growth I on terms of top line is going to number one is linked to, of course, the metal pricing, which we've already spoken about and we mentioned also in our release. The other reason is, of course, there's a little muted growth in quarter one for us, for the domestic market, purely because we all know that we went through general elections in India. And during that time, the industry kind of goes on a standstill.

As I said that the next five year horizon from all domestic players are very exciting and promising for us in this field, whether because all this is linked to AI, linked to data centers, link to infrastructure board, the 70 plus 75 smart cities, airports coming in, all that is going to kind of increase demand for electrical appliance, electrical equipments, which is where our products are going to go in.

Moderator:

Thank you, Aman, please raise your hand again to rejoin the queue. Our next question is from the line of Karan Kokain from PGIM, India.

What is the revenue growth and a EBITA margin guidance for FY 25?

Mr. Rajeev Ranjan:

So for revenue growth, it is in the range of 8 to 12% for the whole year, FY 25 and for the EBITDA, which will be in the range of 22 to 24% for FY 25.

Moderator:

Thank you. Our next question will be from the line of Richa Agarwal. Your line is now unmuted. Please go ahead.

Richa Agarwal:

Thank you for the opportunity. So my question is, you shared some kind of breakup for shunt resistors. Could you talk about, you know, apart from the Indian market, whether elections and all, what is happening in the other market, and why was there a decline? And you know, rest of Asia as well, and the outlook for bimetal segment itself for this year?

Mr. Kanav Anand:

could you please repeat your question? Because I think I got a little confused with your question. Can you just repeat your question again?

Richa Agarwal:

Yeah, so my question is on the bimetal segment this quarter, year on year, we saw a decline of around 43% in rest of Asia and Europe, also, 20% decline India and America was flat. But could you just help us understand the reasons for decline in these markets, and what kind of guidance would you like to share in this particular segment for this year?

Mr. Kanav Anand:

I think Europe, we all knew and in the last time, also, we had mentioned that they we European markets are in a recessionary trend, and that's where the numbers have been low. But looking at our second quarter numbers, we are already seeing that whether it's North America or whether it's Europe, both have started picking up. So for us, as I said, by the end of the year, overall revenue is going to be higher than the previous year,

Richa Agarwal:
okay, and, sir, you had announced an MOU with Metalor. So you know, any kind of update on what's happening on that front?

Mr. Sumer Ghumman:
Yeah? So we now, we, we are moving forward with that. We haven't announced it yet, because it's, it's still something that, you know, we are working on the numbers with, with Metalor but basically Metalor’s parent company, or the metalor board, basically has, has approved this process, which is, which means that the due diligence process that was going on, that got concluded last month, has all gone through successfully. Now we will be working on, when do we actually turn this into a joint venture, and what all does it bring to the table? So these timelines, you know, at this point, it's difficult to put but yes, something will materialize in the coming two to three months, in fact, even before that.

Mr. Sumer Ghumman:
Sorry, just adding one more point- you see earlier, at some point during this call, I had mentioned that we are building a new facility for the contact business. So there's a possibility that it may get timed alongside that which is going to be ready in a few months also.

Richa Agarwal?
but that is independent of this JV, right?

Mr. Sumer Ghumman:
That is irrespective of the JV, but yeah, might get timed together coincidently.

Richa Agarwal:
Okay. And so one more question, like, are your margins different in domestic as well as versus export markets? Like, if the mix changes more towards domestic, Is there likely to be some kind of dilution because of that?

Mr. Rajeev Ranjan:
Yes, as far as bimetal segment is concerned. So in that case, if we are selling in the domestic market compared to the export, there will be a comparitively marginally less than the export.

Richa Agarwal:

Okay? So I mean, what you're saying is that is product based, not geography based. So if is that understanding correct or within the same product also, like within bimetals, if you sell in India versus abroad, exports,

Mr. Kanav Anand:
As what Rajeev was mentioning, there is a difference. Of course, exports bring in the larger revenue margin, margin for us, but it's a very marginal difference.

Richa Agarwal:
Okay, and so I think last quarter you had booked some PLI component and other income. So could you just specify what that was, if it was there this year as well, and what it is likely to look like for the entire year?

Mr. Rajeev Ranjan:
Yes, so this year also, there will be a PLI in other income. In fact, to claim the PLI, we need to comply with two additional obligations, which is underway, and that will be calculated based on our production or our revenue in the year ended 25 so currently, if I say based on this, the obligation, it would be not less than 3 crore.

Moderator:
Our next question will be from the line of Prathamesh Dahake. You can now mute, unmute yourself. Go ahead.

Prathamesh Dahake:
Yes, my question is regarding bimetals. So if you were to look at sector, sector wise, breakup in the bimetals business would it look like? And within India, who are a major customers, I mean, like India, business in bimetals was affected due to elections, but shunt wasn't. So why is there an anomaly in the same- and the same is applicable to Europe business, which got affected due to recession for biometrics, but shunt resistors was not ,so why are we seeing an anomaly there?

Mr. Kanav Anand:
See in switch gear what you see, a lot of the business goes through tender base, everything. Lot of tenders stopped during the during the election. However, when it comes to shunt the most of the smart smart meter business attenders are already out assigned and we are already in the process of fulfilling those contracts. So there are different stages of the tendering process. Secondly, when it comes to the application wise, if you look at the bifurcation of by the bimetal business, about about 79 to 80% comes from our switch gear applications. Eight, eight and a half percent is gas meters, and about eight and a half percent comes from automotive applications.

Moderator:
Thank you. Our next question is from India capital.

Can you give a detailed perspective on the overall competitive scenario, especially in the global context? Firstly, on shunts, what kind of competition do you face in global markets? Is there competition on pricing at all, or is it primarily about differentiated technical capabilities? Similarly, on bimetals, if you can share some perspective please.

Mr. Kanav Anand:
I would start with shunts. With shunts. We, as I said, we are one of the largest in the world. So a lot of a lot of capacity that has been installed in this growing demand for our products, both in the field of smart metering, as well as in the field of automotive, electronics,  is an important constituent  for a customer. So it is not just price alone and technical capability, but also the ability to deliver in time and the ability to deliver long term contracts is also becomes a very important aspect. Secondly, of course, differentiating in terms of technology becomes key to be able to maintain or increase your margins, and we like to remain on top of that side of the business and and we continue to kind of enjoy that ability with our customers to be considered as a reliable long term engineering partner for them. And we focus not just only providing them components, but basically providing them solutions.

So in terms of bimetal. I think bimetals is a very interesting scenario, because we we're going to see a lot of lot of growth coming into the bimetals from the local market, because we're seeing that India's demand for electricity is going to get be about three and a half times by 2050 which results in increase in demand of power generation with needed power distribution. And at the moment, at present, we are one of the only manufacturers in this location, providing the opportunity to most of these customers Make In India, products, which, of course, also adds value, in terms of them to getting contracts and tenders from the government, because government is also kind of pushing toward more of Make in India opportunity, and that's where I think, as of now, we kind of going to gain a lot of momentum domestically and internationally. As we said, we have kind of increased our presence in Europe. We are. We have our own team there. We are pushing our local presence to become more and more global. A lot of global companies based out of India are pushing us to  supply the same components to their global locations, both in Europe and in North America and other parts of the world.

Moderator:
Thank you. Our next question will be from the line of Divyansh Gupta. Your line is now unmuted. Please go ahead.

Divyansh Gupta:
Couple of questions with respect to the pricing and the margins. So if I see shunts and bimetal both, the realization for both of them have gone up. And you had mentioned that we had shifted to a product mix got shifted to, let's say, lower margin product. So how does it work that the realization is higher, but yet the margins are lower?

Mr. Kanav Anand:
There are two things.

On the bimetal side, you will see that the most of the impact is due to the top revenue is affected by the metal index. So in terms of the bottom line, you will see on the bimetal, the it's more or less consistent the shunt kind of moves from various industries, from automotive to metering, metering, again, as we said, geographically, being in India, and the kind of volume that you talked about, it's a lot more competitive product. As you're competing with China and other applications, as compared to automotive, where it is a more highly technical Global Product competing with international players. So the revenue mix will kind of vary with the the product mix that you will be actually supplying these products into.

Divyansh Gupta:
So bimetals are basically a pass through, whereas shunt is not that much of a pass through kind of product offering from Shivalik. Is it a fair statement?

Mr. Rajeev Ranjan:
No, no, it's a pass through. When we say pass through, pass through is entirely on the commodity prices. Then there is a fabrication cost, which is called the manufacturing cost in our pricing. So while saying so, compared to the bimetal, which is established for so many years, does not have any major implication while we are shifting product to product mix, in terms of the margins. In shunt there are two major segments, one is the automotive, another one is the smart meter. So in automotive we are having an edge to gain more margin, whereas in smart meter, the product is competitive. If you see the Chinese, competition is there. So whenever we are selling more in energy meter segment.

Mr. Rajeev Ranjan:
The margin will be lesser compared to if you are having a bucket-.

Mr. Kanav Anand:
where you are selling more into automotive and electronic applications, because that's where you're offering more in terms of technology and less in terms of components.

Divyansh Gupta:
Got it Understood. Understood this second question was that of the inventory days that we have mentioned it around 190 days. How much of it is, let's say finished good item, and how much is, let's say WIP, or effectively, raw material of copper and nickel, if you can give a sense. The basic underlying question is that removing finished goods, which are, let's say SCU dependent, how much of raw material inventory days are we carrying? Typically carry?

Mr. Rajeev Ranjan:
Yeah. So in normal substance, it is somehow four to five months of the raw material. But as I said, due to disruption in supply chain, and sensing those things and considering these, we have uplifted some of the material in the month of June itself, this has increased this raw material holding period up to 27 to 28 days.

Divyansh Gupta:
But it was also 180 previous quarter. So I just understand key finished goods which might not have gotten shipped out or copper or nickel how much we carry.

Mr. Rajeev Ranjan:
No. You see we are increasing our revenue year and year, and our consumption or requirement of raw material is also increasing year one year, based on which our raw material days, which is consistent for the last so many years, in between five to six months, which will continue in such type of business, till we are not developing someone as a domestic supplier.

Divyansh Gupta:
And are we working on, let's say, doing it, or it's basically OEM drives that buy from this vendor because he meets our quality norms.

Mr. Kanav Anand:
It's a work in progress. I would say that.

Divyansh Gupta:
Understood, understood. The next question is that for the capacity that we have created, plus maintenance capex, we have given a guidance that this capacity can give 1600 crores of revenue, but that would also assume certain raw material pricing and certain mix. Now, mix might be something which is not in our control. And similarly, pricing of raw material, current raw material prices prevail. Do you see the 1600 crores coming down? Or 1600 crore will still-it's still possible?

Mr. Sumer Ghumman:
if the commodity prices are, you know. I mean, they're variables. So they it can change. They can be an impact of of doing that. The better way of looking at it is the is the value add, which we don't see changing. So irrespective of, you know, I mean, tomorrow, if suppose, for example, commodities like nickel and copper are three times in value. Five years from now, then this number will look very different, you know. So it's actually the it's actually the value add in the gross margins, etc, which indicate a much better, give a much better idea about the business.

Moderator:
Thank you. Request you to please raise your hand again to rejoin the queue. Our next question is from the line of solidarity investments..

Can a sizable opportunity for shunt resistors, for gas or water meters emerge over time?

Mr. Kanav Anand:
Yes or water meters as of now, we don't really see any application for shunt resistors in gas or water meter -bimetals definitely go there. They are used to measure the the consumption of gas, but but not the shunts.

Moderator:
Thank you. Our next question will be from the line of Pradeep Rawat, Pradeep, your line is now unmuted. Please go ahead

Pradeep Rawat:
Thank you for the follow up. So I have one basic question, so how much more in value terms, does shunts are used in EV, from ICE vehicle, and similarly in hybrid against the ICE automotive.

Mr. Sumer Ghumman:
So, you know, there's no general answer to this, because it varies a lot from model to model, car to car, and device to device. But if we were to answer this question. Generally, I would say that, you know, the ICE cars, the value that we can get as a business is about, roughly about 1/3rd of a value of an EV and hybrid, in some cases, can be even higher than the EV itself, or could be maybe marginally lower, or around that number. So it's actually the ICE cars that have a lower value. But then we some of our products, and for some of the capabilities that we've recently added, for making resistors, some of these really small ones, we have opportunities of supplying into other parts of a car, which are, which are valid for both EVs, or all three EVs hybrids, or ICE cars, which are things like, you know, the power window assembly or the tailgate assembly, they all have the power steering and multiple other other areas in a car where, irrespective of whether it's an EV or not, the same type of components are used.

So that's an that's an added business opportunity for us, which is something which we have invested in in more more recent times. This recent capex that we have done, one of the main areas where we did this capex was to be able to produce these really small types of resistors for the automotive application.

Pradeep Rawat:
Yeah, understood. Thank you very much for answering my question, and all the best. Thank you.

Moderator:
Thank you. Our next question will be from the line of Prathamesh Dahake .Your line is now unmuted. Please go ahead.

Prathamesh Dahake:
Could you please help me with the gross margins, maybe in steady state in shunt, auto shunt meters and bimetals switch gears,

Mr. Rajeev Ranjan:
So in shunt specifically, it's very tough to analyze application wise, but I can say the ASP based on the ASP, the gross margin is shunt in the range of 46 to 48%.

Prathamesh Dahake:
Shunt auto, right, and shunt meter, if you were to see?

Mr. Rajeev Ranjan:
I'm talking about in combination of both. But let me see if it's very tough for me to without analyzing the application but, but roughly, I can say there will be a difference of in the range of seven to 10% between automotive and energy meters.

Moderator:
Thank you. We will now conclude with the interactive audio Q and A for any remaining questions, feel free to get in touch with Dickenson, SBCL's Investor Relations partners or the company directly. I will now hand over to Mr. Rajeev Ranjan for closing statements, over to you Rajeev,

Mr. Rajeev Ranjan:
Thank you Shankhini. Thank you all for your participation today and your trust in Shivalik has behaved. The way forward with resilience and strategic foresight. Kindly reach out to detention for any remaining questions and have a pleasant evening. Thank you so much

Moderator:
On behalf of Shivalik, thank you for participating in our call today. You may now disconnect your lines. Thank you.