



# Shivalik Bimetal Controls Ltd.

(A Govt. of India Recognised Star Export House)

Regd. Off. : 16 - 18, New Electronics Complex, Chambaghat, Distt. Solan - 173213, H.P. ( INDIA )  
Phone : + 91 - 1792 - 230578 Fax : + 91 - 1792 - 230475, 230578  
Email : plant@shivalikbimetals.com Website : www.shivalikbimetals.com  
Secretarial / Investor Department : investor@shivalikbimetals.com  
CIN : L27101HP1984PLC005862



SBCL/BSE & NSE /2023-24/20

25<sup>th</sup> May, 2023

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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**Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcription of Conference Call with Investors/Analysts held on 19<sup>th</sup> May, 2023**

Dear Sir,

Please find attached herewith transcription of Conference call with Investors/Analysts held on May 19, 2023. Kindly take the same on record and acknowledge.

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

Yours truly,

**For Shivalik Bimetal Controls Limited**

**Aarti Sahni  
Company Secretary**

**Encl: As above**



**“Shivalik Bimetal Controls Limited  
Q4 and FY '23 Results Conference Call”  
May 19, 2023**

**MANAGEMENT:** **MR. S. S. SANDHU – CHAIRMAN – SHIVALIK BIMETAL CONTROLS LIMITED**  
**MR. RAJEEV RANJAN – CHIEF FINANCIAL OFFICER – SHIVALIK BIMETAL CONTROLS LIMITED**  
**MR. KANAV ANAND – EXECUTIVE DIRECTOR, SALES AND MARKETING – SHIVALIK BIMETAL CONTROLS LIMITED**  
**MR. SUMER GHUMMAN – MANAGING DIRECTOR – SHIVALIK ENGINEERRED PRODUCTS PVT. LTD.**

**MODERATOR:** **MS. SHANKHINI SAHA – DICKENSON WORLD**

**Moderator:** Ladies and gentlemen, good day and welcome to Shivalik Bimetal Controls Limited Q4 and FY23 results conference call. 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 this conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded. With this, I now hand the conference over to the Senior Management of Shivalik.

**S. S. Sandhu:** This is S. S. Sandhu, Chairman, Shivalik Bimetal Control Limited. A very good evening ladies and gentlemen. It's a pleasure to welcome you all to Shivalik Bimetal Controls Limited's earnings call for the Q4 financial year '23. I would like to thank you all for joining us on this conference call here today and hope you all are keeping safe and healthy.

We have with us today the management team represented by Mr. Rajeev Ranjan, CFO. Mr. Kanav Anand, Executive Director, Sales and Marketing, Mr. Sumer Ghumman, Managing Director of Shivalik Engineered Products Private Limited.

Over the past years, Shivalik has made significant strides in the evolving landscape of technological applications. We have continuously re-engineered our product to meet market trends and customer needs, delivering tailored solutions to leading OEMs. Our commitment to manufacturing excellence ensures consistent quality and reliability, which positions us as a valued partner across various industries and we are very much confident that the company is going to maintain the same in the future.

We will now start with the opening remarks by Mr. Rajeev Ranjan, our CFO. With that, over to you, Rajeev.

**Rajeev Ranjan:**

Thank you very much, sir. Good evening, everyone and warm welcome to all the participants. We have uploaded our financial results and investor presentations for Q4 FY23 on the stock exchanges and our company's website. We hope everybody had an opportunity to go through the same, I will start with the financial and operational performance for Q4 financial year 23.

Before that, I would like to remind you that the entire conversation today is governed by the safe harbor disclaimer, which is mentioned on the conference call invitation letter, as well as the results presentation shared on our website. After which, we will open the floor for questions and answers.

Shivalik is a global leader in next-generation thermostatic bimetal trimetal strips, electrical contacts and shunt resistors and we have witnessed solid growth across each product segment. Our total income for Q4 FY23 increased by 23.30% compared to Q4 FY2022, reaching INR110.13 crores. Similarly, our total income for FY23 rose by 29.70% to INR420.23 crores, reflecting a strong revenue generation. This accomplishment underscores the growing global demand for electrical and battery management system using these components.

Our EBITDA also served with an impressive 39.44% growth in Q4 FY23 and 41.94% growth for FY23 compared to the same period last year, indicating a significant improvement in operating levels. We would like to emphasize that cash to EBITDA conversion in FY23 is more than 60%. Shivalik also demonstrated robust growth in profit after tax for Q4 FY23 and financial year '23. Our PAT for Q4 FY23 amounted to INR18.89 crores, up by 40.97% compared to Q4 FY2022. The PAT for FY23 also showed remarkable growth, increasing by 39.60% to INR72.62 crores, demonstrating our ability to translate operational improvements into bottom-line results. We are pleased to report that our PAT margin for Q4 FY23 rose by 215 basis point, reaching 17.15%. For FY23, the PAT margin increased by 122 basis point to 17.28%, reflecting our continued focus on profitability.

Our sales value of shunt resistors for FY23 grew by 23.25% year-on-year to reach INR210.89 crores and the sales value for bimetals grew by 36.93% year-on-year to reach INR209.34 crores. In Q4 FY23, thermostatic bimetal/trimetal strips comprised 52% of the total revenue, while shunt resistors accounted for 48% of overall revenues. Financial ratios are the most common

and widespread tool to examine the financial position. Our company has a healthy return on equity ratio i.e. 33% and a return on capital employed 36%. The earning per share also stands at 12.61% in the current FY23, with an increase of 39.65% as compared to previous FY2022.

Moving forward, our strategy will be to continue to strengthen our core products and expand our customer base by onboarding new customers and increasing share of business with existing customers. We will be targeting this through in-house research and development, implementing technological upgrades and forming strategic partnerships. It is important to emphasize that Shivalik Bimetal Controls Limited remains dedicated to understanding customer needs and integrating advanced technology into its products for quality and sustainability purposes.

With this, I would like to now open up the floor for questions. Thank you.

**Moderator:** The next question is from the line of Pratik Jain from Solidarity Investment Managers. Please go ahead.

**Pratik Jain:** I have two questions. The first question is, within this joint, we supply to BMS, right? So, can you just give me some unique numbers here, like how many shunts goes to this BMS and what is the value portion?

**Management:** See, it depends on the technology and the size. And the design.

**Pratik Jain:** So, on average, if you can just quantify the number of shunts that goes into the BMS?

**Management:** It would basically be anything between two in a commercial vehicle and one in a passenger vehicle. When you are specifically talking about the BMS, as I am talking only about the BMS right now. When you are talking about the shunts, there are various ECUs and various applications within the EV where there are different types of shunts and resistors used. But specifically to BMS...

**Management:** There is one per car on the passenger vehicle and two -- and one car could have multiple BMS.

**Pratik Jain:** Sorry, I didn't get you. One for four-wheeler and for two-wheeler?

**Management:** If I understood correctly, you were asking about, how many shunts are being used in a BMS. So, in one vehicle, one BMS is being used. So, each BMS may have four shunts at least. But we cannot define this exactly. It depends on the design and the size and the model. So, the BMS manufacturer basically designed all these things and accordingly they are putting those shunts on it.

**Pratik Jain:** And the value also refers across the specifications. Am I correct?

**Management:** Yes, correct. That's correct.

**Pratik Jain:** Okay. And so for the solar, how many shunts go into it? So, we have other shunts you said in the solar segment, right?

**Management:** Again, solar is one of the applications where it goes into. Again, the question is, it's an energy storage in solar inverters. So, it's basically an inverter for solar applications. UPS is an inverter where there might be three, two, depending on the type of inverter, whether it is an industrial one, whether it is a residential one. So, it's not something which is standardized.

So, basically, again, for solar applications, we are again talking about energy storage applications, such as an inverter or a UPS application for a solar inverter. And again, the number of resistors or shunts that go into each of these inverters or UPS will depend upon the design and also the end application. An industrial one will have more resistors, whereas a residential one will have lesser number of resistors. So, it will again vary from application to application.

**Pratik Jain:** Okay. Okay. And so, my next question is, if I just look at your FY22 cross-block, it's around INR130 crores. And assuming we do INR100 crores, capex, mostly FY26, my cross-block comes to around, let's say, INR230 crores. And if I assume the peak revenue of 1500 or 1600 by FY26, just peak revenue, my cross-block comes around 7 or 7.5 something. So, you know, this kind of high cross-block terms are difficult to get into in an auto-ancillary company. So, can you just help me understand how we are able to get such high cross-block terms?

**Rajeev Ranjan:** See, the reason is, not only do we have expertise in product engineering, we have an in-house expertise in machine manufacturing also. So, the cross-block you were just looking at may have a different number once anybody new will start such type of business. But in our business, this is our know-how or technological mode through which we are able to manufacture such machineries in-house and assemble those machineries in a very cheaper cost. So, that's why the SS runover, I can say, is higher in our case.

**Pratik Jain:** Okay. And can you just give some guidance, like, when can we reach this peak revenue, FY '26, FY '27, any ballpark here where you can reach?

**Rajeev Ranjan:** So, even if you go through our presentation there, we have mentioned that it is at the horizon of at least six to seven years down the line.

**Pratik Jain:** Yes, okay. And so, just last question. Bimetal, your segment historically, if I just see from 2016 to let's say 2023 as of today, the growth has been around, let's say, 12%, 13% on CAGR basis. So, can you just help me understand what growth opportunity do we see in this segment, given that we are doing capex even in this Bimetal segment? So, I just want to understand this opportunity here.

**Rajeev Ranjan:** I'd like to request Mr. Kanav Anand to address this question.

**Kanav Anand:** So, basically, if you see that Shivalik has -- if you go through the presentation, also, you'll see that we are talking about electrification and we're talking about this drive all around the world, which is pushing towards newer, cleaner technologies and an electrification wave, which is increasing and growing the demand for cleaner applications and product lines, which include MCBs, MCCBs, and the demand for these products is increasing locally as well as internationally.

And to let you know, our company is expanding its operations and its presence in global markets, and we are seeing a lot of this expansion and growth coming for us from different parts of the world.

**Pratik Jain:** So, historically, what we had seen growth might not be a true picture because the demand scenario has changed. Is what you want to say?

**Kanav Anand:** Yes, that's correct.

**Pratik Jain:** Okay. Got it. Thanks a lot.

**Moderator:** Thank you. Next question is from the line of Abhishek Agarwal from Naredi Investment. Please go ahead.

**Abhishek Agarwal:** Good evening, sir. Thanks for giving me opportunity. Sir, my first question. Will you tell product-wise margin, how much EBITDA margin comes from shunt registers and the Bimetal and electric contact?

**Rajeev Ranjan:** Yes, see, we have three product segments. So, for Shivalik Bimetal, that thermostatic Bimetal and the shunt registers have a similar kind of margin. There are only some somehow products mix will give us a little bit more in component form rather than in parts. As far as the contact is concerned, it has compared to the Bimetal or shunt lesser margin due to their high raw material cost or consumption.

**Abhishek Agarwal:** Sir, can you give me EBITDA margin range?

**Rajeev Ranjan:** Yes. So, in thermostatic Bimetal and the shunt register, the EBITDA margin is in the range of 20% to 25%. And similarly, for electrical contact, it is in the range of 9% to 11%.

**Abhishek Agarwal:** Okay. And what is the current capacity utilization in FY '23?

**Management:** So, we are in the expansion mode for the last three years, which will be capitalized. And we have started capitalizing those things since '23-'24 and it will take another year to fully equip. So, at this moment, if you include the capacity after expansion, we are about at 35% of the capacity utilization in both the products.

**Abhishek Agarwal:** Okay. And last question, how much amount is spent in R&D FY '23 and what percentage of this target will be spent on research and development?

**Rajeev Ranjan:** Yes, I think it's a very significant for our business and keeping in view the importance of research and development, this year your company has increased the R&D expenditure about 1.39% of the revenue, which is good and we will continuously keep deploying towards strengthening our R&D department.

**Abhishek Agarwal:** Okay, sir. Thank you so much.

**Moderator:** Thank you. Next question is from the line of Sahil Sharma from SS Capital. Please go ahead.



- Sahil Sharma:** Hi, sir. So, sir, what I wanted to understand is if we look at our electron beam building machine and the shunts that we make with them, what are the kinds of customization and configurations that we have to do, which make it difficult for other companies to get into the space or start making similar kinds of shunts?
- S. S. Sandhu:** You see, making electron beam welded machine is a very special purpose machine and there is not more than one or two manufacturers across the world. Since we have the largest capacity of machines in the world, so we have 23 years of experience in electron beam welding. We do the repair maintenances. We have been making all the new machines in-house by buying the key components from the global manufacturers, which are also one or two. They are also very expensive. Something which we make for INR100, you could go and buy it from the market, it will cost you INR500.
- Sahil Sharma:** Right, sir. So, my second question is that if you look at the thermostatic parts segment versus the shunt resistor segment, the thermostatic part segment seems a little more slow-growing compared to shunts, which are having a critical application in battery management system. So, despite that, if you look at our revenue base, the thermostatic bimetal part has been growing faster. So, what is the reason for that, that shunts have been growing slower than thermostatic bimetal?
- Rajeev Ranjan:** See, thermostatic bimetal is an established product for the last so many decades. And we used to be a domestic supplier in the initial years of business, and we started supplying across the globe for the last two decades, I can say. And now what is happening, we are getting more opportunity from the overseas customers in thermostatic bimetal. And this is where we are expanding our market share. That's why you are saying that the growth in thermostatic bimetal is more than the shunt resistor this quarter and for the year.
- Kanav Anand:** And just one more thing to add here, as what Rajeev just said right now, the interesting part is that when it comes to shunt resistors and the opportunity going forward is a lot more coming in, and we are just at the tip of the iceberg.
- Sahil Sharma:** Thanks, sir. Last question from my side. Our fundamental core competence is in metal joining. So, given that we do this thermostatic bimetal through metal bonding, and we do electron beam welding for shunts, are there any such other products which are in the R&D space that can become large contributions in the years to come?
- Rajeev Ranjan:** It's a continuous process, and we have been doing this since the beginning. That's why from time-to-time, we are having new product lines. So, it's a continuous process, and as and when it evolves, on the floor, then accordingly we will come up with the news to the market.
- Sahil Sharma:** Thank you so much. All the best.
- Rajeev Ranjan:** Thank you.
- Moderator:** Thank you. Next question is from the line of Devesh Shrimali from DS Investments and Securities. Please go ahead.



- Devesh Shrimali:** Yes. Congratulations for good numbers. My question is more around the export part for the shunt. In the past, we have been predominantly supplying to one Tier 1 supplier in the US. So, just wanted to get your viewpoint in terms of how shunt will scale. As you said, it's the tip of the iceberg, right? And the US is a big market. So, do we have a contract with this Tier 1 supplier which we need to sort of relook at, or can we supply to other suppliers in this market?
- Kanav Anand:** Hi, Devesh. First of all, if you look at the numbers, this year, you will see that there's a larger spread of customer base that we have on the shunt side as compared to the previous years. And to be very honest, we have a lot of opportunities and we are working on various opportunities and developing various opportunities for the future for various applications in the industry.
- And when it comes to the contracts with the tier one, we don't have any limitations to reach any specific application or specific market. So, we are open to explore all possible opportunities that are available or that will become available in the market.
- Devesh Shrimali:** Great. That's quite helpful. And if we were to look at next five, six year journey, when do you see the real step up or exponential angle kicking in the shunt because the electric vehicle would themselves sort of have that path, both the vehicle and the charging infrastructure. So, when do you see that sort of a step up coming in the shunt angle in the coming years?
- Rajeev Ranjan:** See, there are so many factors into it. The global announcement, the preparation of the automotive industry, the demand, the government policies across the globe. So, in this moment, it is very hard to explain when it will be at the peak level, but we are expecting down the line- three, four years- that it would be somehow at a very sustainable level.
- Devesh Shrimali:** Got it. And the last piece, if we look at a couple of years down the line, and if our electric contracts were to sort of go up in the mix, do you see margins getting a little diluted or do you think other components will keep up the pace so overall margins we have should be either equal or slightly higher?
- Rajeev Ranjan:** See, it's a volume based business. So, the contact business is volume based and somehow it complements our thermostatic business also. So, as the business will pick up in the coming years, it will definitely add value addition to Shivalik.
- Kanav Anand:** No, we also, you know, for contacts-and-contacts assemblies, we are slowly working more-and-more towards going into more value-added components that require a lot more work and the entry barrier is also much stronger. So, we are moving actively, moving more-and-more towards those components and that brings the material consumption down and as a result improves gross margins.
- Devesh Shrimali:** All right, that answers my question. Thanks a lot.
- Moderator:** Thank you. Next question is from the line of Vikram Sharma from Niveshaay Investment Advisory. Please go ahead.



- Vikram Sharma:** Hi, sir. So, we have recently completed our capex, but if I look at standalone number, our revenues are flat from last three quarters, so when we can expect revenue growth from our new capex level, in the next one or two quarters?
- Kanav Anand:** See, it's a continuous capex deployment in the previous two years and we have started getting production from those capex in the last two, three quarters and it will continue in the coming quarters also. So, there is a combination of market demand with the capacity utilization. So, you will see the fruits in the coming quarters.
- Vikram Sharma:** Sir, what will be the main reason of higher demand in US for thermostatic Bimetals? Like in this year, there was 155% growth in a single year. So, is there any one-time figure?
- Rajeev Ranjan:** No, actually, the company has been working on establishing its base in the Americas for last couple of years and all the efforts that we have put in in the last couple of years has started reaping fruits now. And as we know, that our product lines are such critical components that these approvals and testing and lab testing take time. Finally, the effort is taking shape. And of course, North America, South America, US is basically one of the largest markets for our kind of products and our penetration in this market is now reaping fruits and benefits and which is now showing on balance sheets and on numbers as well.
- Vikram Sharma:** So, what kind of growth we can expect in next one, two years in thermostatic Bimetals in the US market?
- Rajeev Ranjan:** See, I would not be able to give you any numbers because it's difficult to give you numbers at the present moment, but we feel that the growth will be similar and sustainable.
- Vikram Sharma:** Okay, sir. Thank you.
- Moderator:** Thank you. Next question is from the line of Aman Vij from Astute Investments. Please go ahead.
- Aman Vij:** Yes, good afternoon, sir. My first question is, so we have recently acquired two new big clients. So, we were supplying some initial quantities to them. If you can talk about when do we expect the commercial scaling of the two, three big new clients over the last one, two years we have acquired? When do we see the commercial scaling happening?
- Kanav Anand:** See, again, these are -- the customers that you're referring to, these are customers who have multiple product lines, multiple locations across the world. And we have been able to penetrate and become a part of their supply chain, which enables us to now go through and introduce our product lines into their multiple product lines as well as at different multiple locations across the world. So, it's just the beginning. I would suggest that we have opportunities that will scale up for us based on performance of our products with them at the moment.
- Aman Vij:** Sir, so you expect the commercial supply to start this year or in FY '25 or FY '26? When do we expect the commercial supply to start?

- Kanav Anand:** The commercial supply has already begun. The commercial supplies have already begun with these customers. We are already approved as a supplier. We are supplying materials. And we have, there are certain product lines where we have already ramped up, certain product lines where we are at the sampling stage and for certain product line we will ramp up.
- Aman Vij:** Okay, so the final customer, the OEM customer, have they given approval for the Tier 1, because our product goes to Tier 1 for this new Tier 1 supplier. So, those approvals we have already?
- Kanav Anand:** Yes, absolutely.
- Aman Vij:** Sure, sure. That is good to hear, sir. My second question is, so there is this very interesting slide of applications of shunt resistor in automobiles. So, if you can talk about as of today, is how much is BMS as a total percentage of our sales to the automobiles? What was it, say, three-five years back? And where do you see this journey? Do you think this segment will be maybe 90%-95% of our shunt resistor in automobiles or do you think the other applications will also become dominant in the next year? If you can talk about the journey three years before and today and three years forward.
- Kanav Anand:** BMS is growing for us, but I would still say that the number is insignificant as compared to the overall volume of business that we do. And it is continuously growing and will continue to grow. And to be very honest, there are multiple other applications within the same automotive EV segment that these resistors go in, which are also going to become an important part of our product portfolio going forward, which includes EV as well as non-EV applications.
- Aman Vij:** Sorry, just clarification. So, as of now, shunt resistor in automobiles, BMS portion is small, not very big.
- Kanav Anand:** Yes, it's still small.
- Aman Vij:** And going forward, this will increase?
- Kanav Anand:** Yes.
- Aman Vij:** Okay. As of now, what is the application if it is not BMS we are applying for with the shunt resistor in automobiles apart from BMS?
- Kanav Anand:** Basically, other than automotive, we are into metering, we are into energy storage.
- Aman Vij:** Sir, I am asking specifically for automobiles. So, I understand energy meters and all those things. But in automobiles, apart from BMS, what are the other applications we are supplying to as of now?
- Kanav Anand:** There are electronic steering wheel applications, there are power window applications, various ECUs, that electronic control units that are made, motor controllers of a car, which will also have these resistors, which will be current sensing for various applications within the automotive side.

- Moderator:** Thank you. Aman, sorry to interrupt you. I'll request you to join the queue again for a follow-up question. Next question is from the line of Anant Chaudhary from Electrum PMS. Please go ahead.
- Anant Chaudhary:** Thank you for the opportunity. My question is regarding the competition side. So, I just want to know who are the competitors here in resistors as well as the bimetal side, domestic as well as the outside, and what is their capacity?
- Kanav Anand:** So, on the domestic side, I would say we don't have any competition for the product lines we are into, whether it is the shunt or the bimetal. Internationally, on the bimetal side, I would say we have three major competitors. And on the shunt side, resistor side, when it comes to the real manufacturing capability that we have, the kind of segment that we have, we would probably say maybe one or maybe two. But of course, a lot of competition that we compete with also buys a lot of material from us. So, it's hard to kind of treat them as a competitor or should we treat them as a customer, or as a partner?
- Anant Chaudhary:** Got it. And the second question is regarding, if you want to provide some margin guidance for the medium term?
- Rajeev Ranjan:** Yes, the margin we have been making currently is sustainable and with the volume it will grow to a certain extent.
- Anant Chaudhary:** Okay. My last question is, what is our revenue contribution from top five clients or top 10 clients? If you can provide some rough estimates.
- Rajeev Ranjan:** Yes, see, if we bifurcate into thermostatic bimetal and the shunt, so the concentration of customer in thermostatic bimetal is less than 30% in the top five. And similarly, in shunt it is less than 40%.
- Anant Chaudhary:** Okay, shunt 40%.
- Rajeev Ranjan:** Yes.
- Moderator:** Thank you. Next question is from the line of Vaibhav Badjatya from Honesty and Integrity Investment. Please go ahead.
- Vaibhav Badjatya:** So, what I was asking, apart from this electron EV segment, any other segment where you are seeing as very high, which can have potentially very high usage of electronic beam welded materials, any new applications that you see that this can be a big opportunity going forward in initial stages of development?
- Kanav Anand:** Hi. I think initially also we just spoke about it. The focus today with the climate situation that we are all in, the climate fact and that global compact that we all are, all countries are signing, there's a lot of focus on renewable energy and generation of energy through renewable sources, which includes solar, wind. So, there is a demand for generation of power. So, whenever there will be more generation of power, there will be need for energy storage.

And when we talk about energy storage, we are talking about energy and energy measurement. And that's where we feel that energy storage is going to be another very important industry where our product lines will go in on a global level. And also, smart metering, metering applications, smart meter applications are also another significantly important industry for our product line growth.

**Vaibhav Badjatya:** Got it. Understood. And in terms of margins, just to understand company fundamentals better, historically, if you look at the margins, obviously, there has been a sharp jump from FY '21 onward. But I think in the last analyst meet also, when it was conducted, it was said that in FY '20, there was a decline in the margins and primarily because of the decline in gross margins.

And the product mix was mostly same during that period from FY '19 to FY '20. So, if you can help us understand what explains the fluctuation in the gross margin, particularly in that year, so that you might help us understand margin fluctuation better going forward.

**Rajeev Ranjan:** Yes, you understand rightly, there was a product mix. So, at that moment in FY20, we used to supply strips more than the components. But after then, we are now supplying components in a larger scale compared to the strip.

**Vaibhav Badjatya:** Sorry, I'm not talking about transition from FY '20 to FY '21. I'm talking about transition from FY '19 to FY '20. So, FY '19, your gross margin was nearly 50%, which declined to nearly 42% in FY '20. And FY '20 is pretty much normal. I mean, most of the impact of COVID has come later. So, I was just want to understand the transition from FY '19 to FY '20.

**S.S. Sandhu:** FY'19, '20, the basic reason was the death, sudden death or a confirmed death of the color picture tube industry. Because we were the sole suppliers to all the CPT manufacturers in the country, up to '18, '19, till that this industry was operated. So, it was basically of that product going off the shelf that brought in that little variation.

**Moderator:** Thank you. Next question is from the line of Neha Sharma, an Individual Investor. Please go ahead.

**Neha Sharma:** Good evening, everyone. I have just one question. I've noticed a decline in the number of working capital days. Could you please shed some light on the factors that have led to the reduction in the working capital days? Okay. Should I just repeat my question? Yes. Okay. So, my question was on the working capital days. Can you please shed some light on the factors that have led to the reduction in the working capital days? Are there any efficiency measures or operational changes that have contributed to this outcome?

**Rajeev Ranjan:** Yes. So, you see, our dependency for the material used to be on the global supply, a certain material. So, now, the certain material, we have developed the domestic supply that has decreased the lead period and the inventory holding on floor, which reduced almost 20, 22 days in the working capital cycle. So, the inventory management, I can say, is the key to reduce the working capital cycle now.

**Moderator:** Thank you. Next question is from the line of Akilesh Kumar from ILA Investments. Please go ahead.

**Akilesh Kumar:** Yes. Hi, sir. So, I have a question, or two questions. The first question, so I would say it's rather more hypothetical, I would say. So, if you look at, I mean, 2020, if you go back two, three years back, so we had been doing an EBITDA quarterly basis of like around INR 4 crores to INR 6 crores. So, if you see the huge, like we have performed magnificently from that time to today, where we are generating almost INR 30 crores of EBITDA.

So, we are, while we are attributing a large part of it to, I mean, a significant part to the EVs. So, my question is that if not for the EVs, like had EV revaluation, like whatever the, like the things that have been on the ground over the last two years hadn't taken place, would we have been in similar position now, what we are at the moment?

And the second question is that, I mean, in the last one year or one and a half years, as we see, so there is quite a lot of downturn in the auto industry global. So, if you look at the semiconductor shortage, etc. So, while one would have expected the revenues to have gotten hit by the company, we still have been able to like sustain the momentum. So, what's the reason here as well? So, these two questions I have.

**Rajeev Ranjan:** So, as I correctly understand your question, first you were asking about the increase in EBITDA margin in the last three years.

**Akilesh Kumar:** No, sir. The first question is that if the EV revolution hasn't taken place, so would we have been in a similar position if you look from two years back on?

**Kanav Anand:** Yes, absolutely. So, in fact, that's exactly what I was trying to explain earlier as well. If you were part of the call at that time, that when it comes to automotive side of the business, because of shortages in the semiconductor, I think the market is yet to kind of see the real growth coming in. And that's where we now feel that the time is coming where we would actually start seeing a momentum shift in the automotive side of the semiconductor shortages easing up.

And in fact, if not the same, we might even see better results as we go into that side of the business. So, it's something which will even add value to our operations going forward.

**Akilesh Kumar:** Okay, but we would have expected the revenue to have been hit, right? So, like in the last few quarters, so we haven't because the auto numbers have been going down globally, but we haven't. So, what has played a part here?

**Kanav Anand:** See, the diversity of our product line, the applications we go into enable us to continue to grow. And that's the key area our focus has always been not be specific to one specific industry or application. Because no time is the same for all industries, it keeps fluctuating and keeps varying from one industry to another. So, being present in multiple industries and multiple applications enables us to kind of maintain the so called growth aspirations that our company has.

**Moderator:** Thank you. Next question is from the line of Keshav from RakSan Investors. Please go ahead.

- Keshav:** Hi, so for shunt resistors, if say you and somebody else are making resistors of same attributes, so same omission and whatever else needs to equate for that. Now, would a customer always prefer the product of that specific component supplier using which they've built the assembly or could shunt resistors of same attributes, but could different suppliers be used in a fungible manner?
- Management:** Can you just repeat that question once again? You were not clear. You're not very clear to me.
- Keshav:** So, basically, I'm trying to understand that if you and another supplier, they supply shunts of same attributes, is it that they could be used fungibly or is there a client specific lock in also?
- Kanav Anand:** No, no, that's why we have players in the market who are providing similar shunt as well, as we mentioned earlier. But of course, if you go through our presentation, the biggest mode that we have is that we have an integrated in-house manufacturing setup, which enables providing customers standardized as well as customized products.
- So, of course, for a customer for critical products like this, it's not just the product availability, but also the risk and the so-called ability of the supplier to deliver the type of products and resistors that they desire. And that sometimes becomes the reason for our decision for selecting supplier A versus supplier B.
- Keshav:** So, lastly, is there also a brand you're seeing of shunt based current sensing taking share of magnet based or are the use cases distinct?
- Management:** Magnet and other alloys. Magnet based or magnet based? Okay, so when it comes to the alternate, to be very honest, at the moment, we see a lot more advantages of the EV welded shunt resistors over the other magnets. They're more expensive as well as they're less accurate and a lot of industries and a lot of especially in the automotive applications, they are being completely phased out.
- Keshav:** Sure, sir. Thank you. Thanks a lot.
- Moderator:** Thank you. Next question is on the line of Sabyasachi Mukerji from Bajaj Finserv, sir. Please go ahead.
- Sabyasachi Mukerji:** Yes, hi. Thanks for the opportunity. So, first is, you know, I wanted to understand that, you know, how do you go about in, you know, getting the orders from the customers? Are these long term contracts or is it short term in nature? Are the prices fixed or there is a volume commitment? I mean, what is the nature of these contracts if you can explain?
- Kanav Anand:** We do go on long term contracts with the customer, but when it comes to price fluctuations and variations, those are built in into the contracts because any fluctuation in the commodities are passed on in either way, in the positive or the negative side. And these are volume as well as project based contracts, which we generally enter into with our customers.
- Sabyasachi Mukerji:** And would these be, I mean, a one year contract or how long is the tenure?

- Kanav Anand:** It depends on the applications. In certain applications, it might be more than a year. In certain applications, it could be specific to a year. So, it depends on the application and the product line that you're into.
- Sabyasachi Mukerji:** And when you say the price pass on agreement is there, is it fair to assess that, let's say, per volume or per unit gross profit or EBITDA level, you are making the same amount that is kind of maintained?
- Rajeev Ranjan:** In this case, the price mechanism is very simple. For any product, there is a product price methodology. The only thing we can share here is the fluctuation of LME, which is a contractual obligation between us and the customer.
- Sabyasachi Mukerji:** Okay. And what are the key raw materials you use and where do you source from all these raw materials?
- S.S. Sandhu:** You see, for bimetal, it is nickel manganese alloys, which are not manufactured in India and there are about three or four manufacturers globally. And we have three suppliers for these materials, one in Europe, one in China and one in Japan. And then we consume a lot of copper, which we also have been using from companies from Far East, but we have successfully developed a quality vendor in India.
- Moderator:** Thank you. Sorry to interrupt you, Sabyasachi. A request to all the participants, please restrict to one question per participant. Next question is from the line of Prateek Chaudhary from Saamarthya Capital Management.
- Prateek Chaudhary:** Thank you. Sir, are we exploring any long-term partnerships or alliances with any of our major customers?
- S.S. Sandhu:** Yes.
- Prateek Chaudhary:** And what can these partnerships be in the nature of?
- S.S. Sandhu:** Well, it is too premature at this time to share any information. We will positively share information with you once we have the contracts in place.
- Prateek Chaudhary:** And would these be for similar product lines or...?
- Management:** Obviously, they are from the similar product lines, established product lines and some new developments as well.
- Prateek Chaudhary:** Okay. And in the long-term contracts that we have signed with our customers, these programs, as has been mentioned by you in previous AGMs, these programs run for 8 to 10 years of the life cycle of the product. And your customers give you certain volume projections for the same. So, in your understanding, as far as the ramp-up is concerned, where are we in that life cycle, in that 8 or 10-year program that you foresee?

- Rajeev Ranjan:** See, if you see the history of Shivalik, we have been growing at a CAGR of almost 10% to 15% since the beginning. And in this product line, the commitment for growth is difficult to quantify. But we assure you that this will be significant as we are growing in the last five years at the rate of – at a CAGR of more than 25%.
- Moderator:** Thank you. Next question is from the line of Sriram, Individual investor, please go ahead.
- Sriram:** Thank you for the opportunity. Just one question from my side. What is the revenue from electrical contact business for this year and last year? And where do you classify the contact business? Is it part of bimetals or resistors?
- Kanav Anand:** As far as the product category is concerned, it's different, but it's similar. It falls in a similar industry as thermostatic bimetals because the primary customer for both being from switchgear, the primary customer base being from switchgear industry. And as far as revenue is concerned, there has only been a marginal increase in the revenue between last year and this year. Part of that is also because the plant, current plant, the new plant for this particular business is under construction and as of now running at full capacity. So, we would see a faster growth rate as long – as far as – as soon as we move into the new plant, which we are expecting to do in the next 8 to 10 months.
- Moderator:** Thank you. Next question is from the line of Akilesh Kumar from ILA Investments. Please go ahead.
- Akilesh Kumar:** Hi, sir. This is regarding the raw materials and pricing of the products. So, you had mentioned that any fluctuations up or down of the raw materials will be passed on to the final product. So, my question is that if I take a – if there is a product, like given a product and say the raw materials are fluctuated, I mean, let's say doubled or say like they have increased 50%, so will my product absolute profit, gross profit remain the same or is it like margin is indexed to as a percentage? Like, so how is it – so will the absolute profit be same or if the raw materials increase, my margin also increases because I am based on percentage of the cost of production?
- S.S. Sandhu:** As far as raw material formulas which are established with all of our customers across the board, all fluctuations are to their account. It does not affect the price and it does not affect the margin. It is passed on.
- Akilesh Kumar:** So, when we are saying margin, so it is the rupee margin.
- S.S. Sandhu:** So, margin will not get impacted.
- Akilesh Kumar:** Okay. So, the margin here is the rupee margin, like not percentage margin.
- Management:** Yes. So, that is a very good question and the formulas are in place in such a way that we ensure that the overall margins do not get affected too much, but as you rightly mentioned that there would be a certain composite value that will remain there and the percentage of raw material can significantly go up or go down. The only – the specific cost attached to the percentage attached to the increase in raw materials or the fluctuation will be accounted for.



**Akilesh Kumar:** Okay. Okay.

**Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question. I now hand the conference over to the senior management of Shivalik for closing comments.

**Rajeev Ranjan:** Yes. Thank you all for joining us today and actively participating in our discussion. We are committed to delivering sustainable growth and we firmly believe that our success lies in unwavering focus on advanced technology innovation and maintaining the highest quality standards for our clients. We remain committed to transparent communication, sound financial management and creating long-term value for our stakeholders. We appreciate your ongoing commitment to our journey. Thank you. Thank you very much indeed.

**Moderator:** Thank you very much. On behalf of Shivalik Bimetals Controls Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.