



Strong Margins; Forward Integration on Track...

Key Guidance for FY26 & FY27:

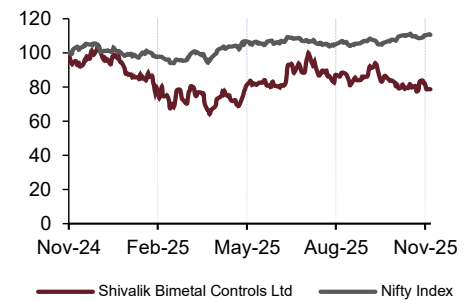
- Management maintains its stance on double-digit growth for FY26; however, near-term demand moderation in some export geographies persists.
- Shunt Resistors remain the fastest-growing vertical driven by strong traction in smart meters and industrial applications; domestic & Asian markets are outperforming.
- Bimetals seeing gradual recovery — Europe strong, Americas stable, domestic still soft but expected to normalise in H2.
- Multi-year product development cycle delivering: mix shift towards high-value small components & assemblies continues to structurally lift margin profile.
- Forward Integration (Assemblies, Contacts, PCBAs, Busbars) remains the largest topline & margin opportunity for FY27-29.
- PCBA: First revenues expected Q4 FY26; FY27 potential ₹50-70 crore.
- Busbars / Battery Connectors: In advanced trials; potential ₹50-60 crore by FY28-29.
- Indigenisation of high-value alloys progressing; expected WC reduction of ~30 days upon 50% localisation.
- US Tariffs (50%) remain a key near-term risk for new bimetal business; shunt exports benefiting from supply route diversification.

Rating	TP (Rs)	Up/Dn (%)
HOLD	522	10

Market Data

Current price	Rs	473
Market Cap (Rs.Bn)	(Rs Bn)	27
Market Cap (US\$ Mn)	(US\$ Mn)	307
Face Value	Rs	2
52 Weeks High/Low	Rs	730 / 454
Average Daily Volume	('000)	40
BSE Code		513097
Bloomberg		SBC.IN
Source: Bloomberg		

One Year Performance



Source: Bloomberg

% Shareholding	Sep-25	Jun-25
Promoters	33.17	33.17
Public	66.83	66.83
Total	100.00	100.00

Source: Bloomberg

Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net sales	3,240	4,704	5,089	5,083	5,681	6,572
EBIDTA	735	1,089	1,063	1,037	1,250	1,513
Margins (%)	22.7	23.2	20.9	20.4	22.0	23.0
Adjusted net profit	551	791	843	771	919	1,113
EPS (Rs)	14.4	13.7	14.6	13.38	16.0	19.3
P/E (x)	33	34	32	35	30	24
EV/EBITDA (x)	25	25	26	26	22	18
RoCE (%)	29.49%	33.66%	27.70%	23.67%	23.92%	24.09%
RoE (%)	28.76%	29.79%	24.67%	19.00%	18.85%	18.91%

Source: Company

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Q2FY26 Snapshot

(Rs.Mn)	Q2FY26	Q2FY25	YoY Growth	Q1FY26	QoQ Growth
Revenue from Operations	1,374	1,267	8%	1,366	1%
Other Income	36	31	16%	22	66%
Total Mfg Cost	727	712	2%	757	-4%
Employee Benefits Expense	146	121	21%	135	9%
Other Expenses	190	163	16%	155	23%
Total Expenses	1,063	997	7%	1,046	2%
EBITDA (Excluding Other Income)	311	270	15%	319	-3%
Depreciation and Amortisation Expenses	34	29	17%	33	3%
EBIT / PBIT	313	272	15%	308	2%
Finance Costs	11	8	39%	10	13%
Profit before share in profit of associate & tax	302	264	14%	298	1%
Share in profit of associate (net of tax)	23	2	1102%	6	307%
EBT/PBT	324	266	22%	304	7%
Tax Expense	76	66	14%	76	0%
Net Profit after Tax	249	199	25%	228	9%
Adj Earning Per Share	4.31	3.5	25%	4.0	9%
		-		-	
Margins (%)		-		-	
Gross Margins	47.1%	42.0%	506	44.6%	248
EBITDA Margins (Excl Other Income)	22.6%	18.8%	381	23.4%	-77
PAT Margins	17.6%	13.8%	379	16.4%	121
As a % to sales					
RM as a % to sales	52.92%	57.99%	-506	56.97%	-404
EE Cost as a % to sales	10.65%	9.48%	117	9.71%	94
Other exps as a % to sales	13.81%	13.72%	9	11.80%	201

Source: Company, Dalal & Broacha Research

Key Financial Highlights:

Key Financial Highlights For Q2FY26:

- Revenue grew 8.1% YoY to ₹137.4 crore (Q2FY25: ₹126.7 crore).
- Gross Profit rose 17% YoY with Gross Margin expanding 506 bps to 47.1%, driven by mix improvement & cost control.
- EBITDA increased 15% YoY to ₹31.1 crore; EBITDA margin 22.6% (+380 bps YoY).
- PAT grew 25% YoY to ₹ 249 crore; PAT margin 17.6% (+379 bps YoY).
- EPS came in at ₹4.31 vs ₹ 3.5YoY.
- Working capital elevated slightly (inventory +8 days) as company prepares for demand recovery & new product commercialisation.

Concall Highlights:

Shunt Business:

- **Domestic Shunts** grew **25% YoY**, driven primarily by **smart meter demand**, industrial applications & strong OEM engagement.
- **Asia (ex-India)** also strong at **+38.5% YoY** — Japan, Korea, SE Asia seeing accelerated customer wins.
- **Americas** remained soft (**-17% YoY**) due to tariff-related demand recalibration; management sees this as transitory.
- Shunt contribution remains near **50% of consolidated revenues**, making it a meaningful second growth engine.
- **Smart Meter Opportunity:**
- Expected revenue **₹70–75 crore in FY26**, rising toward **₹100 crore by FY27**.
- SBCL retains **40–50% market share** in shunt + contact content.
- Forward integration within shunts (assemblies, PCBA integration) progressing well; revenues to begin from Q4FY26.

Bimetals Business:

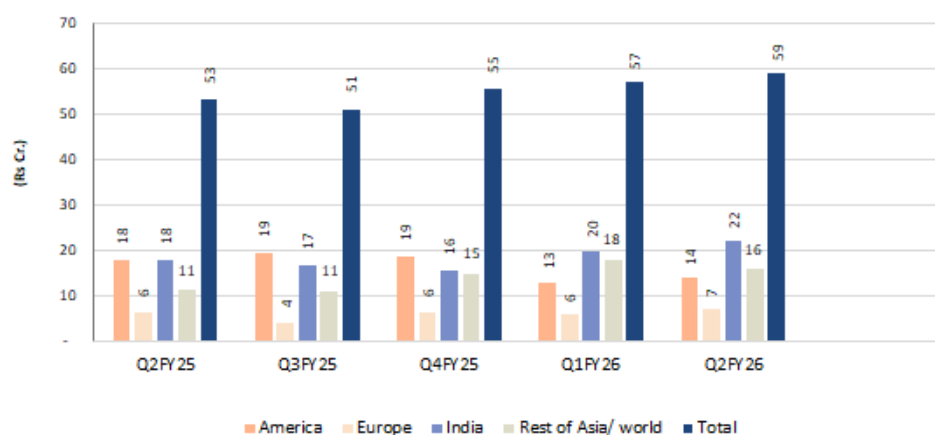
- **Volumes resilient**, up 0.3% YoY; revenue +5.6% YoY.
- **Europe** strong recovery at **+75% YoY**, Americas stable; domestic still slightly weak.
- Management expects **double-digit growth in FY26 H2** aided by scheduled orders from large switchgear OEMs.
- SBCL retains **18–20% global market share**; benefits from an international competitor's exit continue.
- US tariffs a headwind for **new** bimetal programs but **existing business remains stable** due to sticky customer lock-ins & long requalification cycles.

Forward integration & New Products:

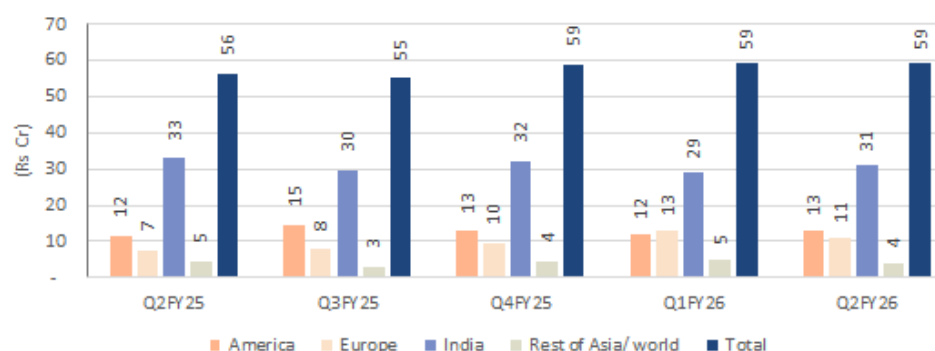
- **PCBA Line:**
 - Pilot functional; first commercial supplies expected **Q4FY26**.
 - FY27 revenue potential **₹50–70 crore**.
 - Full forward-integration opportunity universe **~₹150 crore** (subset confirmed).
- **Busbars & Battery Connectors:**
 - Advanced customer testing underway; EBW technology provides differentiated value.
 - Revenue potential **₹50–60 crore in FY28–29**.
- **Silver Contacts Facility** nearing full transition; supports smart meter relay localisation.
- **R&D Centre / CoE** under planning for accelerated multi-year new product pipeline.

Region wise Sales

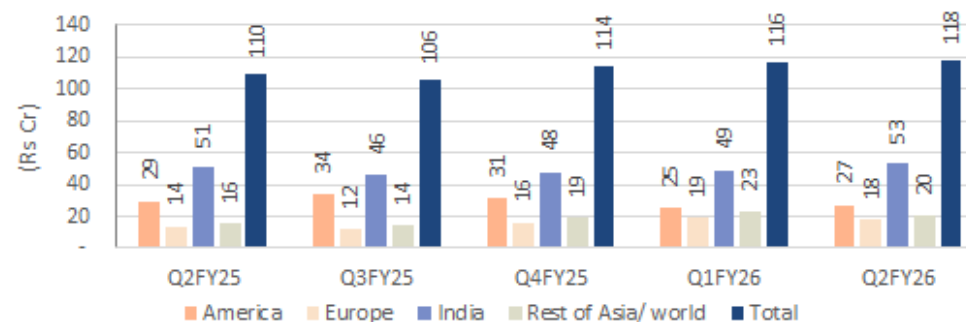
SHUNT



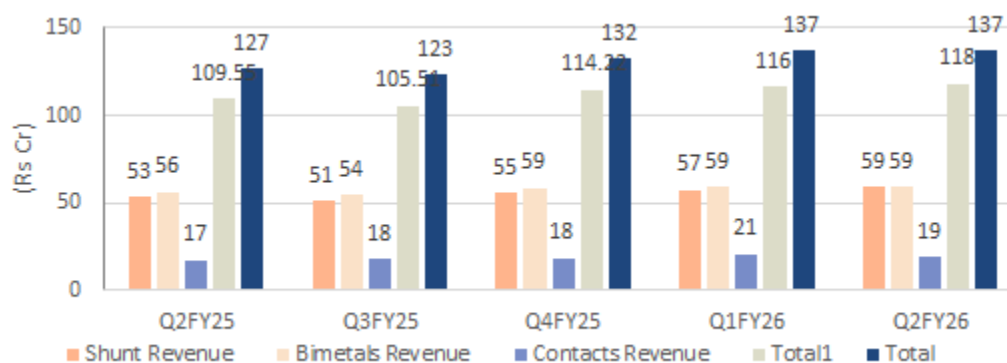
Thermostatic Bimetals



Total Revenues (Stand Excl. Contacts)



SBCL Consol Revenues (Split by Product)



Source: Company, Dalal & Broacha Research

Valuations and Outlook:

- Management guides for 12-15% revenue growth CAGR till FY27 with higher bottomline growth basis newer value add product initiatives it has taken with its customers. Growth will be supported by:
 1. Smart meter opportunity (₹100 Cr+ revenues expected by FY27).
 2. Forward integration into PCBAs and bus bars.
 3. Market share gains in Bimetals due to competitor exits.
- Long-term demand levers include smart meters, EV & hybrid adoption across the world energy storage, and grid modernisation.
- The successful ramp-up of new products (PCBAs, bus bars, inductors) could unlock significant top-line expansion from FY27 onwards.
- WC release + product mix → improving ROCE.
- With high-entry-barrier technologies (EBW, diffusion bonding), diversified global presence, and net cash balance sheet, SBCL is well positioned for sustainable growth.

In the near term, the China+1 theme & global supply chain re-alignment is helping the company penetrate further in export markets. Also initiatives for forward integration & new product development measures – if successful – have potential to bring rapid scale up in Business FY27/28 onwards. Tariff relaxation between India-US can further amplify revenue growth in the short term.

At current market price of 475, Shivalik trades at 30x/24x FY26/27e EPS of Rs 16/19.3. Electrification & decarbonisation to continue to remain a relevant theme for the next decade, we remain positive about SBCL's future long-term prospects.

Going by SBCL's successful history with shunt resistors- a product they introduced in FY17 which now comprises ~50% of SBCL's consolidated topline- but one will have to wait & see how quickly their new products & forward integration measures are accepted in the market & the execution by the management in coming quarters. **Hence we maintain HOLD rating & have valued Shivalik at 27x Mar'27e EPS of Rs 19.3 to arrive at a TP of Rs 522(+10% Upside).**

Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	3,240	4,704	5,089	5,083	5,681	6,572
Total Raw material consumed	1,611	2,452	2,828	2,893	3,068	3,417
Employee Cost	271	389	427	497	596	715
Other Expenses	623	774	771	657	767	927
Operating Profit	735	1,089	1,063	1,037	1,250	1,513
Depreciation	64	105	121	118	153	168
PBIT	671	984	942	919	1,098	1,345
Other income	54	99	191	128	142	164
Interest	28	70	49	38	51	66
PBT (Before share of JV/associates)	698	1,013	1,084	1,010	1,189	1,443
Share of JV/Associates	35	10	33	17	37	41
PBT	733	1,023	1,118	1,027	1,225	1,484
Provision for tax	182	232	275	257	306	371
PAT (From continuing operations)	551	791	843	771	919	1,113
PAT (From Discontinuing operations)	-	-	-	-	-	-
MI						
Reported PAT	551	791	843	771	919	1,113
Adjusted Profit	551	791	843	771	919	1,113

Source: Company, Dalal and Broacha Research

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity capital	77	115	115	115	115	115
Reserves	1,839	2,540	3,300	3,941	4,760	5,769
Net worth	1,916	2,655	3,415	4,057	4,875	5,884
Minority Interest	-	-	-	-	-	-
Non Current Liabilities	208	290	191	201	177	159
Current Liabilities	954	953	822	821	947	1,072
Other Liabilities(associated with discontinued operations/ assets held for sale)	-	-	-	-	-	-
TOTAL LIABILITIES	3,084	3,897	4,428	5,079	5,999	7,115
Non Current Assets	1,085	1,361	1,478	1,785	1,530	1,576
Fixed Assets	850	1,203	1,298	1,570	1,295	1,312
Goodwill	-	20	127	20	20	20
Non Current Investments	185	98	131	148	163	185
Loans						
Non-current assets tax (net)	0	1	2	-	-	-
Deferred Tax Asset	-	-	-	-	-	-
Other Financial Assets	-	4	5	10	10	10
Other Non Current Assets	50	36	25	37	42	48
Current Assets	1,993	2,536	2,949	3,294	4,469	5,539
Current investments	-	-	-	-	-	-
Inventories	1,149	1,320	1,279	1,312	1,513	1,685
Trade Receivables	593	932	1,137	1,115	1,167	1,350
Cash and Bank Balances	109	177	112	209	372	424
Other bank balances	9	2	277	581	1,331	1,981
Short Term Loans and Advances	-	-	-	-	-	-
Other Financial Assets	0	1	88	39	44	51
Other current assets tax (net)	0	1	2	-	-	-
Other current assets	133	103	54	37	41	48
TOTAL ASSETS	3,078	3,897	4,428	5,079	5,999	7,115

Cash Flow St. (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
PBT (excluding JV/Associates)	698	1,013	1,084	1,010	1,189	1,443
Add: Dep. & Amort.	64	105	121	118	153	168
Add: Interest Expenses	28	70	49	38	51	66
Operating profit before working capital change	789	1,189	1,254	1,166	1,392	1,677
(Inc)/Dec in						
Working capital adjustment	(500)	(396)	(198)	(15)	(176)	(303)
Gross cash generated from operations	290	792	1,056	1,151	1,217	1,374
Direct taxes paid	(182)	(232)	(275)	(257)	(306)	(371)
Others	(143)	98	(96)	42	9	12
CF from Oper. activities	(35)	658	685	936	919	1,016
CF from Inv. activities	(242)	(431)	(415)	(575)	(648)	(864)
CF from Fin. activities	229	(185)	(292)	(263)	(93)	(76)
Cash generated/(utilised)	(48)	42	(22)	97	178	76
Cash at start of the year	157	109	177	112	209	372
Cash at end of the year	109	177	112	209	372	424
Balance sheet	109	151	155	208	387	448

Ratios	FY22	FY23	FY24	FY25	FY26E	FY27E
OPM	22.68%	23.16%	20.88%	20.40%	22.01%	23.02%
NPM	16.73%	16.47%	15.96%	14.78%	15.78%	16.52%
Tax Rate	24.81%	22.68%	24.60%	24.98%	25.00%	25.00%
Growth Ratios (%)						
Net Sales	18.00%	45.18%	8.20%	-0.11%	11.75%	15.68%
Operating Profit	103.34%	48.27%	-2.44%	-2.42%	20.54%	20.98%
PBT	34.68%	45.13%	7.06%	-6.82%	17.64%	21.44%
PAT	35.96%	43.53%	6.53%	-8.56%	19.28%	21.09%
CFO/EBITDA Ratio	-0.05	0.60	0.64	0.90	0.73	0.67
CFO/PAT Ratio	-0.06	0.83	0.81	1.21	1.00	0.91
Per Share (Rs.)						
Net Earnings (EPS)	14.35	13.73	14.63	13.38	15.96	19.32
Cash Earnings (CPS)	16.01	15.56	16.72	15.42	18.60	22.23
Payout ratio	7%	9%	10%	20%	11%	9%
Dividend	1.00	1.20	1.40	2.70	1.75	1.80
Book Value per share (BVPS)	49.89	46.09	59.29	70.42	84.63	102.15
Free Cash Flow	(263)	179	470	546	1,041	831
Valuation Ratios						
P/E(x)	32.89	34.37	32.27	35.28	29.58	24.43
P/B(x)	9.46	10.24	7.96	6.70	5.58	4.62
EV/EBIDTA(x)	25.30	25.33	25.87	26.33	21.73	17.96
Div. Yield(%)	0.21	0.25	0.30	0.57	0.37	0.38
FCFF Yield(%)	(1.45)	0.66	1.73	2.01	3.83	3.06
Return Ratios (%)						
ROE	28.76%	29.79%	24.67%	19.00%	18.85%	18.91%
ROCE	29.49%	33.66%	27.70%	23.67%	23.92%	24.09%

Source: Company, Dalal and Broacha Research

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