



Strong Margins, Smart Meter & Forward Integration to drive future earnings

Key Guidance for FY26 & FY27:

- Double digit growth guidance by management kept intact
- Guidance of 15-20% CAGR growth in the Resistors division on the back of smart meter growth in India, new products & forward integration measures
- Company expects its Bimetals division to grow ~12-15% basis pickup anticipated in H2.
- Contacts has been a consistent 20% growth business for the company & it expects to continue the same trajectory going forward as well- with increasing localization in smart meter relays in India to benefit SBCL contacts business disproportionately.
- Margins in FY26 have potential to rebound to 22-23% levels.
- **Tariffs** :- 50% duty in U.S. — can impact new business in Bimetals in US (SBCL isn't able to expand market share as aggressively as it had planned due to tariffs), positive for Shunts as SBCL now able to diversify in other geographies as supplies have been re-routed from US to directly other countries in Asia (earlier was supplying through key partner in US)- to minimise impact of tariffs.

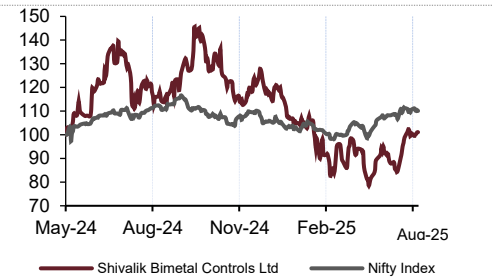
| Rating | TP (Rs) | Up/Dn (%) |
|-------------|------------|-----------|
| HOLD | 529 | 2 |

Market Data

| | | |
|----------------------|-----------|-----------|
| Current price | Rs | 519 |
| Market Cap (Rs.Bn) | (Rs Bn) | 30 |
| Market Cap (US\$ Mn) | (US\$ Mn) | 345 |
| Face Value | Rs | 2 |
| 52 Weeks High/Low | Rs | 730 / 454 |
| Average Daily Volume | ('000) | 37 |
| BSE Code | | 513097 |
| Bloomberg | | SBC.IN |

Source: Bloomberg

One Year Performance



Source: Bloomberg

| % Shareholding | Jun-25 | Mar-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 | 5,712 | 6,628 |
| EBIDTA | 735 | 1,089 | 1,063 | 1,037 | 1,260 | 1,532 |
| Margins (%) | 22.7 | 23.2 | 20.9 | 20.4 | 22.1 | 23.1 |
| Adjusted net profit | 551 | 791 | 843 | 771 | 927 | 1,128 |
| EPS (Rs) | 14.4 | 13.7 | 14.6 | 13.38 | 16.1 | 19.6 |
| P/E (x) | 36 | 38 | 35 | 39 | 32 | 27 |
| EV/EBITDA (x) | 28 | 28 | 28 | 29 | 24 | 20 |
| RoCE (%) | 29.49% | 33.66% | 27.70% | 23.67% | 24.07% | 24.29% |
| RoE (%) | 28.76% | 29.79% | 24.67% | 19.00% | 18.99% | 19.09% |

Source: Company

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Q1FY26 Snapshot

| (Rs.Mn) | Q1FY26 | Q1FY25 | YoY Growth | Q4FY25 | QoQ Growth |
|---|------------|------------|------------|------------|------------|
| Revenue from Operations | 1,366 | 1,260 | 8% | 1,324 | 3% |
| Other Income | 22 | 29 | -24% | 34 | -36% |
| Total Mfg Cost | 757 | 731 | 4% | 754 | 0% |
| Employee Benefits Expense | 135 | 119 | 13% | 129 | 5% |
| Other Expenses | 155 | 173 | -10% | 156 | -1% |
| Total Expenses | 1,046 | 1,023 | 2% | 1,039 | 1% |
| EBITDA (Excluding Other Income) | 319 | 237 | 35% | 285 | 12% |
| Depreciation and Amortisation Expenses | 33 | 28 | 15% | 31 | 7% |
| EBIT / PBIT | 308 | 237 | 30% | 288 | 7% |
| Finance Costs | 10 | 10 | 3% | 11 | -6% |
| Profit before share in profit of associate & tax | 298 | 227 | 31% | 277 | 8% |
| Share in profit of associate (net of tax) | 6 | 8 | -30% | 5 | 3% |
| EBT/PBT | 304 | 235 | 29% | 283 | 7% |
| Tax Expense | 76 | 57 | 33% | 72 | 5% |
| Net Profit after Tax | 228 | 178 | 28% | 211 | 8% |
| Adj Earning Per Share | 3.95 | 3.1 | 28% | 3.7 | 8% |
| | | - | | - | |
| Margins (%) | | - | | - | |
| Gross Margins | 44.6% | 42.0% | 258 | 43.0% | 156 |
| EBITDA Margins (Excl Other Income) | 23.4% | 18.8% | 458 | 21.5% | 187 |
| PAT Margins | 16.4% | 13.8% | 258 | 15.5% | 91 |
| | | | | | |
| As a % to sales | | | | | |
| RM as a % to sales | 55.41% | 57.99% | -258 | 56.97% | -156 |
| EE Cost as a % to sales | 9.87% | 9.48% | 39 | 9.71% | 16 |
| Other exps as a % to sales | 11.33% | 13.72% | -239 | 11.80% | -47 |

Key Financial Highlights:

Key Financial Highlights For Q1FY26:

- **Revenue from operations** stood at ₹1,366 Mn, up 8.4% YoY from ₹1,260 Mn in Q1FY25 and marginally higher by 3% QoQ from ₹1,132.4 Mn in Q4FY25, driven by growth in both Shunt and Thermostatic Bimetal segments.
- **EBITDA** rose 35% YoY & 12% QoQ to ₹319 Mn with EBITDA margin expanding 458 bps YoY to 23.4%, benefiting from operating leverage and reduced other expenses.
- **PAT** increased 28% YoY & 8% QoQ to ₹228 Mn with PAT margin improving by 258 bps to 16.4%. EPS came in at ₹3.95 versus ₹ 3.1 in Q1FY25.
- Net cash stood at ₹770 Mn; RoCE at 24.65%.
- Working capital days improved by 29 days YoY to 212; inventory days reduced by 20 days to 177.

Concall Highlights:

Shunt Business:

- Segment revenue grew 8.6% YoY (India +18%, Rest of Asia/World +64%), with domestic shunt demand driven 70–75% by smart meters and ~20% by automotive applications.
- SBCL holds a **40–50% domestic market share** in smart meter components (shunts + contacts). FY26 smart meter revenue expected at ₹70–75 Cr vs ₹40–50 Cr in FY25, targeting ₹100 Cr by FY27.
- Export growth from Asia (Japan, Korea, China) offset softness in the Americas, partly due to 50% U.S. tariffs which have encouraged customers to shift fulfilment to Asia. This indirectly helps SBCL to diversify in terms of customers & geography.
- Forward integration into value-added assemblies has commenced; initial revenue expected from Q3/Q4 FY26.

Bimetals Business:

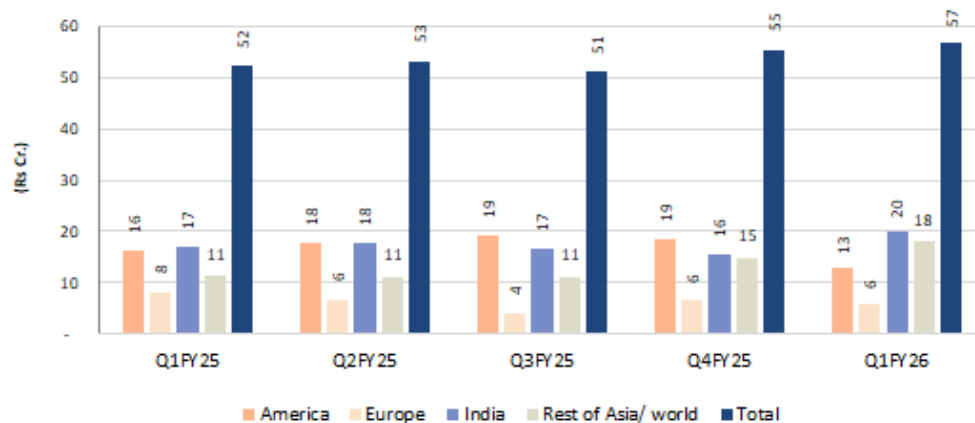
- Segment revenue up 7.3% YoY (Europe +30% YoY), flat QoQ; exports grew 20.6% YoY.
- Domestic volumes dipped ~3% YoY but are expected to recover in H2FY26 on scheduled orders from ABB and Siemens.
- SBCL has gained share from an exiting international competitor, holding ~18–20% global market share. Growth is supported by projects initiated 2–3 years earlier, ensuring sustainability. Tariff increase in US of 50% might have some temporary impact on new business expansion in US Bimetals but old business not expected to be impacted majorly due to high switching costs.

Forward integration & New Products:

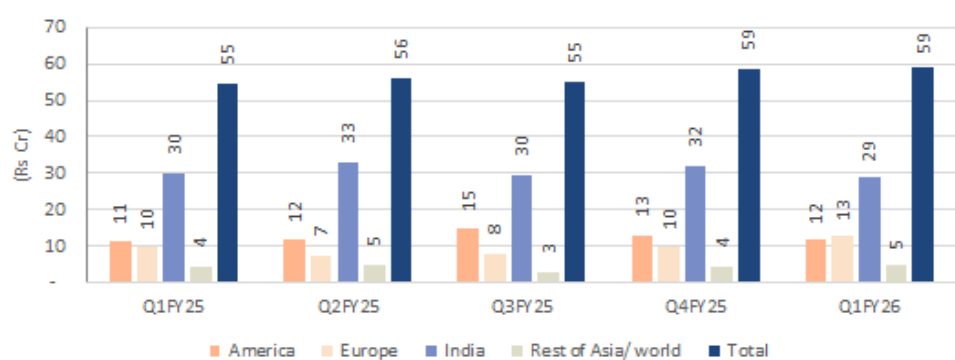
- PCBA assemblies for current sensing (targeting EV BMS and smart meters) are in prototype stage; commercial rollout within 14–16 months; ~₹150 Cr annual revenue potential by FY27, with initial 10–15% contribution from Q4FY26.
- Bus bars & battery connectors (leveraging EBW technology) are in advanced customer trials; ₹50–60 Cr revenue potential by FY28–29; high entry barriers and strong fit with SBCL's capabilities.

Region wise Sales

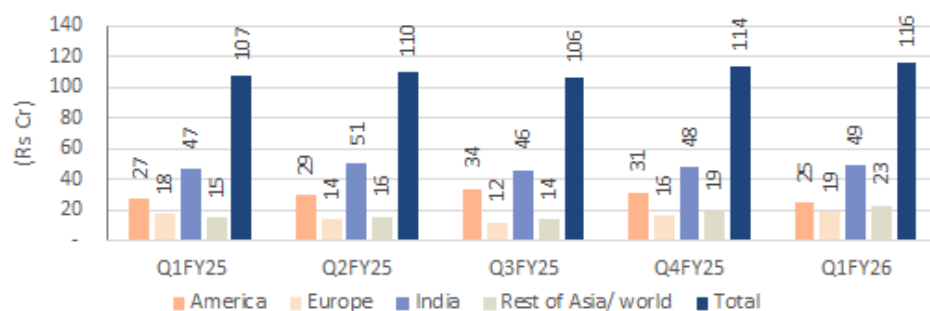
SHUNT



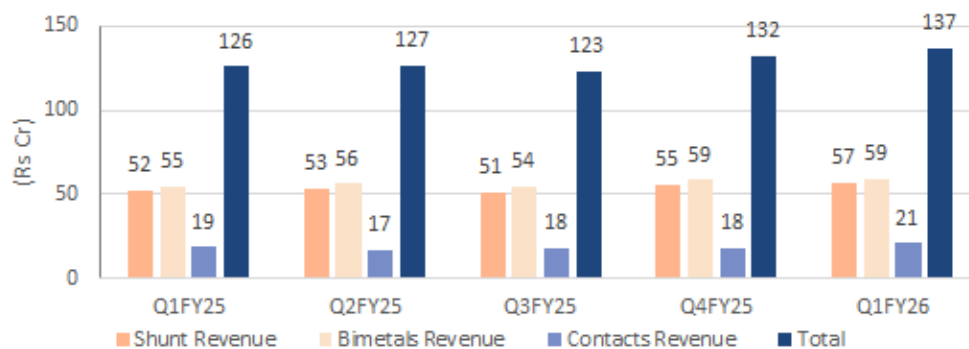
Thermostatic Bimetals



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 in FY26 with EBITDA margins >20%. 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.
- 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.

At current market price of 519, Shivalik trades at 32x/26x FY26/27e EPS of Rs 16.1/19.6 respectively and have raised our EPS estimates by 6%/3% for 26/27 respectively. Electrification & decarbonisation to continue to remain a relevant theme for the next decade , we remain positive about SBCL's future long-term prospects.

On account of optimistic commentary by the management from the past 2 concalls & SBCL's performance also reflecting a positive spurt in numbers on both YoY & QoQ basis, **we upgrade the SBCL's PE multiple from 25x to 27x.**

Going by SBCL's successful history with shunt resistors- a product they introduced in FY17 which now comprises ~42% 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 19.6 to arrive at a TP of Rs 529(+2% Upside).**

Financials

| P&L (Rs mn) | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|--------------------------------------|-------|-------|-------|-------|-------|-------|
| Net Sales | 3,240 | 4,704 | 5,089 | 5,083 | 5,712 | 6,628 |
| Total Raw material consumed | 1,611 | 2,452 | 2,828 | 2,893 | 3,084 | 3,447 |
| Employee Cost | 271 | 389 | 427 | 497 | 596 | 715 |
| Other Expenses | 623 | 774 | 771 | 657 | 771 | 935 |
| Operating Profit | 735 | 1,089 | 1,063 | 1,037 | 1,260 | 1,532 |
| Depreciation | 64 | 105 | 121 | 118 | 153 | 168 |
| PBIT | 671 | 984 | 942 | 919 | 1,108 | 1,364 |
| Other income | 54 | 99 | 191 | 128 | 143 | 166 |
| Interest | 28 | 70 | 49 | 38 | 51 | 66 |
| PBT (Before share of JV/associates) | 698 | 1,013 | 1,084 | 1,010 | 1,199 | 1,463 |
| Share of JV/Associates | 35 | 10 | 33 | 17 | 37 | 41 |
| PBT | 733 | 1,023 | 1,118 | 1,027 | 1,236 | 1,504 |
| Provision for tax | 182 | 232 | 275 | 257 | 309 | 376 |
| PAT (From continuing operations) | 551 | 791 | 843 | 771 | 927 | 1,128 |
| PAT (From Discontinuing operations) | - | - | - | - | - | - |
| MI | | | | | | |
| Reported PAT | 551 | 791 | 843 | 771 | 927 | 1,128 |
| Adjusted Profit | 551 | 791 | 843 | 771 | 927 | 1,128 |

| 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 | 4,768 | 5,792 |
| Net worth | 1,916 | 2,655 | 3,415 | 4,057 | 4,883 | 5,907 |
| Minority Interest | - | - | - | - | - | - |
| Non Current Liabilities | 208 | 290 | 191 | 201 | 178 | 160 |
| Current Liabilities | 954 | 953 | 822 | 821 | 952 | 1,081 |
| Other Liabilities(associated with discontinued operations/ assets held for sale) | - | - | - | - | - | - |
| TOTAL LIABILITIES | 3,084 | 3,897 | 4,428 | 5,079 | 6,012 | 7,147 |
| Non Current Assets | 1,085 | 1,361 | 1,478 | 1,785 | 1,531 | 1,578 |
| 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 | 164 | 187 |
| 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 | 4,481 | 5,569 |
| Current investments | - | - | - | - | - | - |
| Inventories | 1,149 | 1,320 | 1,279 | 1,312 | 1,521 | 1,700 |
| Trade Receivables | 593 | 932 | 1,137 | 1,115 | 1,174 | 1,362 |
| Cash and Bank Balances | 109 | 177 | 112 | 209 | 369 | 427 |
| 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 | 42 | 48 |
| TOTAL ASSETS | 3,078 | 3,897 | 4,428 | 5,079 | 6,012 | 7,147 |

| Cash Flow St. (Rs. mn) | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| PBT (excluding JV/Associates) | 698 | 1,013 | 1,084 | 1,010 | 1,199 | 1,463 |
| 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 | 1,403 | 1,697 |
| (Inc)/Dec in | | | | | | |
| Working capital adjustment | (500) | (396) | (198) | (15) | (188) | (312) |
| Gross cash generated from operations | 290 | 792 | 1,056 | 1,151 | 1,215 | 1,385 |
| Direct taxes paid | (182) | (232) | (275) | (257) | (309) | (376) |
| Others | (143) | 98 | (96) | 42 | 9 | 13 |
| CF from Oper. activities | (35) | 658 | 685 | 936 | 915 | 1,022 |
| CF from Inv. activities | (242) | (431) | (415) | (575) | (649) | (865) |
| CF from Fin. activities | 229 | (185) | (292) | (263) | (92) | (75) |
| Cash generated/(utilised) | (48) | 42 | (22) | 97 | 175 | 82 |
| Cash at start of the year | 157 | 109 | 177 | 112 | 209 | 369 |
| Cash at end of the year | 109 | 177 | 112 | 209 | 369 | 427 |
| Balance sheet | 109 | 151 | 155 | 208 | 384 | 451 |
| Ratios | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E |
| OPM | 22.68% | 23.16% | 20.88% | 20.40% | 22.07% | 23.11% |
| NPM | 16.73% | 16.47% | 15.96% | 14.78% | 15.83% | 16.60% |
| 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% | 12.36% | 16.04% |
| Operating Profit | 103.34% | 48.27% | -2.44% | -2.42% | 21.52% | 21.52% |
| PBT | 34.68% | 45.13% | 7.06% | -6.82% | 18.68% | 22.03% |
| PAT | 35.96% | 43.53% | 6.53% | -8.56% | 20.31% | 21.67% |
| 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 | 0.99 | 0.91 |
| Per Share (Rs.) | | | | | | |
| Net Earnings (EPS) | 14.35 | 13.73 | 14.63 | 13.38 | 16.09 | 19.58 |
| Cash Earnings (CPS) | 16.01 | 15.56 | 16.72 | 15.42 | 18.74 | 22.49 |
| 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 | 84.77 | 102.55 |
| Free Cash Flow | (263) | 179 | 470 | 546 | 1,037 | - |
| Valuation Ratios | | | | | | |
| P/E(x) | 36.16 | 37.79 | 35.48 | 38.80 | 32.25 | 26.51 |
| P/B(x) | 10.40 | 11.26 | 8.75 | 7.37 | 6.12 | 5.06 |
| EV/EBIDTA(x) | 27.76 | 27.81 | 28.42 | 28.94 | 23.71 | 19.50 |
| Div. Yield(%) | 0.19 | 0.23 | 0.27 | 0.52 | 0.34 | 0.35 |
| FCFF Yield(%) | (1.32) | 0.60 | 1.57 | 1.83 | 3.47 | - |
| Return Ratios (%) | | | | | | |
| ROE | 28.76% | 29.79% | 24.67% | 19.00% | 18.99% | 19.09% |
| ROCE | 29.49% | 33.66% | 27.70% | 23.67% | 24.07% | 24.29% |

Source: Company, Dalal and Broacha Research

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