



#### Key Guidance for FY26 & FY27:

- Double digit growth from here looks very achievable on consolidated level- after seeing a flattish revenue trajectory from FY23-25.
- Guidance of 15-20% 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%. Higher growth could be seen if BIS norms passed.
- Contacts has been a consistent 20% growth business for the company & it expects to continue the same trajectory going forward as well.
- Margins(Including other income) will be maintained at around 22-23% .
- **Tariffs** :-Limited exposure with only ~5 % of Group revenue (bimetal exports) will incur the new 10 % US duty; 74 % of US shipments (shunt resistors) remain duty free. Our margins are shielded with >80 % of affected contracts have cost pass through.

Rating	TP (Rs)	Up/Dn (%)
<b>HOLD</b>	<b>477</b>	<b>-4</b>

#### Market Data

Current price	Rs	497
Market Cap (Rs.Bn)	(Rs Bn)	29
Market Cap (US\$ Mn)	(US\$ Mn)	334
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	Mar-25	Dec-24
Promoters	33.17	33.17
Public	66.83	66.83
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

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	5,764	6,691
EBIDTA	735	1,089	1,063	1,037	1,191	1,493
Margins (%)	22.7	23.2	20.9	20.4	20.7	22.3
Adjusted net profit	551	791	843	771	876	1,100
EPS (Rs)	14.4	13.7	14.6	13.38	15.2	19.1
P/E (x)	34	36	34	37	32	26
EV/EBITDA (x)	26	26	27	27	24	19
RoCE (%)	29.49%	33.66%	27.70%	23.67%	22.96%	23.97%
RoE (%)	28.76%	29.79%	24.67%	19.00%	18.12%	18.87%

Source: Company

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## Key Financial Highlights:

### For Q4FY25

- **Revenue from operations:** Rs 1324 Mn vs Rs 1278 Mn (+4% YoY) & Rs 1233 Mn (7% QoQ)
- **EBITDA :** Rs 285 Mn vs Rs 218 Mn ( +31% YoY) & Rs 246Mn (+16% QoQ)
- **EBITDA Margins:** 21.5% vs 17%(YoY) & 19.9%(QoQ)
- **PAT:** 211 Mn vs 257 Mn(-18% YoY) & 182 Mn(+15% QoQ)
- **EPS:** 3.65 vs 4.5 (YoY) vs 3.2 (QoQ) [Q4FY24 had an exceptional PLI component of 140 Mn included in other income]

### For the Full year:

- **Revenue from operations:** Rs 5084 Mn vs Rs 5089 Mn (0% YoY)
- **EBITDA :** Rs 1037 Mn vs Rs 1063 Mn ( -2% YoY)
- **EBITDA Margins:** 20.4% vs 20.8% (YoY)
- **PAT:** 771 Mn vs 843 Mn(-9% YoY) [FY24 had an exceptional PLI component of 140 Mn included in other income]
- **EPS:** 13.4 vs 14.63 (YoY)

## Concall Highlights:

### Shunt Business:

- Seeing good growth in India – new customers in Europe & SE Asia
- **Smart meters ~10% of standalone business (~430 Mn);**- Management expects a **50% growth** in this figure in FY26 considering the thrust by government on smart meter installation in India.
- **Automotive ~37% of entire business:** Over-inventorisation in North America & Europe seems to now have settled & OEM pick-ups have started accelerating. Demand to step-up in the latter half of the year.
- Balance 5% growth from Energy storage related & miscellaneous applications
- **Forward integration & New Products:**
  - a) Forward integration:**
    - **Strips to components forward integration measures :** Agreements already made with clients – business for the same should scale up by Q3/Q4 of FY26.
    - **Forward integration through Smart DC Current sensor mounted shunts on PCB assemblies-** under final stages of approval, pilot runs are already happening . This product could add another 1 to 1.5 Bn annual revenue starting FY27 onwards.
  - b) New Product – Inductor Application:** Company is also developing a new inductor application – for energy storage related automotive as well as non-automotive applications. Currently product in early design level customer validation stage- should take another 12-18 months to progress to commercial production stage. Revenues from the segment to ideally start reflecting H2FY27 or by FY28.
- Above Forward integration processes & new products shall require new equipment and processing lines different from existing ones – capex for which shall be announced post receipt of final customer approvals. Both the above new products shall be significantly margin-accretive to Shivalik's business.

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### Bimetals Business:

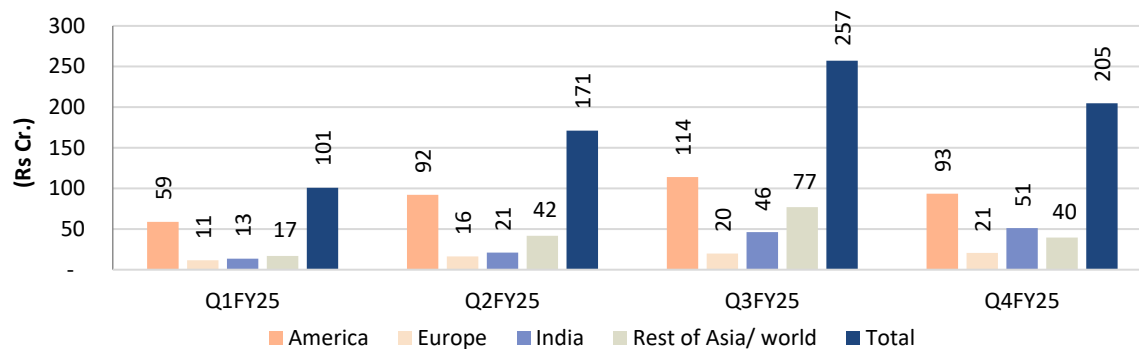
- Domestic market to see higher growth than exports basis strong underlying real-estate led demand.
- Exports- Europe penetration will see increase (already showing positive trends in Q4FY25) – now that WOS has been registered for that purpose.

### Contacts Business:

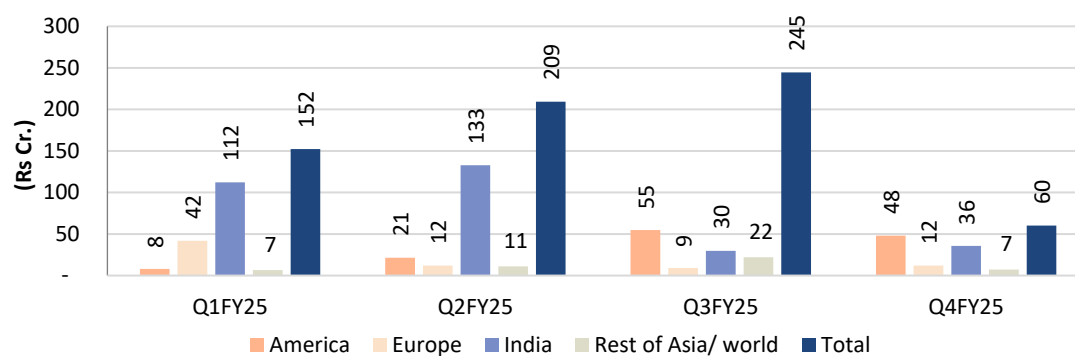
- **Localization in smart meter components** is rising, with Indian players now meeting ~50% of latching relay demand vs. 30–40% earlier. Latching relay consists of contacts as well as shunts both of which provided by Shivalik. Government and customer push is driving this shift. Also, **Upcoming BIS standards** for components like bi-metals and shunts could further boost domestic players like local compliant players like SBCL, making them preferred suppliers and reducing pricing pressure from Chinese imports.

## Region wise Sales

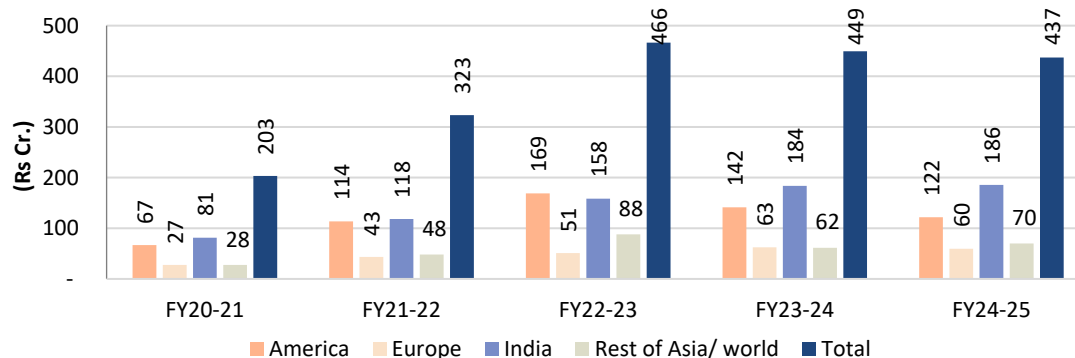
## SHUNT



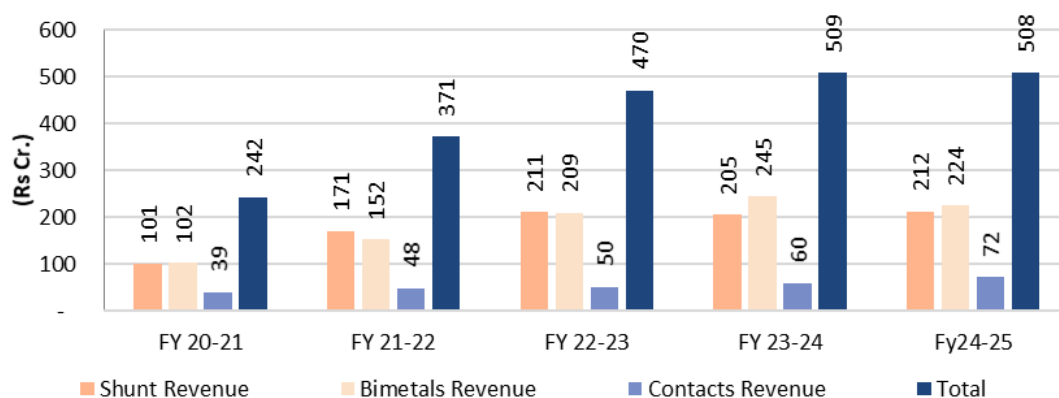
## Thermostatic Bimetals



## Total Revenues



## SBCL Revenue Split By Product



Source: Company, Dalal &amp; Broacha Research

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**Valuations and Outlook:**

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With Industry themes such as electric vehicles, smart meters & switchgears– the company has multiple levers for growth , Shivalik's key customers like Vishay, Schneider setting up capacities - SBCL's management remains confident about 20-25% CAGR in the long term .

**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, Shivalik trades at 32x/26x FY26/27e EPS of Rs 15.2/19.1 respectively and have cut our EPS by 8%/10% 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. However due to recent flattish performance from FY23-25, we downgrade the SBCL's PE multiple from 30x to 25x. Going by SBCL's successful history with shunt resistors- a product they introduced in FY17 which now comprises ~42% of SBCL's consolidated topline- one will have to wait & see how quickly their new products & forward integration measures are accepted in the market. We revise our rating from "BUY" to "HOLD" & have valued Shivalik at 25x Mar'27e EPS of Rs 19.1 for Rs 477(-3% Downside).

## Q4FY25 Snapshot

(Rs.Mn)	Q4FY25	Q4FY24	YoY Growth	Q3FY25	QoQ Growth
<b>Revenue from Operations</b>	<b>1,324.4</b>	<b>1,278</b>	<b>4%</b>	<b>1,233</b>	<b>7%</b>
Other Income	33.9	140	-76%	35	-3%
Total Mfg Cost	754.4	735	3%	696	8%
Employee Benefits Expense	128.7	119	8%	128	1%
Other Expenses	156.3	206	-24%	164	-5%
Total Expenses	1,039.4	1,060	-2%	987	5%
<b>EBITDA (Excluding Other Income)</b>	<b>285.0</b>	<b>218</b>	<b>31%</b>	<b>246</b>	<b>16%</b>
Depreciation and Amortisation Expenses	30.7	31	-1%	30	2%
<b>EBIT / PBIT</b>	<b>288.2</b>	<b>327</b>	<b>-12%</b>	<b>251</b>	<b>15%</b>
Finance Costs	10.7	11	-6%	9	24%
<b>Profit before share in profit of associate &amp; tax</b>	<b>277.4</b>	<b>315</b>	<b>-12%</b>	<b>242</b>	<b>15%</b>
Share in profit of associate (net of tax)	5.4	19	-71%	1	270%
<b>EBT/PBT</b>	<b>282.8</b>	<b>334</b>	<b>-15%</b>	<b>243</b>	<b>16%</b>
Tax Expense	72.3	77	-6%	61	19%
<b>Net Profit after Tax</b>	<b>210.5</b>	<b>257</b>	<b>-18%</b>	<b>182</b>	<b>15%</b>
Adj Earning Per Share	3.65	4.5	-18%	3.2	15%
		-		-	
<b>Margins (%)</b>		-		-	
Gross Margins	43.0%	42.5%	56	43.6%	-54
EBITDA Margins (Excl Other Income)	21.5%	17.0%	-4	19.9%	160
PAT Margins	15.5%	18.1%	109	14.4%	111
<b>As a % to sales</b>					
RM as a % to sales	56.97%	57.52%	-50	56.43%	54
EE Cost as a % to sales	9.71%	9.28%	203	10.35%	-64
Other exps as a % to sales	11.80%	16.14%	-149	13.31%	-150

Source: Company, Dalal and Broacha Research

## Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	3,240	4,704	5,089	5,083	5,764	6,691
Total Raw material consumed	1,611	2,452	2,828	2,893	3,084	3,479
Employee Cost	271	389	427	497	596	715
Other Expenses	623	774	771	657	893	1,004
<b>Operating Profit</b>	735	1,089	1,063	1,037	1,191	1,493
Depreciation	64	105	121	118	153	168
PBIT	671	984	942	919	1,038	1,325
Other income	54	99	191	128	144	167
Interest	28	70	49	38	52	67
PBT ( Before share of JV/associates)	698	1,013	1,084	1,010	1,130	1,425
Share of JV/Associates	35	10	33	17	37	41
PBT	733	1,023	1,118	1,027	1,167	1,466
Provision for tax	182	232	275	257	292	367
PAT (From continuing operations)	551	791	843	771	876	1,100
PAT (From Discontinuing operations )	-	-	-	-	-	-
MI						
Reported PAT	551	791	843	771	876	1,100
<b>Adjusted Profit</b>	551	791	843	771	876	1,100

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	4,716	5,712
<b>Net worth</b>	<b>1,916</b>	<b>2,655</b>	<b>3,415</b>	<b>4,057</b>	<b>4,831</b>	<b>5,827</b>
Minority Interest	-	-	-	-	-	-
<b>Non Current Liabilities</b>	<b>208</b>	<b>290</b>	<b>191</b>	<b>201</b>	<b>178</b>	<b>160</b>
<b>Current Liabilities</b>	<b>954</b>	<b>953</b>	<b>822</b>	<b>821</b>	<b>956</b>	<b>1,091</b>
<b>Other Liabilities( associated with discontinued operations/ assets held for sale )</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>3,084</b>	<b>3,897</b>	<b>4,428</b>	<b>5,079</b>	<b>5,965</b>	<b>7,078</b>
<b>Non Current Assets</b>	<b>1,085</b>	<b>1,361</b>	<b>1,478</b>	<b>1,785</b>	<b>1,533</b>	<b>1,580</b>
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	165	188
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	49
<b>Current Assets</b>	<b>1,993</b>	<b>2,536</b>	<b>2,949</b>	<b>3,294</b>	<b>4,432</b>	<b>5,498</b>
Current investments	-	-	-	-	-	-
Inventories	1,149	1,320	1,279	1,312	1,521	1,716
Trade Receivables	593	932	1,137	1,115	1,184	1,375
Cash and Bank Balances	109	177	112	209	309	325
Other bank balances	9	2	277	581	1,331	1,981
Short Term Loans and Advances	-	-	-	-	-	-
Other Financial Assets	0	1	88	39	45	52
Other current assets tax (net)	0	1	2	-	-	-
Other current assets	133	103	54	37	42	49
<b>TOTAL ASSETS</b>	<b>3,078</b>	<b>3,897</b>	<b>4,428</b>	<b>5,079</b>	<b>5,965</b>	<b>7,078</b>

Source: Dalal &amp; Broacha Research

Cash Flow St. (Rs. mn)	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>PBT (excluding JV/Associates)</b>	<b>698</b>	<b>1,013</b>	<b>1,084</b>	<b>1,010</b>	<b>1,130</b>	<b>1,425</b>
Add: Dep. & Amort.	64	105	121	118	153	168
Add: Interest Expenses	28	70	49	38	52	67
<b>Operating profit before working capital change</b>	<b>789</b>	<b>1,189</b>	<b>1,254</b>	<b>1,166</b>	<b>1,335</b>	<b>1,660</b>
<b>(Inc)/Dec in</b>						
Working capital adjustment	(500)	(396)	(198)	(15)	(198)	(326)
<b>Gross cash generated from operations</b>	<b>290</b>	<b>792</b>	<b>1,056</b>	<b>1,151</b>	<b>1,137</b>	<b>1,334</b>
Direct taxes paid	(182)	(232)	(275)	(257)	(292)	(367)
Others	(143)	98	(96)	42	10	13
<b>CF from Oper. activities</b>	<b>(35)</b>	<b>658</b>	<b>685</b>	<b>936</b>	<b>855</b>	<b>981</b>
<b>CF from Inv. activities</b>	<b>(242)</b>	<b>(431)</b>	<b>(415)</b>	<b>(575)</b>	<b>(651)</b>	<b>(865)</b>
<b>CF from Fin. activities</b>	<b>229</b>	<b>(185)</b>	<b>(292)</b>	<b>(263)</b>	<b>(89)</b>	<b>(75)</b>
<b>Cash generated/(utilised)</b>	<b>(48)</b>	<b>42</b>	<b>(22)</b>	<b>97</b>	<b>115</b>	<b>41</b>
Cash at start of the year	157	109	177	112	209	309
Cash at end of the year	109	177	112	209	309	325
Balance sheet	109	151	155	208	324	350

Ratios	FY22	FY23	FY24	FY25	FY26E	FY27E
OPM	22.68%	23.16%	20.88%	20.40%	20.66%	22.31%
NPM	16.73%	16.47%	15.96%	14.78%	14.82%	16.03%
Tax Rate	24.81%	22.68%	24.60%	24.98%	25.00%	25.00%
<b>Growth Ratios (%)</b>						
Net Sales	18.00%	45.18%	8.20%	-0.11%	13.39%	16.09%
Operating Profit	103.34%	48.27%	-2.44%	-2.42%	14.82%	25.36%
PBT	34.68%	45.13%	7.06%	-6.82%	11.89%	26.09%
PAT	35.96%	43.53%	6.53%	-8.56%	13.62%	25.59%
CFO/EBITDA Ratio	-0.05	0.60	0.64	0.90	0.72	0.66
CFO/PAT Ratio	-0.06	0.83	0.81	1.21	0.98	0.89
<b>Per Share (Rs.)</b>						
Net Earnings (EPS)	14.35	13.73	14.63	13.38	15.20	19.09
Cash Earnings (CPS)	16.01	15.56	16.72	15.42	17.85	22.00
Payout ratio	7%	9%	10%	20%	12%	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	83.87	101.16
Free Cash Flow	(263)	179	470	546	976	-
<b>Valuation Ratios</b>						
P/E(x)	34.35	35.90	33.70	36.85	32.44	25.83
P/B(x)	9.88	10.70	8.32	7.00	5.88	4.87
EV/EBIDTA(x)	26.40	26.44	27.01	27.49	23.89	19.07
Div. Yield(%)	0.20	0.24	0.28	0.55	0.35	0.37
FCFF Yield(%)	(1.39)	0.63	1.65	1.92	3.44	-
<b>Return Ratios (%)</b>						
ROE	28.76%	29.79%	24.67%	19.00%	18.12%	18.87%
ROCE	29.49%	33.66%	27.70%	23.67%	22.96%	23.97%

Source: Company, Dalal and Broacha Research

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