



Key Financial details:

- **Revenue from operations:** Rs 1277 Mn vs Rs 1236 Mn (+3% YoY) & Rs 1262Mn (+1% QoQ) || 5089 Mn for FY24 vs 4703 Mn in FY23 (+8% YoY)
- **EBITDA :** Rs 218 Mn vs Rs 279 Mn (-22% YoY) & Rs 252 Mn (-14% QoQ) || 1063 Mn in FY24 vs 1090 Mn in FY23
- **EBITDA Margins:** 17.05% vs 22.54%(YoY) & 19.95%(QoQ) || FY24 : 20.88% vs 23.16% in FY23
- **PAT:** 256.8 vs 215.1 (+19% YoY) & 169.6 (+51% QoQ)
- **EPS:** 4.46 vs 3.73 (YoY) vs 2.94(QoQ) || 14.63 for FY24 vs 13.73 in FY23 (Q4 has a one-off income of ~120 Mn booked as PLI Incentive received from Government in this quarter)

Volume Details

- **Total:** 2,353 tonnes in FY24 vs 2167 tonnes in FY23 (+9% growth YoY).
- **Bimetal Volumes:** 1336 tonnes in FY24 vs 1119 tonnes in FY23 (+19% growth YoY).
- **Shunt Volumes:** 1016 tonnes in FY24 vs 1047 tonnes in FY23 (-3% growth YoY).

Key Positive: In spite of the automotive cycle being on a downturn globally, growth in the other product verticals like switchgears, circuit breakers, smart meters, energy storage systems, & electrical appliances have protected company's topline - hence company has diversified well enough to sail through tough macro scenarios.

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Net sales	3,240	4,704	5,089	6,320	8,292
EBIDTA	735	1,089	1,063	1,337	1,832
Margins (%)	22.7	23.2	20.9	21.2	22.1
Adjusted net profit	551	791	843	1,002	1,398
EPS (Rs)	14.4	13.7	14.6	17.40	24.3
P/E (x)	35	37	35	29	21
EV/EBITDA (x)	27	27	27	21	15
RoCE (%)	29.49%	33.66%	27.70%	27.85%	29.57%
RoE (%)	28.76%	29.79%	24.67%	23.15%	24.84%

Source: Company

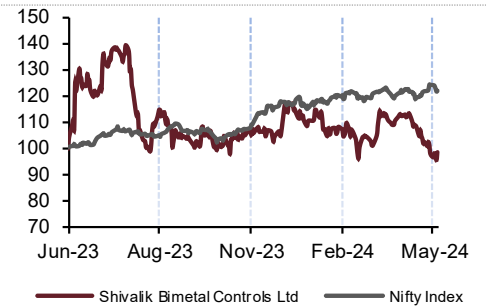
Rating	TP (Rs)	Up/Dn (%)
BUY	680	34

Market Data

Current price	Rs	506
Market Cap (Rs.Bn)	(Rs Bn)	29
Market Cap (US\$ Mn)	(US\$ Mn)	350
Face Value	Rs	2
52 Weeks High/Low	Rs	750 / 460
Average Daily Volume	('000)	200
BSE Code		513097
Bloomberg		SBC.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Mar-24	Dec-23
Promoters	51.13	51.09
Public	48.87	48.91
Total	100	100

Source: BSE

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- **Revenue:** Shivalik's topline growth has been modest, primarily affected by the slowdown in North America and the softening of commodity prices. The decline in demand in North America can be attributed to two main factors: firstly, a **destocking** trend within the automotive sector due to the **slowdown in demand** for EV's this year, and secondly, anticipation surrounding the **upcoming elections in Nov'2024**. The company anticipates a resurgence in North American demand post-elections, starting from the third quarter of the fiscal year 2025. Additionally, the **price of nickel**, a key raw material for Shivalik, has dropped by ~30% over the past year, impacting our topline performance. Ex-of commodity fluctuations – SBCL would have seen a 12-15% revenue growth on a YoY basis in FY24.

Dip in margins & mainly due to the product mix executed in the current quarter. Shunt resistor being the higher margin product- the share in the volume mix has gone down from 48% in FY22-23 to 43% in FY23-24. Even absolute shunt volumes have seen a de-growth of ~3% on a YoY basis (FY24 vs FY23).

Conference Call Key Highlights

Shunt Business:

- **Shunt Resistor Revenue Breakup:** Automotive -80%, Smart Meter related shunts - 14%, balance 6% from energy storage & other miscellaneous demand. EV Related demand is 30% of the total automotive shunt demand.
- Gross Margins for Shunts on the higher side - 45% to 48%.
- The Smart meter related shunts revenue is expected to more than double by FY25 seeing the current traction & ordering.
- SBCL's shunts have application even in hybrid cars , hence hybrid cannibalizing on EV market share would not affect Shivalik.

Bimetals Business:

- Bimetals Revenue Split - around 80% sales was for switchgears & circuit breakers, balance for electrical appliances & others.
- Gross Margins in Bimetals business are lower than shunts being in the range of 40%-42%
- On the back of strong public & private capex locally **in India** & strong outlook given by major clients such as Schneider, ABB, etc the company expects growth in Bimetals growth to sustain at a 20-25% atleast for the next couple of years.

Contacts Business:

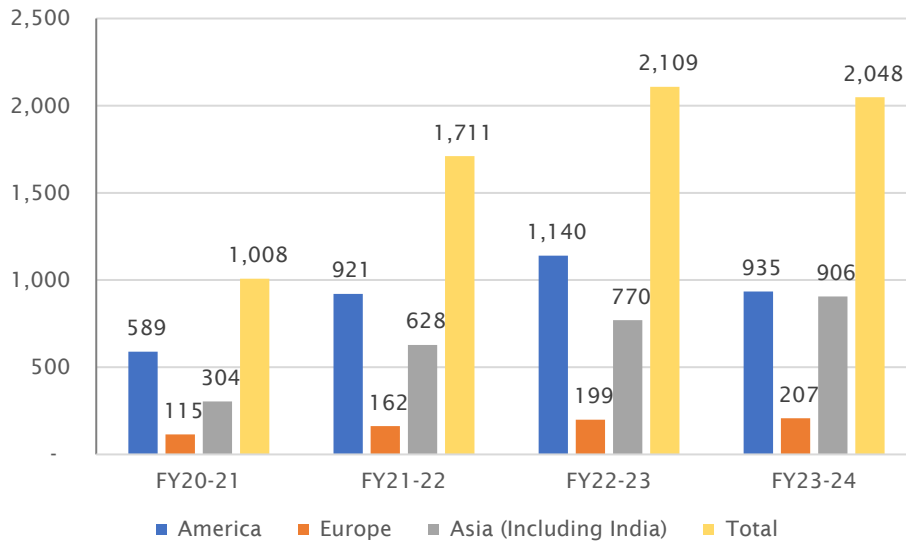
- Company has formed an MoU with Metalor technologies, for enhancing their electrical contacts business - PwC performing the final due diligence - if everything goes through one can expect a major announcement & a detailed business plan for that JV in the coming 6-15 weeks. Operations may even commence in Fy25 itself.
- The JV with Metalor has potential to double the total addressable market for Shivalik's silver contacts business as well as can help improve margins in that segment.

Other KTA's:

- Debtor days' have increased from 72 days to 82 days, the company expects to keep it below 90 days in FY25 as well.
- Company to continue to receive PLI Incentive however in the last 3 years of the scheme it will be at a lower rate of 3% of the sales.

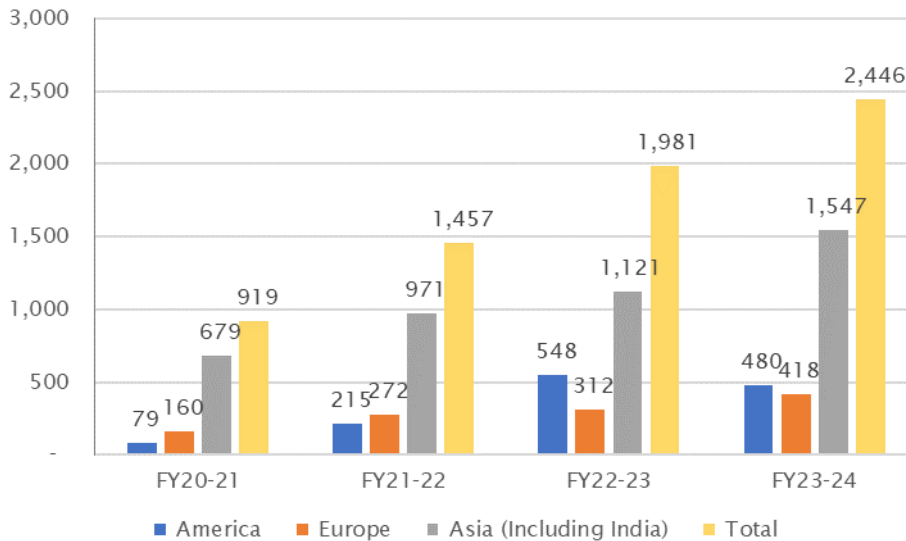
Region wise Sales

Exhibit 1: Shunt Resistors (Rs in Mn)



Source: Dalal & Broacha Research, Company

Exhibit 2: Thermostatic Bimetals (Rs in Mn)



Source: Dalal & Broacha Research, Company

Valuation & Outlook

The company anticipates robust growth in its **Bimetals** segment, projecting a 20-22% CAGR over the next couple of years, driven by the increasing demand for electrification within the country. Similarly, for its shunt resistors, there is an expectation of rapid demand growth fueled by **smart meter** players, as manufacturing and installation of meters are set to ramp up from FY25 onwards. In the automotive sector, the company holds a bullish outlook on the demand for electric 2w's in India for FY25, with expectations of a surge in demand for 4-wheeler EV's in North America starting from Q3FY25. Overall on the **shunt side**, the growth in smart meters worldwide to offset the slowness in EV demand. Furthermore, the contacts business remains promising, especially with the emergence of relay manufacturers in India catering to the smart meter market. The company anticipates double-digit CAGR for contacts in the coming years.

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. The company has consistently shown a 10% volume growth over the past 5 years. Hence we have projected a 28% CAGR in Revenue, 31% CAGR in EBITDA & 29% CAGR in PBT & PAT from FY24-26E period.

At current market price, Shivalik trades at 35xTTM EPS & 29xFY25E Eps of Rs 17.4 & 21xFY26E EPS of Rs 24.3 respectively. Electrification & decarbonisation to continue to remain a relevant theme for the next decade, we remain positive about SBCL's future prospects & hence have valued SBCL at 28xFY26E EPS of Rs 24.3 arriving at a target price of Rs 680 (+34% Upside). We maintain our "BUY" Rating on the stock.

Q4FY24 Snapshot

	Q4FY23	Q3FY24	Q4FY24	YoY Growth	QoQ Growth
Revenue from Operations	1,236.0	1,262.1	1,277.6	3%	1%
Other Income	17.2	13.7	139.8	712%	921%
Total Mfg Cost	645.5	718.5	734.9	14%	2%
Employee Benefits Expense	112.9	105.0	118.6	5%	13%
Other Expenses	198.9	186.8	206.2	4%	10%
Total Expenses	957.4	1,010.3	1,059.8	11%	5%
EBITDA (Excluding Other Income)	278.6	251.8	217.8	-22%	-14%
Depreciation and Amortisation Expenses	27.6	31.0	31.0	12%	0%
EBIT / PBIT	268.2	234.6	326.7	22%	39%
Finance Costs	16.5	12.7	11.4	-31%	-10%
Profit before share in profit of associate & tax	251.7	221.8	315.3	25%	42%
Share in profit of associate (net of tax)	5.0	8.0	18.7	270%	132%
EBT/PBT	256.8	229.9	333.9	30%	45%
Tax Expense	41.7	60.3	77.1	85%	28%
Net Profit after Tax	215.1	169.6	256.8	19%	51%
Adj Earning Per Share	3.73	2.94	4.46	19%	51%
Margins (%)					
Gross Margins	47.77%	43.07%	42.48%	(529.6)	(59.8)
EBITDA Margins (Excl Other Income)	22.54%	19.95%	17.05%	(549.3)	(290.4)
PAT Margins	17.40%	13.44%	20.10%	270.0	666.2
As a % to sales					
RM as a % to sales	52.23%	56.93%	57.52%	529.6	59.8
EE Cost as a % to sales	9.13%	8.32%	9.28%	15.0	96.5
Other exps as a % to sales	16.10%	14.80%	16.14%	4.7	134.2

Source: Dalal & Broacha Research, Company

Financials.

P&L (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Net Sales	3,240	4,704	5,089	6,320	8,292
Total Raw material consumed	1,611	2,452	2,828	3,524	4,519
Employee Cost	271	389	427	534	614
Other Expenses	623	774	771	925	1,327
Operating Profit	735	1,089	1,063	1,337	1,832
Depreciation	64	105	121	137	144
PBIT	671	984	942	1,200	1,688
Other income	54	99	191	158	207
Interest	28	70	49	63	83
PBT (Before share of JV/associates)	698	1,013	1,084	1,295	1,812
Share of JV/Associates	35	10	33	42	52
PBT	733	1,023	1,118	1,337	1,864
Provision for tax	182	232	275	334	466
PAT (From continuing operations)	551	791	843	1,002	1,398
PAT (From Discontinuing operations)	-	-	-	-	-
MI					
Reported PAT	551	791	843	1,002	1,398
Adjusted Profit	551	791	843	1,002	1,398

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Equity capital	77	115	115	115	115
Reserves	1,839	2,540	3,300	4,216	5,513
Net worth	1,916	2,655	3,415	4,331	5,628
Minority Interest	-	-	-	-	-
Non Current Liabilities	208	290	191	169	153
Current Liabilities	954	953	822	1,067	1,382
Other Liabilities(associated with discontinued operations/ assets held for sale)	-	-	-	-	-
TOTAL LIABILITIES	3,084	3,897	4,428	5,567	7,164
Non Current Assets	1,085	1,361	1,478	1,374	1,373
Fixed Assets	850	1,203		1,165	1,111
Goodwill	-	20	127	20	20
Non Current Investments	185	98	131	158	201
Loans					
Non-current assets tax (net)	0	1	2	2	2
Deferred Tax Asset	-	-	-	-	-
Other Financial Assets	-	4	5	-	-
Other Non Current Assets	50	36	25	31	40
Current Assets	1,993	2,536	2,949	4,193	5,791
Current investments	-	-	-	-	-
Inventories	1,149	1,320	1,279	1,738	2,229
Trade Receivables	593	932	1,137	1,299	1,704
Cash and Bank Balances	109	177	386	976	1,623
Other bank balances	9	2	3	3	3
Short Term Loans and Advances	-	-	-	-	-
Other Financial Assets	0	1	88	109	143
Other current assets tax (net)	0	1	2	2	2
Other current assets	133	103	54	67	88
TOTAL ASSETS	3,078	3,897	4,428	5,567	7,164

Cash Flow St. (Rs. mn)	FY22	FY23	FY24	FY25E	FY26E
PBT (excluding JV/Associates)	698	1,013	1,084	1,295	1,812
Add: Dep. & Amort.	64	105	121	137	144
Add: Interest Expenses	28	70	49	63	83
Operating profit before working capital change	789	1,189	1,254	1,495	2,039
(Inc)/Dec in Working capital adjustment	(500)	(396)	(198)	(478)	(746)
Gross cash generated from operations	290	792	1,056	1,017	1,293
Direct taxes paid	(182)	(232)	(275)	(334)	(466)
Others	(143)	98	(96)	20	23
CF from Oper. activities	(35)	658	685	703	850
CF from Inv. activities	(242)	(431)	(184)	(53)	(167)
CF from Fin. activities	229	(185)	(292)	(60)	(35)
Cash generated/(utilised)	(48)	42	209	590	647
Cash at start of the year	157	109	177	386	976
Cash at end of the year	109	177	386	976	1,623
Balance sheet	109	151	386	975	1,623

Ratios	FY22	FY23	FY24	FY25E	FY26E
OPM	22.68%	23.16%	20.88%	21.16%	22.09%
NPM	16.73%	16.47%	15.96%	15.47%	16.45%
Tax Rate	24.81%	22.68%	24.60%	25.00%	25.00%
Growth Ratios (%)					
Net Sales	18.00%	45.18%	8.20%	24.19%	31.20%
Operating Profit	103.34%	48.27%	-2.44%	25.83%	36.96%
PBT	34.68%	45.13%	7.06%	19.44%	39.91%
PAT	35.96%	43.53%	6.53%	18.97%	39.45%
CFO/EBITDA Ratio	-0.05	0.60	0.64	0.53	0.46
CFO/PAT Ratio	-0.06	0.83	0.81	0.70	0.61
Per Share (Rs.)					
Net Earnings (EPS)	14.35	13.73	14.63	17.40	24.27
Cash Earnings (CPS)	16.01	15.56	16.72	19.78	26.77
Payout ratio	7%	9%	10%	9%	7%
Dividend	1.00	1.20	1.40	1.50	1.75
Book Value per share (BVPS)	49.89	46.09	59.29	75.19	97.71
Free Cash Flow	(263)	179	470	698	760
Valuation Ratios					
P/E(x)	35.29	36.88	34.62	29.10	20.87
P/B(x)	10.15	10.99	8.54	6.74	5.18
EV/EBIDTA(x)	27.11	27.15	27.48	21.44	15.35
Div. Yield(%)	0.20	0.24	0.28	0.30	0.35
FCFF Yield(%)	(1.35)	0.61	1.61	2.39	2.60
Return Ratios (%)					
ROE	28.76%	29.79%	24.67%	23.15%	24.84%
ROCE	29.49%	33.66%	27.70%	27.85%	29.57%

Source: Dalal & Broacha Research, Company

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