Shivalik Bimetal Controls Ltd.

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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**

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcription of Conference Call with Investors/Analysts held on 02nd August, 2023

Dear Sir,

Please find attached herewith transcription of Conference call with Investors/Analysts held on August 02, 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

Digitally signed by AARTI SAHNI
Date: 2023.08.08 17:26:11 +05'30'

Aarti Sahni
Company Secretary

Encl: As above

"Shivalik Bimetal Controls Ltd. Q1 FY24 Earnings Conference Call"

August 02, 2023

MANAGEMENT:	**MR. RAJEEV RANJAN – CFO, SHIVALIK BIMETAL CONTROLS LTD.** **MR. SUMER GHUMMAN –MANAGING DIRECTOR, SEPPL, SHIVALIK ENGINEERED PRODUCTS PRIVATE LIMITED** **MR. KANAV ANAND – HEAD OF SALES & MARKETING, SHIVALIK BIMETAL CONTROLS LTD**

Moderator: Ladies and gentlemen, good day and welcome to the Shivalik Bimetal Controls Ltd. Q1 FY24 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing "*" and then "0" on your touchtone phone. Please note this conference is being recorded.

I now hand the conference over to Mr. Rajeev Ranjan – CFO of Shivalik, who will also be accompanied by Mr. Sumer Ghumman – Managing Director of SEPPL and Mr. Kanav Anand – Head of Sales & Marketing.

Thank you and over to you, Mr. Ranjan.

Rajeev Ranjan: Thank you, Rohit. Good afternoon, ladies and gentlemen. I extend a warm welcome to Shivalik Bimetal Controls Limited Q1 FY24 Earnings Con-Call. I am delighted to present our Financial Performance for the First Quarter, a period that to cast our pivotal role in India's energy efficient transformation. The Company's Q1 FY24 results reflect our commitment to operational efficiency and innovation. Notably, our revenue surged to Rs. 113.07 crores, representing a 15.74% year-on-year growth, making a significant milestone as the highest quarterly figure in our history. In addition, our gross profit reached Rs. 56.31 crores, exhibiting 14.97% year-on-year growth, guided by our principle of efficiency. Our EBITDA also reached Rs. 28.99 crores with an increased 19.60% year-on-year growth. This sustainable growth in profitability reflects our capacity to deliver sustainable value and reinforce our role as a leading player in the industry. Furthermore, as India embraces smart metering to reduce AT&C losses and enhance Discom efficiency, Shivalik Bimetal Controls Ltdlook forward to further strengthening its pivotal role in the nation's electrification drive. The Company's well-established technology and shunt registered seamlessly integrate into India's sustainable energy ecosystem, providing precision and reliability required for efficient energy usage.

In Q1 FY24, the shunt registered division witnessed 8.97% increase additionally. The bimetal division recorded robust growth of 22.45%, furthering our contribution to India's electrification transformation. The Company's performance this quarter is signified by India's economic growth and burdening domestic market. In the face of global market challenges, India's resilience and the domestic market sustained demand for our components, position us to embrace the future with a continued focus on operational efficiency and cutting edge innovation. We are determined to expand the Company's influential position in shaping India's energy transition.

I express my gratitude to each one of you for your support. I will now look forward to your queries and perspectives in this interactive session. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press *and 1 on touch tone telephone, if you wish to ask your question please press * and 2. Participants are requested to use headphones while asking question. Ladies and gentlemen wait for a moment while question queue assembled. The first question is from the line of Sahil Sharma from SS Capital. Please go ahead.

Sahil Sharma: Hi Sir, congratulations for good set of numbers. So, if you look at the shunt division and especially the US geography, I think that has been a big driver of growth for us in the past. And right now, it was not a very good growth in that division. So, just wanted to understand what was the reason for lack of growth there for year-on-year growth and is it primarily some kind of destocking happening with our distributors or is there a slowdown in the end consumer demand or what are the drivers for this segment right now for the group?

Rajeev Ranjan: Thank you, Sahil. So, I'd like to invite Mr. Kanav Anand to address your question.

Kanav Anand: Hi, Sahil, good question. That's correct. I think you answered the question a little bit yourself. Yes, there has been a lot post COVID, we all know that companies worked on increased demands and in anticipation of, I would say shortages and issues in the supply chain in general. But post now since this situation where we've all seen that, now transportation systems are back in place, customs and shipping lines are back as fully operational, and there are no more lockdowns. So, with the transportation system getting back to normal, companies have started rebalancing their inventory situations. That is definitely one of the reasons why there is some kind of a flat, not so high growth quarter for us. The other reasons are also, as we all know that with the Ukraine situation, with the war that has happened, there is an energy crisis which has resulted in a lot of increase in manufacturing costs for manufacturers in Europe as well as in North America, which has impacted demand and of course with inflation and increase in interest rates, situations have also got with the tightening of strings, the demand situation has kind of weakened. But keeping all these things in mind, the current quarter is comparatively slower as what has been in the previous year for us in the last quarter of the previous year, but we are hopeful that the conditions are slightly getting better and we see that third and fourth quarter for us should be much stronger than what it has been for us in this quarter.

Sahil Sharma: Got it, sir. And just other question I have sir is we got an exchange notification for a new factory that we are starting. So, can you please talk about which factory this is?

Rajeev Ranjan: Sahil, so this is a procedural thing. Whenever you are getting any license from such institutions, you need to disclose with the exchanges. So, this is procedural. We got such intimation and accordingly intimated to the exchanges. This is the same unit for the factory that we have been talking about continuously.

Sahil Sharma: Right, sir. And sir, last question is on inventory position. If you look at our inventory, it has come down significantly. Is this also more of a sustainable inventory number because of destocking and like you said, inventory position moving from just in case to just in time kind of inventory is that it, and is this a sustainable inventory for us, the current numbers?

Rajeev Ranjan: Yes, correct. So, it's a sustainable number and this is one area we have been focusing to improve for so long and currently we are in a situation to sustain at this level of 200 days. And but it depends on the business scenario also, maybe tomorrow we are scaling up the revenue, so it will be a marginal plus minus here on, but as I say, this is sustainable days in terms of inventory management.

Moderator: Thank you. We have the next question from the line of Vikram from Niveshaay Investment Advisors. Please go ahead.

Vikram: My first question is have we completed the full CAPEX in this quarter?

Rajeev Ranjan: So, as I correctly understand your question, you are asking about the CAPEX utilization?

Vikram: Yes, with the commissioning of the new facility, I was asking, have we completed our total CAPEX?

Rajeev Ranjan: Yes, to a certain extent, we have already completed almost 80% of our CAPEX.

Vikram: And sir, in our presentation, we have mentioned like we are enjoying the strong balance sheet with headroom to raise capital. So, are we planning any capital raise in future?

Rajeev Ranjan: See, we are always focusing on the organic growth, keeping in mind the inorganic opportunities. So, whatever we have mentioned in the presentation is the result of inorganic opportunities that will come as and when on the table. Accordingly, we will decide what will be the mode of raising capital.

Vikram: So, currently we don't have any idea. We don't have any proposal?

Rajeev Ranjan: No, at this moment, there is nothing on the table.

Sumer Ghumman: We are looking at various opportunities. We are assessing them at this stage. It is not none of them are at a level where we can talk about it, but hopefully in the upcoming calls in the future, we'll have more information on it. But yes, if a situation like that arises, then yes, we will be looking at some kind of capital raise if required if the project demands it.

Vikram: And sir, last question is on domestic smart meter revenue contributions and what is total revenue contribution from the domestic smart meter business? So, the government is releasing many projects related to smart meters, so I wanted to understand like how it will benefit to Shivalik and what is contribution in our topline?

Kanav Anand: Vikram, just to give you background, Government has been talking about smart meters for the last 3 to 4 years. And we are talking about, say, about 250 million smart meters need to be installed in the next 5 to 7 years period. And we've been talking about this in the last 3 to 4 years, 3 years in fact, but the installation and deployment has been relatively very slow. In fact, out of the 250 million meters, we are talking about roughly 2 million meters have been deployed so far. So, we're talking about less than 1% deployment. So, smart meter is still at its infancy, but there has been a lot of investments and a lot of, I would say activities going on this year in this particular field and lot of new entrants in terms of relay manufacturers required for making or required as a part inside the meter are coming into picture. The government is also playing very a strong role in promoting local industry by adding and implementing phase wise duty structures on import of certain components and parts for the smart meter, which is going to push the local market and the local industry towards growth, and we foresee that 2024 January or fourth quarter of 2023 is where we would start seeing the real push towards deployment of smart meters in the country.

Vikram: And what is current contribution in our business if I could ask for the Indian domestic smart meter business in total revenue?

Kanav Anand: In total revenue, it is about 24% to 26%.

Vikram: 24% to 26% is contribution from domestic India only, correct?

Kanav Anand: No, the overall metering. Domestic, at the moment is about 90% of that is non-smart metering basically. So, if you talk about this metering portion, it's about 4% to 5% only because yet to really...

Sumer Ghumman: Yes, as Mr. Anand mentioned that it's at the infancy stage, but where we see this development taking place is where our product is utilized in the relays and the relays, a lot is dependent upon the manufacturing of relays in India and now for the first time, in the last 1-2 years what we have seen is that a lot of relay manufacturing bases are being set up here. So, we see that this real boom of the smart meters will start materializing more and more into business from the quarter three of this year onwards because at this stage, we are already supplying and we are already there. Just the volumes need to go into that exponential stage. So, yes, whatever the relays are manufactured in India, there we are confident that majority of that business for our components will come to us.

Vikram: So, all these players like HPL, Genus are clients of Shivalik?

Sumer Ghumman: That's correct. They're already our clients. They are our clients for single phase meters and some for smart meters, but as their portion of deployment of the smart meter will increase, our share and contribution of our parts and components into their smart metering will also increase.

Vikram: And sir last if I ask for what is opportunity per smart meter for Shivalik in rupee terms? Like per smart meter, what is opportunity for Shivalik for our products?

Kanav Anand: We have a potential of about Rs. 150 per meter.

Moderator: Thank you. The next question is from the line of Ayush Mittal from Mittal Analytics. Please go ahead.

Ayush Mittal: First of all, sir, 2-3 clarifications. In reference to the earlier question about the new plant, from what we understand, I think it was already commercialized and by Q3 or Q4 of last financial year, is that right or is it has got commercial now only?

Rajeev Ranjan: Operationally, it was in the trials and continuation. But you know there is a certification needed for those purposes. So, we got the certification and this is a procedural we put on the exchanges, this is what it is.

Ayush Mittal: But we already doing like commercial production or that will start now is what we are trying to understand?

Sumer Ghumman: See, it's not as simple an answer for that. Ayush, the thing is that the setting up of the process in the plant itself is like an 18–20-month process to set the mill and to get the…. So, I think there's a lot of the trials that were happening was for sample purposes as well as for internal testing purposes to have, so even though the equipment etc. was installed and commissioned, but most of it, like you said in the quarter 4 last year or last quarter of calendar year last year, but the official factory licenses etc. were done more recently, but we were doing trials as well as setting up the equipment and getting all the processes in play.

Ayush Mittal: So, 2-3 things on this. First, given that we have done a very large expansion, we have almost tripled the capacity. So, one, where are we at this stage of onboarding new customers or tying up with them? What kind of customers are we adding on or if you can give some insights on how we plan to utilize this new capacity that we have created, how is that progress happening?

Sumer Ghumman: A lot of our expansion related to this increase in capacity, the sampling could be done with our existing processes as well. But our customers give us the opportunity of supplying them with samples once they knew that we have the installed capacity in place. So, development with customers was not directly linked with setting up the plant as long as they could in their audits tell that the expansion has been made or it is in its final stages of being done. So, a lot of materialization of business has already done as we speak and a lot of it is in very advanced stages as well. So, I would say that Shivalik is easily in a position to increase this bimetal output by maybe 50% or 60% from as a result of this added capacity and which also gives eases of some of the over capacity that was taking place in the existing equipment. So, it's both technical as well as marketing related advantage.

Kanav Anand: And most interestingly, I would say you are seeing that our bimetal business is growing consistently quarter 1, quarter 2, quarter 3 onwards. And to be very honest, the domestic market is going strong, the demand is strong as well as our international presence is strengthening our position to add on more customers and we have, I would say, a lot of business opportunities at the moment to continuously grow our bimetal business with this enhanced capacity, which was not possible if this was not there.

Ayush Mittal: **Ok.** And on the shunt side?

Kanav Anand: On the shunt side, as we just mentioned that there are small certain hiccups which happened because of the inflationary trends because of the Ukraine Russia war. But in terms of the capacity, as you know we have already working towards enhancing our capacities and we have enhanced our capacities and with the opportunities in the smart meter applications and with the opportunities in electric vehicle. We are anticipating a lot of opportunities and growth in that particular specific field as well.

Ayush Mittal: Coming specifically on the shunt side, we have seen that we had a large customer and we were in talks with lots of new customers who could still up quite a lot. And we have mentioned in the presentation in past that there are at least 7-8 tie-ups which can materially scale up. Where are we in progress on those other relationships because the hiccups might be on the older relationship where there might be some mismatch on the demand and supply, but on the newer relationships, which can materially add to our business, where are we with those customers and how's the scale up happening?

Kanav Anand: See new developments or the existing customers, the market scenarios and fundamentals and factors are the same. So, of course we have already scaled up in terms of we've added a number of customers in our bucket. We have many several activities in parallel running with various automobile as well as electronic energy storage applications, and all of them are progressing. And that's why we said that quarter one, quarter two could comparatively be a little slower, but when it comes to quarter 3 and 4, we anticipate strong demand for our products.

Ayush Mittal: Sir one more thing, Mr. Ranjan, maybe you can share on this technical aspect like Sahil mentioned that the inventory days have fallen and as we have not grown, so is it that the production has come down because of maybe the rains or other problems in that area?

Rajeev Ranjan: No, that is not the problem. It is not due to the rain. So, inventory days has come due to the inventory management efficiency system and second, as we already mentioning that we are now depending on the local resources and due to that, this measures in terms of reduction in days has happened and which is sustainable in the long run.

Sumer Ghumman: Actually, we were consciously working on different strategies to bring this down because we knew that this was a problem area which needed to be addressed. And now what we see is sort of a result of those measures that were taken and we will continue to work on that because we understand the value it brings to the Company overall.

Kavan Anand: Just to make you comfortable, we understand the aspect of lean manufacturing and we are working on various techniques involved to keep ourselves as lean as possible in terms of keeping in mind the foresight that we are, the demand of the forecast that we receive from our customers.

Ayush Mittal: Great. So, overall given the short-term hiccup that we are seeing and we have usually maintained that the past growth rate is something that we can maintain. So, despite the challenges we have seen in Q1, do you believe that for the year, we can still grow at 25% odd kind of number?

Kanav Anand: We are very hopeful. We are very confident and we are looking at number even if it's not 25%, we are looking at a strong growth, anything between 15% to 20% which will keeping in mind the current situation that we see globally will still be a very strong, I would say growth for Shivalik.

Sumer Ghumman: This will also depend on certain global factors how things, how certain things pan out for certain things, and let's hope things go in the best direction. And yes, if they do, then we are confident of reaching those numbers.

Moderator: Thank you. We have the next question from the line of Anirudh Shetty from Solidarity Investment Managers. Please go ahead.

Anirudh Shetty: Sir my first question is, we have the revenue potential of about Rs. 1600 crores across our 3 units once the CAPEX is done. So, what is the reasonable timeline by when you guys seem to can reach full utilization? And within our shunt segment, if you could just **share** what is the revenue mix by industry and maybe 5 years out or in the long term, what kind of mix do you think it would set that? So, essentially which are the segments that you think will drive growth for us within the shunt category, that is my first question.

Sumer Ghumman: So, I feel that this utilization and this number of the capacity that you just mentioned, we are looking at that and anywhere between a 5-to 7-year kind of a period depending on various factors. We are looking at it like that. In terms of shunt, you see we see that initial few years of the growth driver would probably come more from smart meters because what kind of push the government is doing in the smart meter industry and as we move towards more and more energy efficient methods of transport like EVs, hybrids etc., we will see that in a few years' time let's say a 3-to 4-year time, we see that becoming the driver of growth. So, that's the timeline that we see in, in terms of shunts in the share of growth. However, also after that period of time, we do see that there will be a certain level of consistent growth coming from meter requirements anyway, because this is just a 25 crore meter push. And then beyond that also, there will be some steady requirement.

Kanav Anand: Say about 7% to 8%.

Sumer Ghumman: With the smaller growth and then so we get that initial push from there and then that push transfers into the automotive sector.

Anirudh Shetty: Got it. And what would our revenue split be within our shunt, how much is coming from EV, how much is coming from non-EV, auto, smart meter, if you would give a broad split there?

Kanav Anand: So, I would say automotive and metering contribute the major portion of our shunt business, which would be about 75% to 80%. And the balance will come from energy storage and inverter applications.

Sumer Ghumman: And so currently between automotive and metering, it's almost the same split and we see that remaining the same or in that similar ratio for another few years until the automotive may take over and yes, go beyond the certain and within automotive applications, it's very hard to say which one is an EV and which one is a non-EV because there are certain common shunts that are used in pure EVs, and certain of those shunts may be utilized in non-EV applications as well, and so it's very hard to put a split to that. As we see, EV is becoming more and more common. We'll see that more of those shunts are utilized in EV. So, we look at automotive as a whole.

Anirudh Shetty: Would you have a sense of how many shunts are from the BMS application?

Kanav Anand: One car, one shunt is the BMS.

Anirudh Shetty: No, as a percentage of our revenue, how much would be BMS today?

Kavan Anand: In terms of percentage of BMS, it would be roughly about 45% of the total of automotive revenue, yes. Almost half of the automotive part of the revenue.

Anirudh Shetty: Fair enough. And you mentioned the value for shunt or for smart meter is Rs. 150. I just wanted to clarify whether were you referring to the value of the total number of shunts that go into a smart meter is 150 or the per shunt value that goes into smart meter is Rs. 150?

Sumer Ghumman: No, we are looking at an opportunity as a whole because we also manufacture the silver contacts that go into these. So, there are two relays that are utilized in every meter and a certain number of contacts are used and assuming that we can supply, target a certain number of those and the shunt that goes into it and that will be taken out an entire value of roughly Rs. 150. In some cases, it will be more than that. In some cases, it could be only the shunt, which is about Rs. 50.

Kavav Anand: 150 is the opportunity in total in energy meters.

Anirudh Shetty: And within that, how much would the shunt be and the reason why I'm asking the split is the margin is I believe is different. So, if 150 is the total value, then you're saying shunt out of that is Rs. 50 give or take?

Sumer Ghumman: Yes, right, Rs. 45 – Rs. 50.

Anirudh Shetty: Got it. So, is it fair to assume that the value per shunt in smart meters is higher in smart meters versus other applications like automotive?

Kanav Anand: Yes.

Anirudh Shetty: And one final question, at 1,600 crores sales, what would our EBITDA margin look like because as we go, there should be also some operating leverage that kicks in. So, one what would the margin be at those levels?

Rajeev Ranjan: Yes. Currently, as we are maintaining it between 23% to 26% and if the scale will be around 1,500 crore plus. So, you were right, operational efficiency will give us at least 2% to 3% additional EBITDA margin.

Anirudh Shetty: Because we're doing about 26% right now. So, there should be more operating leverage that comes so, so if they're doing 26% right now, then can it be more like 28%-29% at 1,600 crores?

Sumer Ghumman: That's correct, yes. I mean that's what we would expect, yes.

Rajeev Ranjan: **Thank you.**

Moderator: Thank you. The next question is from the line of Kalpesh Gothi from Valentis Advisors. Please go ahead.

Kalpesh Gothi: So my question is related to smart meters, yesterday, the government has issued the mandatory quality norms for the smart meter to curb the substandard inputs. So, is it applicable for the smart meter raw material also that we are supplying?

Kanav Anand: No, question is very relevant and it's a good question. See, the implementation of this smart meter this time is completely different from what it has been in the past. The program that we have is that each manufacturer would have to offer a 10-year program where it's not just making a smart meter, but also installing it and servicing the consumer. So, obviously with that, it kind of increases the responsibility of the supplier or the meter manufacturer to not just make substandard meters, but also eliminate the use of substandard raw materials and raw material components. And that's something directly, indirectly will impact the industry and add more opportunity to strong component suppliers in the market.

Kalpesh Gothi: So, what percentage of import materials are used currently in smart meter?

Kanav Anand: In smart meter, it's a question very hard to respond to, to be very honest. We are more focused on our core competency and components and not really in this, but of course, if you look at the industry, there are a lot of materials still which have been imported and with the strong push from the government to focus on Make In India and adding import duties on these specific parts, it's going to drive, I would say enough opportunities for the local component manufacturers to grow with this opportunity.

Kalpesh Gothi: So, let me add one more question. What is our market share in domestic smart meters?

Kanav Anand: In domestic smart meters, today we contribute almost about 65% to 70% of the single phase meter through Shivalik for the components on the shunt side.

Moderator: Thank you. The next question is from the line of Aman Vij from Astute Investment Management. Please go ahead.

Aman Vij: My first question is on the CAPEX. You talked about 80% CAPEX being completed till now. So, what is the timeline for full completion of the CAPEX?

Sumer Ghumman: About 18 months or so.

Aman Vij: Even from today, you are talking about 18 more months?

Sumer Ghumman: From today only I'm talking about 18 months.

Aman Vij: My next question is on the bimetal side. Sir, on the shunt side, we are seeing inventory correction, but bimetal side, if you can talk about if the demand sales from, there was a lot of shortages last year, we are expanding capacities there. So, are you seeing any slowdown or do you think this year can be as good as if not better compared to last year? And do you see this very strong growth in bimetal to last at least for 1-2 more years, if you can talk about the same?

Sumer Ghumman: We see our growth coming at different times coming from different geographic regions. Right now, we see that there is growth but not as much as we anticipated from the export business. But since that's a smaller percentage, it doesn't have as big an impact. However, we see a strong growth from the Indian market and especially in our case, our growth is not just market linked because of our added capacities, we have a lot more opportunities materializing in hand. So, we will continue to see growth coming from there and as a result overall growth.

Kanav Anand: And you will see that our bimetal side of the business has grown almost 22%, 22%-22.5% from last year and to be very honest, we are very positive about our bimetal business this year as well, right and going forward to the next year as well.

Sumer Ghumman: See, we've been able to achieve this 22% growth. During half that period, our capacity has increased. The capacity increase process was still not in place, so now with the capacity increase process completely set up and working, we should see a much stronger growth in bimetal in the coming quarters and years.

Aman Vij: On the shunt side, so we have one anchor customer based out of US, but there are two more big anchor customers which we have been trying to develop over the last 3, 5, 7 years, which is not bigger than our current anchor US based customers. So, if you can talk about the scaling on those specific 2 customers I am talking about, which we have already worked 5, 7 years. Why we are not seeing the scaling on those two customers as well as do we expect the scaling to happen sometime in second half or do you think it will still take maybe 1-2 more years for that scaling to happen in those two big customers?

Sumer Ghumman: I think there is some confusion. See first of all, we don't refer to or consider any customer of ours as an anchor customer because we consider whether it is a large customer of ours or small customer of ours, we don't consider it, we don't look at it like that. There are some very reputed automotive customers who buy a very specific kind of a shunt and maybe their volume is low, but we consider them to be a super important customer for us in a lot of other ways. Coming to the other aspect of your question, largest customers in the automotive business are being scaled over time. You see, these products are such these products are so critical that customers take time to give you more and more business. They start with 5% for one year, then 10%, then 15%. So, even though we have been approved with such customers for let's say 3 or 4 years, the initial increase goes over a few years, and as and when that confidence and that trust is achieved beyond a certain number of years is then we see the real scaling up happening.

Kanav Anand: So, just to kind of highlight that again, so it's not that we just depend on 1 or 2 customers, it's we have already made inroads to many big customers on the shunt resistor side of business and as Sumer just mentioned, it takes time to gain a bigger share of their pie because these are critical components and as you go along the journey with them slowly, gradually, one tends to scale up the requirements and demands.

Aman Vij: So, the question was that only that like I talked about real scaling happens after a trust is built. So, the question was that 3-4 years we have already supplied, so do you think it will take maybe 1-2 more years for that trust to be finally built and scaling to happen?

Sumer Ghumman: Are we talking about a specific customer? Because, we have several customers who fall into exactly the same category that you're talking of, so we can't understand which customer you're referring to. So, I don't think we'll be able to give you the right answer for what you're asking, but there is no such thing. There are certain customers wherein we start getting larger volumes from the first year onwards and so every Company also has their own policies when it comes to such things.

Aman Vij: Sure, sir. My final question is on the electrical contact side. So, I believe smart meter will be one of the opportunities where we see scaling happen. So, is my assumption correct that so you talked about smart meter opportunity coming in say Q3-Q4, so that will be the time period we'll start seeing some more traction because electrical contact business hasn't scaled compared to the opportunity available, if you can talk about the same?

Sumer Ghumman: Right. So, electrical contact business is a little bit different from the other two verticals. A) it was a joint venture until about a year ago. So, the strategy etc., the market access and those factors were very differently dealt with in that area. Now being a wholly owned subsidiary and a separate product vertical within the Shivalik product range, our strategy are working on it. Our method of working for towards that has become totally different. Now you see, we are running that business or that plant at a full capacity and our new plant is under construction, which means that in about 12 to 14 months period, we should have that plant running and upcoming in that capacity added. And from that point onwards, we should be able to see a scale because there are a lot of our existing customers for that business are ready to give us more business, but we have to create the capacity for it, which is under process at this point.

Aman Vij: Sorry, just one clarification. So, when the capacities are online, do you think the utilization will be very fast given the strong demand in as you are saying, customers are already ready. Is my understanding correct?

Sumer Ghumman: Yes, for certain product categories, yes, your understanding is correct, for certain product category may not be that. So, I would say about 50%-60% of our business, the product categories that it comes from this 100% applies to that wherein the more capacity we add the more we can supply because our existing customers only want us to supply more. So, as soon as we have added capacity, we should fill it up with business. But for the other half of the product categories, it is not as simple as that. There after moving to the new plant after adding those capacities, it will take a little bit longer to get that in place and not just because of the business opportunity, but also because when you move from one location to the other certain revalidation and testing have to be done again. So, the process is slower and in these processes and these products, sometimes the testing and periods can also take pretty long time. But I can confidently say about half of that business can be increased by just adding capacity.

Moderator: Thank you. We have the next question from the line of Shantanu Nakade from Value Educator. Please go ahead.

Shantanu Nakade: So, my question related to smart meters has already been answered. My next question is out of the total export, how much of the revenue comes from as Shivalik being the Tier-1 supplier?

Kanav Anand: Could you repeat your question? Did you say how much of that business comes from Tier-1 suppliers?

Shantanu Nakade: Yes.

Kanav Anand: And this you're talking about our export business?

Shantanu Nakade: Yes, from total export.

Kanav Anand: Out of what export, I would say if you look at the bimetal side of our business, almost 100% of our business comes from Tier-1 suppliers. On the resistor side of the business, I would say about 30%, 25% to 30% comes from Tier-1 suppliers, whereas 65% to 70% as we go as Tier-2 suppliers.

Moderator: Thank you. The next question is from the line of Prateek Chaudhary from Saamarthya Capital. Please go ahead.

Prateek Chaudhary: So, the shunt factory supplier for the single-phase meter and the smart meters currently, what is their proportion in current domestic revenues or in overall revenues?

Kanav Anand: I think we already said that it's about 25%-26% of the total revenue.

Prateek Chaudhary: And as far as the industry is concerned, the smart meter, these 25 crore smart meters, they are to be supplied by FY26, is that correct? Is that the understanding that you got from the government?

Kanav Anand: The optimistic plan, yes, as per the government, is of FY26. But realistically, we feel that looking at the capacities installed and the speed because it's not just as I was explaining, it's not just making meters, but it also includes installation and service providing because all these contracts are including that. So, it would take almost, according to us, anything between 6 to 7 years to complete this installation.

Prateek Chaudhary: And in your rough assessment, what would be our market shares in these meters in the products that we supply?

Kanav Anand: See anything between 60% to 70% is what we are targeting. We already have that much market share when it comes to the single phase meters. So, we hope to convert that much share in the smart meter as well on the shunt side, and along with that, of course with the smart meter coming in, the added opportunity that we have is also on a silver contact business where we will add a lot of potential because a lot of relays will use the silver contacts and that's where we will play a role. And I think Sumer can add a little more on that.

Sumer Ghumman: I think the answer to that is what Kanav mentioned is absolutely correct, but it's also linked to some extent with what percentage of relays are manufactured in India out of those smart meters that are manufactured. So, the faster India can adopt manufacturing of those relays, the higher percentage of market share we can get from that, but if the relay continues to get imported, which has been the case in the past, but is consistently changing as we speak. If a certain percentage of relays continue to get imported, that is where our market share possibility goes down. So, it has become very important that the relays are manufactured in India rather than being imported and as what we have seen, we have seen a lot of relay manufacturers, reputed ones from Germany, from China, from within indigenously developed ones within India have been massively investing and setting capacities as well as plants for making those relays. Hence, we feel confident that those relays that are manufactured here we should be able to achieve a major portion of that market share, but whatever continues to be imported, there we have lesser chances because of obvious reasons because there they can force those components from whichever market it is being imported from.

Prateek Chaudhary: I said is it the contacts that go in the relays?

Sumer Ghumman: Yes, the contacts go inside the relays, that is correct.

Prateek Chaudhary: And you said our expansion is taking place in the next 12 months for contacts. So, what will that increase our capacity by in percentage terms?

Sumer Ghumman: In the first phase, it should add about 100% capacity increase. And then in the phase maybe 2 to 3 years from now, we should be able to add another 100%. So, we should be able to double our capacity within 12 to 14 months and then another 12 months from then we should be able to double it, double it to add 33% to it.

Moderator: Thank you. Ladies and gentlemen, we will take that as a last question. I would now like to hand the conference over to Mr. Ranjan for closing comments. Over to you, sir.

Rajeev Ranjan: Thank you. And thank you all for joining us today. Your participation is greatly appreciated. We remain focused on delivery, reliable solutions and contributing to India's energy transformation. If you have any further questions, please feel free to reach out to Dickenson and we will be happy to answer. Your continued support in Shivalik is instrumental in our success and we look forward to the journey ahead together. Thank you all and have a good evening.

Moderator: Thank you. On behalf of Shivalik Bimetal ControlsLtd, that concludes this conference. Thank you for joining us. You may now disconnect your lines.