



May 21, 2024

Listing Department

**National Stock Exchange of India Limited**

Exchange Plaza, 5<sup>th</sup> Floor

Plot No. C/1, G Block,

Bandra Kurla Complex, Bandra (East),

**Mumbai – 400 051**

**ISIN No. INE526E01018**

**Company Symbol: SHRIPISTON**

**Sub: Transcript of the “Earnings Conference Call” - Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)**

Dear Madam/Sir,

With reference to the captioned matter and in furtherance to our earlier intimation letters dated May 10, 2024, and May 16, 2024, regarding the schedule, investor presentation, and Audio Recordings of the “Earnings Conference Call” of Shriram Pistons & Rings Limited (Company) and in compliance with Regulation 30(6) read with Schedule III and other applicable provisions of the SEBI Listing Regulations, please find enclosed the transcript of the Earnings Conference Call held on Thursday, May 16, 2024.

The above information is also available on the website of the Company and can be accessed at <https://shrirampistons.com>.

Kindly take the above information on record and treat this as compliance with SEBI Listing Regulations.

Thanking you.

Yours faithfully,

For Shriram Pistons & Rings Limited

**(Pankaj Gupta)**

Company Secretary & Compliance Officer

Membership No.: F4647



**SHRIRAM PISTONS & RINGS LTD.**

**“Shriram Pistons & Rings Limited  
Q4 & FY24 Earnings Conference Call”**

**May 16, 2024**



**SHRIRAM PISTONS & RINGS LTD.**

**MANAGEMENT: MR. KRISHNAKUMAR SRINIVASAN – MANAGING  
DIRECTOR AND CHIEF EXECUTIVE OFFICER  
MR. PREM RATHI – EXECUTIVE DIRECTOR AND CHIEF  
FINANCIAL OFFICER  
MR. PANKAJ GUPTA – HEAD LEGAL AND COMPANY  
SECRETARY**

**Moderator:**

Ladies and gentlemen, good day and welcome to Shriram Pistons & Rings Limited Q4 FY '24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Today from the management we have with us Mr. Krishnakumar Srinivasan, Managing Director and Chief Executive Officer, Mr. Prem Rathi, Executive Director and Chief Financial Officer and Mr. Pankaj Gupta, Head Legal and Company Secretary. Before we begin, let me remind you that this discussion may contain forward-looking statements and may involve known or unknown risks, uncertainties and other factors.

It may be viewed in conjunction with the business risk that could cause future results, performance or achievements to differ significantly from what is being expressed or implied by such forward-looking statements.

I now hand the conference over to Mr. Krishnakumar for his opening remarks, post which we will open the floor for an interactive Q&A session. Thank you and over to you, sir.

**Krishnakumar S.:**

Thank you and good afternoon, everyone. On behalf of the company, I would like to express our sincere gratitude to each one of you joining our Q4 and FY '24 Earnings Call today. Our investor presentation and press release has been uploaded on the company's website and the stock exchanges and we hope you all have had the opportunity to go through the same.

FY '24 has been a remarkable year for the company as we delivered our highest ever financial performance by crossing the INR30,000 million milestone in terms of the total income as well as delivered the highest ever profitability of the company to date. Our standing as the leading manufacturer and exporter of our products in India, backed by our cutting-edge technology and technological collaborations with global leaders, has actually enabled us to achieve these feats.

We have outgrown the domestic automobile market, which actually grew by a weighted average of around 7%, whereas we achieved a growth of almost 14.5% in total income, which is almost double of the market growth. The domestic passenger vehicle industry, which you would have seen, recorded its highest ever sales of 4.2 million vehicles as far as the passenger vehicles are concerned, along with a robust growth in the two-wheeler and three-wheeler sales of 18.67 million vehicles collectively.

We have also provided the company with the necessary tailwinds as we recorded a 15% growth in domestic sales, which reached INR23,901 million in FY '24 and a 7% growth in exports, which was INR5,182 million in FY '24. I am really happy to share with you all that during this quarter, we have commenced the manufacturing operations at our plant in Pithampur in Madhya Pradesh.

Further, the process of building a state-of-art manufacturing facility near to our existing facility in Coimbatore is also on track. This facility will be focused on growing our EV portfolio, including electric motors controllers, for passenger vehicles, two-wheelers, three-wheelers, as well as the commercial vehicles. While we will continue to focus on developing and

manufacturing the high-quality products for ICE engines and its alternate fuel solutions like the hybrid, the hydrogen, the CNG, the HCNG, the flex, etcetera, we are also strategically diversifying our product portfolio for future readiness.

With the acquisitions of majority stakes in SPR EMFI and SPR Takahata Precision India, we are positioning ourselves to capitalise on the growing market for electric vehicles, EV mobility solutions, and plastic injection moulded parts. I believe with our meticulously crafted business strategies, we will resiliently navigate the business landscape with our primary focus remaining on achieving an all-round growth in the business, which will ensure long-term sustainability of the business overall.

Guided by an experienced team and visionary leaders, SPRL is well-equipped to deliver precision-quality products to its clients, embracing new and cutting-edge technologies in the auto-component industry.

Let me quickly take you through the key stand-alone SPRL financial highlights for the quarter and the full year. Let me give some highlights of the quarterly financial performance first. Our total income for the quarter stood at INR8,029 million in Q4 FY '24 against INR7,128 million in Q4 FY '23, thereby registering a growth of almost 12.6% year-on-year. Our operating profit EBITDA was at INR1,906 million, which expanded by 24.2% year-on-year.

Our EBITDA margin expanded by 222 basis points to 23.7% for the quarter from 21.5% in Q4 FY '23. Further, profit after tax for the quarter was at INR1,206 million against INR926 million in Q4 FY '23, reporting a significant growth of 30.2% year-on-year. We reported a PAT margin at 15% for the quarter, which has improved by 203 basis points from 13% in Q4 FY '23. So, overall there has been a stupendous growth in all-round sales as well as EBITDA and the profitability after tax.

Now, moving on to the highlights for FY '24, our company achieved a 14.5% year-on-year growth in total income to INR30,351 million in FY '24 as compared to INR26,513 million in FY '23. Moreover, our consolidated total income recorded a growth of 19.5% in FY '24, growing to INR31,746 million from INR26,560 million in FY '23. Our EBITDA expanded to INR7,114 million, witnessing a growth of 39.6% on a year-on-year basis.

The EBITDA margin improved 421 basis points from 19.2% in FY '23 to 23.4% in FY '24. On a consolidated basis, FY '24 EBITDA stood at INR7,273 million, recording a strong growth of 43.4% from the previous fiscal. Consolidated EBITDA margin stood at 22.9%, expanding by 382 basis points from 19.1% in FY '23. Similarly, our PAT for FY '24 stood at INR4,468 million, which grew by 51.2% on a year-on-year basis against INR2,956 million in FY '23.

The PAT margin has also expanded from 11.1% in FY '23 to 14.7% in FY '24. On a consolidated basis, PAT stood at INR4,387 million, surging by 49.3% in FY '24 from INR2,939 million in FY '23. The consolidated PAT margin was at 13.8%, expanding by 275 basis points from 11.1% in FY '23. Our ROE and ROCE as at the end of FY '24 stood at 22.9% and 29.2% respectively. The company is generating positive cash from operations with tune of INR4,742 million during FY '24. We have been maintaining a robust credit profile with the credit rating of AA stable.

I am really happy to share with you all that our esteemed Board has recommended a final dividend of INR5 per equity share for FY '24 in addition to the interim dividend of INR5 per equity share already paid. This is post the 1:1 bonus issue that was given in FY '24. I am also delighted to announce that our Board has recommended and approved the listing of the company's equity shares at the Bombay Stock Exchange, which is subject to necessary approvals and clearances.

With this, I would like to end my opening speech and I would request the moderator to open the floor for questions.

**Moderator:** The question is from the line of Rucheeta Kadge from iWealth Management. Please go ahead.

**Rucheeta Kadge:** Hello, sir. Good evening. So my question was mainly on the side of this company that we have a partnership or technology partnership with KS Kolbenschmidt. So just wanted to understand, so what is the technology through which they are producing their pistons and what is their market share overall?

**Krishnakumar S.:** Yes, so Kolbenschmidt actually is our technology partner and as you know that they have been in this field for a pretty long time and we have had associations with Kolbenschmidt for the last five decades. So practically all our piston designs have been based on the technology that we have learned from Kolbenschmidt and as on date going forward also, there are a lot of changes that are happening in the piston design.

From a technology standpoint because of the high-power density and top density requirements that are coming in the market especially for the commercial vehicle side which requires a complete change in the design of the pistons and we are working with them to bring those pistons into the market, number one.

And number two, as you know we are working on our technology center which is set up in Ghaziabad. It is one of the premier technology centers which does end-to-end design right from design and all the various analysis like FMEA and others and PFMEA and also the various analysis. We are able to deliver the products to our customers duly designed in-house in Ghaziabad.

This design center is presently working on forward-looking technologies for CNG requirements for ethanol blending right up to 85% and also hydrogen pistons. We have delivered some samples. We have already worked with our customers and we are working with them for further developing the same.

And for all that we also closely collaborate with our partners Kolbenschmidt. So that's one part of the question. Second part, as far as the market share is concerned I think we are the leading manufacturers in the country and our market share is certainly on the higher side. So I am unable to give the exact figures due to UPSI information.

**Rucheeta Kadge:** Sorry, sir. So actually, let me reframe the question. My question was mainly on the side of Kolbenschmidt. So what is their market share and the kind of pistons that they make like let's

say there are three to four technology in pistons, so which kind of technology are they using and what is their market share in that?

**Krishnakumar S.:** They also use the same technology as what we use today and they also manufacture aluminium pistons, steel pistons and others. And depending on the markets, the product requirements are different.

Now, that's what I said for the European market is already a high-torque, high-power density market where they make even forged pistons and steel pistons and others where they have a very high market share. And in aluminium pistons in certain markets where they supply, say, to the Czech Republic as well as to the US even in US markets they are selling quite a good amount of steel pistons and aluminium pistons, forged aluminium pistons which we also make in the country today.

**Rucheeta Kadge:** But is there any market share that you can talk about that they have?

**Krishnakumar S.:** They are among the top two manufacturers, apart from Federal Mogul, MAHLE and Kolbenschmidt are the only three top manufacturers globally that are present across the globe. So, they have a fairly good market share.

**Rucheeta Kadge:** Okay. So, on this point only, sir I was just reading an article wherein I heard that they are kind of shutting down this operation of theirs. So, since we have a technical partnership with them, so in case that unit of theirs closes down, do we have an opportunity to produce it through that technology and grab whatever market share they have and then drastically our exports would increase. Is that a way to look at it? If you could just help me with that?

**Krishnakumar S.:** Let me highlight first and foremost I don't think Kolbenschmidt is closing down let me re-clarify this. Actually, what has happened, the owner of Kolbenschmidt which is Rheinmetall they have decided to focus all their attention on their defence business and they have decided to move their focus from the piston business that they were in which was actually done under the name of Kolbenschmidt. And hence, they have actually sold out the piston business which has been now acquired by Comitans Capital and it has been run as Kolbenschmidt specifically all over the globe.

So, they are not closing down. They are still operational completely and we still continue to have our technology collaboration with them. That's point number one. Point number two, as far as our independence and self-sufficiency is concerned with regards to our own development I think our engineering center over the last more than a decade that it's operating is very well-equipped today in all aspects including testing and analysis, to be able to design its own the pistons as per the requirement of our customers here in India as well as other parts of the globe and be able to deliver the products as per their requirement. So, we do have that self-sufficiency today, but at the same time we value our partnership with Kolbenschmidt and on some of the new technologies we are even working together.

**Rucheeta Kadge:** Okay. Understood, sir. Thank you for your detailed answer. I have a few more questions, but I'll join the queue. Thank you.

- Krishnakumar S.:** Thank you so much.
- Moderator:** Thank you so much. Next question is from the land of Chirag Jain from Emkay Global. Please go ahead.
- Chirag Jain:** Hi. Good afternoon, sir, and thank you for the opportunity. Just wanted your thoughts on FY25 outlook. Some of the OEMs have highlighted especially on the passenger vehicle side growth to moderate to about mid-single digit. Even outlook for the CV industry has been more or less flattish for FY25. Any thoughts you would like to share on the domestic auto industry outlook in our business and also probably if you can touch base on aftermarket business and international business in terms of the overall growth outlook?
- Krishnakumar S.:** Hi, Chirag. Yes. First and foremost let me highlight how the market is moving as far as the domestic market is concerned. What is happening is we see excellent pull in both the passenger vehicle as well as the two-wheeler industry.
- And except for the cyclical changes that happens normally in the month of April we are seeing excellent scheduling coming in from most of our customers, especially for the passenger vehicles as well as the two-wheeler markets. You rightly said I think the election did have its small impact on the commercial vehicle industry.
- Commercial vehicle industry has been slightly flattish. But post-elections and post the new government coming in, there are expectations of, funds getting released and the newer investments taking off in full swing. And we expect the market to pick up very drastically there.
- And the commercial vehicle industry, especially in Q3, Q4, is expected to actually rise up from the current levels that it is in today. So that's as far as the domestic market is concerned. And in fact, as far as our exports and aftermarket is concerned, I think we are growing at a fairly steady rate. Our focus has been on penetration and we have been able to do that in quite a good way. And which has actually given us the improved benefits both on top line and bottom line.
- Chirag Jain:** Okay. Thank you. That's very helpful. So another question in terms of the EV powertrain business, any development or progress that you would like to share in terms of new auto bins over there? Some details?
- Krishnakumar S.:** You mean EV powertrain? Yes. we have, as I said, I think I said this in the last call also that we have been able to start off in a very good way as far as our EV business is concerned. And we are working with many of our customers on newer developments. Many of the products are under testing.
- And looking at the current, business scenario and the kind of volume growth that we are expecting to happen in the EV markets, we realize that we'll have to immediately go for, building up, our capacities. And we are putting up a completely, even though we have a fairly good capacity and that capacity seems to be getting booked now soon, we have bought recently a new piece of land in Coimbatore and we are building up a new factory there in Coimbatore for making the EV motors and further, adding more lines. So, unfortunately, I can't give the numbers and figures of the customers, but I certainly think that the volumes are looking very, very healthy.

- Chirag Jain:** Okay. Just last thing and then I'll come back in the queue. Anything on the M&A opportunities that you would like to highlight?
- Krishnakumar S.:** Well, we are looking at it like a hawk and I'm hoping that we will be able to close a couple of deals soon. Okay.
- Chirag Jain:** Okay. Thank you so much. That's it from my side.
- Krishnakumar S.:** Thank you, Chirag.
- Moderator:** Next question is from the line of Sanjay Kular from ACME Private Limited. Please go ahead.
- Sanjay Kular:** Compliments to you, sir, for delivering good results. I have two questions. One is, what is the vision target in terms of sales over next three to five years? And what is the capex for one or two years down the line?
- Krishnakumar S.:** Hi, Sanjay.
- Sanjay Kular:** Hi, how are you sir.
- Krishnakumar S.:** Yes. So, first and foremost, again, future looking, vision numbers, we don't normally give in the thing, but we are looking to, continue our focus on outgrowing the market. We expect the market to grow, as you would have seen last year.
- We expect similarly this, current year as well as next year. If, of course, post the elections, we are hoping that everything goes well. We are hoping that the markets will rebound very strongly and we will be looking at a figure of around close to 6% to 8% growth in the market as far as the volumes are concerned.
- And we have a fairly good position with all our customers and we expect that our growth should be better than that, primarily not only the improved sales coming from the domestic business, but also with the focus that we have with regards to penetrating newer markets in the aftermarket and exports. So, we expect to still continue to outgrow that figure of 6% to 8%. Now, coming to the capex need, as I have said, that we will be the last man standing as far as the IC engine is concerned.
- We will still service all the last engine that is made globally. And with that aim in view, we have to ensure that we are able to meet our customer requirements on a regular basis. And based on their programs and their outlook, we have to continue to invest into our current business.
- But we are doing it cautiously and we are trying to bring in a lot of operational efficiencies and also ensuring that we are bringing in a good amount of, success with our automation and other digitization progress that we have done, thereby helping us to improve our output as much as possible. And regulate our capex to the extent that is possible in our legacy business. So, we have been able to do that quite well and we hope to continue to do that in the coming future.
- Sanjay Kular:** Okay. Thank you very much, Sanjay.



- Krishnakumar S.:** Thanks a lot, Sanjay.
- Moderator:** Thank you. Next question is from Varun Arora from B&K Securities. Ltd. Please go ahead.
- Varun Arora:** Sir, just one question. Since I am very new to this company, I just want to ask you. So, what sort of capex you are doing for this greenfield expansion for this EV in Coimbatore? If you can give any number.
- Krishnakumar S.:** Yes. On the EV side, as you would have seen, it's a figure which is already available. We have invested almost INR70 crores further beyond our investment to the company where we are putting in for new capex and new, lines that we are putting up there, including building up a brand-new plant in Coimbatore.
- Varun Arora:** That's only for Coimbatore, right, sir?
- Krishnakumar S.:** Yes.
- Varun Arora:** And all together, if you are putting capex for FY25, what will be the ballpark numbers for FY25 all together?
- Krishnakumar S.:** The INR70 crores will be mostly spent in FY25, as I see. Okay.
- Varun Arora:** That will be the Coimbatore.
- Krishnakumar S.:** Yes.
- Varun Arora:** Okay, sir. Okay. That's it from my side, sir. Thank you.
- Moderator:** Thank you. Next question is from the line of Dhruv from BP Wealth Management. Please go ahead.
- Dhruv:** Congratulations on the great numbers for FY24. Your claim has been that the company is confident about growing twice the industry growth rate. How confident are you, sir, considering the moderate outlook as mentioned earlier in the coming year?
- Krishnakumar S.:** I think, Dhruv, I already answered this, that, last year we were able to almost double than the market growth. the market was almost like 7% weighted average. And we were able to register a growth of almost 14.5% as far as our top line was concerned. But going forward, of course, it depends on the market, depends on the customers. But we expect that the passenger car industry will still continue to grow at around 7% -7.5%. And the, commercial vehicle is expected to be a little flattish.
- The two-wheeler markets are also expected to grow between 5% to 7%. So, we expect to outgrow this market, primarily coming with our push on improving our, sales into the export and aftermarket. So we will continue to outgrow this number.
- Dhruv:** So my only concern was the 2X industry growth number that we were targeting. It is feeling a bit out of reach at this point. Is that how you would look at this?

- Krishnakumar S.:** No. When I say outgrow, it could be 2X also.
- Dhruv:** Right. Okay. My next question is on the Pithampur plant, sir. These commenced commercial production. Can you give me some number on the revenue potential of this entire plant when it is up to capacity?
- Krishnakumar S.:** Yes. See, basically, the Pithampur plant started in March. And we have already done our billing in March as well as we continue to do our billing in April and May. And we are ramping up production there. And you know, we have put in almost close to, with regards to the overall business, we have put in almost close to INR80 crores of rupees in terms of building the new plant. And it is a state-of-the-art plant, fully integrated.
- And it's one of the most modern plants that you will see in terms of industry 4.0 requirements and interconnected machineries and everything. So we expect to really get a fairly good potential out of this investment.
- Dhruv:** Based on the current capacity, sir, you wouldn't happen to have a number for the peak revenue from this plant?
- Krishnakumar S.:** No, all the, capacities that have been put up is backed by forward-looking customer businesses that have been awarded already to us. So we expect that plant to get booked up very soon. And we'll continue to grow that business and grow that plant. So I can't give the numbers, unfortunately, but we hope that we will certainly be able to release the figures hopefully by the next quarter.
- Dhruv:** Sir, my last question is on your EMFi collaboration and the production that you're doing on the motor controllers. So can you give me some numbers on the market, the share of two wheelers and PVs and CVs? That will be really helpful for us to understand.
- Krishnakumar S.:** Well, we don't give our market share figures normally, obviously, because this has all been tracked by our competition also. And we have to be a little careful on this. But at the same time, we want to inform you that we have put in lines which will make hub motors right from 250 watts right up to 30 kilowatts and mid-drive motor lines which can make right from 7 kilowatt right up to 300 kilowatts.
- Now when we put this kind of a range, it caters to, including small bicycles with a small motor of 250 watts, we can cater right up to 300 kilowatts, which goes into commercial vehicles. So you can be rest assured that we are not going to sit here only making for two wheelers or this thing. So as the market grows, we are going to cater to all the segments of the industry.
- Dhruv:** Okay, great. I'll share my part and then we can add on to it if you want. Can I assume that right now since two-wheeler penetration is much higher, it would be somewhere around 60%, 70% two-wheelers and the rest would be passenger vehicles and commercial vehicles? Or the mix is even more deeper?
- Krishnakumar S.:** The market is more two-wheeler today as far as the EV industry is concerned. And so two-wheeler is prominent at this stage. But then there are a number of programs on which we are

already doing, multiple trials are going on and the various testings are going on. The reliability trials are going on. There's a lot of work which is going on, on the other segments of the market.

**Dhruv:** Okay, great.

**Krishnakumar S.:** Thank you.

**Moderator:** Next question is from the line of Anubhav from Prescient Capital Advisors. Please go ahead.

**Anubhav:** Sir, I'm new to the company so please forgive me if some of my questions are very basic. So the first question I have is if I look over like last four, five years, there have been a significant improvement in margin and it seems to be coming from lowering of like manufacturing costs. So is this improvement because of some change in product mix due to change in emission norms or is it cost control? Sir, if you can explain this, it will be very helpful.

**Krishnakumar S.:** Yes. So Anubhav, you are right in your observation that last four or five years there have been massive changes in the operational efficiencies. We did go for big changes with regards to modernizing our lines and ensuring that we are able to bring in more automation and digitization. And at the same time, focusing very heavily on operational efficiencies and all that has helped. Number one.

And number two, there have been also number of other areas that we have worked beyond this to be able to improve our products. Then at the same time, our lines are fortunately for us, our lines are fairly fungible and based on the market needs, we are able to really cater to those needs by switching on the products into different lines and thereby meeting the market demand.

So we have been able to meet our customer requirements well and we have been able to thereby utilize our capacity quite well. So those are the areas that have really helped us to improve, number one. And number two, going forward, we continue this journey and we are hopeful that we will have the ages of all our customers to be able to continue this journey. And the market also remains in a good state in the coming next two to three years.

**Anubhav:** Sir, in your core product range of pistons and valves, how has your market share moved in the last four, five years? Has it increased compared to your competitors?

**Krishnakumar S.:** Well, I think I replied to this question earlier. We have been constantly working with almost all the customers. And when you outgrow the market, especially when the market has grown by 7% and we have grown by 14.5%, it's but natural that we have actually improved our market share. So we have worked on improving our market share and we have worked on continuing to take more businesses across different segments of the market.

So there's not only a segment mix change, there is a product mix change, there is also improvements in the segments of the market. For example, you started supplying pistons for marine engines, rings for marine engines, pistons for snowmobile applications, etcetera, etcetera. So there are many new applications that we have added, which has also helped us to grow the business.

**Anubhav:** And sir, in the aftermarket segment, what are the key growth drivers for us? Like, is it like we are increasing our distribution or like we are taking share away from any unorganized players? If you could explain that that would be helpful.

**Krishnakumar S.:** No, aftermarket business is a slightly different business, and we have to ensure that our brand continues to have its value. We have been focusing on improving our product quality to such an extent that the brand has been pulled by the market. So we see a huge pull for our brands.

Basically, there are two major brands within our portfolio. One is called the USHA brand and the second one is called the SPR brand. And both the brands in different segments of the markets are actually doing very, very well and they have been able to create a huge pull from the customers. So that's the primary reason that we have a fairly good penetration.

Second point is that we have worked heavily on ensuring that we are able to penetrate the market and ensure that we have the products lined up with all segments of the market. So in aftermarket it is very important for us to be present in all nook and corner of the country. I am happy to state that we have over 1,200 touchpoints in the country and we have field staff which are servicing these touchpoints on a regular basis, almost on a daily basis. So it's all about the service levels and it's all about the penetration levels that we are able to achieve.

**Anubhav:** And so in the aftermarket, is there any like share that is with the unorganized segment or is it entirely with branded products like yours?

**Krishnakumar S.:** No, we don't fight with unorganized players. We have our own standing in the market. There's a huge pull for the products that we make and a huge pull, primarily coming out of the quality and the supply situation that we have and that creates the pull in the market and we don't normally fight with the unorganized sector.

**Anubhav:** And sir, is there a typical replacement factory kind for your products because the aftermarket seems to be quite large for you?

**Krishnakumar S.:** No, there is also a good huge park of vehicles in the market. As the park is over 100 million vehicles. So obviously, the vehicles need to undergo different lifecycle of the respective products. They have to undergo different refurbishment requirements. And those refurbishment requirements requires that once the engine is opened, it has to undergo a lot of change with regards to changing the liner. And once the liner is changed, then you have to change the piston and rings and everything. So it's a regular cycle that happens in the market.

**Anubhav:** Okay, thank you. And sir, last question. In the EV segment, sir, like for the motor controllers, are you, for the new projects or like, is it for development for new models of OEMs or is it for existing models also, you are in the consideration, how is that?

**Krishnakumar S.:** Yes, for both, for existing as well as for the new models. New models have to as per the new requirements of the government and the new rules that have been put in, every sub-product has to be validated and tested and ARAI certified. So we have to get all that done before the launch of the vehicle. So all that is being done as we speak.

- Anubhav:** No, sir, my question was, suppose existing EV models that are already in the market, they already have, because engines are like key components, so they would already have some vendor tie up or manufacture it in-house. So what is the driver for them to consider our product?
- Krishnakumar S.:** No, it depends on their volumes. There are still customers who are able to increase their volumes in the market. They have to look for alternate sources because they can't depend on one source or two sources. In some cases, there are also three sources. So it all depends on how the requirement of the market demand is. And then accordingly, they choose their suppliers. And we are certain that with our current name and with the reach that we have, thanks to Sriram Pistons, we have a fairly good position with almost all the customers in the market today.
- Moderator:** Next follow-up question is from the line of Rucheeta Kadge from iWealth Management. Please go ahead.
- Rucheeta Kadge:** Thank you so much. So some question was mainly on the side of export. So if I look at your export versus what it was last year, we've just grown by like 7%. So can you point out what are the reasons and how do we see this going ahead?
- Krishnakumar S.:** Yes, so Rucheeta, it's very important to understand that last year we have had multiple effects on the market. And with the Ukraine war continuing, and then subsequently the onset of the Israel in the Gaza Strip and the related issues that happened subsequently, the markets have got affected in various parts of the globe. And Europe is badly affected. The markets are down. The UK markets were completely down. It's just tending to be a little bit coming out of the bottom now.
- And the US market was slightly up as compared to the previous year. So if you really understand this market and see the growth rate in these markets, if you take a weighted average, it has been less than 1% as compared to the previous year. And when we grow in our components 7%, it means we have outgrown the market by 7 times. it's really a huge outgrowth for the kind of markets that we are catering to because the export markets are very badly affected.
- Rucheeta Kadge:** Okay. And next year, what is the outlook, sir?
- Krishnakumar S.:** Next year, the current situation in the market still continues to be bad as far as the export market is concerned. So our focus is to see how we can still outgrow the market. And we'll continue that, our focus on this particular area.
- Rucheeta Kadge:** Okay. And so on one of the, so basically accounting questions. So in the annual report, I see this miscellaneous expenses that we have. Every year it's around INR80 crores , INR90 crores. So what is this exactly?
- Krishnakumar S.:** Miscellaneous expenses?
- Rucheeta Kadge:** Yes. So in FY23, it was around INR71 crores.

- Prem Rathi:** There are different heads of expenses, actually. So there's a list of expenses which are there, which are not specifically given in the annual report. Mainly it's admin-related expenses, actually.
- Rucheeta Kadge:** Okay. Understood. Thank you.
- Krishnakumar S.:** Thanks, Rucheeta.
- Moderator:** Thank you. Next question is from the line of Piyush from Acquaint Bee Ventures. Please go ahead.
- Piyush:** Hello, sir. Congratulations on good numbers.
- Krishnakumar S.:** Thanks, Piyush.
- Piyush:** Sir, wanted to understand more on the content per vehicle side. So with increasing emission regulations increasing emission standards, as well as flex fuels or even, say, increased ethanol blending with petrol, will our content per vehicle for the same product increase? So for every newer vehicle, will it be some percentage higher compared to what you're already supplying for IC engines? And do we see a trend here?
- Krishnakumar S.:** Yes. It's a very nice question, Piyush. Very good question. See, what happens is, as the technology changes, if you're moving towards, let's say, ethanol blending or if you're moving towards pistons for hydrogen as a fuel, you will observe that it requires a massive change in the overall design. It requires a complete different approach and you might see that the technology that needs to be done in some cases, you need it to be, we call it as case light pistons. It could be case light pistons with a very unique bowl shape, which needs to be done to ensure that we get the best efficiency of firing inside the cylinder.
- And this requires a huge amount of design work that needs to be done. And so with every technology change, there is in terms of depending on, of course, the number of cylinders, the content could change. But at the same time, but from a product perspective single product, because of the technology that goes into it with regards to coating and other requirements, the content for the vehicle always goes up and we are expecting it to continue to grow up as we go along.
- So, it's a very good question and I think we can't, there is no fixed trend, because it depends again on the kind of technology. For example, when we migrated to Euro 6 from Euro 4, at that time there was a content improvement from a value perspective. But it was not very high, but with regards to hydrogen and ethanol, we expect it to be higher.
- Piyush:** Yes, sir. So, while hydrogen could be a while away, what you would closely see is ethanol blending percentages improving. So, they're already in closer to 10% and with regards to targets, you would see them move higher upwards of 20%-25% in the near term?
- Krishnakumar S.:** Yes. The government is already working on E85. In other parts of the globe, in Brazil, people have blended 85%. And so we have, we already have solutions for that and we are already

working on, it requires different kind of coatings on our rings and others. So, all that is already been done and that requires a different level of technology, which needs to be applied and naturally the content will go up.

**Piyush:** Yes. So, while you may have already seen some benefit, even with the increasing proportion from 10 to 20, your content will continue to improve. So, it is a significant shift for you guys, in terms of the technology.

**Krishnakumar S.:** Absolutely.

**Piyush:** Okay, sir. Thank you. Thank you so much.

**Moderator:** Thank you. Next question is from Rajnish Mehan from Master Capital. Please go ahead.

**Rajnish Mehan:** Yes, good evening, sir.

**Krishnakumar S.:** Hi, Rajnish.

**Rajnish Mehan:** Hi, I just wanted to know these two acquisitions that you have done, what is the revenue contribution to them in this quarter?

**Krishnakumar S.:** You mean in the last, this thing, last financial year, you are saying, right?

**Rajnish Mehan:** Yes, last financial year.

**Krishnakumar S.:** We closed the deal in between of the year, so we did not have the full benefit of the full year. But if we expect the annualized benefit, based on the last year's performance to be somewhere close to INR270 crores for Takahata, and INR15 crores or INR20 odd crores for EMFI. But going forward, as I said, EMFI is just it is the volume of business that we are doing, and the kind of capacity that we are setting up is huge. The increase in revenue is going to be quite vertical. And that is going to really help us to increase the scale.

**Rajnish Mehan:** So, if I can ask, three years down the line, what percentage of, I mean, the total revenue do you think these two new businesses will give you?

**Krishnakumar S.:** Well, I can't give you a forward-looking statement but it is going to be significant. It is already significant, as we see, and we expect it to be even more significant as we go along. So, what is very important, Rajnish, is to see the fact that we have been able to de-risk our business model, we have done it in two ways.

One is our legacy products have got de-risked by different applications, like what I said, earlier, the marine applications and the snowmobile applications and others. As a result, those segments of the market are going to have its life for the next 30 years, 40 years. So, we don't expect any big issue there.

And at the same time, we have invested into newer areas, which are agnostic to the power train, and as a result, we will have a much better, life of those products existing in the market. So, we don't see any major issue now with all the investments that we have done and the directions that

we are taking for the next 30 years, 40 years, 50 years for the company to really continue to grow.

**Rajnish Mehan:** And the margins will also be more in this, right?

**Krishnakumar S.:** That's a good point. Yes, I hope so.

**Rajnish Mehan:** And, sir, the other question was, in your presentation, now because this was like, whatever this not fully years so, next year, next quarter onwards, can you give the breakup of, in your consolidated of the segment-wise breakup? The business revenue coming from the new businesses and the old Pistons?

**Krishnakumar S.:** See, what happens is, these are segments of the business, which is a part of our overall consolidated sales. And we prefer to ensure that we are giving, fairly good onsite or insight into the kind of businesses that we are in and how we are going to grow those businesses. But, in terms of giving any forward-looking statements with regards to the, percentages or how much percentage it will be, it will be very difficult for us to do that.

**Rajnish Mehan:** No, not forward-looking. I'm just asking the segment-wise, so that for our excel sheet it makes, the growth and also we can project better like what segments each are giving.

**Krishnakumar S.:** That will be available.

**Rajnish Mehan:** It's new EV, the EV and the piston, if that's it.

**Krishnakumar S.:** It should be available in the public domain, those kind of figures.

**Rajnish Mehan:** Okay, thank you.

**Krishnakumar S.:** Yes, thank you, Rajnish.

**Moderator:** Next question is from the line of Ashish Kavara. Individual investor, please go ahead.

**Ashish Kavara:** Hello.

**Krishnakumar S.:** Hello, Ashish. Yes.

**Ashish Kavara:** Sir, congratulations on a good set of numbers. I just wanted to ask, like, for the next three to five years, what will be the portion of this EV in the total sales of Shriram? And are you also looking for other segments like that are not related to the present stream of revenues?

**Krishnakumar S.:** Yes. So, Ashishji, it is, as I answered this question earlier also, that we have now products which are not dependent on the powertrain. So, they are agnostic to the IC engine. So, those products, obviously, we want to grow those businesses and at the same time, there are some portion of the legacy business which we don't expect the markets to go away and the markets will continue for the next 35 years, 40 years.



So, we are hoping that we will be able to still cater to the demands of the legacy products as well as the demands of the newer businesses that we are entering into. EV will be a significant portion as we go forward because the scale, it is going to multiply quite heavily and as the volume grows up, the penetration goes up, I think our penetration also into the EV segment will increase because we are now well positioned with many of our customers.

So, hopefully, that will continue and even the other areas, we have already invested into areas of very high precision plastic injection molded parts which also has its own growth profile and we are seeing very good opportunities there. Apart from that, we are continuing to look to deploy our cash that we have on our balance sheet in a useful way and thereby able to increase the product portfolio and of course, we are looking at areas which are agnostic to the IC engines.

**Ashish Kavara:** And secondly, sir, you said that you are also looking for any mergers and any takeover of companies. So, can you give a ballpark number like what can be the range of that, like what can be the size of the deal in that case?

**Krishnakumar S.:** I am pushing my team to maximize as much as possible. I can't give any numbers at this stage because it all depends on what we will be able to fructify. So, as and when that happens, obviously, we will inform the market immediately.

**Ashish Kavara:** And sir, in which segments that will be?

**Krishnakumar S.:** We are continuing to focus on the auto segment. I think our strength lies in the auto segment. We are well positioned with all our customers and we will continue to grow the business in the auto segment. But it will be in areas which are agnostic to IC engines and hopefully it will be into various other products that are required in an automobile.

**Moderator:** As there are no further questions, I will now hand the conference over to Mr. Krishnakumar for closing comments.

**Krishnakumar S.:** Yes, thank you. So, first and foremost, good interest in all the questions and I am really seeing fantastic questions from almost all the people who participated in this. I really extend my sincere gratitude to all who joined our earnings and investor call today, contributing to this very engaging discussion.

We are committed to our business strategies, aiming to deliver positive results continually. For any further questions or information, please contact our investor relations team at EY. On behalf of the company, I thank you all once again for your time and participation. Do please take care of yourselves and goodbye. Thank you very much.

**Moderator:** On behalf of Shriram Pistons & Rings Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

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