

## **SHRIRAM PISTONS & RINGS LIMITED: NEW DELHI**

### **RECORDED TRANSCRIPT OF 58<sup>TH</sup> ANNUAL GENERAL MEETING**

DATE	DAY	TIME	PLACE
29.06.2022	Wednesday	4:00 PM (IST)	Thru VC

#### **MR. PRADEEP DINODIA, CHAIRMAN: -**

**Good afternoon Ladies & Gentlemen** – A very warm welcome to the 58<sup>th</sup> Annual General Meeting of the Company. We hope you and your family members are safe and healthy. We also wish the best of health for you and your family members in the future.

We are again unfortunately holding this AGM through Video Conference in view of continuing COVID-19 pandemic in compliance with Circulars issued by the Ministry of Corporate Affairs and SEBI. We are again compelled not to have a face-to-face meeting this year also and hence, are having it through Video Conference. Even today three of our Board Members are in various stages of Covid.

I do hope that when this pandemic becomes endemic, we will be able to have a face-to-face meeting next year; as it is always a pleasure to interact with all of you personally.

I am told by the Company Secretary that the quorum is complete. We have more than 40 members holding more than 88% voting power, who have logged into this AGM. Now I call the meeting to order.

All shareholders will be placed on mute mode to avoid any background noise.

Once the Question & Answer session starts, we would announce the name of the registered Speakers one by one and the Host will unmute the respective Speaker accordingly.

Speakers are requested to switch on video/audio before speaking. Speakers are also requested to minimize background noise.

In case there is any connectivity issue at the Speakers' end, we will request the next Speaker to ask the question or make his comments. Opportunity will be provided to the earlier Speaker after all other registered Speakers have asked their questions. Speakers are requested to keep their questions concise to help in managing time.

All resolutions have already been put to vote through Remote e-Voting. Therefore, no resolution is required to be proposed or seconded by the Members at the AGM.

Now, I move on to the business of the day and introduce the Board Members.

Mr. Inderdeep Singh is the Independent Director of your Company. He is the Chairman of the Audit Committee. He has been on the Board of the Company since 2008. He is a very versatile businessman and the Managing Director of Continental Device India Pvt. Ltd.

Mr. Alok Ranjan is an Independent Director of your Company since March 2019 and is the Chairman of the Nomination and Remuneration Committee. He has 38 years of distinguished service as an IAS Officer in various State/Central Government Departments. He has also served as the Chief Secretary of Uttar Pradesh.

Next on my list is Ms. Ferida Chopra. Ms. Ferida Chopra is an Independent Director of your Company since March 2019 and is the Chairperson of the Stakeholders' Relationship Committee. She is a practicing Legal Counsel at the Supreme Court of India, the High Court of Delhi, the Competition Commission of India, and various other Tribunals. She brings a good legal perspective, which helps in the day-to-day affairs of the Company.

Then I would like to welcome Shinichi Unno San. Unno San is an Independent Director of your Company. He is the Executive Officer and Plant Manager at Fuji Oozx, Japan. He is having over 32 years of experience in manufacturing and general management.

Ms. Meenakshi Dass is a Non- Executive Director of your Company and is a Director since 2009. She has vast experience in managing corporate affairs. She is the heart and soul of this Company.

Then I would like to welcome Mr. Sascha Putz. Mr. Putz is a Non-Executive Director of your Company since May 2020. He is the President of KS Kolbenschmidt GmbH, Germany, and has long and varied experience and considerable exposure to international operations.

Then I would like to introduce Masaaki Yamaguchi San. Yamaguchi San is a Non-Executive Director of your Company. He is the Managing Executive Officer of Riken Corporation, Japan, and General Manager of Global Business, Operations Divisions, and Overseas Operations Divisions. He has long & varied experience and considerable exposure to international operations.

Then I would like to introduce Yasunori Maekawa San. Maekawa San is Alternate Director to Yamaguchi San. Maekawa San is the Representative Director, President, CEO, and COO of Riken Corporation, Japan. He is having long and varied experience and considerable exposure to international operations. He has been one of the longest supporters of your Company.

Then I have Mr. Luv Shriram. He is Whole Time Director of your Company and represents the Shriram Family and is Director since 2009. He has vast experience in managing the Company's affairs and is a great asset to the Company. He has supported us through thick and thin.

I have with me Mr. Krishnakumar Srinivasan who has been on the board of the Company since February 2020 and is MD & CEO of the Company.

He has over 36 years of experience in the Automotive Industry and has a rich background of working in professional and multinational companies. He has long and varied experience in managing leadership roles with companies both in India and abroad. He is an exceptional leader and hardworking gentleman and has brought a new experience to the company.

I also have with me Mr. Prem Rathi, CFO (Chief Financial Officer), and Mr. Pankaj Gupta, Company Secretary of the Company. They are the company's pillars and have given a lot of support and help to bring this company to where we are today.

All Directors, when introduced by the Chairman, acknowledged their presence and greeted/welcome the shareholders.

Mr. Hari S. Bhartia, Director of the Company, is unable to join the meeting due to other commitments.

I also thank my friends from Japan, who joined us at this late hour in Japan. Thank you very much for making it and also to Mr. Sascha Putz, who has joined us from Germany. Thank you Ladies and Gentlemen for joining us. All other Management Personnel have joined the meeting virtually.

Mr. Jitendra Agarwal, Partner Deloitte - Statutory Auditors, and Ms. Preeti Grover - Scrutinizer have also joined the meeting virtually from their respective locations.

We have received 7 letters along with Board Resolutions, appointing representatives for voting/attending this AGM, from our Corporate Shareholders aggregating to 84.55% of paid-up Equity Share Capital of the Company

Now, we get on to the business of the day.

Ladies and Gentlemen, I hope you have received and read the Notice of AGM. Therefore, I would like to say that it is taken as read. To summarize, there are 6 ordinary resolutions and 4 special resolutions, which have already been put to vote.

### **CHAIRMAN'S SPEECH**

**Ladies & Gentlemen** – As you all know, your Company witnessed significant growth in Sales and profits in 2021-22 despite many challenges like the second wave of COVID, exponential increase in commodity prices, shortage of semi-conductor chips, non-availability of containers, and other geopolitical issues.

The Company registered sales of Rs. 20 Billion in 2021-22 against Rs. 16.1 Billion in the previous year. This is the first time that the Company has crossed the Rs.

20 Billion mark in its history and has been able to grow the Profit before depreciation and taxes to Rs. 3.2 Billion, as compared to Rs. 2.2 Billion last year, which is a growth of 45%. The improvement in performance was contributed by several factors like a focused approach to meeting customer requirements, increase in productivity, streamlining of the supply chain, implementation of cost optimization measures, and effective management of inflationary commodity pressures.

All vehicle segments registered growth during 2021-22, except Two-wheeler and Tractor segments.

**Exports:** Exports remain an important cornerstone in the Company's strategy for sustainable growth and have helped the Company to understand the technology, quality, and service needs of the advanced automobile markets. The Company has invested in the right areas to meet these higher technological requirements for the Indian and global markets.

During 2021-22, Company's exports increased from Rs. 2.7 Billion to Rs. 4.0 Billion despite uncertainties in markets due to geopolitical challenges and COVID-19.

The trend of increasing exports is expected to continue this year as well. However, the situation of the COVID pandemic and other global crisis leading to uncertainties will be a critical factor for sales in the export market.

We remain optimistic about the long-term growth prospects of the Company.

The Board has recommended that equity shareholders be paid dividends @ Rs. 10.00 per share for the year, inclusive of Rs. 6.00 per share already paid as an interim dividend as against a dividend of Rs. 6.00 per share paid last year.

The company's policy is to conduct its business responsibly and improve the quality of life of people, including in the society close to our areas of operation while creating long-term value for all stakeholders.

During the year, Company continued various CSR activities in the areas of Education, Healthcare, Sanitation, Environment Preservation, and Rural Development, giving priority to Projects aimed at persons from disadvantaged backgrounds or persons who are differently abled.

As the Auditors' report is not qualified or modified, there is no need to read the Auditors' Report. We now, therefore, proceed further.

The Proposed Resolutions are already with you. I now invite the Shareholders, who have registered themselves as a speaker, to speak or ask questions.

After all, speakers have expressed their views, I will answer all the questions received in advance and thereafter questions received at the AGM.

I now request the host to announce the name of the speakers one by one and request them to switch on their video and unmute themselves and speak after a gap of 2 seconds.

Thank you very much.

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Mr. Yashpal Chopra, Mr. Lokesh Gupta, Mr. Ajay Kumar Jain, Mr. Gagan Kumar, Mr. Vijay Kumar Mahajan, Mr. Nikhil Upadhyay, Mr. Sarvjeet Singh, Mr. Vaibhav Badjatya, Ms. Pallavi Sharma and Mr. Ashok Kumar, Shareholders, spoke at the Meeting. They expressed their views and sought clarifications on, inter alia, Company's business operations, and its future growth plans covering:

- Growth prospects of the Company in this FY and challenges and opportunities in the year ahead
- Market Share of Company in Domestic Market and Exports and expansion plans of the Company
- Breakup of segment-wise sales of the Company i.e. PV, SCV, HCV, etc.
- Competitors of the Company
- Mechanism under customer contracts to manage raw material price fluctuation risk
- Employee cost
- Important accomplishments of the Company in 2021-22
- Details of products that the company is looking to develop as part of the diversification plan and products of electric vehicles
- Plans of usage of cash and how the company is looking at diversifying the business risk from ICE to EV or hybrid mix change
- Net Debt position of the Company
- Company's contribution to its stakeholders in the Covid-19 Pandemic, and its impact on Company's operations
- Areas in which the company is contributing to Society and what are the major projects
- Plans for issuance of Bonus Shares or splitting of shares

The Chairman thanked each and every shareholder on behalf of the Board, for their overwhelming response, interaction, and comments. Shri Pradeep Dinodia (Chairman) and Shri Krishnakumar Srinivasan (Managing Director & CEO) replied to the various queries of the Shareholders as:

- The company is in a healthy financial position and is closely monitoring e-mobility trends along with its global partners and is working on identifying suitable products and technology partners to help its entry into the mass electric mobility segment. The Company is also looking at opportunities in other adjacencies within the automotive space.
- The company has a fairly good presence in all Customer Segments i.e. OEM, OES & After Market both in domestic and Export Markets.

Further to mitigate the business risk, the company is present across all vehicle segments covering Medium & Heavy Commercial Vehicles, Light Commercial Vehicles, Small Commercial Vehicles, Tractors, Passenger

Vehicles, 2/3 Wheelers and focused on the production of pistons, rings, and valves for non-automotive applications.

- The company has the highest market share among various competitors. Competitors are Federal-Mogul Goetze, Rane EVL, India Pistons, Mahle, Samkr, Menon, Varroc, etc. The Company has been able to maintain and grow market share with OEMs.
- The company has been able to improve its Profitability. The improvement in performance was contributed by several factors like an increase in productivity, streamlining of the supply chain, implementation of cost optimization measures, and effective management of inflationary commodity pressures.
- All domestic OEM sales are direct to the OE Customers
- There has been a steady increase in Exports as %age of Total Sales.
- The Company had purchased land in Pithampur near Indore for further expansion plans of the company.
- For countering the increase in commodity prices, the company is adequately protected.
- Employee cost as a % of sales for the Company is one of the best amongst its competition.
- The Company has undertaken CSR projects and programs in the areas of Education, Health care, Sanitation, Environment, and Rural development.
- The Company has received various awards from Rajasthan Govt.
- Presently there are no plans for the issuance of bonus shares or splitting of shares.

The Chairman thereafter announced that all the businesses set out in the Notice of this meeting have been concluded and the members who had not voted through remote e-voting may vote electronically at the Meeting and a time period of 30 minutes would be available for voting after which the Meeting will stand closed.

He also informed us that the results of the voting will be declared within 2 working days from the conclusion of this AGM and will be uploaded on the Company's website.

The Meeting concluded at 5:30 PM (IST)