

SHRIRAM PISTONS & RINGS LIMITED: NEW DELHI

RECORDED TRANSCRIPT OF 59TH ANNUAL GENERAL MEETING

DATE	DAY	TIME	PLACE
6.7.2022	Thursday	4:00 PM	Thru VC

MR. PRADEEP DINODIA, CHAIRMAN: -

Ladies & Gentlemen – A very good afternoon and a warm welcome to the 59th Annual General Meeting of your 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 holding this AGM through Video Conference in compliance with Circulars issued by the Ministry of Corporate Affairs and SEBI.

I am told that the quorum is complete and we have more than 42 members holding more than 74% voting power, who have logged into this AGM, Now I call the meeting to order.

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

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

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

In case there is a connectivity issue at the Speakers' end, we will request the next Speaker to ask the question. Opportunity will be provided to the Speaker who could not speak earlier after all other registered Speakers have asked their questions.

Speakers are requested to keep their queries concise to help us in managing the time.

We will try to engage with as many Speakers as possible. In case it is not possible to cover all Speakers due to time constraints, we request you to kindly forward your queries to the secretarial department and the same shall be replied to.

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

Before we move on to the business, I would like to introduce the Board Members present today.

On my immediate right is Ferida Chopra, she 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. We are happy to have her with us. She provides a lot of insights into our business.

Then we have Mr. Inderdeep Singh, He is an Independent Director of your Company and is the Chairman of the Audit Committee. He has been on the Board of the Company since 2008. He is the Managing Director of the well-known Continental Device India Pvt. Ltd. Great to have Mr. Inderdeep Singh on the board, especially with the new foray into EVs.

Then we have Mr. Alok Ranjan. He 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. He brings gravitas to this Board. Thank you Mr. Ranjan.

Then we have Shinichi Unno San. He is an Independent Director of your Company. He has joined through video conferencing from Japan. He is the Executive Officer and Plant Manager at Fuji Oozx, Japan. He is having over 33 years of experience in manufacturing and general management.

Then we have Mr. Klaus Semke. He is a Non-Executive Director of your Company and has been appointed as Director in May 2023. He is the President at KS Kolbenschmidt GmbH and has long & varied experience and considerable exposure to international operations. Thank you Mr. Klaus for helping this Company.

Then we have Masaaki Yamaguchi San. He is a Non-Executive Director of your Company. He is the Managing Executive Officer of Riken Corporation, Japan & General Manager of Global Business, Operations Divisions and Overseas Operations Divisions. He has long & varied experience and considerable exposure to international operations. Thank you Yamaguchi San for being on the Board.

Then we have Yasunori Maekawa San, He is Alternate Director to Yamaguchi san. Maekawa san is the Representative Director, President, CEO and COO of Riken Corporation, Japan. He is one of the leaders of the world in the auto part industry. Thank You Maekawa San for being with us today. He is having long and varied experience and considerable exposure to international operations.

Then we have two promoter directors who are the heart & soul of this Company.

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.

Then we have Shri Luv Shriram, he is the Whole Time Director of your Company and is Director since 2009. His vast experience in managing corporate affairs and complex manufacturing positions is great help to this Company. Thank you Mr. Luv.

Then I have on my left Mr. Krishnakumar Srinivasan. It gives me great honor and pleasure to introduce Mr. Krishnakumar Srinivasan. He is on the board of the Company since February 2020 and is the MD & CEO of the Company. Actually, the growth that you are seeing now which is taken off by this Company will be largely attributed to his leadership. He is doing an excellent job and leading a team of dedicated professionals from the front.

He has over 37 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.

I also have with me Shri Prem Rathi, CFO and Shri Pankaj Gupta, Company Secretary. Without these two gentlemen I could not work.

I thank all Directors from Japan and Germany for taking the trouble of joining this meeting and helping this Company all the time.

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

MR. INDERDEEP SINGH

We also need to introduce and give the background of our Chairman Mr. Pradeep Dinodia. Luminary of Delhi and very well known in corporate circles. Mr. Dinodia has been on the Board of the Company since May 2003. He

graduated in Economics Honors from St. Stephens College, Delhi University and also obtained his Law Degree from Delhi University. He is a Fellow Member of the Institute of Chartered Accountants of India and Chairman and Managing Partner of the Delhi-based Chartered Accountancy firm S.R. Dinodia & Co. LLP. He is a Non-Executive Independent Director of Hero FinCorp Ltd. and DCM Shriram Ltd. He is a Non-Executive and Non-Independent Director of Hero Motocorp Ltd. He has co-authored a book "Transfer Pricing Demystified". We are very very fortunate to have him here as a Chairman.

MR. PRADEEP DINODIA, CHAIRMAN

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

All other Management Personnel have joined the meeting virtually.

We have received **8** letters along with Board Resolutions, appointing representatives for voting/attending this AGM, from our Corporate Shareholders aggregating to **91%** of the paid-up Equity Share Capital of the Company.

I hope you must have received and read the Notice of this AGM, which I now take as read. I would now like to address my message to all the respected shareholders.

Chairman Speech: At the outset, I would like to talk about the best-ever performance of your Company. We finished FY23 with healthy revenue growth, M&As, prestigious deal wins, strong margins and robust cash flows and most importantly, we are now seeing our new business strategy, simplified operating model and bold mindset starting to pay off. As you all know, your Company has witnessed the highest-ever sales and profits in the year 2022-23.

Despite the ever-changing business landscape your company has thrived and maintained its position in the market as a leader in the auto-component industry. Our commitment to innovation, excellence and customer satisfaction has played a pivotal role in achieving the same. A key design of our new business model is proximity to customers. Our model has a deep focus on countries, industry sectors, services, solution offerings and strong ecosystem partnerships. These changes along with the operating model make us agile & nimble and are imperative to make us successful in the new post-crisis world.

Your Company registered sales of Rs. 26 Billion in 2022-23 against sales of Rs. 20 Billion in the previous year and has been able to grow the Profit before depreciation and taxes to Rs. 4.9 Billion, as compared to Rs. 3.2 Billion last year, which constitutes a growth of 52%.

Your company is in the process of the overall growth of its business and has invested in various avenues as well.

SPR Engenious Limited has been formed as a wholly owned subsidiary ("WOS") of your Company for the purpose of diversifying its product portfolio in the area related to the automotive segment. Your company has already made a strategic investment through its wholly owned subsidiary SPR Engenious Ltd. in EMF Innovations Private Ltd. which is a Singapore investor-backed electric motor design and manufacturing company. The Board has also approved the acquisition of a 75% stake in Takahata Precision India Private Limited, a subsidiary of Takahata Group Japan, which deals in a wide range of precision moulded products, precision metal moulds and assembled parts having a variety of functional products for the automotive and other Industrial applications.

Your Company aims to expand its presence in the Electric Vehicle space to supply Electric Powertrain Components such as Motors & Controllers covering all vehicle segments from Two-Wheelers, Three-Wheelers, Passenger Vehicles, Commercial Vehicles and Buses through EMF Innovations Private Ltd and into high precision injection moulded parts through Takahata Precision India Private Limited.

Your company is exploring further suitable opportunities to diversify its product portfolio in areas agnostic to ICE components.

Just to Summarise, It is our constant endeavour to grow the Revenue and De-risk the business model. There is significant scope for your Company to grow in the existing line of business.

In our existing line of Business – your company has a fairly good presence in all Customer Segments i.e. OEM, OES & After-Market both in Domestic and Exports. The Company is also investing in products suitable for CNG application, Flex Fuels application and Hydrogen as fuel application as a part of the diversification plan. We have been focusing on deeper penetration in domestic and export aftermarkets.

Further, the company is present across all Automotive vehicle segments covering Medium & Heavy Commercial Vehicles, Light Commercial Vehicles, Small Commercial Vehicles, Tractors, Passenger Vehicles and 2/3 Wheelers. In the existing range of products, the company plans to grow by providing technological solutions to the OEMs thereby becoming the preferred supplier for them.

We are also focussing on the supply of production of pistons, rings and valves for non-automotive applications like Industrials, compressors, Gensets and Railway applications. These markets will continue to have these requirements for a very long time thereby enabling the company to sustain all its investments.

In terms of diversification, your Company has undertaken various steps and has acquired a majority stake in EMFi which is an Electric Motors & Controllers manufacturing company with a strong technical strength. This will help the company to participate in the E-Mobility segment. With the increasing penetration of E-mobility in India, EMFi will continue to grow its range of products & revenue.

Further, your company has also signed off the deal to acquire a majority stake (75%) in Takahata Precision India Pvt. Ltd. which is a manufacturer of high-precision injection molded plastic parts in Neemrana. Takahata is part of the global conglomerate Takahata Group, Japan. Takahata has a diverse product portfolio and provides a good opportunity for us to de-risk our business.

The Company is also working on exploring suitable opportunities for diversifying its product portfolio into areas agnostic to ICE Engine.

All these initiatives will enable us to become a multi-product company catering to different segments of the market thereby de-risking the business model.

All vehicle segments registered growth during 2022-23. Your company in the coming years is expected to face challenges due to the increased penetration of electric vehicles in the two-wheeler segment.

Your Company's exports registered a growth of almost 21% from Rs. 4.0 Billion to Rs. 4.8 Billion. This was due to the strengthening of relationships with the existing customers, range expansion and entering new markets & product segments.

Exports are likely to increase this year as well, as India has emerged as a prominent auto exporter and based on China plus one strategy, the growth momentum is expected to continue in the near future. However, other global headwinds and geopolitical challenges leading to uncertainties will be critical factors for sales in the export market.

Ladies & Gentlemen this is very important to us that this year is also special for us as we successfully completed 50 years of operations under the SHRIRAM GROUP and are now celebrating its Golden Jubilee year.

From humble beginnings in Ghaziabad, in Uttar Pradesh to the global auto component player, we are today - this journey would not have been possible for us but for the tireless efforts of our employees and their dedication and inventiveness. They truly embodied the spirit of SPR. As a result, SPR has been recognized the world over as an exemplar of corporate citizenship with the highest standards of governance, ethics and values.

Your company has also been awarded the 'The Golden Peacock Award' for "Excellence in Corporate Governance - 2022" by the Institute of Directors,

London (UK) which is considered to be a hallmark of excellence in both domestic and global spheres.

We remain optimistic about the long-term growth prospects of your Company. We recognise that the automotive industry is going through a deep-seated transformation like technological advancements, changing consumer preferences, growing focus on sustainability and reshaping of the industry landscape. The Company views these challenges as an opportunity for growth and innovation as the company continues to invest in research and development.

Steered by our robust financial results and the continued confidence in the long-term future of our business, the Board recommended the issue of bonus shares to the holders of equity shares of the Company in the ratio of 1:1. Furthermore, the issuance of bonus shares reinforces our commitment to creating value for our shareholders in a fair and equitable manner. By rewarding our shareholders in this manner, we seek to align their interests with the long-term goals and growth of the company. This will further strengthen the bond we share and foster a sense of collective ownership and pride among all stakeholders.

I must emphasize that the decision to issue bonus shares is a testament to the robust financial health of your Company. It reflects our confidence in the sustainability and future growth potential of your company. It also embodies the hard work, dedication and contributions of each and every individual associated with your Company.

The Board has also recommended first time in its history that equity shareholders be paid a dividend of Rs. 15.00 per share for the year, inclusive of Rs. 10.00 per share already paid as an interim dividend as against a dividend of Rs. 10.00 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. The company has been taking consistent measures to de-risk its business and focus on cost reduction by implementing affordable automation, digitalization, interlinking of machines and such steps for remaining cost competitive.

Care for the environment has been one of the core focus areas of the company while creating a better future that is safe, inclusive and sustainable.

During the year, your 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.

Moving to Statutory business, 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.

We are happy to note that many shareholders have expressed their desire to give their views or ask questions. After all speakers have expressed their views, I along with my colleagues 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.

Later Shareholders viz. Mr. Arvind Jain, Ms. Pallavi Prashar, Mr. Yash Pal Chopra, Mr. Aspi Bhesania, Mr. Ajay Kumar Jain, Mr. Praveen Kumar, Mr. Raju Verma, Mr. Pramod Kumar Jain, Mr. M.P. Bhutani, Mr. Gagan Kumar, Mr. Chetan Chadha, Mr. Lokesh Gupta, Mr. Ashok Kumar Jain, Mr. Vaibhav Badjatya, Mr. Manmohan Singh, Mr. Toni Bhatia, Mr. Murlidhar Talreja and Ms. Rama Jain, spoke at the Meeting. They expressed their views and sought clarifications on, inter alia, Company's business operations, and its future growth plans covering:

- Exceptional Performance of the company including Return on Equity, EBITDA margins, Earning per Share, Export Sales
- Diversification into E-Mobility components and sophisticated plastic components
- ESG (Environmental, Social & Governance)
- Medium & long-term strategy on the challenges and counter to the competitive platform.
- Plans to tap the neighbouring market of Bhutan, Sri Lanka, Bangladesh, Indonesia and Nepal.
- Future Growth level in turnover & profitability during the next FY 2023-2024.
- Key players in the business field and plans to get into tier two and tier three cities.
- Growth prospects of the Company in this FY and challenges and opportunities in the year ahead
- Market Share of the Company in the Domestic Market and Exports and expansion plans of the Company
- Important accomplishments of the Company in 2022-23
- Diversification plans of the Company

- Plans of the Company to list on the Bombay Stock Exchange
- Awards and accolades won by the Company
- CSR activities of the Company
- Plans for brand expansions or roll of sub-brands.
- Capacity utilization
- Rationale for the acquisition of EMFi
- Bonus Shares
- PLI Scheme

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:

- Currently, the Company is witnessing good growth for our existing range of Internal Combustion Engine (ICE) components, as the penetration of Electric Vehicles is more for 2 Wheelers and not as much for Passenger Vehicles. Passenger Vehicle OEMs are still developing new engines which will lead to sustained growth in the next 7-10 years. We are confident that with the growth rate for Passenger Vehicles at around 4%-6% per annum for the next 7-10 years and considering the penetration rate of Electric Vehicles, there will be no decline in demand for IC engine components in the medium term.
- The Company continues to invest in special technology projects to gain higher market share and also invest in capacity expansion wherever required.
- To mitigate the risk of reduction in demand due to Electrification in 2 Wheelers, the Company has already diversified its product range by developing products for Compressors, Lawn Mowers, Snow-mobiles, Rail engines, special SDE projects etc.
- The Company has made strategic Investments through SPR Engenious Ltd. (SEL) by acquiring a controlling stake in EMFi and other products which are agnostic to IC Engines. This has helped the Company to mitigate the risk arising out of Electrification in Vehicles. We have very strong support from our technology partners viz. Riken Corporation, KS, Fuji and Honda.
- The Company had already been servicing the neighbouring markets of Sri Lanka, Bangladesh, Nepal etc. for a long time and has firm plans to further grow in these markets based on the demand for products in these markets.

- The Company is taking all the right steps for the growth of the business which is evident from our financial results.
- The ICE engine components industry is highly competitive and has large players like SPR, Federal Mogul, Mahle, Eaton & Rane Engine Valves Ltd. and also mid-size companies like India Pistons, Menon Pistons, Samkrng, Nittan etc.
- Regarding tier two and tier three cities, Company recognize the growth potential in these cities and have an extensive distribution network servicing tier two and tier three cities across the country. Tier-two and tier-three cities are being serviced directly through town distributors and also indirectly through our Main Distributors & town distributors of Tier-1 cities. We have a fair amount of penetration in tier-two and tier-three cities.
- The Company is maintaining a good level of Capacity Utilization much above the break-even point and better than our competitors.
- The Company is further increasing the capacity of our existing products by setting up a manufacturing facility at our 4th plant at Pithampur, Indore, Madhya Pradesh.
- Company outperformed the industry in all Vehicle Segments (PV, 2 Wh, CVs and Tractors) and has been able to improve its Share of Business in all vehicle segments.
- The Company has a significant presence in almost all the OEMs of the country and we continuously strive to improve our market share by Investment in technology ahead of the competition.
- The Company is making Investments in traditional IC engine components judiciously. Now, we are also present in Electric Mobility through the acquisition of EMFi and also in other products which are agnostic to IC engines.
- The Company's current product range is Internal Combustions Engine components. These components are used in traditional fuel engines, Flexi Fuel Engines, CNG engines and Hybrid engines. For growth in the EV segment, we acquired a majority stake in EMFi.
- EMFi is a young technology company co-founded by engineering entrepreneurs with substantial R&D in Singapore and operations in India

thereby providing localized cost-effective e-mobility solutions to customers in India and abroad. It is one of the few companies that have developed a complete ecosystem of suppliers for manufacturing motors in India.

- SPR is very confident that it will be able to make significant inroads in the e-Mobility space based on EMFi's technical strength and SPR's long-standing relationships with the Customers. There is an excellent synergy.
- Since the acquisition process of Takahata Precision has still not been completed, the Company is unable to share any details on the same.
- We will explore the listing on BSE also.
- Financials of the Subsidiary company are available on the website of the Company

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

Chairman thanked all the shareholders for showing continued faith and confidence in the Company.

The Meeting concluded at 6:05 PM (IST)
