

SHRIRAM PISTONS & RINGS LIMITED: NEW DELHI

RECORDED TRANSCRIPT OF 60TH ANNUAL GENERAL MEETING HELD ON 24.7.2024

DATE	DAY	TIME	Venue (Deemed Venue)
24.7.2024	Wednesday	4:00 PM	Through VC/OAVM

Mr. Pradeep Dinodia, Chairman: -

Ladies & Gentlemen – A very good afternoon and a warm welcome to the 60th Annual General Meeting of your Company, Shriram Pistons & Rings Limited. We hope you and your family are safe and healthy and wish you the best of health in the future.

We are again holding this AGM through Video Conferencing/Other Audio-Visual Means (VC/OAVM) in compliance with Circulars issued by the Ministry of Corporate Affairs and SEBI.

I am told that the requisite quorum is complete, so I hereby call the meeting to order.

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

Once the Question & Answer session starts, we will announce the names of the registered Speakers one by one and the Host will unmute the respective Speakers for them to ask their questions.

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 respective 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.

1. On my immediate right is Mr. Luv Deepak Shriram is the Whole Time Director of your Company and has been on the board since April 2009. He is the promoter director of the Company. He is an industrialist and has vast experience in managing corporate affairs with focus on management & finance.

2. Mr. Inderdeep Singh 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 Continental Device India Pvt. Ltd. Mr. Inderdeep Singh's second tenure as Independent Director is set to expire on 28 July, 2024 and he will be retiring from the Board after a long tenure of about 16 Years. The Board acknowledges his invaluable contributions, business insights, and sound judgments during board deliberations, affirming his beneficial association, and expresses deep appreciation for his service as Director of the Company.
3. Ms. Ferida Chopra has been an Independent Director of your Company since March 2019 and is the Chairperson of the Stakeholders' Relationship Committee and the Nomination & Remuneration Committee. She has been re-appointed as Independent Director for a second tenure. She is a practicing Legal Counsel at the Supreme Court of India, the High Courts of Delhi, the Competition Commission of India, and various other Tribunals.
4. Shinichi Unno San is an Independent Director of your Company and has been on the Board of the Company since May 2021. He is the Executive Officer and Plant Manager at Fuji Oozx, Japan. He has over 34 years of experience in manufacturing and general management.
5. Ms. Tina Trikha has been appointed as an Independent Director of your Company in May 2024. She has over two decades of experience working in the US, India, and South-East Asia. She is a published author and an executive coach. She has long and varied experience in strategy development, financial analysis, governance, transformation management, and leadership across industries & geographies. She has been on the Board of reputed companies such as Hero MotoCorp, Oberoi Realty, MapmyIndia, etc.
6. Mr. Klaus Semke is a Non-Executive Director of your Company and has been on the Board since May 2023. He is the President at KS Kolbenschmidt GmbH and has long & varied experience and considerable exposure to international operations.
7. Yasunori Maekawa San is a Non-Executive Director of your Company. He has been on the Board since April 2022 as an Alternate Director and was appointed as Non-Executive Director of your Company in May 2024. He is the Representative Director, President, CEO, and COO of Riken Corporation, Japan. He has long and varied experience and considerable exposure to international operations.
8. Mr. Alexandru Vladoi has been appointed as an Alternate Director to Mr. Klaus Semke since November 2023. He is the CFO of the Small Bore Pistons Business Unit at Rheinmetall (KS Group) and has a long & varied experience and exposure to general management and international operations.
9. Shigeto Muno San has been appointed as an Alternate Director to Maekawa San in June 2024. He is the Deputy Senior General Manager (Sales) at Riken Corporation, Japan, and has a long & varied experience and exposure to general management and international operations.

10. In addition to the above, we have two Directors who are missing today Mr. Hari Shanker Bhartia who's a well-known industrialist of the country and has been on the Board of the Company since 2009. He is Non-Executive Co-chairman of Jubilant Pharmova Ltd. & Jubilant Foodworks Ltd. and Executive Co-Chairman of Jubilant Ingrevia Ltd. He is also an Independent Director of Global Health Ltd. He is a former President of the CII. He is also a member of the India-USA CEO forum and India-France CEO forum and has over 39 years of experience in the pharmaceuticals, specialty chemicals, biotechnology, foods, oil, and gas (exploration and production), aerospace, and information technology sectors and has been instrumental in developing strategic alliances and affiliations with leading global companies. His association has been invaluable to the company so far.
11. Then we have Ms. Meenakshi Das, Non-Executive Director of the Company and a Director since 2009. She is also one of the Promoter Directors. She is having a medical issue with her daughter and is unable to join us today.
12. In addition to the above, I have with me Mr. Krishnakumar Srinivasan who has been on the board of the Company since February 2020 and is Managing Director & Chief Executive Officer of the Company. His innovative approach and strategic vision have been crucial in driving the team towards achieving our organization's goals. By fostering a collaborative environment, he has ensured that every team member contributes to the best of his potential, resulting in outstanding performance and consistent growth of the company.

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. He is known for his visionary leadership style, combining a strategic mindset with a hands-on approach.

I thank all the Directors from Japan for taking the trouble to join this meeting at late hours and also thank Director from Germany to join this meeting.

I also have with me today here Mr. Prem Rathi, our Chief Financial Officer, a chartered accountant with great experience and a sane voice on our senior management team. Prem, thank you very much for being part of this leadership team and helping us with all our endeavours. And then Mr. Pankaj Gupta, Company Secretary and Mr. Pankaj Gupta also is a law officer of this company and he is instrumental in helping us with all our legal affairs including acquisitions that we do on the time.

All other management personnel have joined this meeting virtually.

Mr. Arun Tandon, Partner Walker Chandiook & Co LLP representing Grant Thornton in India as Statutory Auditors, Ms. Preeti Grover - Secretarial Auditor and Scrutinizer of this meeting, 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 **64.23%** of the paid-up Equity Share Capital of the Company.

I hope you 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's Speech:

The financial year 2023-24 was a remarkable year for your company and I am extremely delighted to share with you that your company has delivered its highest-ever financial performance by crossing the Rs. 30 billion milestone in terms of total income. We have also delivered the highest-ever profitability and generated robust cash flows in the financial year 2023-24. As India's leading manufacturer and exporter in the industry with a rich heritage spanning over five decades, our cutting-edge technology and technological collaborations with global leaders enable the company to set new standards of excellence and innovation, reinforcing its position in the global market.

In a constantly evolving business landscape, your company has consistently excelled and upheld its leadership position in the auto-components industry. Our unwavering dedication to innovation, excellence, and customer satisfaction has been pivotal to these accomplishments. At the core, our new business strategy is to focus on maintaining close connections with all our stakeholders. This approach emphasizes targeted engagement with specific countries, industry sectors, service offerings, and robust ecosystem partnerships. Our strategic direction, combined with adaptable operating model, ensure speed of execution and agility thereby positioning us for success.

Your Company registered sales of Rs. 29.5 Billion in 2023-24 against Rs. 26.1 Billion achieving a 13% growth over the previous year and has been able to grow the Profit before depreciation and taxes to Rs. 6.86 Billion, as compared to Rs. 4.90 Billion last year, which constitutes a growth of 40%.

Your company is making significant strides to augment its growth further. We are diversifying our portfolio and moving into newer, non-ICE segments, which would ensure that we continue to sustain our growth and de-risk our business model.

SPR Engenious Ltd., a wholly-owned subsidiary of your Company has already made two strategic acquisitions, i.e., a 66.42% stake in SPR EMF Innovations Private Ltd., which manufactures electric traction motors and controllers with applications across varied industries, marking our foray into the EV segment. We also acquired a 62% stake in SPR Takahata Precision India Private Limited, which manufactures high-precision plastic injection moulded parts for automotive applications and has technical collaborations with Takahata Japan, a leading high-precision injection moulded parts manufacturing company globally.

Further, SPR Engenious Ltd. has set up a *state of the art* manufacturing plant at Pithampur near Indore (Madhya Pradesh) and commenced the operations during the financial year 2023-24.

As part of our growth strategy, your company is establishing a state-of-the-art manufacturing facility under SPR EMF Innovations Private Ltd., near its existing facility in Coimbatore, which would broaden our footprint in the Electric Vehicle (EV) sector by supplying electric motors and controllers, across all vehicle segments - ranging from two-wheelers and three-wheelers to passenger vehicles, commercial vehicles, and buses.

Your Company completed the Takahata deal in October 2023. The Total Income of Takahata is Rs. 2687.68 Mn. and EMFI is Rs. 142.57 Mn. Going forward, these acquisitions are expected to help the Company to increase the scale of its business in the Non-ICE sector and also helping in de-risking its business model.

While maintaining our commitment to developing and manufacturing high-quality products for internal combustion engines (ICE) and alternative fuel solutions - such as hybrid, hydrogen, CNG, HCNG, and flex-fuel technologies - we are also strategically diversifying our product portfolio. This approach ensures we are well-prepared for the future of the automotive industry, balancing our traditional strengths with innovative advancements.

To summarize, it is our ongoing endeavor to increase Revenue and mitigate risks associated with the business. I must state here that there is considerable potential for your company to expand within its current business scope;

In our existing operations, your company has established a robust presence across all customer segments, including OEM, OES, and aftermarket, both domestically and internationally. As previously mentioned, we are not just sticking to conventional ICE engines but are also investing in products suitable for alternate fuel applications like CNG, flex fuels, and hydrogen. Your company caters to all the automotive vehicle segments, from medium and heavy commercial vehicles to light commercial vehicles, small commercial vehicles, tractors, passenger vehicles, and two- and three-wheelers. We aim to expand our current product range by offering further advanced technological solutions to OEMs, positioning ourselves as their preferred supplier.

We are also working on increasing our ICE footprint in different product segments like lawn-movers, marine engines, supplies for defence & railway applications in both domestic and export markets.

Moreover, we are broadening our focus to include the production of pistons, rings, and valves for non-automotive applications such as industrial machinery, compressors, generators, and braking systems. These sectors are expected to continue demanding these components for the foreseeable future and will not be affected by EV penetration, ensuring the sustainability of our investments.

All vehicle segments registered growth during the financial year 2023-24. Your company was able to outgrow the market by almost 100% by improving our sales in domestic, exports and aftermarket.

Your Company registered exports Sales of Rs. 5.2 Billion in 2023-24 against Rs. 4.8 Billion achieving 7% growth over the previous year. The performance in exports was exceptional considering that

the markets were affected due to various geo-political challenges like the Ukraine war, issues in the Gaza Strip, and subdued growth in Europe. Going ahead, we anticipate that our strong relationships with the existing customers, product-range expansion, and entering into new markets/ product segments will drive the future growth of your company.

Being part of the prestigious Shriram Group, over the past five decades we have been successfully demonstrating success marked by numerous achievements and have become a prominent global player in the auto components industry. The accomplishments have been fuelled by the unwavering dedication, creativity, and relentless efforts of our employees. Their embodiment of the SPR spirit has been instrumental in our success. Consequently, SPR is internationally recognized as a model of corporate citizenship, upholding the highest standards of governance, ethics, and values.

We are confident about the long-term growth potential of your Company, even as the automotive industry undergoes significant transformation. Technological advancements, shifting consumer preferences, an increased emphasis on sustainability, and an evolving industry landscape present both challenges and opportunities. Your Company sees these changes as a catalyst for growth and innovation, and we are committed to leveraging them by continuing to invest heavily in research and development in all the fields/product segments that we are present.

Driven by our strong financial performance and unwavering confidence in the long-term prospects of our business, we issued bonus shares to our equity shareholders in a 1:1 ratio in July 2023. By rewarding our shareholders, we aim to align their interests with the company's long-term goals and growth trajectory. This initiative will strengthen the bond between the company and its shareholders and foster a sense of collective ownership and pride among all stakeholders. We have also taken the step of listing your company in BSE apart from NSE.

Further to this effect, the esteemed Board has recommended that equity shareholders be paid a dividend of Rs. 10 per share for the year, inclusive of Rs. 5 per share already paid as an interim dividend.

The company's objective is to create long-term value for all stakeholders while conducting business ethically and enhancing people's quality of life, especially in the communities surrounding our regions of operation. The company has been employing cost-effective automation, digitization, machine interlinking, and other methods to de-risk its operations and concentrate on cost reduction to stay competitive in the market.

One of the company's main goals has been to protect the environment while building a more secure, inclusive, and sustainable future. The commitment is reflected in our comprehensive ESG initiatives which prioritize reducing our carbon footprint, promoting social equity, and ensuring transparent and ethical governance practices.

Your Company has achieved several milestones in its ESG journey i.e.

- Company's manufacturing facilities are having the status of Zero Liquid Discharge and state-of-the-art ETP & STP.

- Your Company have achieved a 20% reduction in Scope II emissions.
- Your Company has converted 19% of daily energy consumption at one of its plant from thermal to an alternative renewable energy source i.e. solar energy, which is planned to increase to 35% by FY 2024-25.
- Your Company plans to convert 40% of daily energy consumption from thermal to an alternative renewable energy source i.e. solar energy at its other plant.
- Rooftop Solar Power is being implemented in Pathredi Plant. Phase 1 will be implemented during FY 2024-25. This is expected to cover 5% of energy consumption of the plant.

Throughout the year, your organization persisted in carrying out a range of CSR initiatives in the fields of education (providing improved infrastructure and academic requisites), healthcare, sanitation, environmental preservation (planting and preserving trees in the vicinity), and rural development (adopting a village, schools and conducting various programmes for their betterment). Projects that targeted those from underprivileged backgrounds, senior citizens, or those with disabilities were given preference.

As the Auditors' report is not qualified, 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 shareholders who have registered themselves as speakers, to speak or ask questions. The host will announce the names 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.

During the meeting, several shareholders including Mr. Prince Soni, Mr. Ankur Chanda, Mr. Vaibhav Sharma, Mr. Toni Bhatia, Mr. Gagan Kumar, Mr. Santosh Bhutani, Mr. Aspi Bhesania, Mr. Inderjeet Verma, Mr. Sanjay Kathpal, Mr. Parmod Jain, Mr. Raju Verma, Mr. Vijay Kumar Jain, Mr. Ashok Kumar Jain, Ms. Kanika Jain, and Mr. Yashpal Chopra shared their perspectives and appreciation. They also requested clarifications on a range of topics concerning the Company's business operations and future growth plans, covering areas such as:

- i. **Performance Metrics:** ROE, EBITDA margins, EPS, export sales.
- ii. **Strategic Outlook:** Medium & long-term strategies for challenges and competitiveness.
- iii. **Sustainability Initiatives:** Plans for sustainability.
- iv. **Government Role:** Impact of Indian government policies on economic development.
- v. **Diversification and Value Creation:** Plans for Diversification and Roadmap for the coming years.
- vi. **Share Structure:** Potential share split plans.
- vii. **Growth Projections:** Turnover and profitability forecast for FY 2024-25.

- viii. **Opportunities & Challenges:** Growth prospects and challenges for the current FY.
- ix. **CSR Activities:** Overview of CSR initiatives.
- x. **Budget Impact:** Effects of the recent budget.
- xi. **Technological Innovations:** Technology changes and Plans for hydrogen fuel and ethanol blending.
- xii. **Diversity & Inclusion:** Gender ratio and diversity policies.
- xiii. **Brand Expansion:** Plans for brand and sub-brand expansions.
- xiv. **IEPF:** No. of Shareholders and Shareholding in IEPF Account

On behalf of the Board, the Chairman extended heartfelt gratitude to all shareholders for their encouraging remarks and overwhelming response, interaction, and comments. Mr. Pradeep Dinodia, the Chairman, addressed and responded to the various queries raised by the Shareholders:

- As of now, 30% of our board consists of women, with 3 women directors contributing significantly to the company's well-being. At our Takahata plant, 60% of the workforce is female. Overall, 5 to 10% of our company's shop floor workforce is women, and we aim to increase this percentage over time.
- The year 2023-2024 was exceptional for us, largely driven by the boom in the personal vehicle segment within the automobile industry. The first quarter of the 2024-2025 financial year has also been promising, aligning with last year's performance. We plan to maintain this momentum throughout the year and beyond, with a focus on diversification.
- With regard to Diversification, we have acquired stake in Takahata and EMF, which specializes in Electric Vehicle Motors and Controllers. Both companies have secured additional land adjacent to their current facilities to expand manufacturing and technological capabilities. While we see significant potential in the electric vehicle sector, we continue to invest in our ICE (Internal Combustion Engine) sector with innovations, technological upgrades, and low-cost automation. We have also approved the acquisition of a new IP furnace from Riken, which will be delivered this quarter.
- We are heavily invested in flex fuels, CNG, and hydrogen technology. Notably, Shriram Piston provided the piston assembly for Bajaj's first CNG two-wheeler. Our state-of-the-art R&D facility in Ghaziabad is equipped with a unique test bed, keeping us at the forefront of technological advancements. Our collaborations with partners ensure we stay ahead in adopting new technologies.
- We aim for sustainable profit margins, avoiding extreme fluctuations. Our current margins are satisfactory.
- As of the end of the year, there are 20 shareholders with a total of 34,940 outstanding shares in the IEPF authority account.
- We acknowledge the desire for physical meetings from many shareholders and share the sentiment. But as covid has resurfaced and the security concerns must be addressed first. We are committed to facilitating hybrid or physical meetings as soon as circumstances allow.
- I would like to clarify that while PAT increased by 40%, we have actually doubled our dividend in absolute terms this year compared to the previous year, indicating a 100% increase.

- The recent budget is very encouraging for us. The government's fiscal discipline and focus on rural India and weaker sections, along with substantial infrastructure spending, will positively impact our business in the current year and beyond.
- Our products are designed to be compatible with all new flex fuels, including hydrogen, ethanol, and CNG. We remain up-to-date with the latest advancements, supported by our collaborators Riken, Kolbenschmidt and Honda Foundry, ensuring our leadership in adopting new fuel technologies.
- We are committed to maintaining shareholder value. Last year, we issued bonus shares after nearly 20 years and have applied for a listing on the BSE. A share split will be decided strategically by the board. Shareholders will be promptly informed of any decisions.
- We acknowledge the long-standing demand for factory visits. While logistical, COVID-19, and security concerns need to be addressed, we are committed to organizing these visits as soon as circumstances permit.

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 6:00 PM (IST)
