



December 24, 2024

Listing Department

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor

Plot No. C/1, G Block,

Bandra Kurla Complex, Bandra (East),

Mumbai – 400 051

ISIN No. INE526E01018

Company Symbol: SHRIPISTON

Sub: Transcripts of the “Update on Acquisition of TGPEL Precision Engineering Limited by SPRL through SPR Engenious Limited (WOS)” - 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 December 13, 2024 and December 18, 2024, regarding the schedule and Audio Recordings of the “Update on Acquisition of TGPEL Precision Engineering Limited by SPRL through SPR Engenious Limited (WOS)” of Shriram Pistons & Rings Limited (SPRL/ 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 transcripts of the “Update on Acquisition of TGPEL Precision Engineering Limited by SPRL through SPR Engenious Limited (WOS)”, held on Wednesday, December 18, 2024 at 4:00 p.m. (IST).

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

ICSI M. No.: F4647



SHRIRAM PISTONS & RINGS LTD.

“Update on Shriram Pistons & Rings Limited
Acquisition of TGPEL Precision Engineering Limited”

December 18, 2024



SHRIRAM PISTONS & RINGS LTD.

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



Moderator: Ladies and gentlemen, good day and welcome to the update call for SPRL's acquisition of TGPEL Precision Engineering Limited hosted by Shriram Pistons & Rings Limited. As a reminder, all participant lines will remain 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 the conference call, please signal the operator by pressing star then zero on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Krishnakumar Srinivasan from Shriram Pistons & Rings Limited. Thank you and over to you, sir.

Krishnakumar Srinivasan: Yes, thank you, Ryan. I hope you can all hear me well. A very good evening to everybody. On behalf of Shriram Pistons & Rings, I welcome you all to this Investor Call to update you on the proposed acquisition of TGPEL Precision Engineering Limited by Shriram Pistons & Rings through its wholly owned subsidiary. We had intimated the Stock Exchange with the necessary disclosures as well as the press release on the 10th of December. However, we felt that we should also give an update to you all via this call.

So, thank you all for attending the same. Let me begin.

Shriram Pistons & Rings Limited through its wholly owned subsidiary, SPR Engenious Limited, has entered into a definitive agreement for the acquisition of 100% shareholding in TGPEL Precision Engineering Limited, which is engaged in the manufacturing of high precision injection moulds and injection moulded components.

TGPEL Precision Engineering Limited, formerly known as Timex Group Precision Engineering Limited, is a leading player in the field of precision mould making and injection moulded parts, particularly known for its diverse product offerings in the automotive industry. Additionally, TGPEL Precision Engineering Limited has a presence in the electrical, consumer goods, and medical sectors, and its markets also extend beyond our domestic borders.

Established in 2008, TGPEL Precision Engineering Limited boasts two state-of-the-art manufacturing facilities in Noida, Uttar Pradesh, that are outfitted with advanced capabilities for the design, development, and production of high-tech precision moulds, as well as in-house tooling and the manufacture of intricate injection moulding parts.

TGPEL Precision Engineering Limited primarily supplies injection moulded parts, products, and moulds to OEMs and other automotive companies. Its diverse product range includes many precision automotive components like speaker grills, air vents, flange covers, manifolds, bobbins, door handles, EV fuse box covers, CRB housings, clamps, connectors, and also many non-automotive components like the electrical terminal blocks, the MCB parts, the plastic gears, canister brackets, and small medical devices. Some of the clientele of TGPEL includes Denso, Asahi India Glass Limited, Continental, Motherson, Havells, Dabur, Kohler, Gillette, Schaeffler, Nidec, and many more.

TGPEL has shown a positive financial trajectory with revenues climbing to INR 1,183 million in FY '24, up from INR726 million in FY '21, growing at a CAGR of 18% between FY '21 to



'24. Along with that, EBITDA margins have been ranging from 23% to 26% during this period. It has not only reflected a strong growth in the top line, but also in the profitability.

TGPEL Limited, with its healthy profitability matrix, has demonstrated strong capabilities and operational efficiencies on a day-to-day basis. The acquisition of TGPEL is extremely strategic to us, not only from a point of view of diversification into non-ICE components, but also into areas beyond automotive, with light-weighting as a concept across various industries. TGPEL's robust financials are expected to contribute significantly to the overall consolidated financial strength of Shriram Pistons & Rings Limited.

Let me quickly talk you through the transaction.

SPR Engenious Limited will acquire a 100% shareholding in TGPEL at an enterprise value of INR2,200 million on a debt-free, cash-free basis, with adjustments of debt and debt-like items to be considered as on the date of the closing. The transaction is expected to be completed by 31st December 2024, subject to satisfactory completion of all the conditions precedent.

SPR Engenious Limited will acquire 30% shares from Asahi India Glass Limited (listed company), 30% from Padmini VNA Mechatronics Limited, and 40% from three other private investors. There are totally five investors in this company and SPR Engineers will acquire 100% of the shares from these five investors at the above enterprise value.

The proposed acquisition is part of Shriram Pistons & Rings Limited's overall long-term strategy to invest, diversify, and grow its product portfolio in the areas agnostic to ICE powertrain, thereby cementing its leadership position in the automotive sector. This deal will mark one more step towards Shriram Pistons & Rings' focus to consolidate and strengthen its position into the manufacturing of high precision injection moulded components.

Leveraging TGPEL's cutting-edge mould development capabilities and its infrastructure for producing high-precision injection moulded parts, we are well positioned to meet the needs of both local and international clients seeking meticulously crafted moulded components for automotive and other industrial applications, including medical. Integrating Shriram Pistons & Rings' robust manufacturing engineering prowess with its extensive customer network presents numerous opportunities for synergies.

This acquisition is poised to reinforce SPRL's footprint in the specialised area of high-precision plastic injection moulded area, as well as the overall weight reduction strategy, along with its previous acquisition of SPR Takahata.

This acquisition aligns with SPRL's strategic emphasis on broadening its footprint in the Non-ICE product segment and thereby creating long-term value for its stakeholders by being accretive to our EPS right from the first day.

So, I am sure you will find this quite interesting and I now request the moderator to open the floor for any questions that you may have. Thank you.



Moderator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question comes from the line of Akshay Sam from Sam Capital. Please go ahead.

Akshay Sam: Sir, firstly, congrats on the acquisition. It is heartening to see very high margins of TGPEL. I had a few questions. Can you just tell us about what are the synergies you will have with another acquisition you did, Takahata, last year? And also, since we have seen very high margins for this company in particular, I wanted to in particular know why are margins for Takahata very low, despite them being around for 15 years already in India? Is it because of low capacity utilization or there are some other factors or the margins will eventually catch up with TGPEL? That is my first question.

Krishnakumar Srinivasan: Yes. So, Sam, let me answer the first part of the question. First and foremost, as far as the synergies are concerned, we see a lot of synergies in the sense that we bring the depth in terms of the reach with all the customers, all the OE customers as well as the Tier-1s, and because of that reach, we are in a better position to really help TGPEL also and also the Takahata team get more business. We have already started doing that in Takahata. And so, we see that basically with the product range that presently TGPEL is able to cater to the industry and as well as Takahata, you will find that as far as the precision injection moulded components are there, most of the OEMs, since it requires for a very heavy amount of moulding cost to be put on the moulded parts, we find that most of the customers normally have only one supply for one part. So in terms of the product overlap, there is almost zero overlap. That is a good part between TGPEL and between Takahata.

Now, as far as the customer overlap is concerned, there are some customer overlaps, but that is not too much. And we really found this acquisition leading us to a very good kind of a situation with regards to finding the synergies as well as seeing this whole acquisition being very complementary in terms of its overall positioning, both on the top line as well as the bottom line.

So having said that, I would say that with regards to the margins, I would like to clarify that first and foremost, the margins of Takahata are not very low. So, you might have seen in the last two quarters, we have already shown the margins in our consolidated statements, that margins are in the high 20s and we are very hopeful that the margins of Takahata and margins of TGPEL will really help us to get a fantastic and a very accretive EBITDA business for SPRL on the whole.

Akshay Sam: Sure, sir. So, my second question is regarding further acquisitions if you have planned in the pipeline. Obviously, you have said in the past that all of you are very active and looking out like a hawk for more potential investments.

Can I know, is the strategy of the companies to like get into more use case applications since automotive industry is generally very cyclical? For example, if I may name a peer of yours, similar to what tube investment is doing, because there's so much potential for India's manufacturing sector in general. So looking at just say automotive with a narrow lens may not be the best strategy for future if we want to build more like an industrial hub in India.



So in terms of just diversifying your use case applications, what is the strategy of management so that we are not just look from the lens of automotive in general and look more like an industrial company? Thanks.

Krishnakumar Srinivasan: Yes. So first and foremost, let me clarify. While I agree that the automotive industry is fairly cyclical, but at the same time, with the penetration of newer models and newer areas, especially the EVs, I think overall if the company really does strategic investments, it will continue to have a continuous growth path. So I don't see any reason why that should not be achieved. It's a question of how we are able to leverage our strengths in the areas of automotive. That's point number one.

Point number two is as far as these two acquisitions are concerned, both Takahata and this, you might have seen that they have exposures in the market as far as market is concerned to areas beyond automotive. And on an average, both the companies are doing quite well in industrial sectors as well as medical sectors and other areas. So as a result, we feel that our exposure into these areas are slowly improving and increasing.

But it's coming more from the acquisition and I don't think we have a very clear, let me put it this way, a very strategic intent to go into areas other than automotive. Our focus, our strengths are in the automotive and will continue to be in the automotive as a dominant player. But at the same time, we will also explore other areas in industrial as well as medical and other areas so that we slowly de-risk the overall business model.

We have already done that with both the companies put together. We'll have a sizable turnover as far as the plastic injection moulded components are concerned. And we'll have both on the top line and bottom line a fairly good presence from the plastics side.

So fundamentally, if you really understand the overall strategy of the company is more to ensure that we are able to keep the lead and the position that we have in automotive and then leverage it to be able to focus into other areas of automotive that also very niche areas. We just don't want to just put money into very normal items which will not give us the required margins because our focus has always been on margins. And we are trying to see that whatever we do is EBITDA accretive to us.

So that is the way that we are focusing. And going forward, to answer your first part of the second question, whether we are looking for other acquisitions, yes, you're right. Though we are looking like a hawk, but we are looking at like a hawk in a very closed zone to ensure that we zero-in on the right companies.

Which will be able to give us the both the top line and the bottom line, rather than just throwing money into very, let me put it this way, irresponsible acquisitions.

Akshay Sam: Thank you so much. I'll get back in the queue.

Krishnakumar Srinivasan: Thank you so much.



Moderator: Thank you. The next question comes from the line of Gourab Paul, from Techsellence Financial Research. Please go ahead.

Gourab Paul: Good afternoon, sir. So, my first question is a bit technical. So, what is the sort of the lead time or the product development cycle for a precision mould? Could you kind of explain me? And the second part is that last call you had mentioned that the TAM for Takahata is around, I think, INR 3,000 to INR 4,000 crores in domestic market. So, with the addition of TGPEL, how big will this, I mean, how big the market becomes? And where do you see this entire plastic business in, say, three to five years of time?

Krishnakumar Srinivasan: See, basically, let me answer the second question first, to makes it easier for you to understand. The TAM, the total addressable market for Takahata, from a precision injection moulded parts standpoint, what I stated at that point in time was more limited to all the current scale of the industry as far as automotive is concerned. Now, if you really scale it up to areas beyond automotive, let us say, the medical industry and industrial components, there again, the precision component industry is quite big.

And then the TAM continuously keeps on increasing. Our focus between the two companies put together would always remain to have at least anywhere between 20% to 30% of the market being addressed beyond automotive, and at least 70% of the market being addressed by automotive to retain our margins as well as retain our lead positions that we have with the synergies that we can bring on the table. So, strategically, it will always be a combination of all this factors to enable us to not only maintain our positions, but also grow the business across both the companies.

Now, both the companies put together will have a sizable market share as we go along with this, and precision injection moulded parts always requires a lot of technology. And we have to keep upgrading our technologies also continuously. And that's where our partner Takahata has really been able to do that across various segments of the industry. So, we are very confident that our overall strategy is very well falling into place, and it will really help us to scale this business quite heavily.

Gourab Paul: Understood. So, I generally wanted to understand, say, for example, an OEM comes with an RFI or an RFQ for a precision mould, not an OEM, sorry, a Tier 1 or Tier 2. How much time does it take to...?

Krishnakumar Srinivasan: Yes, so I'm coming to the first part of your question, especially the lead time required for any new development. Now, this again depends on size to size. If you go on to the TGPEL's website, you will see all kinds of components that they make. They make right from small connectors right up to big fuse boxes and various precision components. So, sometimes the lead time could be as low as anywhere between three months, between 8 to 12 weeks, or in some cases even as high as eight months, if wherever it requires a huge amount of validation.

Now, for many of the automotive components, we have to also do a lot of validation. But there are components which can go only through the PPAP route, and then that doesn't really require



a very huge validation. So, we have multiple combinations, which work on this side, and it's very difficult to pinpoint, say, that takes minimum this time.

Rather, it is better to say that the growth that you see on a yearly basis is a clear indicator in terms of how they are able to convert their new enquiries into business. On an average, they have been achieving a CAGR of around 18%. And that's a very fairly good growth that we see on a year-to-year basis. And that's been one of the major reasons why we said that we should invest in this company.

Gourab Paul: I had a question on the aftermarket side. Will this call be appropriate for that question, or maybe I'll take up in the earnings call?

Krishnakumar Srinivasan: No, the aftermarket, as far as this particular product is concerned, is certainly there. But most of this aftermarket gets serviced by the OEMs directly, because there's been a precision component goes inside most of the assemblies. And the assemblies either are addressed by the tier ones or by the OEMs.

So, we don't aftermarket for these parts, that is the plastic injection moulded parts and the precision plastic, we don't expect to have a separate line of aftermarket, because we have to service it through the tier ones. But at the same time, at any given point in time, if we find that there is a good possibility for us to enter the market with the excellent network of aftermarket that we have across the country, I think it is not going to be a very tough task.

Gourab Paul: Thank you for the answer.

Krishnakumar Srinivasan: Thanks a lot, Gourab. Thanks.

Moderator: Thank you. The next question comes from the line of Vikram Rawat from East Lane Capital. Please go ahead.

Vikram Rawat: Hi, sir. Good evening. Sir, my question is given these two acquisitions, how should we look for the scaling up of this plastic injection moulding business? And second is on the interior side, what kind of capacity utilization level are we running at? And current capacity, basically, how much potential revenue can we reach from the existing asset base? And is there any plan for the scaling up like a capex we are doing in the Takahata? Is there any further capex plans for this business?

Krishnakumar Srinivasan: Yes. Good question, Vikram. And let me answer this. This market, as far as precision injection moulded parts are concerned, is a growing market. Now, the reason why it's a very growing market is because people have realized that you can leverage a lot of possibilities by using plastic injection moulded parts as compared to a mechanical part or a steel part, and thereby get almost the same strength and get the output that is required. So, that's why people have started applying this into a number of areas in the vehicle also, because that helps them in the overall light weighting concept that they have for the vehicle.

As a result, you'll see that these companies have been growing at this rate. 18% CAGR is really a very good growth rate that they have been able to achieve over the last five years. Then there



is no reason why we should not look at applying the same kind of growth rates in the future years. And both the companies together should be able to give us that kind of business growth that we are looking for.

And going from a capacity utilization standpoint, while we don't normally give these numbers directly, but I can only say injection moulding, if you see as a business, normally we put the machines with a certain moulding capacity, let's say a 350 ton machine if we put, normally the capacity is quite good and it requires a good amount of orders to really fill up that capacity.

And between the two companies put together, we have I think over 250 to 300 machines. And as a result, we have fantastic flexibility that we can bring in, in terms of capacity and also be able to work out strategies with regards to high volume lines and low volume lines and be able to mix and match a lot of possibilities for the end markets.

So as a result, I feel that there are a lot of possibilities that then comes along this way, because we have a fairly good mix of machines available, thereby catering to bigger segments of the market.

Vikram Rawat: Thank you, sir. That's it.

Moderator: Thank you. The next question comes from the line of Mitul Shah from DAM Capital Advisors. Please go ahead.

Mitul Shah: Yes, sir. Congratulations and thank you for the opportunity. Sir, two questions. In this acquisitions, out of overall revenue, how much would be roughly from the moulds and how much would be from the mouldings? And would that be entirely injection moulding or would the moulds include the injection mould as well as blow mould and all?

Krishnakumar Srinivasan: Okay. Yes. So, Mitul, thanks for the question. You know, first and foremost, as far as precision injection moulding, I keep saying this that, the area that we are trying to attack is only precision injection moulding, because that's where we are able to get the technology. We need a lot of technology with regards to vacuuming, with regards to insert moulding, with regards to temperature stability and a lot of other things, because that way then we can give very thin sections and be able to reduce the weight of the components.

And that is fundamentally the technology that goes behind this. And in this, there is absolutely no blow moulding, because blow moulding and all are very low technology items and very beaten up on costs and prices.

Whereas, where the technology is involved, it's a very high precision component and there is a huge amount of technology as well as a huge amount of efforts that needs to be put up to manufacture the moulds. So, in almost all the cases, when we make the moulds, while the moulds are owned by the tier-1s or the OEMs, the moulds are made for the respective, part that we have, that we get awarded from the business.

So, in very rare cases, the customer gives the mould and we have to give the moulded parts. In 90% of cases, we have to make our own moulds for the parts that we get awarded in terms of



the business. And we have to design the moulds to suit the technology that is required to achieve the end result. The end results are the ones which I said, in terms of low thickness, 1 mm, 0.5 mm thickness and all that to maintain stability.

So, most of the moulds that you will see is, has to be manufactured for the products that we make. There are also a stream of business that we do, where in both the companies, Takahata as well as this, where we do the moulds for specific to customer applications, we give it to the customer, customer does the moulding himself. So, that, those cases are also there.

So, so it's a good mix and match. But overall, as a percentage of the business, the mould business will be fairly, let me put it this way, anywhere ranging between 15% to 20%.

Mitul Shah: So, about 80% is mouldings, right?

Krishnakumar Srinivasan: Moulded parts.

Mitul Shah: Moulded parts, correct.

Krishnakumar Srinivasan: But even moulds that we make, maybe for the moulded parts, for the same moulded parts, but retained by us, but manufactured for the customer.

Mitul Shah: And just follow up on this, in terms of margin, generally mould making margins are much higher than the moulding, right? So, what would be a difference roughly in terms of the percentage?

Krishnakumar Srinivasan: We don't, we don't normally categorize that way, because when we make the moulds for the parts that we make, so we focus on the part cost, so, and the mould is owned by the customer. So, it's not that on the margins on the moulds is bigger than the margins on this thing. So, it's a mix and match kind of a situation.

Mitul Shah: Lastly, on, again, moulds, how much would be the captive consumed moulds out of that 20% revenue? How much is the third party for which moulds are manufactured?

Krishnakumar Srinivasan: That again varies from year-to-year, it will vary. So, you can't fix it up to a certain number, because it depends on the kind of business that we get. And we don't do a normal run of the mill kind of a mould, because there are many inquiries for that. But we don't do all that, because our capacities are limited. And we want to focus on very specific areas where we can bring technology.

And so, that way, we can't exactly pinpoint and say that this will remain like this in the future also. So, I don't think that number will make any much relevance.

Mitul Shah: Okay, sir. And so, on the utilization, how much is and how much it can go up with minimal capex on de-bottlenecking?

Krishnakumar Srinivasan: I think I answered the previous question. So, we expect, we have, know, as I said, the different grades of machines have different capacity levels, and different utilization. So, we normally categorize it by the availability of the kind of machines, the tonnage of the machines that is there.



And we categorize it across 80 to 100 tons, 100 to 150 tons, 150 to 200 tons, 200 to 300 tons, and 300 tons and above.

This is how the whole categorization happens in the precision injection moulded parts. There are, of course, many other plastic parts where it is even above 300 tons, 350 tons. So, it varies from tonnage-to-tonnage. But we have a fairly good capacity available. Let me clarify that between the two companies put together, where we can mix and match and get efficiencies out by the volumes.

So, we are able to then, easily have a fantastically good capacity available.

Moderator: The next question comes from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.

Mumuksh Mandlesha: Just, sir, firstly, if you can help us, how the Timex Group was, I mean, just in the landscape of this thing, what are the capabilities they have? And today we have the two partners, different, Timex and the Takahata. So, how the technology will be then shaped up for the future, sir?

I mean, it would be different for different businesses, or they would also combine effort.

Krishnakumar Srinivasan: Yes, let me answer this question first because it's a very good question, a very important question. First and foremost, TGPEL does not have any partners today. It was actually formed as a Timex Group. Timex was a US-based company and you might be knowing that Timex initially formed the company with the Tata's collaboration.

And this was founded in 1992, as when Timex used to primarily focus on making the moulds and plastic injection moulding for watches. But that's how it started. And then subsequently it was carved out as a Timex Group Precision Engineering Limited in 2008, when the relationship between Timex and Tata's broke and Timex went off.

And the injection moulded parts remain in the country as a standalone company. And it became Timex Group Precision Engineering Limited. And this company actually started with a new facility in 2009 in Noida. And they had roughly one plant, I think it was close to 45,000 square feet that they had constructed at that point in time.

But then they were acquired in 2019, they were acquired by five different shareholders from different companies. And this included Asahi India. And then Padmini VNA, they both had 30%-30%. Then there was private investors, three of them from Hong Kong, all having, 20-10-10, that kind of a shareholding.

So it was a very mixed kind of a shareholding, more like a financial investor. And none of them were able to consolidate the financials of this company. And it was standing as a standalone company. And now, with our acquisition, we find that, they also find that it makes a lot of sense, we are able to then give it more strategic direction, more directions in terms of growth.



And, there is then a clear focus with regards to how we want to grow this light-weighting segment of ours in terms of the plastic injection moulding. So that is how this whole acquisition made sense. And I think it is a very apt acquisition with regards to our overall strategy.

Mumuksh Mandlesha: And now, sir, it will be played to both of the partners, I mean, both of companies will be separately, it will be played out in the market.

Krishnakumar Srinivasan: So when they don't have any partners from outside, it is only Takahata as a partner whom we have under the Takahata wing, which will continue. And between us and Takahata, we have a clear understanding of how we'll run this whole overall plastics business.

Mumuksh Mandlesha: And, sir, just on the, how is the ROCE profile can help us understand for this business as of now? And I mean, is there any other incrementally margin triggers you see that can support better margins for this acquisition, sir?

Krishnakumar Srinivasan: See, the past figures are all available on the ROC sites. So you will be able to get the financials down and on an average their return on capital so far has been in the region of around 24%. So 23% EBITDA is what we have been maintaining. So, their return on capital etc. is all available for the previous year's figures. So I think that you will be able to get from there.

Mumuksh Mandlesha: Got it, sir. Thank you so much for this opportunity, sir.

Krishnakumar Srinivasan: Wonderful. Thank you.

Moderator: Thank you. The next question comes from the line of Gourab Paul from Techselligence Financial Research. Please go ahead.

Gourab Paul: Sir, I just wanted to understand this tooling that you do for mould. It's usually paid upfront by the customer, isn't it or what is...

Krishnakumar Srinivasan: No, we have both the models. There are some models where it's paid up front, there are some models where we apportion it from the cost to the part.

Gourab Paul: Okay. And my second question is for medical devices you mentioned that there are some medical devices under TGPEL. So are there any components which have gone through FDA approval or something like that, any idea?

Krishnakumar Srinivasan: Yes, they are already supplying. They are already supplying to Tier 1s directly.

Gourab Paul: Okay. The second question was in the last call you said that in export business, you're seeing green shoots coming up and more business is coming for your base business, not the plastic, but for pistons from Europe and America. So, I mean, overall this quarter are you still seeing that or I mean, it's still subdued and...

Krishnakumar Srinivasan: No, as I said I think I mentioned it in the last call that our exports business has got affected because of the war situation at both in the Middle East as well as in Ukraine. So, the whole of Europe is under a lot of slowdown. The whole of US is under slowdown. So, the primary markets for us are in the Middle East and Europe. And naturally, the exports markets are affected.



But notwithstanding that we have all continued to grow and will continue to grow primarily because of newer areas that we are attacking in terms of new business and also in terms of ensuring that we are able to cater to some of the urgent requirements that some of the companies have abroad which is happening primarily because of some of the big players vacating capacities.

So, we are able to cater to that because with our clear strategy of growing in all the areas that we are invested in, we want to ensure that we are able to cater to the end markets in a manner which is going to be very seamless for the customers. So, that way we are able to actually grow the business.

Gourab Paul:

Sir, also in the CV and tractor overall, I mean, the aftermarket segment. So, I understood that there are around INR 10 crores of CVs in the Indian domestic market on road. So, typically, what is the overall cycle of that? I mean, say in life of say 10 years to 15 years, how many times do they go for piston replacement?

Krishnakumar Srinivasan: I think I explained this in the last call. Normally, in the life cycle of CV industry, there are normally anywhere between five to six times that it undergoes overall engine overhauls and that is not a sacrosanct figure, the whole industry works in a very uncoordinated manner. There is no coordinated figures available, thereby you can conclude and say that this is how it will move, but in an approximate manner, anywhere between five to six times in a CV, that it undergoes major overhauls.

Gourab Paul:

Understood, sir. And my last question I wanted to understand regarding the ethanol based blending. So, I understand that in Brazil you supply for components where the blending is around 60% to 80%. Please correct me if I'm wrong?

Krishnakumar Srinivasan: Even 100%. See what happens ethanol blending happens from 10% to 100%. So, in Brazil, they have reached not today, they have reached almost close to 5 years, 6 years back 100% blended ethanol usage. And they have realized that with 100% usage, they have the wear and tear on the engine components are very, very high.

As a result of which it has now been blended down and they on an average use between 80% to 85% as the standard ethanol blending. Now, with 80% to 85% blending what happens is you will still there is a big drop in the power density as a result of which you have to go for higher ratios and other things.

And you have to completely redesign the product because the carbon should be in on the higher side, you have to redesign the product to be able to maintain all the scavenging that is required on the engine blocks and that requires a huge amount of technology with regards to the coating of the rings, coating of the pistons and other things.

So, that is the technology that we have developed. And we are leading the entire race by giving product components which goes into CNG and ethanol applications in a very big way, both in India as well as in abroad.

Gourab Paul:

Yes, so just to give a sense so say, for example, we have a VH6 piston and compared to that say your Freedom 125 piston of similar vehicles, so the machining content for the Freedom 125 or



a CNG based or an ethanol based ones, would it be more high like the top crown surfaces and all?

Krishnakumar Srinivasan: Yes, everything not only the machining, machining plus coating everything changes completely.

Gourab Paul: Okay. That's very clear. Thank you so much.

Moderator: Thank you. The next question comes from the line of Akshay Sam from Sam Capital. Please go ahead.

Akshay Sam: Hi, sir. Thanks for the follow-up. Can you throw some light on the competitive landscape and the precision plastic moulding segment in India? Because I've seen a lot of competitors abroad who are market leaders. They do very niche stuff such as plastic and metal fusion moulding as well?

Krishnakumar Srinivasan: That is one of the major areas that we do we call it as insert moulding. And it's a metal insertion moulding that we do and do it in both companies. Well, the competitor for Takahata was Timex. Competitor for Timex was Takahata. So, we do have other competitors, but then I think we have a good position now.

Akshay Sam: Are we the biggest in India, sir?

Krishnakumar Srinivasan: No, I don't think so. From the landscape of the market that is available, I think you can easily make out we cater to around 15% of the market now and we want to grow to a much bigger segment. Our aim is to become the biggest. What it required was a group which will actually bring a lot of synergies with regards to the market and the front-end situation that we have with so many tier ones that we are able to consolidate all that and bring it all together.

And that is where we see the synergies coming from SPRL. So, SPRL will play that part with regards to getting those synergies and growing the business for both these companies.

Akshay Sam: So, we have 15% market share at the moment and you think the market leader has around say 20%? Is that sir?

Krishnakumar Srinivasan: No, I am not saying that. There are very distributed kind of suppliers. As a result there is one guy owning more than double-digit figures in terms of the market share because this happens when you have a very niche market the customers cannot invest in multiple suppliers for the moulds because otherwise the overall cost goes up.

So, they tend to develop their own partners in small segments and they want the partner companies to then invest in the mould. So, that is how it happens. So, most of these companies will not find any product overlaps, but you normally have overall group overlap happening because of it being a plastic injection moulded part.

Akshay Sam: Understood, sir. Thank you so much.

Krishnakumar Srinivasan: Yes.



Moderator: Thank you. As there are no further questions, I would now hand the conference over to Mr. Krishnakumar Srinivasan for closing comments.

Krishnakumar Srinivasan: I think these are all great questions today and I think we have been able to answer it to the best of our abilities. In case anybody has any further questions, please do reach out to us anytime. You have the numbers available of Mr. Pankaj Gupta who is our Company Secretary and Legal Counsel. He will ensure that he will then reach out to the right person to get the answers and be able to give the answers back to you.

We extend our gratitude to all the participants for attending today's Investor Call. Your participation has made this discussion extremely engaging. We remain dedicated in our commitment to our strategic business objectives and we will continue to strive for sustained positive outcomes.

For any further questions or any information that you may have, please reach out to our Investor Relation Team at Ernst & Young. And on behalf of the company again, thank you once again and appreciate your time and involvement in these discussions. Thanks a lot. Take care and goodbye. And I do take this opportunity to wish you all a very Happy New Year. Thank you.

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

Krishnakumar Srinivasan: Thanks, everybody.

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