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Passion to Excel

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CUSTOMERS EMPLOYEES SHAREHOLDERS SUPPLIERS

PL/SEC/TGT/2025-2026/020 Tuesday, 20th May, 2025

Listing Department **National Stock Exchange of India Limited** "Exchange Plaza', C-1, Block G Bandra-Kurla Complex, Bandra (E), Mumbai - 400051	Corporate Relationship Department **BSE Limited** 1st Floor, New Trading Ring Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai 400 001
Scrip Code: PRICOLLTD	Scrip Code: 540293

Dear Sir,

Sub: Con-call Transcript

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we herewith submit the Transcript for the Con-call held on 16th May 2025 pertaining to Company's audited financial results for the quarter and year ended 31st March 2025.

This is for your information and records.

Thanking you
Yours faithfully,
For Pricol Limited

THANGAVEL GAJALAKSHMI THAMIZHANBAN
Digitally signed by THANGAVEL GAJALAKSHMI THAMIZHANBAN
Date: 2025.05.20 13:59:11 +05'30'

T.G.Thamizhanban
Company Secretary
ICSI M.No: F7897

Encl. As above

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Pricol Limited

Q4FY25 /FY25 Earnings Conference Call

May 16, 2025

Moderator: Ladies and gentlemen, good day and welcome to Q4 and FY25 Conference Call of Pricol Limited hosted by Valorem Advisors. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*', then '0' on your touch tone phone. Please note that this conference is being recorded at this time.

I would now like to hand the conference over to Miss Nupur Jainkunia from Valorem Advisors. Thank you and over to you ma'am.

Nupur Jainkunia: Thank you. Good evening, everyone and a very warm welcome to you all. My name is Nupur Jainkunia from Valorem Advisors. We represent the Investor Relations of Pricol Limited on behalf of the company. I would like to thank you all for participating in the company's earnings conference call for the fourth quarter and the financial year 2025.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's conference call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks. We have with us, Mr. Vikram Mohan - Managing Director, Mr. P M Ganesh - Chief Executive Officer and Executive Director, Mr. Siddharth Manoharan - Director of Strategy and Mr. Priyadarsi Bastia- Chief Financial Officer of the company.

Without any further delay, I request Mr. Vikram Mohan to start with his opening remarks, followed by financial and operational highlights of the company. Thank you and over to you Sir.

Vikram Mohan: Thank you, Valorem team, for organizing this call. Namaste, ladies and gentlemen. Welcome to the Q4 Financial Year 25 financial performance and for the year ending FY25, call for our investors. The presentation has already been uploaded and I do hope all of you have seen the presentation. I will request our Director of Strategy - Siddharth Manoharan, who's also in charge of investor relations, to take you through the financial overview. After which I will address the participants in this call. Over to you, Siddharth.

Siddharth Manoharan: Thank you and good evening to one and all. Before we go into our financial performance, we would like to inform you all that the financial numbers, the consolidated financial numbers include the performance of our acquisition that we made for the months of February and March in the last quarter. So, for the Q4 of FY25, on a consolidated basis, our revenue from operations stood at INR 7520.11 million with an EBITDA of about INR 883.0 million. And the EBITDA margin percentage stood at 11.74%.

Our PAT numbers stood at INR 349.48 million at a margin of about 4.65% and our earnings per share was at INR 2.87. On a full year basis for FY25, the consolidated financial performance, our revenue from operations stood at INR 26,209.12 million with an EBIT of about INR 3341.09 million at 12.75% EBITDA margin. Our PAT numbers stood at INR 1670.30 million at 6.37% PAT margin and our earnings per share on a full year basis is at INR 13.70.

At a consolidated level of this quarter, our long-term borrowing is at INR 800 million. This is primarily due to the account of our acquisition of the plastics business from erstwhile Sundaram Auto Components Limited by Pricol Precision Products Private Limited. As well as at a consolidated level, our return on capital employed is at 22.86% in FY25 as against 23.18% in FY24 with a marginal reduction again due to the account of our acquisition.

In terms of our growth, on a quarter-to-quarter basis, our revenue from operation at a consolidated level clocked 32.81% and EBITDA clocked 21.65% growth in Q4FY25.

On a full year basis FY25 versus FY24 comparison. Our revenue from operations clocked at growth of 18.69% and our EBITDA clocked 19.91% growth in FY25 compared to FY24. And the rest of the information is available in our presentation for your review.

With this, I'll hand over the call back to our Managing Director for his remarks. Thank you.

Vikram Mohan: Thank you Sidharth. I'd like to give our analysis of our performance for the quarter ended 31st March 2025, which is Q4. This quarter has not met our investors' expectations or even the management's expectations. And I'd like to state the reasons for the same.

The dollar very sharply strengthened in this quarter, which has resulted in a significant forex impact. Nevertheless, this is only deferred earnings because we have an indexation for Forex with all of our customers. So, while this has been a forex impact in Q4 of FY25, this will be recovered on a six-month maximum trailing basis and so it's not a loss of earning. It is only deferred recognition of earnings.

You would have also noticed that compared to the similar quarter in the prior financial year, there has been a significant increase in manpower costs. This is a calculated decision taken by the management. As you know, your company has always invested heavily in R&D, both product and process development to keep us ahead of our competitors in launching cutting edge products. In our earlier calls, I had mentioned that we are launching some new ranges of products and new verticals of product to increase our content per vehicle and wallet share per vehicle, primarily in the two-wheeler sector and then moving on to the four-wheeler personal Passenger Vehicle segment.

During this quarter, we have significantly increased our manpower in R&D to start development work of products for these new verticals and products and have also hired subject matter expert consultants and these costs are not a one-time cost but will remain for the coming quarters and in about 8 quarters, we will start seeing the results of all these investments in R&D and technology by way of revenue and in about 12 quarters, very steady state revenue coming from these new programs, products and which is over and above our current range of products.

There have been significant headwinds also in Q4 resulting in some loss of EBITDA. While we have performed better than the market in terms of volumes, the two-wheeler sector, which accounts for 65% of the revenue of our company, has seen very muted numbers in Q4. This was because of the OBD 2 regulation, which saw a huge transformation from April 1st, 2025. We are already halfway into Q1 of FY26 and we see a significant revival of the market in the two-wheeler segment, because of the regulatory change. So, this is nothing to be concerned about. This is only on account of a technology change by the government imposed by the government that there was a production slowdown in Q4 of FY25 which has again picked back up in Q1, FY26. That have been some supply chain disruptions and productionization delays on account of this by our customers which are normalizing and will completely come back to normal by Q2 and we are already seeing a lot of earnings out in Q1 where we are currently.

An area of concern which is directly impacting our bottom line is our exports. With the new administration in the United States of America, which is our biggest export market coming in January 2025 and imposing significant tariffs. There was a lot of uncertainty among our export customers and they had delayed the imports, thereby we lost export revenue. Is this going to be solved overnight? We believe it is not going to get solved overnight because there is still clarity yet to emerge on this subject and our bottom line on account of exports is significant, though our export numbers are low. But we firmly believe, after my personal discussion with other industry leaders in the automotive component industry, we are confident that by Q1 of the current year, FY26, India will sign a trade agreement with the United States and resumption of exports will start from Q2 of FY26. This will bring back our earnings to a normalized basis.

With regard to Pricol precision products, the plastics business that we acquired from the TVS Group, which is now christened as Pricol Precision Products Private Limited. The EBITDA for February and March, which is the period after which we had acquired the company on February 1st, has been a little lower than what the company used to earn in the prior period. This was because of all the one-time acquisition costs related to this acquisition being booked in those two months. As explained by me in the earlier calls, this is about a 7 to 7 and a half percent 7.2% EBITDA company when we acquired it but post the acquisition, we are very confident of a high single digit margin to be achieved before in the next couple of quarters because we have already started a lot of restructuring of operations and trimming the fat and realigning some of the operations and we are very convinced that this was a good buy. We have visited all the customers of the company and they have reposed confidence and also looking at increasing business to us and because this was owned by the TVS group, we were not able to access other two-wheeler customers who are the primary revenue earners for Pricol. Now we have started engaging with all the other two-wheeler makers and we are confident of growing the company significantly, both in terms of top line and bottom line in the coming quarters once the realignment and restructuring is complete over the next few months. This is the broad highlights of some of our performance parameters and financial parameters in the quarter that's just gone by which is January through March, FY25. Furthermore, it was a strategic decision which we had taken to divest the wiping business which albeit a small portion of our overall turnover was contributing some bottom line which we divested in the month of January. So, we had some loss of EBITDA and top line on account of that on a standalone basis which by introduction of new products and increase of share of business in our existing products and new product introduction in our standalone business which will again get normalized from Q1 of the current year.

With this, I'd like to hand over to the floor for the questions. We'd just like to set some ground rules for the questions. Since there are multiple participants and everyone has to be given an equal opportunity, we request all participants in the question queue to restrict themselves to one question, and if they have further questions, to rejoin the question queue so that everyone has an opportunity to ask their question. Over to you, ladies and gentlemen.

Moderator: Thank you very much. The first question is from the line of Vijay Pandey from Nuvama. Please go ahead.

Vijay Pandey: Hi, good evening. Thank you for taking my question. Sir, I wanted to check about the employee expenses. So, can you give us a brief light on how many employees we have added and what is your expectation over coming two years, three years, Sir? So, is it expected to remain at the quarter four level of 13 to 13.5 percentile is the percentage of sales or will it like come down, how should we see it from here on?

Vikram Mohan: Good evening, Vijay. Thank you for that question. See, I would not like to talk about it as a percentage of sales. As a percentage of sales, the number has been higher because our overall top line has been lower. From a rupee value, it will remain the same and every July, we also go in for a salary increase, which will also kick in from July, but as the top line goes up, as a percentage of sales, it will come down. We always used to maintain it at around 11.5 to 12% of sales and we are pretty confident that with the current increasing sales in the quarter one itself, we will be able to normalize it. The additional employees that we have added primarily in the R&D both for product and process will continue to remain in the system because it is going to take at least about 8 to 12 quarters for the product to get productionized. So once that revenue kicks in, then further the employee cost will come down as a percentage of sales. I hope I've answered your question.

Vijay Pandey: OK. Just to confirm. So, we expect around 11.5 to 12% over next two years and then probably it will come down further after two years, right?

Vikram Mohan: 11 and a 1/2 to 12% is on a normalized basis that what we have been delivering and we will continue to deliver that. But based on revenue that number could go up by half a percent plus, or minus variance.

Vikram Mohan: But a strategic decision has been taken to invest in additional employees in R&D, which will start yielding dividends about 8 quarters from now because they are developing new products and new ranges of products for the new verticals that we are launching.

Vijay Pandey: OK. OK. OK. I'll get back to the question queue.

Vikram Mohan: Thank you.

Moderator: The next question is from the line of Sandeep from Sundaram Alternates. Please go ahead.

Sandeep: Yeah. Good evening. Thank you for the explanation. My first question is pertaining to margins. I think you highlighted 2 reasons. One is the raw material price inflation as well as the mix because we've been doing lesser exports compared to the earlier period, which has impacted the gross margins. If you could split broadly, you know, how much was the impact because of raw material cost inflation because that will be passed through in the subsequent quarters, but the mix probably till the time is a bilateral treaty signed it is likely to remain in the books, so if you could help us with that?

Vikram Mohan: The exports also has not come to a zero Sanjeev. OK, the export slowdown in quarter four, we are seeing the resumption even in quarter one of exports because these are critical to production and we are single source in many cases OK, and also overnight we are not a component company. We are a product company. Overnight, the products cannot be replaced with some other source in some other low-cost country because there is a typical 2-year lead time to develop these products. And luckily, we are also sailing on a boat where alternatively these products can be obtained from China or from Vietnam, on whom also tariffs have been imposed. So, I don't see a risk on that. There could be a risk in the margins based on what the tariffs are going to be imposed. Our margins could come down a little bit, which I think we will have a lot more clarity on in about 3 months because a lot of the customers also want us to share if there is a tariff impact, share some of that tariff impact by reducing our prices. Whereas we have stood very firm saying that we will not be able to reduce the prices because we know the other two low-cost destinations that they can take these products from are China and Vietnam which are also facing similar tariffs and they will not be overnight able to replace us also, because there is a 2-year lead time to develop an alternative supplier because we are not a component supplier. So, we are standing very firm on our pricing also and not giving any reduction in pricing. So, I just think it's a matter of time before normalcy comes back and I don't think even on the exports, the volumes or the erosion of margins will happen for the foreseeable future, this is our internal analysis because I had requested our head of international business to travel extensively to America and some of our customers in Europe to understand their outlook and things like that, I think it is only a temporary jolt of about two quarters and normality will return after that.

Sandeep: Got it. If you could also highlight, what would be the near-term capital requirement in the acquired business of Sundaram, you know both in terms of things CapEx required to augment capacity align some capacity which you already have on books and typically what's the net working capital cycle in that business?

Vikram Mohan: I know that is the second question Sanjeev but since you have asked the question, I will answer it and if you have any further questions request you to join the question queue. We have planned over the next four quarters approximately between 225 crores to 250 crores of CapEx in Pricol Precision Products. This is to enhance efficiency by replacing about 50 machines add capacity in the tool room, add new machines, add automation, thereby also increasing our top line, because until today it was very dependent on TVS only. We are now starting to see openings in our other two-Wheeler customers. So, to enhance capacity debottleneck, improve efficiency and modernize combination of everything, We are looking at around 250 crores of CapEx over the next eight quarters in that company.

Sandeep: Got it. I'll join back to queue. Apologies for this and thank you so much for taking the second question.

Vikram Mohan: No problem. Thank you.

Moderator: Thank you. The next question is from the line of Kush Nahar from Electrum PMS. Please go ahead.

Kush Nahar: Yeah. Hi, Sir. Thank you for the opportunity. So, my question was considering these new product developments that you're planning over the next 8 to 12 quarters, could you guide us, because I think previously, we have spoken about 13 to 15% growth in Pricol. So, considering these new products, what would be our revised guidance in Pricol and in Sundaram?

Vikram Mohan: The 13 to 15% growth guidance continues to remain even without these new products. These are new products that we are looking at 24 to 36 months from now start of production because in our industry especially in electronics and auto electricals, the lead time from starting to develop a product and starting to see revenues typically about 30 months. So, this is we are already at FY25 and this is going to be revenues in FY28 and 29. So our revenue guidance for growth continues to remain the same what we have promised before. I had given an EBITDA guidance of about 12.5 to 13% normalized EBITDA which again from Q2 or latest by Q3 outermost we will get back to.

Kush Nahar: Similar for Sundaram?

Vikram Mohan: Pricol Precision Products will never have a 13 to 15% EBITDA because it is a component company. Typical margins for this range of products, the highest in the industry is about 11%. We are currently at around 7%, 7.2% when we acquired the company. Steadily we will keep increasing it to high single digits over a year and thereafter to a higher number as the top line increases and modernization takes place and we add more customers.

Kush Nahar: Right. Thank you for that answer, Sir. I actually meant for the revenue side also, considering that also.

Vikram Mohan: Revenue will grow for that company also for at least 10%, but we are aiming for a slightly higher revenue growth than that.

Kush Nahar: I think previously we had talked about I think doubling in three years considering inorganic opportunities also for Sundaram. So that has changed or?

Vikram Mohan: That has not changed. This is I'm only talking of organic growth, but if you are able to add more customers other than TVS where I see the visibility we have already taken into account the capacity enhancement requirement, CapEx for that, I'm not giving a firm guidance on that because it's still very early days because it's just three months into the acquisition. We are more confident about improving the bottom line in the last three months and in the next three months we will have a lot more visibility on increasing the top line also. But we are also looking at inorganic growth there which will basically, we took it over at around 750 crores run rate. We are pretty confident of growing it to about 1500 crores top line in three years that I stand committed to that commitment that we have made.

Kush Nahar: Right, Sir. Thank you.

Moderator: Thank you. The next question is from the line of Vijay Pandey from Nuvama. Please go ahead.

Vijay Pandey: Just couple of housekeeping questions. Can you just point out that the portfolios the one-off expense related to the acquisition? And secondly, what is our exposure to the US market?

Vikram Mohan: I will request the first half of the question to be answered by our CFO - Priyadarsi Bastia and the second-half of the question to be answered by Ganesh - our CEO. Over to you, Priyan.

Priyadarsi Bastia: Good afternoon. This one-time cost what we have booked is the authorized capital increase, what we had to pay to MCA, that has been booked in Q4. Thank you.

Vijay Pandey: Sir, what was the amount?

P M Ganesh: The second on exposure to us out of the total revenue of export, nearly 70% comes from the US market.

Vijay Pandey: What was the amount of the one time acquisition cost?

Priyadarsi Bastia: 1 crore.

Vikram Mohan: No, I'd like to also reiterate here. There are three aspects of it, I'd like to give an answer further to what our senior executives have provided. There were costs of due diligence, legal, financial, etc., which is a one-time cost. Enhancement of limits and other things, there was a one-time cost. In terms of exports, there is about 7% of our revenue comes from exports of which about 70% is US linked. So, 5% of our revenue comes from exports but albeit at almost twice the margins of the OEM and domestic products. So, OEM comparison is it's equivalent to about 10% of our total revenue. But in real numbers it is from top line it is about 5% is our US exposure. I hope this answers your question a lot more clearer, Vijay.

Vijay Pandey: Yes, Sir. Thank you. And, Sir, just one more thing. What was the impact of the forex income in terms of total value.

Vikram Mohan: It was about 3 and a half crores.

Vijay Pandey: OK. Thank you.

Moderator: Thank you. The next question is from the line of Hemant Soni, an individual investor. Please go ahead.

Hemant Soni: Sir, thank you for providing me the opportunity. Just wanted to ask you one thing. We had earlier given a guidance of 3600 crores of revenue by FY26 and 400 crores of revenue through the inorganic route. So altogether 4000 crores of revenue by FY26 if I'm not wrong, so our FY25 numbers are around 2600. So, this looks a little difficult to meet the guidance for FY26?

Vikram Mohan: No, in many calls earlier, Mr. Hemant, I don't know if you have followed all our calls. I'd always maintained that we see a visibility for 3600 crores of revenue, both organic and inorganic put together for FY26. And those numbers, we are still sticking to and very confident of meeting. It was not 3600 crores organic plus 400 crores inorganic. I think that is a mistaken statement. It is definitely we've always had a guidance of 3600 crores organically and inorganically by FY26 and if there are some green shoots or some new things we see could go up to as high as 4000 crores and a base guidance of 3600 crores and we stick to that guidance.

Hemant Soni: And Sir, the newly acquired entity will be contributing around 800cr to the top line.

Vikram Mohan: Yes, thereabouts.

Hemant Soni: OK, Sir. Thank you. Thank you, Sir.

Moderator: Thank you. The next question is from the line of Vipul Kumar from Shubh Mangal investment. Please go ahead.

Vipul Kumar: Hi, thanks for the opportunity, Sir. Is there any one-off in other expenses, Sir?

Vikram Mohan: There is no one off or other expenses at this point in time other than the acquisition cost that we have booked and the deferred earning of the Forex.

Vipul Kumar: And Sir, can you quantify the impact of dollar movement in terms of what was the impact on our bottom line?

Vikram Mohan: I had just said that to the earlier gentlemen, it is 3 and a 1/2 crores in Q4 which will be collected in a phased manner in Q1 and Q2 of the current financial year.

Vipul Kumar: Thank you, Sir. I'll rejoin the queue.

Moderator: Thank you. The next question is on the line of Saket, an individual investor. Please go ahead.

Saket: Yeah. My question was, Sir, for the current year, the new company that is acquired from Sundaram Group from the around ₹200 crore whatever the amount it was and the company is doing a top line of 8/900 crore rupees like when we see the Sundaram group there being a very big group and the other companies that are listed, they are having very high valuation. So, what was the reason of this company being at such a low valuation that we could acquire the company?

Vikram Mohan: Yes, thank you. That's a good question. It was strategically acquired at a much lower valuation than market value because in order to realize the full potential of this company, Pricol had to invest another 250 crores in modernization, in automation, in improving production efficiencies, so this was taken up by us for discussion and saying that we cannot acquire for a high value and further invest, it is going to have an impact on the return on capital employed, which is why we acquired a 750 crore turnover company for about 195 crores and another 250 crores is going to be invested to grow the company and bring it to a normalized EBITDA because the normalized EBITDA for the plastic component business is about 10% to 10.5%, whereas this company was only at around 7%. So, this was the reason we were able to negotiate and get the price down because of these inefficiencies in the company which needed a further capital infusion.

Saket: OK. So, like we have just consolidated 2 months of revenue and profits. So, if you can give me some light on what was the actual last year's business revenue and what's the PAT level, do we have it taken into account, but what was it like?

Vikram Mohan: It was about 7% EBITDA for the last year.

Saket: EBITDA. I am asking for the PAT level, Sir.

Vikram Mohan: At the PAT level, I think it was about 30 crores. Correct me if I'm wrong, Priyan our CFO.

Priyadarsi Bastia: Yes, Sir. It was around 30 crores.

Saket: So, like the 200 crores, so you're talking about 250 crores. We have to invest for the modernization. So, what is the timeline that we have putting the amount and by when we anticipate this EBITDA margin to reach this level?

Vikram Mohan: I think I had answered all of these questions to the earlier persons on the call as to when this investment will happen and how long it will take for the EBITDA to normalize. But so, I, but I will repeat it once more and I'm requesting other participants to kindly listen in when I'm giving the updates. So, these 250 crores will get invested over the next eight quarters, which has already started. Investments have started in Q1 itself and it is going to be broadly over the next eight quarters. The high single digit EBITDA we will achieve by the end of this financial year and then take it to a double-digit EBITDA in the next year when all investments are completed.

Saket: OK. So, one final question. So, like this amount, the investing for this part of the business, but again our business which we are into and that is also like that requires a lot of investments and all. So will this amount investment would have an impact on that part of the business. Because there also we have a lot of R&D.

Vikram Mohan: We are generating enough cash in our company which will take care of our growth.

Saket: Thank you so much, Sir.

Moderator: The next question is from the line of Sahil Rohit from Monarch Network Capital. Please go ahead.

Sahil Rohit: Yeah. Hi. Good evening, Sir. My question is that in the recent investor interaction, you had mentioned that there was some supply chain issue, particularly with some electronic components. So, if you can share some more information on the same and how is that being tackled right now?

Vikram Mohan: About 80% has been solved, Sir, and which is what is resulting in Q1 a great degree of normalization and by Q2 we expect complete normalization.

Sahil Rohit: What was that exactly? I mean, related to what?

Vikram Mohan: We had some quality issues from our Tier 1 vendor, so we had to develop some alternate vendors and alternate vendors have already come in, got approved by our ultimate customer and they have started supply.

Sahil Rohit: Yes, yes, thank you.

Moderator: The next question is on the line of Vijay Pandey from Nuvama. Please go ahead.

Vijay Pandey: Our tax rate in the Q4 was a bit summed up, just wanted to check what is the expectation for the upcoming quarters, upcoming year and also if you can tell us just one more thing was that I noticed that in cash flow, we have booked a loss from sale of wiping. But is this recorded in the P&L? Or is it?

Vikram Mohan: I will request our CFO to throw more light on this, Priyan, over to you.

Priyadarsi Bastia: Vijay. To answer to your first question, the tax rates are similar throughout the year. 25.168% we are at the lower tax regime and it is going to be similar in the coming period as well. To answer to your second question, yes, the wiping division as Managing Director, told in the beginning remarks, we have divested that business and that loss which arised out of that divestment has been booked. That has been booked in P&L then only it has gone to cash flow. Thank you.

Vijay Pandey: OK.

Moderator: The next question is from the line of Siddharth Chabra from Minerva Asset Advisors, please go ahead.

Siddharth Chabra: Yeah, hi. Thanks for the opportunity. I just wanted to ask the question regarding the instrument cluster. Regarding to FY25, what is the split between analog, digital, semi digital and TFT? And is that market shift or trend shift, is it still going to happen as quick as we expect it to happen?

Vikram Mohan: 1st, I thank you for that, for that pertinent question, I will answer part of it and I will request our CEO to answer the other half of it. First, it is no more called an instrument cluster. It is now called a driver information system, just on a lighter note, because it has become very content rich. So, we have 3-4 categories. Mechanical, Electromechanical, Hybrid and TFT. We are constantly seeing a shift moving up the value chain, right, exactly in line with our projections. Bulk of the market is going to be in the electromechanical and in the hybrid clusters. The Premium segment is going to be in the TFT segment. The entry level bikes that were in the pure mechanical segment will, over the next two years fade out and move completely into the electromechanical segment. This is absolutely in line with our expectations and projections. I would like Ganesh, our CEO, to throw a little bit more light on this.

P M Ganesh: Thank you. The shift we clearly see from mechanical to electromechanical and then from electromechanical to what they call the LCD type of display and the LCD type of display, which was earlier used in the premium motorcycle is moving into the TFT type of display. Overall, still, about 40 to 50% is with mechanical and electromechanical as we speak, and which was at a much higher number, more than 70% in 2020. It is already coming down and the LCD type of instrument clusters, primarily the digital driver Information system has been continuously increasing. Currently it is about 50:50 and we expect mechanical and electromechanical to come down significantly in the next three years, which will be taken over by the electronic instrument clusters or the driver Information system.

Siddharth Chabra: So currently and for the TFT, is TFT somewhere around 4-5% of the two-wheeler market right now even less than that?

P M Ganesh: Correct. It is about 5% as we speak, but the trend is that this is going to move up. This trend is going to move up in the in the coming years.

Siddharth Chabra: And the rest is split equally between hybrid and both the types of mechanical right?

P M Ganesh: Absolutely. Absolutely. Absolutely. Mechanical, will keep going down.

Siddharth Chabra: No, but as of right now. Currently it would be strictly fully between hybrid, right?

Vikram Mohan: No, no, there are no two kinds of mechanical, Siddharth. OK, let me talk once again. There is a pure mechanical low value, low margin cluster which in the next two years will fade out completely. Just to give you an example, what is on a Hero splendor bike. Right.

Siddharth Chabra: Right, right.

Vikram Mohan: It is 300-400 product which will vanish totally, right. Then we have something called an electromechanical, which is more high value, more rich in content. And then you have something called the hybrid. Now, in a few years, there will be zero mechanical low value, low margin products altogether you know, we are anticipating that will all move to the electromechanical. Electromechanical will move to a hybrid cluster. 85% of the market will be evenly split 50:50 between the electromechanical and the hybrid clusters, and about 10% of the market will go to the TFT clusters. I hope that answers your question.

Siddharth Chabra: Correct. And do we see this kind of shift happen? Like you said, mechanical will purely go away within a quick time span of say 1-2 or 3 years maybe?

Vikram Mohan: Not one. I never said one, but in two to three years, 100% it will go.

Siddharth Chabra: But TFT becoming a meaningful share of the pie, like maybe 20-25% do we see that posted by 30 or?

Vikram Mohan: 20-25 will not happen, 25% will not happen in the immediate future. This 5% will go to 10% over the next two years. I'm just giving the forecast for the next two to three years, is what we are talking about.

Siddharth Chabra: Sure. Thank you.

Moderator: The next question is from the line of Kush Nahar from Electrum PMS. Please go ahead.

Kush Nahar: Yeah. Thank you for the opportunity again, Sir, can you help me with the CapEx numbers in Pricol limited that you're planning over the next 2-3 years?

Vikram Mohan: We are going to be at the end of our high CapEx. We have two plants that are happening this year, Pune and Manesar. So, this year, correct me if I'm wrong Priyan, we are looking at around 200 to 225 crores of CapEx after which we will go into a maintenance CapEx mode. Priyan, can you just add to correct me if I'm right?

Priyadarsi Bastia: Yes, Sir. Absolutely. This year we are at the last leg of that CapEx journey.

Kush Nahar: Right. And sir, just to reconfirm, Sundaram entity, we'll be having around 225 to 250 over the next two years?

Vikram Mohan: Next two years, yes, this is standalone I spoke about this and these are two different things altogether. Yeah.

Kush Nahar: Alright, Sir. Thank you, Sir.

Moderator: Thank you. The next question is on the line of Jatin Chawla from RTL Investments. Please go ahead.

Jatin Chawla: Yeah, hi. Good evening and thanks for the opportunity. The first question, the question is on just the data point on the Pricol Precision, for the two months, if you could just give the Revenue, EBITDA and PAT. And secondly on the for the full year 2-Wheeler revenues and you know what sort of outperformance we have seen over the underlying production volumes for the industry?

Vikram Mohan: I would not like to comment on the first half because it was the first two months and we had booked a lot of these acquisition costs, but the run rate is about, it will take us to about 800-850 crores this year. So, you can divvy up that.

Jatin Chawla: No. So my question was more to understand the underlying performance of the business rather than understand Pricol precision performance.

Vikram Mohan: OK. Underlying performance, which Priyan can comment about the February and March figures for this, we can Priyan can talk about, but that between the consolidated and standalone you can make out the difference. But I will request Priyan to answer that part of the thing, please Priyan.

Priyadarsi Bastia: Hi, we have booked around 140 crores of revenue with 5%.

Jatin Chawla: EBITDA

Jatin Chawla: And just on the 2-Wheeler revenue and the outperformance of the industry.

Vikram Mohan: Ganesh, I would request you to talk about that. How much are we outperforming the industry on 2-Wheeler. Q4 as I earlier mentioned, we have only been marginally higher than the industry because of the technological change of OBD 2. But on a normalized basis, Ganesh, I want you to comment about.

P M Ganesh: For the full year basis, I will tell you. The 2-Wheeler industry has grown by about 9% and we have grown by around 14%.

Jatin Chawla: Great. Thanks a lot.

Vikram Mohan: Thank you.

Moderator: Ladies and gentlemen, that was the last question for today's conference call. I now hand the conference over to the management for closing comments.

Vikram Mohan: On behalf of my entire management team, I would like to thank all of you for your interest and investment in our company and we thank you for participating in today's investor call. And as mentioned by me, we have been below our expectations and our investors' expectations in Q4 and I have given out all the reasons as to why that happened and we are very confident of coming back even with the 1st 45 days of this quarter, we see a huge resurgence and we will continue to maintain this resurgence and have normalized results and good news in the coming quarters. Thank you very much for your participation. And wishing everyone a good weekend.

Moderator: Thank you. On behalf of Pricol Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.