

September 25, 2024

To  
The Secretary  
BSE Limited  
Corporate Relationship Dept.  
PJ towers, Dalal Street, Mumbai -400 001

**BSE Symbol: 505978**

Dear Sirs,

Sub: Transcript of Investor/Analysts Meet held on September 20.09.2024

This has reference to the intimation dated September 17, 2024 and outcome uploaded on September 20, 2024, with respect to the virtual connect with investor/analysts/ institutional investors.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed herewith is the transcript of the above meeting with investor/analysts/ institutional investors, copy of the same is also made available on the website of the Company.

This is for your record and appropriate dissemination.

Thanking You

Yours truly  
For **Triton Valves Limited**

**Bibhuti Bhusan Mishra**  
**Company Secretary & Chief Compliance Officer**

Encl: As above

**Triton Valves Limited**

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## Investors Meet

# Triton Valves Limited

CIN: L25119KA1975PLC002867

Date: 20.09.2024

Meeting Time: 04.00 PM

Speakers:

**Mr Aditya Maruti Gokarn:**

Managing Director of Triton Valves Limited.

**Mr. Naresh Varadarajan:** Chief Financial Officer of Triton Valves Limited.

**Mr. Bibhuti Bhusan Mishra:** Company Secretary, Compliance Officer of Triton Valves Limited & Moderator.

The meeting started with all the investors/analyst roll call, who were presented during the meeting.

**Bibhuti Bhusan Mishra:**

Good afternoon everyone, and warm welcome to all of you to the investor meeting conducted through VC today and thank you so much for joining with us and showed interest in our Company.

Myself Bibhuti Mishra, Company Secretary of Triton Valves Limited and Let me introduce all the Directors/KMPs present through VC in today's Investor meet.

Mr. Aditya Gokarn, Managing Director of the Company and Mr. Naresh Varadarajan, Group CFO of the Triton Valves.

Please note that the meeting is going to be recorded and will be published in the Company website.

Before the start of the meeting a small disclaimer for your reference. The discussion may include certain statement, that may be construed as forward looking statement, this statement is made based on the company management current strategic plan and assumptions. We can't guarantee that the forward looking statement will be realized, although we believe in we been prudent in our assumptions. we undertake no obligations to publicly update any forwarding looking statement whether as result of new information or future event or otherwise.

After the presentation ends, floor will be opened for question and answer session for a span of 15 to 30 mins. Investors are requested to unmute and show your video and mention their names or organization name or their DP ID or client ID and the location from where you are joining before asking questions. Consolidated replies will be furnished at the end by Managing Director. Investors/Analysts may also note that the Company reserves the right to limit the number of asking questions depending on the availability of time. With this note I handover the session to the Managing Director to take this meeting forward.

**Aditya Gokarn:**

Thank you for introductions. Thank you everybody for joining. We are delighted to have all of you with us. Thank you for sparing your valuable time to join us on this call. My name is Aditya Gokarn. I am the managing director of Triton Valves Limited. I just prepared a simple slide deck for everybody. I've just tried to keep it very basic so that everybody understands the business of the company from 1<sup>st</sup> principles. So I'll just quickly run through the slide deck and then we'll come to the question session. So I am required to display this disclaimer. I'll just leave it on the screen for a couple of seconds for everybody to read. This is basically safe harbor. Adding on to what Bibhuti said that any forward looking statements, you need to understand in what context it is made, and I'll just leave this on the screen for a couple of moments before I move on.

I'd like to start with the tribute for our founder. This company was founded by my father Mr. Maruti Vinayak Gokarn in 1975 and one of the thought processes that he always espoused is he would always direct people to do path breaking work. So always do path breaking work is something that we go by and this is something that we hold very dear to ourselves as a vision for growing the company.

So, today We will talk a little bit about the company, about some industry trends and growth drivers. I thought some snapshots of the annual general meeting which we had last week would also set a little bit of context and, I have set a little bit of background because a lot of these slides have, five or a six-year trend of some of the data and then some financial highlights. So about the company, so we basically have three businesses verticals. We have the automotive business vertical, we have the HVAC business vertical in engineering terms, we call it HVAC heating ventilation air conditioning. We also call it the climate control vertical, That's the new sort of jargon for this industry. We have our own Metals business vertical. This is a brass manufacturing exclusion plant basically that we've set up, and of course we have our own R & D center. So our registered office and corporate headquarters is in Bangalore. We have three plants and our R and D center and we operate some warehouses in different parts of the country for some of our OEM customers. When I say OEM customers, they're primarily vehicle manufacturers. We have more than 300 direct employees and as we all know; we did Sales of 430 crores last year.

**Aditya Gokarn:**

just a little bit of a visual reference for everybody to see what these plants look like. So the automotive business is called Triton Valves limited. This is the holding company. And this is the listed entity. Tritonvalves Future Tech is the metals business. This is the brass exclusion plant. And Climatech, is the climate control plant. Both Future Tech and Climatech Our wholly owned subsidiaries of the holding company which is a little detail on the group structure once again, Triton is going to be 50 years old next year in 2025. This is where we make basically tire valves, valve course, valves for TPMS. TPMS stands for tire pressure monitoring systems. And we also make components for tire inflation systems, we do a lot of small and critical engineering work for some of our customers. We have an annual capacity of about 180 million Valves. We are constantly trying to expand that on average we grow this capacity about 5 to 10 percent per year. We have had to a little bit slow down in Capex post COVID for the two years that we suffered the COVID pandemic. But we are now again looking to add capacity. Future Tech is basically the brass mill. we have a capacity of about eight and a half thousand metric tons of brass rods, coils, wires, and all kinds of excluded products.

In Climatech, we basically produce valves that go into the air conditioning industry. We'll talk a little bit more about this industry and how it's growing in India and why we believe that, this is going to be a big growth driver for us in the future.

A little thing that maybe comes out here in the slide is actually a synergy between all the three entities that you see here. I put Future Tech in the middle because Future Tech is a supplier of a captive supplier of raw material to both Triton and to Climatech. So we supply raw material to both our subsidiary or let me put it this way, the subsidiary supplies to the parent and the other subsidiary Climatech, and we also supply our brass bars and coils to the external customers. So, Future Tech supplies material to both captive requirements and external requirements.

**Aditya Gokarn:**

Again a little maybe a visual slide just to kind of give everybody a sense of what the products look like. So in the red square you can see the components that are made in Triton, so these are all different types of tire valves and valve cores. We also do some special work for the electric vehicle industry. For the EV industry, we have some patented products. These are basically bending devices for lithium ion batteries. So that's something that's also we're quite excited about. That's also growing quite well for us over the last couple of years. In Future Tech, the products look basically like this. We have bars, coils, we also do different types of profiles. Profiles are used in various different industries from the lock industry, to the defense requirements and so on. So some of these profiles are quite special, right? We'll talk a little bit about that maybe later. Climatech, basically we produce components that go into air conditioners primarily room and air conditioners, but also what are called commercial air conditioners. So dumping systems VRVs as well as split units. So this is what the products look like.

**Aditya Gokarn:**

A quick snapshot of the kind of, I would say marquee customers that we work with. So this is a portfolio of customers that we've built over the last maybe five to ten years. Some of them folded up, e.g., left India, but I think they're planning to come back. So some of them have kind of changed their business model for whatever reason, but a lot of these customers are very, I would say strong supporters of Triton in the sense that almost everybody that you see on this slide, we are at the moment practically the only source for tire valves. So that's been something that that we've maintained very steadily over the years. We also work with the commercial vehicle manufacturers. So as we all know Tata and Ashok Leyland are the big players here, but we've also done some work for the Daimler group, Volvo and VECV and so on and this is something that we also are quite proud of. We've done some import substitutions for some of these companies and we've developed some very special requirements for them. Coming to the two wheeler industry, this is about 75 % of the auto industry in India is basically two wheelers. So as you can see, we work with all the major two wheeler brands in the country. There are some smaller brands that we work with as well, but these are the top, I would say customers that we have in the two wheeler segment these are customers that we've had for the longest time I would say 45 years plus. So MRF is by far our biggest customer in this segment, but as you can see, we work with almost all the big brands in the tire and tube segment as well. We also, work with the manufacturers of tractors and construction equipment off road equipment basically. So this is a kind of profile we have in the off road segment. And of course

we also work with the wheel manufacturers. So why I'm showing you all these segments separately is that if you look at our automotive business we have a kind of a segment diversification. So our risk is quite well spread out between the different segments, so it's not only the passenger car segment or the two wheeler segment that really influences our sales and our growth, but we are spread across all these different verticals, all these different segments. And that helps us sometimes to tie to our difficult market conditions if you look at the air conditioning industry, this is basically the client list for Climatech. So we've already started working with some of the big brands, and we are in the process of adding a lot more. At the moment we have, we are in active engagement with about 16 different brands in the market. Some of them are not yet here in India, but they've already started discussions with us. So there are brands like Panasonic where we've already completed all our product testing and so on and we hope to start business with them very soon. There's Fujitsu O general there are Mitsubishi. And so there are other brands as well that we are actively involved with. But these are the customers where we've started actually supplying products and we've gone into mass production.

**Aditya Gokarn:**

A little bit about our export footprint, I think this is the biggest, I would say opportunity for us, to kind of expand our sales in all the three Verticals, automotive climate control as well as the metals vertical. As we all know post COVID and the changes in the geopolitical environment, I think there's a lot of tailwinds that are supporting us to kind of expand our export footprint. The reason why I'm showing this slide is to say that earlier we were more of I would say regional export, you can see Vietnam, you can see Thailand, Indonesia, Taiwan. These were the regions where we had good customers. You can see now that it's slowly going into the developed market. You can see a little bit of US, little bit of Germany, Italy and Switzerland is another country that we've started exports too. We are quite proud of that because these are customers, whose standards are much higher than what you see in the Southeast Asian market.

**Aditya Gokarn:**

A quick snapshot of the management system certifications so engineering and manufacturing companies like us are typically expected to have at least three basic certifications. One is for quality, we have something called IATF this applies for the automotive business. The environment management system ISO 14001, and then we have the health and safety standard which is ISO 45001 so this is something that shows that we have kind of reached a level of maturity in terms of quality, environment, health and safety.

A quick snapshot of, I would say some of the awards and some of the recognitions that we've won over the years. So we've been very consistent, so you can see Toyota awards, almost every year for being a zero defect supplier during the general motors we perceived awards from as well. It's just a quick snapshot.

**Aditya Gokarn:**

Another interesting I would say growth prospect for us is actually the after-market. So in the automotive industry we call it the after-market or you can call it the replacement or the spare market. So the tire industry, how it works is that all the tire works that we manufacture, we can potentially distribute these products to small and big tire shops, tire consumable distributors across the country. If you see the Indian market today, there is a lot of growth happening because the mass of tubeless tires in the, in the market. Has started to grow steadily over the last few years. So we are seeing that, there's huge potential for us to grow here. We've done some interesting work; I would say some innovative work. We've been the 1st company in our little segment to have our own e-commerce platform. A lot of our tire shops and our tire retail customers are able to register on app we have something like B to B app. The kind of they register, we do a KYC, we validate their GST number, their address, their contact details and so on. And once they registered with us, they're able to see the pricing. So it brings in a certain degree of transparency, in terms of pricing. Another innovation that we've done in this vertical is to actually package the part, put an MRP on it, and create a kind of price transparency and a price discovery. Very often a road user goes to a tire shop for a for change of tires and he needs a tire service, maybe a puncture service. A tire shop will try and sell them a lot of stuff, which is unbranded or, there are consumables like tire ones, wheel weights, puncture patches. Where the customer's awareness of those parts is very low. They don't know who are the good brands, they don't know what is the right price to be paid. So we've tried to kind of bring some transparency into the system, and at the same time, reward our dealers, distributors and partners, with a very good, I would say markup, a very attractive markup which they earn a good amount of money on this product. And at the same time, we are trying to create the awareness of how critical and how important it is to have a good product to secure your safety because with the speeds around the country going up, highways being built, people driving at higher speeds. It's very, very important to have your tires secured, you need to have good tires, good wheel rooms, and good tire valves. So this is something that we are quite excited about. We do intend to invest a bit of money in creating the networks in kind of building our brand and then we would hopefully be able to push in more products other than able to add a few more products to the portfolio and make this a very, I would say strong business for the company in the future

**Aditya Gokarn:**

Coming to the industry trends and growth drivers, I've tried to keep it kind of very concise. So what I have done is I've kind of divided this slide into three sections, the automotive business, metals business and climate control. What I tried to show here is what are the changes happening in the industry? What are the trends? And why do we believe that they are going to drive growth for us? So if you look at the automotive industry, if you look at point under automotive business, I've talked about how industry is moving from tube to tubeless and from tube less to TPMS. TPMS is the technology where all your tires have a sensor inside the tire. That those sensors require a different kind of a

tire valve. These tire valves need to be engineered quite differently for this application. These are much higher, the unit pricing is much higher to the customer and so the revenue realization is higher and also the margins are higher right in these products. So this is how the industry is kind of changing and we believe that we are extremely well positioned to take advantage of this change in the technology because in tube industry we do have a little bit of I would say domestic competition. This is an industry that's been around for 40 years. So there are small manufacturers based out of Nashik or out of Jamnagar, I would say low cost low tech players in the market who are kind of present in the market. So our market share in the tube segment is in the range of I would say 60 to 65 % and the remaining goes to the smaller players in the market. In tubeless, our market share in the OEM segment is well above 85 to 90 %. In some cases, like I said it's even hundred percent. So carrying that legacy forward as we go into TPMS, we believe that, competition wise, it's kind of a blue ocean. There's a lot more potential for us. There's a lot less competition because the technology requirements are much higher. So that's going to be good for us. I would also say if I can use the term inflection point. I would say that the replacement market also is kind of at an inflection point. When I say inflection point, it basically means that people are ready to pay these days for a premium brand, whether it's a tire or it's a wheel rim and also for a tire run. So when a person goes for a tire change and he's told, hey, here's a Triton Valve, this is a OEM approved product, the same product that goes into Maruti Suzuki or Toyota being offered to you. Even if it means paying a little higher price, I think the customers are kind of open to that. So, you can call it premiumization or whatever it is. So there is a lot of, I would say potential growth in the replacement market as well and the market size also is growing. Looking at the global sourcing strategy of the global buyers. There is a China+1 strategy that is at work now across the world. So obviously, who are the countries that are going to gain trade wise, out of this strategy, obviously you can see India is there, Indonesia, Vietnam, Thailand Mexico, but in all these countries, I personally believe that, we have a very good chance here because none of these countries here that I've shown you, Indonesia Vietnam, Thailand and Mexico none of them have their own, I would say native manufacturers of tire valves, except here in India there's us, who's, growing also continuously. So we believe that we will be the 1st choice of buyers across the world who are looking to diversify the supply chain out of China. So that's also something that's going to be positive for us. The penetration of electric vehicles also is going to be good for us. That's because we make like I said components for battery banks. We have some patented products in that vertical as well. We are already supplying our components to large manufacturers, it could be Ather, it could be TVS Motor. So a lot of the big EV players are already working with us. We are already mass production for them and I expect that as this grows, our EV product portfolio also will grow. And there also, like I said, the revenue realization is better. The margins are much better. And the last I would say positive trend that I'm seeing in the automotive business is defense in aerospace. So we do manufacture valves for the aerospace and the defense industries. We have a lot of programs that



we are running with the Indian Air force and there is a lot of, I would say pressure on some of these defense companies to localize the supply chain. So we are working on some very interesting opportunities there Which should rectify over the next couple of years and that's something that, we believe will also drive a lot of growth and a lot of bottom line growth also for us. So if you look at these five trends in the automotive business, I would say all five are positive for us. None of these trends are going to pause challenges to us. They're only going to open opportunities.

**Aditya Gokarn:**

Coming to the metals business, if you look at the demand for copper alloys, right? It's primarily driven by global warming and electrification. Because copper is basically a thermal and electrical materials, so if you look at any copper alloys, it is typically used in some kind of a cooling application or some kind of electrical applications, so you can see solar is growing, EV is growing, and this is why there is a lot of if you look at the public domain information available, there's a lot of optimism around copper. This is because the expectation is that the demand for copper in the world is going to go up because of these reasons. I would also say that in India, if I look at the domestic market, there are very few brass mills with scale. When I say scale, typically in our brass industry I would say you have to get at least 500 tons per month for 6000 metric tons per annum to have at least a bare minimum scale to be competitive in this industry. So there are very few brass mills of that scale in India. Definitely in the whole of South and South central, Western India, I would say there's hardly anybody. There's, of course, the traditional hub for brass manufacturing in India has been Jamnagar in Gujarat. So there are probably Gujarat in my estimate is maybe 250 to 300 brass mills, but they're average size would be in the range of thousand MTP and less. So, nobody has the kind of scale that we are looking at and there's also technology because continuous casting having the ability to produce hollow tubes, the ability to produce high quality alloys, is very limited, I would say in India, a lot of the special alloys in Copper are still important. There's very few players in India who do special stuff, but we believe that this is going to the demand for high quality alloys growing. This is also related to EV, related to, e.g., even the mobile phone industry. So if you look at the kind of, brass alloys or copper alloys that go into, e.g., mobile phones, electronic components, electronic products, they are quite different from the general, I would say commercial brass that is floating around the general industry. Now the brass that goes into, e.g., making hardware, let's say for your door hinges, door knobs, this kind of hardware, that's considered very low grade brass in our industry. Whereas the technical brass that, I'm talking about, the demand is going to go up because of the, because of the trends that I've just spoken about. There's also global sourcing opportunities due to the China+1 strategy. So if I look at future take our brass business this year our export sales are growing quite well. So there is a lot of traction we are finding in the global market also because people want to see that China+1, people want to develop alternate source. So in the metals business, of course, there are countries other than the ones that I've mentioned for the automotive business, there are some brass mills,

some very good brass mills in Southeast Asia outside of China. There are some very good brass mills in Turkey and rest of Europe. So there is, I would say more competition, but having said that, I'd also say that the demand and the requirements are also very, very large. So the ability for us to scale is going to be quite strong. So again, if you see the four trends that are sweeping this business, all four are, I would say positive for us.

**Aditya Gokarn:**

Coming to the climate control vertical, again, here I would say if you look at ACs, the penetration of ACs in India is very low. There's a lot of data floating around, I think we are at a fraction of where China is or where the developed world is, but of course that that holds good for many different industries, but the inflection point here is that, I think disposable incomes are also growing. There's a lot of talk and a buzz in the FMCG industry about, a kind of an inflection point in the per capital GDP. So I'm told that globally something like \$2000 per capital GDP is an inflection point. That's the point at which consumption starts kind of booming. So I think India is at the right spot. The AC industry in India is the right position right now. Government is also supporting this industry with PLI schemes, they're trying to facilitate this industry and the whole supply chain to move to India. It's very good for the country. And if you look at the demand for climate control products, we look at the AC industry, even though I would say well researched publicly available data says that a compounding rate of 13 % is easily doable for the next ten years. The next part is, the component ecosystem for valves is non-existent, so every product that we are making in Climatech today, we are the only guys making it. So we're the 1<sup>st</sup> guys doing it, we're only guys doing it. So the choice for a lot of our customers it could be Daikin, it could be Voltas or LG is either to import from China or to buy from Triton. They don't have any other opportunity to kind of diversify right now. So I think that's very good for us. We have a 1<sup>st</sup> mover advantage even if competition does come, the fact that, we've been kind of the pioneers in this industry in India, we believe will hold us in good state and we should be able to maintain a very good, I would say share of business a very good market share in the demand for valves and such components in India. Again, there's the China+1 here as well. And the last point I would say, it's government policy which is also supporting this industry.

The AC industry has a PLI scheme that the government has designed for us. I think it is taking root quite strongly. You can see again in public domain almost all the major AC brands, it could be Daikin, it could be Havells, it could be Panasonic. Everybody's adding capacity, they're adding new plants, a lot of Capex is coming in to this industry. So we are very bullish about the growth here. So again, I would say all the trends positive for us, five trends, all five are positive for us.

**Aditya Gokarn:**

I'm just quickly move to a few snapshots of the annual general meeting. Couple of things I just wanted to kind of bring into perspective for everybody. So this is a little trend of what our consolidated revenue and EBITDA have looked like for the last six years. So if you look at FY 24,

for sure we could have done better, but I would say EBITDA in absolute terms, about 31 crores and above, it's been the best that we've done in the last few years. So hopefully this is a kind of a platform that we can build and grow from here on and if you can see the green line is basically the sales group. So you can see that we went down a little bit in in that was not so much, I would say volume driven, that was maybe pricing driven commodities had pulled off, so our revenue realization came down a little bit there. But then on I would say it's been it's been a compounding rate of well above 18 % depends on whether you take a four year or three year perspective, but I would say the growth momentum has kind of picked up FY 22 onwards.

**Aditya Gokarn:**

This is something about the standalone revenue EBITDA. So there's a little detail that I think I need to explain to everybody because typically people have this perception that are EBITDA, seems to be somehow a bit eroding in the automotive business, there's a question that many people have asked me in the past, so I thought I'd answer it here. So if you look at our EBITDA again here, I think it's except for the two years that we suffered very volatile conditions in the market we've held, the EBITDA reasonably steady. In percentage terms, it tends to vary because see what's happened is, there's been a huge run in commodities. So if you look at our sales to our customers, whenever there's a commodity change, e.g., copper goes up, rubber goes up or zinc goes up these are three commodities that we link our pricing to. What happens is that, the customer will give us a compensation only for the commodity part not for the expenses and the costs that are other than commodity other than raw material, so optically what happens is that, it looks like it is getting eroded. So there is a little bit of that impact coming into play, but, the other thing that I want to explain to everybody is that the sales that you see are standalone sales, e.g., FY 24, our standalone sales with 343 crores. This has an element of scrap sales. So there's product sales and scrap sales. So the accounting methodology that we follow the scrap that we generate in manufacturing, we typically sell that scrap back to the brass Mill that supplied that brass and we convert that scrap back into the raw material form that we needed in which is so this gets added on to our sales, even though it's, a kind of an element that is there in our sales and in our expenses. So optically what happens is that it tends to inflate our sales. So if you look at a EBITDA as a percentage of the total sales it appears to be small. If you net off the scrap sales, right? I would say in FY 24 also, our EBITDA is already crossed 10 %. So this is what, I would like to draw your attention to.

**Aditya Gokarn:**

So this is our standalone sales trend net of scrap sales. so you can see that we had a sale of 343 crores out of which 253 crores was actually product sales. So if you look at our EBITDA of 25 crores on 253, we are at about 10 %. So this is the little, detail that I'd like to draw your attention to. Are we happy with 10 %? No, definitely not. We believe that there's a lot more that can be done to grow this and as we scale up and we're able to absorb our fixed costs in a better way. I do believe that it is possible for us going forward to further strengthen our EBITDA by

at least three or four percentage points. I believe there is that much potential and maybe more, it depends on the product mix. If our business really picks up a lot of action, we were hoping that it would have actually been better last year and even this year, but I think the same subsidy withdrawal and all of that, if you look at the numbers of electric two years sold. It seems to be a bit flat right now. That's the trend across the country. But I think people are still bullish in the long run. So these are gonna be some, teething troubles till this industry kind of scales up and now that Ola has gone public I think Ather gone public the other is also going public a lot of the other EV guys are bringing in more funds. I think they will go all out to spur that growth. So we do hope so those kind of changes and moving towards TPMS also, it takes a bit of time because we have to validate our product for very high engineering specifications and so on. But as that happens, we do expect that our margins should grow. So if you look at it like this, in the auto business, I said we are moving from tube to tubeless, tubeless to TPMS. Each of those steps actually will enhance our EBITDA. So if you look at our gross margins the best gross margins are with the I would say the TPMS products. The next best would be our tubeless valves. The tube valves because this is an old product line, they have the tend to have typically a slightly lower gross margin and if you look at the gross margins on products like the electric vehicle components and all that, it's very high. It's much higher than TPMS as well. So as these I would say newer products start gaining in volumes, start gaining traction, we will see the EBITDA are moving positive.

**Aditya Gokarn:**

A little, I would say interesting data that these are market estimates so that we try to collate from various different public sources. So this is an estimate. So, I would request people not to pin me down on this, but this is to give an idea of what the brass industry really is like. If I say copper alloys, this would be much bigger. What I've tried to do is, I've tried to kind of, filter down and take a very conservative number. So what I've tried to do here is that this brass estimate that I'm talking about is the most commonly I would say used brass.

In the market. So if you look at the India market, we believe right now it's about \$1.3 billion. The global market is obviously \$8.7 billion and above. If you start adding all the special alloys bigger definition of a copper alloys this would probably go like 2x, 3x maybe 5x. So it all depends on how and what filter you apply. But, why I'm showing the slides basically tell you that the brass mills that we have here today, there's huge, I would say upside potential because like I said in India there's not that many big scaled up brass mills even with the eight and a half thousand tone capacity that we have right now and we're expanding that further. I would say that on the global scale, we are still small. If you look at some of the mills in Southeast Asia, maybe in Europe you could be looking at something in the range of, I would say 50000 tons, hundred thousand tons those are the really scaled up grass plants around the world. So we still have a huge, I would say upside, we have a huge headroom to grow, and I believe particularly in the domestic market. There's not that many quality players and with the government

kind of, restricting trade from China through various different means we believe that we will have a very good chance to grow this business in India. I tried to show this again in terms of this market size, again a relatively conservative estimate I would say, so I believe the India market just for plain simple, commercial grade brass would be at least a hundred and 87000 metric tons per annum. Like I said, we are at eight and a half thousand metric tons per annum, so the India market also is huge. Why is this number so large? There's of course apart from us, there's like I said many small excluders, apart from them, there are ordinary factories, there are people using, caspers I've included that also here. This is not just exclusion; this I've included some castings as well in this. So the India market size also is quite a large opportunity.

**Aditya Gokarn:**

A quick snapshot of now the climate control slide. Just trying to put together a market estimate of what's going to be the air conditional production in India for the next few years. So the FY 25 number is expected to be about one and a half core air conditioners. The products that we have lined up so far which are already in the market, which are already in mass production, we will be able to invoice on average between Rs. 250 and let's say Rs. 350 would be an AC. So if I look at the 2025 market size only for the products that you already have, which is service plans, stuff like that, I would say that the market size today is in the range of I would say 400 to 500 Crores growth is the India market today and you can see that by FY 29, we believe that it will grow significantly. There are much more I would say optimistic projections floating around in the market. There's a lot of people who have commented on it. There are people who have said that, the air conditioning industry will receive manufacturing will double in India in four years. There's that kind of news in the public domain. I've still tried to take a relatively conservative number here because this is what I believe will actually kind of pair of out anything better than this, we will take it as a bonus. But if I look at the FY 29 figure, we could be looking at market size for our output. For the current components, not the pipeline components at about 750 Crores growth and above. So this market is going fast and being the only player in India, our internal target is to ensure our 1<sup>st</sup> target is going to be ensure at least 50 % share of business because we believe that the air conditioning industry will never want to rely on a single vendor for our kind of component. So they will always like to have like multi sourcing, but I think getting a 50 % market share could be a very, I would say fair and justifiable list.

**Aditya Gokarn:**

Little bit of the financial highlights, just trying to show some data coming out of our Q1 numbers. So here basically thought of, there were some queries from some of our shareholders here and there, so I thought I could explain some of the answers here. So if you look at our revenue for Q1 FY 25 would say it was relatively flat year on year. So FY 24 also we did about 106 crores. FY 25 also was a hundred and six Crores. Why was it flat? I would say this was kind of a, I would say election impacted quarter. As we all know the auto industry seems to

have lost a bit of steam during this quarter, even the replacement market was quiet, I would say, quiet luke warm in this period. By all accounts, we believe that it's related to the election season where everybody goes home. Consumption of these kind of, products goes down a little bit. That was one thing that happened. The 2nd thing that happened really in this quarter is that we saw copper prices also shooting up very, very high. So I would say the end of February early March, there was a huge run on the copper prices, copper went from 8000 went shooting up to almost \$11000 per ton and then subsequently it's come down again, now it's trading in the range of nine to nine and a half thousand, but there was a huge run in copper. So typically what happens in our automotive business is that when prices go up like that, it takes a quarter, there's a one quarter lag till the time we pass on the increases to our customers. It could be the tire industry or it could be the vehicle industry. Typically takes a quarter. So we do quarterly averaging and then we pass on increases or decreases. So we had to absorb a little bit of, I would say the cost push during this quarter. Having said that, I think the other thing that you can see here is that the metals business and the automotive business at the moment, are quite well hedged. So one of the things that we wanted to do when we planned to have a Future Tech as a key piece of our strategy is that we wanted to ensure that, in the past we've had a lot of problems with commodity pricing that has impacted our bottom line. So we felt that putting up our own, and having this kind of captive Supply of brass. What it would actually do is it would help us to hedge. It would help us to have a natural hedge, and you can see that actually coming out. So if you look at ultimately, even though EBITDA was I would say relatively flat, if you look at PAT, obviously we've done much better than last year at the PBT or the PAT level and so I would say this is a nice example of this hedge. So as we grow and as the metals business gets more traction in the external market. We will find that, whenever there is, I would say sudden movements in commodity pricing it will actually benefit us. So I put it like this, our internal strategy is something like this. Either both entities should gain or if one loses the other should gain and make that up and we should always ensure that there is no possibility for both to lose.

That's how we look at it and here I'm when I say the automotive business, perhaps I should actually say the component business. So between the raw material business and the two component businesses, there is a hedge and we expect that this hedge will hold us in very good state as we continue growing and it's a very critical raw material for us. So if you look at our typical I would say automotive products, by weight and by value, 60 to 65 % of the product is actually brass and if you look at the climate control vertically it's more. It could be up to 65 to 66 % is brass. So this is very critical raw material for us, like I said we don't have very good brass mills in India so this is the reason why we set up Future Tech and we believe that this is gonna help us as we scale into the next 05:10 years.

**Aditya Gokarn:**

Few ratios to kind of cap off before we open up for questions. So this is what the balance sheet looks like for Q1 and if you look at the ratios, obviously we are doing much better than where we were in FY 23 FY 24. Maybe I should also answer this question before it comes up FY 23, there was a lot of questions about why did we lose some money? Why did we go down? I would say FY 23 was unfortunately for us a bit of a perfect storm. We had huge volatility and commodity and currency and in the market. So I would say three factors which created a lot of turbulence for us. So we did unfortunately face a lot of challenges in FY 23. You can see that in FY 24, we seem to have turned around quite smartly. We brought things back, We've things around quite quickly and, as we all know at FY 25 we did pref. allotment and equity fundraise I think that's also helped us a lot and I think that's going to again, it's going to fuel and it's also going to catalyze our growth over the next few years. So we think that this is really going to be very positive for us and I'd like to take this opportunity once again to thank all the shareholders, the investors who came forward and who are contributed to kind of bringing that equity into the company. Once again thanks and gratitude all of the people who did that for us and I think that's really going to help us grow much faster going forward.

**Aditya Gokarn:**

A quick detail on what is the actual fundraise and how did, we kind of utilize the funds that we've raised? So this is as of June, so you can see about three crores has gone into about three crores gone to Capex, loan repayments about seven crores. We had to increase a little bit of inventory and I think that's helping us now in the metals vertically that's really helping us to scale much faster, helping us to deliver faster to our customers and you can see working capital, increasing working capital GST input credit and so on. So this is the kind of the stack up of how these 29 crores has been utilized.

**Aditya Gokarn:**

quick detail on the shareholding pattern, how was it before and how was it now? So if you look at 27<sup>th</sup> March, this is prior to fundraise and if you look at September 2025, that's a post fundraise but here I think the Promoters are yet to convert the warrants that have been issued to them. Post warrant conversion, there will be further changes to these numbers, but this is just a kind of a detail that shows from March to September how the shareholding pattern has changed. So that's it from my side in terms of the slide deck. I'll be happy to take questions.

#### **Question & Answer Session:**

**Piyush Mehta(Caprize):** Good evening. Hi Aditya. So, three, four questions that I have. The 1st one on the Future Tech business, the brass mill business. What I'm trying to understand is once we move towards a larger capacity closer to 15000 MTPA, what will be the total gross block in the business and what are the kind of asset terms or in terms of revenue? So my sense was we are, we'll be close to 50 to 60 crores of gross block and we can do as much as 600 to 650 crores revenue from this business.

**Aditya Gokarn:**

So in terms of asset turnover ratio, Future Tech actually has a lot of potential. See basically we are trying to, we're trying to see whether we can, we've started the work for adding a 2nd casting line/ So the aim is that we should double our capacity. So if I look at the investment that we did, just I would say planting machinery, I don't believe that we will be investing more than five crores. Recently I was told that, we may need to enhance our power connection also that's something that may incur maybe another one substations. So even if I add all of that, let's say seven crores, even if I put in a Capex of seven crores, we will be able to take an incremental I would say revenue, even if I take a very conservative estimate so even if I needed to add another let's say, 500 tons of output, we would be able to do about an additional 20 crores of sales per month. So I'd say about 7crores would give us additional 350 crores of sales, 7crores of the Capex can give you about 350, so it's literally 50 times. So that essentially means that on a close to 35 crores of gross block, we can generate close to 700 crores of sales here and if the Copper price goes up, that would again go much higher if it were to come down, it'll come down to that.

**Piyush Mehta:**

Understood. So considering where copper prices are so considering they are stable throughout the year, this is a fair assumption and by when do we expect us where that we'll be we need to say expanding our capacity to say close to 15000 MT per year.

**Aditya Gokarn:**

So right now what we have planned is the 2nd casting line that we are putting up will give us a total, I would say casting capacity or current casting capacity is around 28 tons per day. I normally look at because that's something look at the daily operations. So if I were to double that, we would be able to do, let's say about 56 tons, let's say about 60 tons, daily output. That could give us its close to about 14000 times, maybe not exactly 15000 but it also one thing I would like to also say here is that while our capacity will almost double, we also intend to produce a lot of special alloys. Now when you produce special alloys, you will not be able to utilize your output fully.

Give an example. If you want to produce, let's say aluminum silicon brass alloy it's a very special alloy. The metal temperature is much higher the time required to make in the furnace is much longer.

So even though we have a capacity of 14000 tons, we may still produce less than that, but we would produce value added device. If the market for value added device comes down and the regular goes up. Then obviously we would shift that. So we'll be creating that ability to go up to 14000, but our intent currently is to add value at the product, see we are trying to build whatever we are very happy with the brass currently producing, we don't intend to just stop it, so it's like how much of you know because it's going to be competitive. So we are going to try and produce alloys where we get typically much, much higher margins for gross margins and EBITDA will only grow when we will add this kind of



special alloys. I was just trying to say that while we will be attempting to double our capacity, I was just saying that our intent is to produce a lot of alloys. So even though our capacity will be probably in the range of 14000 tons per annum we will, we want to build the product pyramid where we want to move up the value chain. We want to produce alloys where we make a much better margin because we want to grow our EBITDA 1<sup>st</sup> Build a portfolio where our EBITDA also grows strongly. Of course we can always if we don't want to produce alloys specially alloys, we just want to produce the regular brass, we can go up to 14000, but at the moment the intent is to add value in terms of alloys.

Piyush Mehta:

Understood and all so this revenue we can generate over the next two-three years in in this segment, what are the kind of EBITDA margins and PAT Margins targeting internally?

**Aditya Gokarn:**

See look at the at the current moment, if I look at EBITDA in Future Tech, I think we are operating at a close to four and half 5 %. Which I personally feel is too low for the kind of, we are yet to scale up further. So I personally believe that if we are successful in adding the specialized alloys and so on, we can definitely move this up at least two to three percentage points. So for a brass mill of our, size and capability, once we add further capacity, I do believe we should be in at least at 7 %. That's something that I would put as a very, minimum baseline for ourselves as a target. After that again, it's about constantly innovating, trying to find out, trying to do more special stuff, more specialized high value stuff to keep growing it from there. But I think 7 % is something that we definitely would like to achieve.

Piyush Mehta:

Understood and on Climatech, one thing is very clear in terms of the trend on the HVAC side, but you mentioned about defense as well and what are the kind of products that we are providing in on the defense side, apart from HVAC and what are the kind of margins or how big can this business be?

**Aditya Gokarn:**

So if you look at, e.g., Future Tech we are all already producing certain very special I would say profiles Which go into manufacturing of weapons. These are like there are some weapons platforms that we are supplying into but we only produce the raw material there. The component engineering is done by our customer and then it goes into so we are I would say at the tier two level. Defense localization is a very big thing. I think the government is promoting it in a very big way. Honestly, I don't have a very clear estimate of, e.g., how much brass we can potentially sell into the defense, I would say filled, but it I'm very confident that it will go very strongly because see, nobody wants especially in defense to import anything. Today there is a lot of import dependency. So I don't have a very good estimate as far as the metals are concerned. If you look at the promotive business, we are working

on, I would say two, three different types of businesses. One is there's a lot of I would say, special vehicles that are being developed for defense. To give you an example, we are currently working, I won't be able to name the customer, but I can tell you the application. We're working on our platform which is called a field artillery truck. So there's a truck that typically carries an artillery piece to the front lines and then it has a little crane, it picks up the artillery piece, drops it on the ground, and then whatever has to happen happens. So we are developing components for a central inflation system. Now these kind of vehicles, how it works is that they have a compressor on board. So at the time of war or emergency, these vehicles cannot afford to get punctured. So if there is a puncture, there's a compressor on board that pumps here back into the system and just keeps the vehicle moving and this vehicle also needs to go off road. So they call it terrain management system. So the compressor will reduce the pressure when the vehicle is off road, increase the pressure when it's on the road, and so on. So there are components there's very special components that go into this. So we make those kind of components, high margin. Right now volumes are small. So e.g., field artillery trucks, how many trucks does India buy, let's say defense forces buy in a year, maybe 800-900 vehicles. Small right now, but then once you get into something like this, the applications keep increasing. Somebody is producing vehicles, and somebody is producing, this anti mine vehicle. All of these slowly are going to get equipped with these kind of systems.

Piyush Mehta:

Understood. So when we supply to one particular Such unit, what is the value in terms of Yeah so today it's small?

**Aditya Gokarn:**

I would say our business of let's say components for CTIS (central tire inflation system) maybe in a year right now, maybe like between 750 lakhs to a crore. It's not huge right now, but we make very good margins because we're substituting import directly that the other thing that we are working on right now is some aerospace platforms where people want to localize the tire valves on these aircraft platforms. So we are already associated with some of the, I would say defense platforms already which are flying around. So a lot of our valves are already on the aircrafts that are flying. There are newer models coming up. We are engaging with this ecosystem to help them develop some other components which they want to localize. If I look at let's say a 2-3-5 year picture, this business could grow into, I would say 05/10/15 crores a year. For the next I would say five years, having said that, I'll have to put a strong disclaimer here because see what happens in defense is that, a program gets approved, everything comes on track very fast. Sometimes programs don't get approved. So we let's say that I'm developing a component for a platform and eventually that platform doesn't go into a very big scale. Then we would remain small. So the risks are also quite high here in the sense like very hard for us to know what like see when the government decided to buy the let's say Rafael fighter jet, maybe somebody who was planning to make components for

some other platform, they would have lost out somebody making for a felt they would have gained. So these kind of things do happen. Think that it's really hard for me to comment but I put it like this, our intent is more to engage with that ecosystem. Keep discovering new, newer applications, newer opportunities and if it's something that, we can really scale quickly if you latch on to something like that, obviously we would have met jackpot, but we are throwing our hat in the ring.

Piyush Mehta:

Understood and quickly again on the Climatech side, on the HVC business, on the export side, we do have one of the largest US client which is Lenox and but we still have the top two missing carrier and what is the number two guy in the US? Crane, Yes. So how do we get these also on board? Because Linux is like you once you had mentioned it like Linux is like a diagram. It might be the 3rd largest in terms of volume, but in terms of profitability it might we're at the top, so how do we get the other two on the board?

**Aditya Gokarn:**

yeah. So, look we've already started mass production for carrier media in India and yes that is owned by the Chinese side, but all the same, it carries the carrier brand. So what happens is that, once we are kind of into at least one segment to the business now even though that's a business that they have handed over to media, at the backend, all the drawings are carrier drawings. So that becomes I would say approving ground for us. So that's something that we are already talking to. So we are already engaged with carrier global purchasing in the US and look with the with the China+1 strategy, we believe that they will have to come to us one finding. I don't think they'll be able to continue with their strategy of having everything out of China. So they are also already talking to us. We have not started the formal program with them right now but they're engaged with us. They kind of couple of their people are sending emails here and there, hey, can you quote for this program? Can you quote for that program? So we've quoted a few things. Some discussions are going on. With the crane, we are almost at the start of a program, right? They, they sent us a huge list of parts that they want to kind of develop in India. So I would say to answer your question in a crisp way, we are definitely going to engage with them. It's a process because OEMs, they're conservative, they've had a, supplier base already that they've developed over years, now they're having to change it. So there is going to be, I would say a little bit of starting friction, but we will get there and once Lenox comes in and they see our parts in the system all over the US, things would start moving fast. That's how we look at it.

Piyush Mehta:

Just one last question, for a decade, we've, and I've asked this to you earlier as well, for a decade we've seen slow growth or maybe much for a much longer period. Now we are coming into an inflection point where overall the company could actually grow at, 20-25 %, maybe even 30 % if everything, goes right. So that huge shift that we are going to see in

terms of growth, how well equipped are we in terms of the management bandwidth? Because, the board, the management, the team on ground, we have good set of people, but they have all seen low single digit or single digit kind of growth and suddenly to pivot to a 20-25%-30% kind of growth. You think that that would be very easy for the team to onboard including you?

**Aditya Gokarn:**

See if you look at the last three, four years, we've already been growing at 18 % plus. So we've already seen three years of relatively higher growth than what we were used to. So yeah, I see, it's all about I would say staying up to date innovating. Obviously we'll have to keep increasing our bandwidth, we keep improving our manpower capability, have better and better resources coming in as we grow, but I don't see frankly that as a very, very significant challenge in the sense that, see, once you grow, you are also able to attract the right kind of talent, you're also able to bring in the right kind of resources. So yeah, I think we'll innovate as we go along. Yeah, so I think we should do so much. Yeah, thanks.

**Padmavati Udecha:**

Yeah, thanks for this wonderful presentation and all the information you have provided. I have a few questions. So firstly sir, like we have presented automotive, space and we're also, looking to and we're also starting we've also started to supply to defense, aerospace etc. My question is that are we looking like in the near future to also start targeting any other sectors like maybe railways which is again a high growing segments in India?

**Aditya Gokarn:**

Right now no, I'll honestly say that we have not at the moment engaged very deeply with the railway ecosystem. We have our hands full, I mean we have a lot of inquiries, we have a lot of work to be done with the existing ecosystem HVAC. There's a lot more to be done, metals there's a lot more to be done. So right now no, but I'll give you a little clue here. We are actually engaging with the, I would say the electronics manufacturing, ecosystem right now. There is also increasing demand for very specialized brass components that go into laptops, that go into mobile phones, that go into tablets and things like that, specialized stuff. We have some very good inquiries, our engineering teams are kind of working on some of these opportunities. So, where I really see growth is, in these, this whole ecosystem is moving to India. If you look at mobile phone assemblies, more and more people are doing it. We are engaged with that ecosystem and we are already in mass production for some, I would say specialized precision components that actually go into 5G routers that go into some of these electronic enclosures. So that's something that we are doing,

**Hemant Ashar(Sales support Kernex):**

Maybe if you can just elaborate to our question in terms of our TPMS patent and then the global clients like Bosch and continent we are discussing with them that can be throw some light.

**Aditya Gokarn:**

So I put it like this, if the shift as we said is happening from tube to tubeless and from tubeless to TPMS. In the TPMS domain, I would say that we are deeply engaged with all the big players in the market who produce TPMS sensors. There is a lot of interest in, developing us as a valve supplier to all these global companies. If you look at who are the large sensor manufacturers in the world today, there are play there's like Sensata, Continent model, there's BH sense. There are a lot of big players in the sensor world, this Bosch. We are deeply engaged with all of them. In fact, I think very shortly we will be able to intimate to the stock exchange and put in the public domain about one of the awards that we won recently, business award I think, we will probably disclose that next week. We are in the final process of signing off some contracts with one of these big players, so once that gets signed sealed and delivered, we'll be happy to disclose it and put it in the public domain. So we also have a lot of patents. So if you look at the last financial year, we had almost eleven patent grants. Even for us that's a bit I would say unusual. This is primarily because, after COVID, the patent offices were running very slow and then suddenly all the patents were cleared in one shot very quickly, but we have been the strong patent pipeline as well. So if you look at our products that patented, some of our TPMS products have patented, we've even patented some concept level ideas about how to detect faults and tires and so on and so forth. I think at the appropriate time we will try to monetize and cash the IP that we've also generated in this field and be focused on the India market primarily looking at the dynamics in India which are a little different from the rest of the world. So, so yeah, I think that's something that I think with in due course of time, we will be able to see some very positive developments in that domain.

**Padmavati Udecha:**

So the next question is like we have three key verticals, so currently what is the revenue split between these three verticals and also like if you can comment on how is the margin profile because obviously we have to blended EBITDA margins, but like if I just want to understand that among the three verticals, like which is a high margin business and also do we do any hedging in terms of copper or any of our inputs?

**Aditya Gokarn:**

Right, so I'll take your 1st question in terms of what's the revenue split? So if you look at our total revenue of 420 crores, in the year FY 24, 61 % was automotive, 37 % was metals, and only 2 % Climate control.

Do we do hedging of copper and so on at the moment? No, Like I said, we are, the existence of Future Tech itself is kind of a hedge to the component businesses. So right now we are operating with, I would say a natural hedge between the metal business and the auto business. So

we also pass on price changes in the commodity to our customers with a three-month line as I mentioned.

So I would say that, see, always the component businesses would always have a better EBITDA margin than the commodity business. So if you look at our actual EBITDA, on the automotive business last year, that was about 10 %. When you net off the scrap sales, it's about 10 %. At peak, in the past, if you look at it, we've operated at I would say 13-14-15 % in the past, which means that those kind of margins are definitely possible to achieve. If you look at the Climate control business, it is still not broken even. We, I think this year we had, we were a EBITDA positive. But not PBT positive as yet in Climate control vertical. But once that scales up, once it reaches the right, I would say critical mass, I believe that as a component business, it would have at least a double digit EBITDA Very similar to the automotives.

Padmavati Udecha:

Okay Terms of the R and D So like as you're mentioning that you all do focus a lot on R and D and that's also visible by the patents that we have worked on. So how do we like what's kind of what's the budget or, is it like more opportunity based or do we try to do it as a percent of sales?

**Aditya Gokarn:**

Yeah, I'll, be very frank here. Look, we don't, budget it as a percentage of sales. We try to be very, very practical in terms of, ok, where do we need to invest? What's the opportunity that we see? And where is it worth for us to spend time, effort money in developing product? Developing technology? As it so happens, we are always between I'd say 1 to 2 % in terms of our R and D spend. It varies sometimes, some years the way we account it, sometimes it bunches up in one year, sometimes it goes down in one year. So we don't look at it in absolute percentage terms, but we try to look at it very practically.

Padmavati Udecha:

And last question from my side, so you mentioned that, we're also benefiting a lot from China+1 that's I mean, the strategy which most global companies are adopting. So my question is like, I mean for us, have you seen a lot of increase in inquiries or actual conversion into orders also like or put it in a different way like currently how will the exports growth versus let's say my domestic growth salesforce.

**Aditya Gokarn:**

Right now domestic is growing faster, but with export, like I said, see, what happens is that while the intent please for companies to go out of China there is going to be a lead time. Because you take Lenox e.g., we were engaged with them for the better part of two years to launch this we are currently working with them on. So for them to trust a new supplier, for them to trust a new source, it takes a bit of time because the industry that we operate in, all the parts are critical, everybody wants like zero defect, everything has to be very perfect right from the start. So there's going to be a bit of a lead time, but, it is going to gain

momentum because see there is no two ways about it for their survival, these global corporations based out of the US, Europe, wherever they are, they need to diversify their supply chain. They don't have really an option, so it will grow. There's no doubt about it, I said, we are deeply engaged with a lot of these customers it'll take a bit of time, even if you look at a vehicle OEM like in Indian OEM, let's say e.g., sometimes it takes them one and a half, two years to onboard a vendor because they do trials, validation, testing, field testing, there's a big process involved because parts are critical but. Once you're in, you're in for a long time.

Rishith Shah:

Thank you for the opportunity sir and then my questions are actually based on our key segment that is the valves component segment. So firstly, if you can give me a split, I mean, what kind of revenue comes from the OEM part and how much comes from the replacement part and to this same question, how is the replacement cycle in the market?

**Aditya Gokarn:**

OEM and replacement split. I don't think I'll be able to give on this call, but broadly I put it like this, whatever we said, it's like this, if I supply a valve to let's say a tire maker, some of those tires go into replacement, some going to aftermarket or into the OEMs So there would be a segment wise, truck segment is different, passenger car is different, two wheeler segment is different. So hard for me to summarize everything and give you a number that this percentage goes here and there. But I would say that you can look at it like this. If you look at the number of tires being sold in India at a very high level, I believe the number is in the range of 75 to 80 % that goes into replacement and only about 20 % goes into OEM. Now that varies like said segment to segment. Replace cycle for valve is typically the same as tire. So valves gets replaced as frequently as a tire.

Rishith Shah

About the TPMS segments so as you rightly pointed out, there's a trend of premiumization and a more kind of TPMS is going to gain prominence going forward. Yes, so two parts to that question at the question that I have one is we'll be definitely having a higher realization. So if you can point out the difference and secondly, maybe three years two years down the line, how do you see the split changing from what it is right now?

**Aditya Gokarn:**

So if you look at TPMS typically the revenue realization on a TPMS component would be 2X of a tubeless component. The replacement, the substitution is tubeless getting replaced by TPMS. So that's a one is to two typically. So if I'm selling a tubeless valve for ten, I might be selling a TPMS well for 20. You can think of it like that. One is to do. In some cases, more also, but on average you can see one is to two. Your 2nd question was what is the ratio that we see going forward in the next four or five years? so I would say that my expectation is that five years from

now, TPMS would be at least 40 to 50 % of the market, if not more. Today it's maybe 10 %.

**Rishith Shah:**

And, so last question on my part. So we have kind of a leadership in our market both in the tubeless as well as the tube part and we are practically the another only side right now. So for the tubeless and the tube market, which is more matured in a way, so how difficult or easy is it for a competitor to maybe break into a distributor dealer or in maybe other words, how difficult it is for us to maintain the strong market share that we have in the segment.

**Aditya Gokarn:**

I believe that, we have a very strong, I would say possibility to maintain and grow market share. See if you look at some of the smaller players even in India, what are they basically doing, they basically buy semi-finished components maybe from China. They do some finishing operations and sell it. So this is not a model that I believe will be very sustainable in the current, I would say business environment because there is a lot of, strong possibility for government bringing a lot of quality control orders QCOs, non-tariff barriers to imports from China. See basically if you look at government policy, it seems to say that they don't want India to be a dumping ground for low quality or low price products coming in from China. It hurts the domestic industry, it hurts the domestic economy. Everybody knows that in very different ways, the Chinese manufacturers, there are all kinds of malpractices, either they have some kind of an unfair advantage in the raw material cost or they have some hidden subsidies or there's something in Chinese trade. So the US, they say, ok, their IP is being copied. In India I would say that whether it's the tire industry, the tire industry always complaining to government saying that Chinese tires are being dumped in India and I agree with that argument. Chinese typically tend to dump products in India, even if you look at the AC components that we are competing with the Chinese, some of the Chinese prices that they offer to the Indian customers, it's a dumping price. So there is a lot of this going on and the government is now finally woken up to it and they are putting a lot of obstacles to this kind of thing. So I believe that for us to maintain market share is going to be easier and easier because once the barriers come up and these malpractices are controlled either through quality control orders or through increased customs duties and whatever obstacles the government is putting in their path, the market will come to us because, we're the only guys who are vertically integrated, we're the only guys making everything from scratch in India. We are truly local, it's not like I'm buying some components from China, just doing some finishing and sending it. So I believe that we will be able to do better progresses because government is supporting us.

**Aditya Gokarn:**



Maybe I'll just run through quickly the questions in the *chat box, questions.*

When we see ramp up, when can we see ramp up in Climatech?: *Actually, from this season, we are expecting a good ramp up. We are, we already added a couple of new customers, so we are hoping that from this, so the season for the Climatech business basically starts from October, November and goes up into I would say April May June, so we are very, very optimistic this year that, we would be able to scale up a lot more than last year. If you look at our Q1 I think, we did, some multiple of the previous year. Of course, the base was small, but, that's something that we expect.*

**Aditya Gokarn:**

How much of mental business internally consumed?: *I would say about 50-50, 45-55 depends on the quarter. With doubling how much will it be?: With doubling, we will be more of, more skewed towards external.*

**Aditya Gokarn:**

Could you please share the volumes and product mix between various products and how we see the margins?: *I think I've answered this.*

Can you illustrate the asset terms in each segment, how is working capacity, intensity in each of the same asset terms metals we spoke about?: *Obviously component business it will be much lower asset turnover ratio.*

Could you share the roadmap for climate control business?: *Obviously we want to do, a big number. I won't be able to put a number on it, but obviously the opportunity I've explained is very, very large opportunity, so as, as we gain traction, as imports become more and more difficult, we will see huge traction in climate control.*

Last two to three years OPM has been stagnant. Can we expect double digit growth in OPM?: *Well obviously yes, operating margins, I can frankly tell you, am I happy with my own operating margin? No, I'm not. Having said that, I have to be realistic, I really need to scale up both climate tech and Future Tech. For us to really see very strong growth. So it will happen. Let me say this with a lot of confidence. Operating margins, better margins, we obviously are putting a lot of effort both in the automotive business metals business. Climate control up, obviously we need to break even 1<sup>st</sup>, but once that happens yes, we will see very, good improvement.*

**Aditya Gokarn:**

How long will it take? : *I don't want to put a timeline on it, but I can assure everybody we are putting a lot of effort.*

You discussed solution that can convert toxic gases into every conference call.: *Maybe there's a misunderstanding. So your question is, you discuss a solution that can convert toxic gases emitted by air conditioners into gas. No, I don't believe I said anything like that in the February call.*

Could you please expand on the current status of this product? : *Convert toxic gas is emitted by air conditioners. Air conditioners don't emit any toxic gas, but the refrigerant gas that is the hydrocarbons that are used in the, as refrigerants, they are environmentally unfriendly. So obviously we have products that we like the evaporator valve that we have that helps you to reduce the wastage of gas. Yeah, maybe that's, that's how I would put it.*

Are we running the valve business? : *No, we're at about 75-80 % right now.*

Companies doing white labeling TPMS for a German brand. Can you please provide some details, what sort of revenue? : *No, I think that's competitive information I would not like to provide that kind of information on a very specific customer or very specific business. I would not like to comment on what is the margin X Y Z.*

**Aditya Gokarn:**

Can we share the list of patents that we hold in the company along with the small brief? : *See all the patents that are granted are in public domain, I don't know if we can give you too many details about it, but it's in the public domain. I think you can always find it on google patents and all that.*

**Aditya Gokarn:**

Can you throw some light on raw material security of the Future Tech business? : *Yes, I don't believe we are insecure there. We have a very diversified supply chain for the brass scrap, Copper scrap and zinc that we use. We don't see any serious challenges to the sourcing of the materials that we require in.*

**Ayush Ag:**

So I had a few questions around the capability and I just wanted to understand a few things around that. So in the last call you had shared, and even for this call you have shared that the majority of the climate take market is being supplied by two Chinese suppliers. So if you could explain why is the market so consolidated in complexity and technology and maybe you could even, why are we being entertained or given an entry in this market?

**Aditya Gokarn:**

It was very simple. See, why is the market consolidated? I would say that these two Chinese players, like there are, Chinese companies operating in various different fields, various different industries that tend to dominate the global markets because, they have scale, they have money, they dominate, they sometimes dump products. So there are two players who produce, service firms. Why is it only two? Well, they've been obviously the most competitive, they've been able to, supply the market well, they've established themselves well. So they've obviously done good for themselves and for their customers. Why are we getting a chance? Because the market wants to diversify the supply chain out of

China. They don't want to say look if you're a, big company you're a big brand, let's say you're a Daikin or you're a big global brand, why would you want your product or your business to be heavily dependent on just one or two Chinese companies? What if they pull the plug on you? What if like during COVID they disrupt the supply chain, it will hurt you. So obviously they want to diversify and everybody feels that going forward Chinese costs will go up and they somewhere believe that if the malpractices or the hidden subsidies or whatever are removed, the Chinese will not be as competitive as they are too. Imports have their own problems. I'll give you an example, a lot of companies in India AC manufacturers, they import valves for a particular season, sometimes they leftover with excess stock and they don't know how to dispose it next year, some changes happen to the AC models, then the stock becomes obsolete. They bought some compressors, they bought some valves, they bought some components, they're no longer useful because the model has changed the next year. So import comes with its own problems. You have to import in container loads, you have to warehouse the material, you have to stock it, there is wastage that happens, there is overhead costs, there is currency fluctuation. So people don't want to be fully dependent on import. So I'm not saying here today that we are going to come in and we are going to kill the Chinese. I don't think we are at that maturity level to aspire for those kinds of things, but we will definitely compete with them so hard, we will take 50 % away from them, that's for sure. After that, it depends on how the market behaves. If you're able to continuously grow continuously do better and better, we might even cross more than 50, we may go beyond 50, but we have to also see the reality for what it is. I mean the Chinese have done well, they've established a good business for themselves for years and years, maybe 20-25 years. So they have a 20year head start over us. So that's also there. So I think it's up to our, I would say capability or ingenuity or innovativeness, our entrepreneurship to come up and compete with these guys and break their monopoly. That's what we're here to do.

Ayush Ag:

Okay, and we have also shared that the top three TPMS sensor manufacturers were talking to us in the last call and in this call you have said you were expecting order from one. So what sort of opportunity can open up with these three if you can quantify that in some way.

**Aditya Gokarn:**

The global opportunity is huge. The global opportunity could be in like hundreds of crews. If I were to put all the big players together but again like it's I'll honestly say it's still early days because look, a lot of these potential customers, they will tangle a big carrot in front of us when we are starting the discussion later on, what will actually happen? It's, I would say unknown because, the way they take decisions of where they source something, how they distribute it globally, we are new to these customers. So I don't want to hazard the guess, but I can tell you the opportunities are large and all the big players are talking to us. Including some of the sensor manufacturers from China. Chinese origins

and sensor manufacturers have started talking to us which tells you that they are all in the same boat. They need new suppliers, they need to diversify the supply chain. There'll be large opportunities, it's a bit early in the day for me to put a number on it. So you'll have to, bear with me in terms of I won't be able to put a number on it, but I can tell you, very shortly, we will be announcing that one of the players has actually confirmed their business with us. They've selected us as a source for one of their very precious global programs, more will fall. So as in how these developments fructify and we feel everything is signed and seeded. We'll be happy to disclose it in the public.

Ayush Ag:

Okay, and considering the opportunities that you are coming out with, do we have the capacity and what, in our automotive components part plan?

**Aditya Gokarn:**

Yeah, good question. No, for TPMS, we will have to invest in developing capacities because like I said, if orders start rolling in the hundreds of crores, we will run out of capacity. So we've already done some planning on the capacity in terms of how to scale up TPMS. What kind of equipment we need for the suppliers, we've done all the, I would say background work. So yeah, once somebody confirms either gives us an LOI or gives us some confirmed orders, typically these kind of players would give us a five year contract. They would give you orders for, five years, they would make a market estimate and they'd give you a five year forecast. So once we get something like that, we will have the confidence to invest in the capacity. That's how we look at it.

Ayush Ag:

Okay, and you also shared on the defense orders and the segments so if you could explain, did we develop these products on our own or was it a shared technology?

**Aditya Gokarn:**

No, so far, all the developments that we've done all the patents that we filed, all the developments have been done in house.

Ayush Ag:

Okay, so we must be exclusive supplier for them, right?

**Aditya Gokarn:**

For a lot of products yes.

**Bibhuti Bhusan Mishra:**

With this we hope all the questions have been answered properly by the managing director. So if you still have any questions, you may write to [investors@tritonvalves.com](mailto:investors@tritonvalves.com) already shared in the chart box.

**Aditya Gokarn:**

Thank you all for your participation meeting and great thank you everybody once again for joining us, for sparing your valuable time to engage with us. It's been a great pleasure to answer all your questions and there's been a lot of thought provoking, very meaningful questions asked today. Thanks to one and all for joining and thank you for expressing your trust and confidence in the company and, yeah, I look forward to having a call sometime soon as possible.

Thank you.