



Transcript of the Twenty First Annual General Meeting held on 23rd September, 2020

Speaker: Mr. Sunil Lalai, Company Secretary and Executive Vice President – Legal

Good afternoon ladies and gentlemen,

I am Sunil Lalai, Company Secretary and Executive Vice President – Legal of Endurance Technologies Limited. I am pleased to welcome you all to the Twenty First Annual General Meeting of the Company scheduled today i.e. 23rd September, 2020. Shareholders may note that in view of the current Covid-19 pandemic, arrangement has been made for this Annual General Meeting to be held through video conferencing in accordance with the Companies Act, 2013, and circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India (SEBI).

I would like to inform you that Mr. Naresh Chandra, Chairman of the Company, has sought leave of absence from attending this Annual General Meeting. In his absence, electing the Chairman for the meeting by show of hands is not possible through video conferencing and I would, therefore, request the Chairman of the Audit Committee, Mr. Partho Datta, to make a proposal with respect to the appointment of Chairman for this meeting.

Speaker: Mr. Partho Datta, Independent Director

Thank you, Mr. Lalai.

Good afternoon, I am Partho Datta, Independent Director and also the Chairman of the Audit Committee. With your permission and that of other Board members, I now request Mr. Anurang Jain, Managing Director of the Company, to preside over the meeting as the Chairman. Thank you.

Speaker: Ms. Anjali Seth, Independent Director

I, Anjali Seth, Independent Director, second the proposal of appointment of Mr. Anurang Jain, as the Chairman. Thank you.

Speaker: Mr. Sunil Lalai, Company Secretary and Executive Vice President - Legal

Thank you, Mr. Datta and Ms. Seth.

Mr. Anurang Jain, Managing Director will Chair and conduct the proceedings of this Twenty First Annual General Meeting of the Company. Mr. Jain also serves as Chairman of the Corporate Social Responsibility and Risk Management Committees of the Company.

I would request Mr. Jain to commence the proceedings of Twenty First Annual General Meeting.

Speaker: Mr. Anurang Jain, Chairman

Thank you.

I thank all shareholders attending this meeting for permitting me to chair this meeting in the absence of our Chairman, Mr. Naresh Chandra, who is unable to attend this meeting due to health reasons. It is my privilege to address you all as the Chairman of this Twenty First Annual General Meeting of Endurance Technologies Limited.

Considering the current Covid-19 pandemic where social distancing is required to ensure safety and security of our shareholders and employees, your Company has arranged for the shareholders to join the meeting through video conferencing in compliance with the directions issued by the Ministry of Corporate Affairs and SEBI. I thank you for joining us, virtually.

I truly appreciate for taking your time to attend the Annual General Meeting of the Company in spite of the challenging times.

We have 52 members present through video conference. Requisite quorum is present for the AGM and I, therefore, call the meeting to order.

Now I will introduce all the directors of the Company present at the meeting through video conference. I will read out the names one by one:

Speaker: Mr. Anurang Jain, Chairman:

1. Mr. Partho Datta

Speaker: Mr. Partho Datta, Independent Director:

Good afternoon, this is Partho Datta. I am attending this meeting from my residence in Kolkata.

Speaker: Mr. Anurang Jain, Chairman:

2. Mr. Soumendra Basu

Speaker: Mr. Soumendra Basu, Independent Director:

Good afternoon shareholders, I am attending this meeting from my residence in Kolkata. I am an Independent Director on the Board of your Company and also the Chairman of the Nomination & Remuneration Committee. Thank you.

Speaker: Mr. Anurang Jain, Chairman:

3. Ms. Anjali Seth

Speaker: Ms. Anjali Seth, Independent Director

Good afternoon shareholders, I am Anjali Seth, Independent Director, attending the meeting from my residence in Mumbai. I am an Independent Director on the Board



of your Company and also the Chairperson of the Stakeholders' Relationship Committee.

Speaker: Mr. Anurang Jain, Chairman:

4. Mrs. Falguni Nayar

Speaker: Mrs. Falguni Nayar, Independent Director

Good afternoon everyone, I am Falguni Nayar, Independent Director of your Company, attending this meeting from my residence in Alibaug. Happy to be here.

Speaker: Mr. Anurang Jain, Chairman:

5. Mr. Ramesh Gehaney

Speaker: Mr. Ramesh Gehaney, Executive Director and Chief Operating Officer:

Good afternoon shareholders, I am attending this meeting from my office in Aurangabad. I am an Executive Director and Chief Operating Officer of your Company. Thank you.

Speaker: Mr. Anurang Jain, Chairman:

6. Mr. Satrajit Ray

Speaker: Mr. Satrajit Ray, Executive Director and Group Chief Financial Officer:

Good afternoon shareholders, I am attending this meeting from my office in Pune. I am an Executive Director and Group Chief Financial Officer of your Company.

Speaker: Mr. Anurang Jain, Chairman:

7. Mr. Massimo Venuti, Non-Executive, Non-Independent Director

Speaker: Mr. Massimo Venuti, Non-Executive, Non-Independent Director:

Good afternoon shareholders, I am attending this meeting from Turin in Italy. I am a non-executive, non-independent Director of your Company. I am in overall charge of the European business of the Endurance Group.

Speaker: Mr. Anurang Jain, Chairman

Thank you.

We also have our leadership team attending this meeting through video conference.

Our statutory auditors, S R B C & Co. represented by Mr. Arvind Sethi, Partner along with his team members and the Secretarial Auditor of the Company, Mr. Sachin Bhagwat, Practicing Company Secretary, are also attending this meeting through video conference.



We also have with us Mrs. Sarika Kulkarni, Practicing Company Secretary, the scrutiniser for the Twenty First Annual General Meeting.

I now request Mr. Sunil Lalai, Company Secretary and Executive Vice President – Legal to take us through the regulatory matters and general instructions pertaining to the Twenty First Annual General Meeting.

Speaker: Mr. Sunil Lalai, Company Secretary and Executive Vice President – Legal:

Thank you Chairman.

I would like to inform you that the facility of joining this Annual General Meeting through video conference has been provided to the members on first come and first serve basis.

Now I will take you through certain procedural and technical aspects for participating in the Annual General Meeting.

To ensure smooth and seamless conduct of the Annual General Meeting, all the members who have joined this meeting are, by default, placed on mute by the host to avoid any disturbance arising from the background noise. Once the floor is open for question and answer session, name of speaker shareholders will be called out. Once the speaker's name is announced, he/ she will be unmuted by the host to enable him/her to speak. Before speaking, the shareholder is requested to switch on the video icon appearing on the screen. If for some reason the shareholder is unable to join through the video mode, he/she can still speak using the audio mode. While speaking, we request the shareholders to use earphones so that they are clearly audible - this would also minimize any noise in the background. They are also requested to ensure that their WIFI is not connected to any other device, no other background applications are running, proper lighting is available to have clarity for the video. If there is connectivity issue at the speaker's end, the host will mute such speaker and the next speaker will be invited. Shareholders are requested to limit their address to three to four minutes, and be slow and loud to enable us to understand the question being asked. During the proceedings, if any member faces any technical issue, he/ she may contact the helpline number given in the Notice of Annual General Meeting.

This Annual General Meeting is being held through video conference pursuant to the applicable circulars issued by Ministry of Corporate Affairs and SEBI, and therefore physical presence of members has been dispensed with. Accordingly, the facility for appointment of proxy is not available for the meeting. The Register of Directors and Key Managerial Personnel and their shareholding; Register of Contracts, the Memorandum and Articles of Association of the Company and other documents mentioned in the Notice, are available for electronic inspection by the members.

The Notice of Twenty First Annual General Meeting along with Annual Report for the financial year 2019-20 containing the audited standalone and consolidated financial statements for the financial year ended 31st March, 2020 along with the reports of the Board of Directors and Auditors thereon have been emailed within statutory period to all the shareholders whose email IDs are registered with their



respective depository participants/Company or with the Registrar & Transfer Agent, Link Intime India Private Limited.

With the permission of members, I now take the Notice of this Twenty First Annual General Meeting and the Board's report which has been circulated to all shareholders, as read. The statutory auditor's report on the financial statements of the Company and the secretarial auditor's report for the financial year ended 31st March, 2020 do not contain any qualifications, observations, comments or other remarks. These are also being taken as read. As per the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had provided facility for remote e-voting to the shareholders to enable them to cast their vote electronically. As per the timelines in the Annual General Meeting notice, the remote e-voting facility was provided for four days commencing from Saturday, 19th September, 2020 which concluded yesterday at 5.00 pm. The shareholders who have not cast their vote during remote e-voting process and are otherwise not barred from doing so shall be eligible to vote through e-voting system during the Annual General Meeting. Once the Chairman orders commencement of e-voting, the vote tab on the screen will be activated to enable such shareholders to cast their votes, they can vote by clicking on the vote tab. The shareholders may please note that there will be no voting by show of hands. The results of e-voting along with the scrutiniser's report shall be communicated to the stock exchanges viz.: BSE Limited and National Stock Exchange of India Limited where equity shares of the Company are listed and the results will also be placed on the Company's website and on the website of Link Intime India Private Limited within forty-eight hours from the conclusion of the meeting. Ms. Sarika Kulkarni, Practicing Company Secretary, has been appointed as a scrutiniser to ensure that the e-voting process is conducted in a fair and transparent manner.

The Notice of Annual General Meeting has four agenda items for approval of the shareholders. Two items are of Ordinary business and two are of Special business:

- The first agenda item which is available for voting separately is for (a) adoption of audited standalone financial statements and (b) adoption of consolidated financial statements, both for the financial year ended 31st March, 2020.
- Second is for re-appointment of Mr. Naresh Chandra, who is retiring by rotation.

The agenda items of Special business are:

- Item no. 3 - Ratification of remuneration to Cost auditor; and
- Item no. 4 - Appointment of Ms. Rhea Jain, Vice President – HR and Strategic Projects, to Office or place of profit.

These shall be taken in detail by the Chairman. Information, as required to be mentioned in the explanatory statement for the resolutions proposed under Special Business are already set out in the notice of Annual General Meeting circulated to the members.

I will now inform you the sequence of events for the Annual General Meeting.

- The Chairman will first address the shareholders and give an overview of the automotive industry scenario, the Company's performance for the year ended 31st March, 2020 as well as for the quarter ended 30th June, 2020.



- Thereafter, he will take all the resolutions as set forth in the Notice and these will be available for e-voting.
- Then the floor will be open for question and answer session for shareholders to ask their questions or to express their views. The moderator will facilitate this session once the Chairman opens the floor for questions and answers. Shareholders who have not registered as speakers but still wish to raise any question may kindly use the 'chat box' provided on the screen.

Alternatively, the members may send their queries on e-mail ID – investors@endurance.co.in and we will respond to that suitably.

Thank you and with this I now hand over the proceedings to Mr. Anurang Jain, Chairman of this meeting and request him to kindly address the shareholders.

Speaker: Mr. Anurang Jain, Chairman

Good afternoon!

Dear shareholders, Board members, and friends,

I extend a warm welcome to all of you at the Twenty First Annual General Meeting of the Company. I would like to sincerely thank all our shareholders for their confidence and belief in Endurance.

It is indeed a pleasure to interact with all of you and to update and share in person the progress report of the Company during financial year 2019-20 and quarter 1 of FY 2020-21.

In India, in the FY 2019-20, as per SIAM data, the two wheeler industry sales degrew by 14.4% compared to the previous financial year. Scooters degrew by 16.4% and Motorcycles degrew by 12.8%. The automotive industry in India had a degrowth of 14.8%.

The two wheeler sector saw a degrowth for the first time since the global financial crisis in 2008.

In India, in the first quarter of FY 2020-21, as per SIAM data, the two wheeler industry sales degrew by 72% compared to the previous financial year. Scooters degrew by 78% and Motorcycles degrew by 70%. The automotive industry in India had a degrowth of 73.5%.

We are happy to inform you that sales in the second quarter of this financial year are looking very good, as in August and September 2020 sales are back to pre-Covid net sales value.

Based on our information, the improvement in Indian Automotive sales is due to:

1. Improvement largely driven in semi-urban and rural markets.
2. Urban pockets and especially the top ten cities coming back to normal, helping more dealers to open after sporadic lockdowns.
3. Rural markets continuing to do well due to a good monsoon and a robust outlook for the upcoming Rabi crop season.
4. Two wheelers doing better due to lower ticket size and better availability of finance.



In Europe, in FY 2019-20, there was a decline of 5% in the European Union automotive sales.

In Europe, in quarter 1 of FY 2020–21, there was a decline of 52.5% in the European Union (including UK) automotive sales. The July, 2020 actual sales and the short term forecast for quarter 2 show signals of a rebound in passenger car sales in Europe. This is also helped by the incentives mostly for EV passenger cars by almost all the EU countries. We are very positive on our castings supply for EV applications, especially for Porsche Taycan car, whose sales are rapidly growing.

On the financials, I will briefly talk to you about the FY 2019–20 and the first quarter of FY 2020–21.

During the FY 2019–20, as compared to the previous financial year, our consolidated total income degrew by 7.6% from Rs. 75,375 million to Rs. 69,653 million. Consolidated EBITDA grew by 2% from Rs. 11,558 million to Rs. 11,784 million. Consolidated EBITDA margin was at 16.9%. The profit after tax grew 14.2% and was Rs. 5,655 million at 8.1% after considering the Maharashtra State incentive for megaproject amount of Rs. 874 million.

During the FY 2019-20, our standalone total income degrew by 8.4% from Rs. 54,337 million to Rs. 49,748 million. Standalone EBITDA grew by 4% from Rs. 7,482 million to Rs. 7,785 million with an EBITDA margin of 15.6%. The profit after tax grew 19.5% and was Rs. 4,277 million at 8.6% after considering the Maharashtra State incentive for megaproject amount of Rs. 874 million.

During quarter 1 of FY 2020–21, as compared to previous years' same quarter, our consolidated total net income degrew by 68% from Rs. 19,160 million to Rs. 6,140 million. Consolidated EBITDA degrew by 84.6% from Rs. 3,481.5 million to Rs. 535.8 million. Consolidated EBITDA margin is 8.7%. The net loss was Rs. 249.2 million at -4.1%. This quarter 1 consolidated financials include the Maharashtra State Megaproject incentive of Rs. 100 million.

During quarter 1, our standalone total income degrew by 73.6% from Rs. 13,645 million to Rs. 3,603 million. This is against the degrowth in two wheeler industry sales of 72% in quarter 1. Standalone EBITDA degrew by 97.3% from Rs. 2,488 million to Rs. 67 million with an EBITDA margin of 1.9%. Standalone net loss was Rs. 318.5 million at -8.8%. This quarter one standalone financials include the Maharashtra State Megaproject incentive of Rs. 100 million.

As you all know, the Covid-19 pandemic gave rise to a very challenging and difficult situation. Our plant operations in India and Europe were suspended ranging from 30 to 50 days due to lockdowns. At Endurance, we took this as an opportunity to become leaner and we focused to lower our monthly fixed costs, variable cost per cent to sales in our plants, direct/indirect material costs and capex (investments).

We wanted to mention that standalone net sales in quarter 1 of Rs. 3,603 million was at 26.4% of previous years' quarter one sales of Rs. 13,645 million. In spite of this, our cost focus on lowering fixed costs, variable costs, material costs and capex, has helped us to contain the net loss.



Our company had a consolidated net debt to equity of 0.03:1 as on 30th June, 2020. The India standalone had no net debt, as there was cash available of Rs. 275 million.

On 29th May, 2020, CRISIL has reaffirmed our credit rating of long term debt as AA with positive outlook and short term rating as A1+.

The detailed financials are available with the stock exchanges and on the Endurance website.

I would also like to share certain key points for the FY 2019–20 and first quarter of FY 2020-21.

1. In FY 2019-20, 71.4% of consolidated total income including other income came from Indian operations and balance 28.6% came from our European operations.
2. In quarter one of FY 2020–21, 59% of consolidated total income including other income came from Indian operations and balance 41% came from our European operations.
3. In India, in FY 2019–2020, Rs. 5,860 million of new business was won from OEMs, which included Honda Motorcycle & Scooter India Pvt. Ltd. (HMSI), Royal Enfield, Hero MotoCorp, Hyundai, Kia and our new OEM client TVS. 50% of this business will start in this financial year.
4. In India, in quarter 1 of FY 2020–21, Rs. 1,624 million of new brake assembly and suspension business was won with TVS, Royal Enfield, Suzuki, Hero MotoCorp and Yamaha. This business will reach peak sale in FY 2021–22.
5. I would like to mention that we have Rs. 15,438 million worth of Request for Quotes from OEMs.
6. For our new customer TVS, we have been awarded Rs. 1,963 million of two and three wheeler brakes and suspension business. Further, Rs. 540 million of brakes business and Rs. 276 million of suspension business is being discussed.
7. As 'Combined Braking System' business is growing with addition of TVS and HMSI new business and also in order to de-risk operations in our Aurangabad brake assembly plant, we are setting up a capacity of 600,000/annum CBS brakes at our Pantnagar plant, which will start the operations by last quarter of this financial year.
8. In year 2021, we will start supplies of brake assemblies, suspension and aluminum castings including battery housing for scooter and three wheeler Electric Vehicles.
9. I would also like to mention that Endurance is focusing on a more value add and profitable product mix in its future business, which includes:



- a. 200cc + motorcycles brakes and clutch assemblies with help of our acquisition of Adler SpA and Grimeca Srl in Italy in the last five months.
- b. Paper based clutch assemblies replacing cork based clutch assemblies for motorcycles.
- c. Continuous Variable Transmissions or automatic clutch for scooters.
- d. Antilock brake systems or ABS for 150cc + motorcycles.
- e. Inverted front forks and adjustable rear mono shock absorbers, for both domestic and export OEMs. This is with the help of our collaboration partners, KTM Components.
- f. Fully finished machined castings as compared to semi-finished castings for two, three and four wheelers.

For our European operations,

1. In the last two years, business of Euro 110 million has been won for Electric and Hybrid cars, which has started in this year and will reach peak volumes in year 2023. Therefore, 45% of our existing total Europe business value has already been won by us. Out of this Euro 110 million value, Euro 30 million of business won is for electric cars for Audi and Porsche and Euro 80 million of business won is for hybrid cars for Volkswagen (VW), Daimler, BMW, Fiat Chrysler and Maserati.
2. Also, a further business of Euro 45 million is being discussed with VW for their electric and hybrid cars.
3. In Europe, a focused cost containment program has been started which includes lower labour costs, tight control on general expenses like travel and we are also consolidating our foundry activities from two plants to one plant in Italy, which will lead to a saving of 600,000 Euro/annum. This consolidation will be completed by the end of this month.
4. As mentioned earlier, our overseas company, Endurance Overseas SRL, has acquired 99% stake of a two wheeler clutch company, Adler SPA, and 100% stake of a two wheeler brake company, Grimeca Srl.

Both these acquisitions include all know-how, patents, brand and trademarks and has helped our Indian operations in getting new business for 200cc + motorcycles clutch assemblies and brakes, which will start in the FY 2021-22.

I would like to specially point out that Endurance is actively involved in technology oriented, new product organic and inorganic growth.

5. I would also like to mention that Endurance is entering two backward integration product areas, which are import substitutes also.
 - a. First is the Aluminum forging Axle clamps required for our growing business of inverted front forks. Endurance has entered into a technical



collaboration with FGM, Italy and production will start at our Aurangabad plant from April, 2021.

- b. The second product is wire braided hoses, which are required for ABS brakes. We will start operations of these hoses in quarter 3 of this financial year.

Both the above projects will help us in our future profitable growth.

6. In FY 2019–20, our Aftermarket business in India was almost 6% of our net sales in the FY 2019–20. The Aftermarket sales grew by 10% from Rs. 2,707 million in the previous financial year to Rs. 2,977 million in FY 2019–20.

In quarter 1 of FY 2020–21, our Aftermarket business in India was almost 4.7% of our net sales in the first quarter of FY 2020–21. The Aftermarket sales degrew from Rs. 592 million to Rs. 169 million in the first quarter of FY 2020–21. The Aftermarket sales are recovering fast both in India and the overseas markets and we hope to reach the average monthly FY 2019–20 sales value by quarter 4 of this financial year.

7. I wanted to update you that:
 - a. Our new Vallam plant near Chennai, for supplying machined aluminum castings to Hyundai, Kia and Royal Enfield is expected to start operations from next month.

We will be starting supply of the Bi3 and QXi platform Aluminum castings for Hyundai and QY platform Aluminum castings for Kia. We are also happy to inform you that Rs. 1,100 million of new 'Request for Quotes' have been sent to us for supply of machined aluminum castings to Hyundai's plants in India, Korea and Russia.

- b. We are also targeting to supply our ABS brakes system in quarter 4 of this financial year.
8. As part of our CSR work, during this Covid-19 pandemic crisis, Endurance has provided over 4,300 food kits to people in rural areas of Aurangabad and we have taken over and are running a 80+ bed Covid Center at Waluj, Aurangabad, for asymptomatic patients.

At Endurance, it will be our continuous endeavour to grow through organic and inorganic growth, with a focus on technology upgradation, quality improvement, cost reduction and environmental health and safety. We will do our best to fulfil all our stakeholder expectations by following our five values of customer centricity, integrity, transparency, teamwork and innovation.

In conclusion, I would like to thank you for taking your time out and being here with us.

Thank you.



I will now read out the matters forming part of the Notice of the Annual General Meeting:

- Item no. 1 (a) is for adoption of audited standalone financial statements along with the reports of the Board of Directors and auditors thereon;
- Item no. 1(b) is for adoption of consolidated financial statements along with report of auditors thereon, for the financial year ended 31st March, 2020.
- Item no. 2 is relating to appointment of director in place of Mr. Naresh Chandra, who is retiring by rotation and, being eligible, has offered himself for re-appointment.
- Item no. 3 is a Special Business, for ratification of remuneration to the Cost auditor, to be passed as Ordinary Resolution. Remuneration of Rupees Four lakh is proposed to be paid to Mr. Galande, Cost Auditor of the Company for the FY 2020-21.

AND

- Item no. 4 is a Special Business, which pertains to appointment of Ms. Rhea Jain, Vice President – HR and Strategic Projects, to Office or place of profit.

I am interested in this proposal before the shareholders and hence with your permission, I would request Mr. Soumendra Basu to conduct the proceedings pertaining to this item.

Speaker: Mr. Soumendra Basu, Independent Director

Thank you, Mr. Jain.

- Item no. 4 pertains to the appointment of Ms. Rhea Jain, Vice President – Human Resources and Strategic Projects, to Office or place of profit with effect from 1st April, 2020 as per the terms of remuneration as detailed in the notice of this Annual General Meeting.

Ms. Rhea Jain is a graduate in Arts from the Claremont McKenna College, California, USA. She has majored in Economics and holds Honors in Psychology. She joined the Company in September 2016 and has been instrumental in initiating, driving and handling various strategic projects and HR initiatives. This progression in the management cadre is also a part of succession planning.

I request members to refer the explanatory statement to Item no. 4 as set out in the Notice of Annual General Meeting.

Thank you. I now request Mr. Jain to resume as Chairman of the meeting.

Speaker: Mr. Anurang Jain, Chairman

Thank you very much, Mr. Basu.

E-voting is now open and members may please go to page of Instameet website of Link Intime India Private Limited and cast their vote and at the same time watch



proceedings of the meeting. The e-voting facility will remain open up to fifteen minutes after the conclusion of this meeting to enable members to cast their vote.

Speaker: Mr. Sunil Lalai, Company Secretary and Executive Vice President – Legal

I request any members to raise questions, if any, or express their views using the Chatbox facility.

(After a long pause.....)

There are no questions from members.

Speaker: Moderator

There are no speakers registered, so we may proceed to next agenda item.

Speaker: Mr. Anurang Jain, Chairman

I authorise the Company Secretary and Executive Vice President – Legal, to accept, acknowledge and countersign the scrutiniser’s report and declare the consolidated results of remote e-voting and e-voting conducted at the Annual General Meeting.

I thank each one of you for your presence and support at the meeting. I also thank the directors and other invitees for joining the meeting. I now close the proceedings of the Meeting, as there is no other business to be transacted.

I wish good health to all our shareholders and associates. Stay safe.

Speaker: Mr. Sunil Lalai, Company Secretary and Executive Vice President – Legal

Thank you shareholders. The meeting is now concluded and the e-voting will remain open for fifteen more minutes.

Thank you, stay safe.

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