

Speech delivered by Mr. Anurang Jain, Managing Director, at 24th Annual General Meeting of the Company held on 23rd August, 2023

Dear Shareholders, Board members, and friends,

I extend a warm welcome to all of you at the 24th Annual General Meeting of your 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 the progress report of your Company for FY'23, and Quarter 1 of FY'24.

FY'23 has been an extremely challenging year for your company in an extremely complex and difficult macro environment. But, driven by our sound strategic approach and a robust business model, we have chartered for the organizations future continued growth, while staying on course with our plans and targets. The auto sector faced the geopolitical tensions triggered by the Russia-Ukraine war, which adversely impacted the supply chain during the year, and also triggered increase in commodity and energy price increases. The semi-conductor shortage further hit the auto sector growth.

In India, in the year FY'23, as per SIAM data, the two-wheeler industry sales grew by 8.33 percent compared to the previous financial year. Scooters grew by 25.63 percent and Motorcycle sales grew by 3.02 percent. The automotive industry in India had a growth of 11.8 percent.

In India, in the first quarter of FY'24, as per SIAM data, the two-wheeler industry sales grew by 1.21 percent compared to Q1 of the previous financial year. Scooters grew by 9.16 percent and Motorcycles degrew by 1.57 percent. The automotive industry in India had a growth of 2.7 percent.

The standalone income of Endurance grew by 13.3 percent.

In Europe, in FY'23, there was a growth of 2.9 percent in the European Union automotive sales. Our European sales had a growth of 12.7 percent in Euro terms.

In Europe, in Q1 of FY'24, the European Union automotive sales saw an increase of 18 percent in the volume of passenger cars sold, while our European sales grew by 12.6 percent in Euro terms and 22.4 percent in Rupee terms, mainly due to exchange rate going up from Rs. 82.19/Euro to Rs. 89.40/Euro.

On the financials, I will briefly talk to you about the FY'23, and then about the first quarter of FY'24.

During the financial year FY'23, as compared to the previous financial year, our consolidated total income grew by 16.6 percent from Rs. 75,902 million to Rs. 88,494 million. Consolidated EBITDA grew by 7.6 percent from Rs. 10,057 million to Rs. 10,816 million. Consolidated EBITDA margin was at 12.2 percent. The Profit After Tax grew by 4.1 percent and was Rs. 4,796 million at 5.4 percent, after considering the Maharashtra state incentive for megaproject amount of Rs. 589.27 million.

During the financial year FY'23, our standalone total income grew by 18.8 percent from Rs. 57,215 million to Rs. 67,957 million. Standalone EBITDA grew by 7.2 percent from Rs. 7,531 million to Rs. 8,075 million, with an EBITDA margin of 11.9 percent. The Profit After

Tax grew by 7.1 percent and was Rs. 4,089 million at 6.0 percent, after considering the Maharashtra state incentive for megaproject amount of Rs. 589.27 million.

I will now brief you on the financials of the first quarter of FY'24.

During quarter 1 of this financial year, as compared to previous year's same quarter, our consolidated total net income grew by 16.4 percent from Rs. 21,185 million to Rs. 24,666 million. Consolidated EBITDA grew by 38.2 percent from Rs. 2,444 million to Rs. 3,378 million. Consolidated EBITDA margin was at 13.7 percent. The Profit After Tax grew by 58.1 percent from the previous year, and was Rs. 1,635 million at 6.6 percent. This included the income of Maharashtra PSI scheme incentive of Rs. 340.22 million.

During quarter 1 of this financial year, our standalone total income grew by 13.3 percent from Rs. 16,201 million to Rs. 18,361 million. Standalone EBITDA grew by 35.2 percent from Rs. 1,782 million to Rs. 2,409 million with an EBITDA margin of 13.1 percent. Standalone Profit After Tax grew by 61.3 percent and was Rs. 1,305 million at 7.1 percent. This included the income of Maharashtra PSI scheme incentive of Rs. 340.22 million.

There was no consolidated net debt, and your company had a positive cash flow of Rs. 5,092 million on consolidated basis.

In FY'23, we are happy to inform you that the credit rating agency, CRISIL has reaffirmed the rating for long-term bank financing of AA+ with stable outlook. For short-term bank financing, we have the highest rating of A1+.

We would like to mention that Endurance is focused in both its Indian and European operations for a profitable growth, and on growing higher than the industry growth.

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

I would like to share certain KEY points for the financial year Q1 FY'24.

1. In Q1 FY'24, 75.1 percent of our consolidated total income including other income came from Indian Operations, and the balance 24.9 percent came from our European Operations.
2. In India, till date in FY'24, Rs. 3,070 million of new business was won from OEMs other than Bajaj Auto, which included Royal Enfield, TVS, Heromotocorp, Jaguar Land Rover, Mahindra, and Case New Holland.

This business win for Rs. 3,070 million, is all New Business.

The total business win for EVs till date is Rs. 6,004 million. These new orders are mainly from Ather Energy, Bajaj Auto, Hero Electric, Greaves Electric (Ampere), and Aptiv.

I would like to mention that we have Rs. 24,877 million worth of request for quotes from OEMs.

Since FY'20, in India, Rs. 32,010 million of business has been won, out of which Rs. 24,190 million is new business, and Rs. 7,820 million is replacement business. The Rs. 24,190 million new business will reach peak sales in FY'25 and FY'26, and is mainly for suspension, castings, and brakes.

Some of the New Business win, which will start in this financial year of FY'24 are:

- a. TVS, Rs. 404 million suspension business which will start at our Kolar (Narsapur), Karnataka plant from December 2023.
- b. Royal Enfield Alloy Wheel business win of Rs. 395 million, which is our 4th OEM client in Alloy Wheel business, which supplies will start from Q3 of this financial year.
- c. Hero Electric suspension business of Rs. 489 million, which is at our Halol, Gujarat plant, will start supplies from next month.
- d. We have won CBS brakes business of Rs. 273 million from Okinawa, and this business will start from quarter 4 of this financial year, at our Waluj, Aurangabad plant.
- e. The Greaves Electric / Ampere suspension business of Rs. 194 million will start from our Kolar (Narsapur), Karnataka plant from next month.

The Greaves Electric / Ampere brakes business win of Rs. 290 million will start from our Waluj, Aurangabad, plant, from next month.

- f. The Ather suspension business of Rs. 150 million will start from next month from our Kolar (Narsapur) Karnataka plant.

The Ather brakes business win of Rs. 1,591 million, supplies have started, and will reach peak in FY'25.

- g. We have received an additional Rs. 1,200 million order for supply of FF/shock absorber from HMCL, which has started at our Halol, Gujarat plant, in April'23. Approximately Rs. 40-60 million of supplies have already started.
- h. The new 35 dia air suspension forks for supply to KTM, Austria, will start by end of FY'24, with the help of KTM technology from our Waluj, Aurangabad plant. The value of the business will be Rs. 400 million per annum, and will be exported to KTM, Austria.
- i. Our BMS assembly SMT line will start operations from September'23 at our Waluj, Aurangabad plant. The peak value of business will be Rs. 800 million per annum.
- j. For EV scooters, we are ramping up our capacity to 240,000 sets per annum for EV battery pack and motor housing aluminium castings. The total value will be Rs. 1,000 million per annum, which will start in FY'24, and reach peak in FY'25.

For Ather Energy, we have started fully machined side channel aluminium casting at our Vallam plant, with a full business volume of 200,000 per annum, and value of Rs. 410 million.

- k. For our Aluminium forging business, we are increasing our capacity from 280,000 parts per annum to 600,000 parts per annum at an additional business value of Rs. 750 million from our Waluj, Aurangabad plant. This business will start in FY'24 and reach peak in FY'25. We have added Jaguar Land Rover as a new client for EV passenger car of Rs. 240 million, and business will start in March'24. These are

aluminium forgings for BRACE assemblies (to support the battery housing and assembly), and these forgings will be exported to UK.

1. At our Chakan plant, we are installing machines for structural aluminium castings like swing arms, sub-frames, and structural farings for EV and ICE models, which are going for light-weighting, for Bajaj Auto, KTM, Piaggio, and TVS. This business starts in FY'24 and will peak in FY'25.
- m. The Suzuki scooter front fork business of Rs. 1,398 million will start from our Waluj, Aurangabad plant in July 2024, and we are installing a 1 million front fork nos new line for it.
- n. Apart from Bajaj Auto and RE, we have now added TVS for supply of Inverted Front Forks and rear shock absorbers. The supplies will start in Q1 FY'25, and the business value is Rs. 266 million.

Our customers recognize us as a trusted and capable partner in their value chain in terms of both technical and financial strengths.

3. The Electronic vehicles market continues to offer significant opportunity for growth to the auto component industry. Therefore, at Endurance, we have taken a major step forward to harness this opportunity by executing a Share subscription and purchase agreement for acquiring 100 percent of equity share capital of Maxwell Energy Systems Pvt. Ltd. in a phased manner. We have recently increased our equity stake from 51 percent to 56 percent in Maxwell, as per our agreement. Maxwell is in the business of Advanced electronics, particularly in the battery management systems (or the BMS) for 2Wh EVs and automobile / 2Wh Battery packs.

We are happy to inform you that we have won Rs. 700 million order for BMS from Hero Electric, and Rs. 596 million of business from Greaves Electric, which supplies will start in September'23 of this financial year.

We have won new BMS business of Rs. 1,290 million in FY'23, and Rs. 596 million till date in FY'24, and have a pipeline of RFQs of Rs. 1,168 million. Till date since FY'22, Rs. 3,457 million business has been won by Maxwell, which is expected to fully realize in FY'26.

With the current order book, order pipeline and technical strengths between Endurance and Maxwell, we are confident of achieving our goals in the embedded electronics space.

In FY'24, we are focusing on a substantial sales growth and a positive EBITDA.

4. The acquisition of our past Italian collaborations, Adler and Grimeca in 2020, and Frenotecnica and New Fren in 2022, we are creating a 'Centre of excellence' in Italy for the business of premium components in the 2-wheeler segment, giving profitable growth opportunities to our overseas operations and the Endurance group.
5. As 'Disc Brake Assembly' business is growing with addition of Bajaj, TVS, Royal Enfield, Yamaha, Heromotocorp, Ather and HMSI new business, our 2nd plant at Waluj, Aurangabad, has been set up for this increase in volumes, and has started operations.

We will start 'Disc brake assembly' supplies to Heromotocorp from March 2024, and HMSI from February 2025.

With this new plant, our disc brake assembly capacity has increased to 6.2 million nos / annum, and brake disc to 8.1 million nos per annum.

6. As you are aware, the supply of 2-wheeler ABS assemblies to Bajaj Auto and Royal Enfield have started. We have reached a run rate of 400,000 ABS assemblies / annum. As you may be aware, competition is mainly from Bosch, which controls the major market share in the Indian ABS 2 wheeler market. We are in the process of supplying our Dual channel ABS also by quarter 3 of this financial year, and we have scaled up additional assembly lines by 200,000 ABS assemblies / annum, which has taken our capacity to 600,000 ABS assemblies / annum. We are further planning to increase the volumes to 1.2 million single and dual channel ABS assemblies / annum by 2nd half of FY'25.

We have in March'23, started manufacturing the ABS valves, which is not only a technology component, but will help in substantial lowering of our costs.

7. Due to increased orders from Bajaj, Yamaha India, TVS and Hero Electric, we have added a new plant at Chakan to help increase supplies to 4.5 million wheels / annum. This plant has started operations in July'22. The supplies to Hero Electric have started from March'23.

We have recently won our first alloy wheel business of Rs. 395 million from Royal Enfield, which supplies will start from Q3 of this financial year.

8. As far as Europe is concerned, in FY'24, we have won 16.93 million Euro of business mainly from Volkswagen group, Bosch, SIL, ZF and Landi Renzo.

I would also like to point out that Endurance, both in India and Europe, is actively pursuing its focus on gaining access to new technology, and focusing on new product organic and inorganic growth.

9. In Q1 of FY'24, our Aftermarket sales degrew 4.25 percent from Rs. 963.19 million in the previous year, to Rs. 922.25 million in Q1 FY'24. The major reason of degrowth was due to lower sales in the African market, including Egypt.

We are exporting our aftermarket parts to 31 countries. We are now adding Turkey as a new country, and supplies should start in this month.

Aftermarket sales growth is a large focus area for us.

10. In Q1 FY'24, the export sales for India standalone business grew by 31.2 percent from Rs. 404.82 million in the previous year to Rs. 531.16 million in Q1 FY'24. The major sales growth came from machined castings sales to Ford Motors in UK and Iveco in Italy, including Case New Holland, and 2 Wheeler suspension exports for KTM in Austria, China, and Southeast Asia.
11. On the environment front, I would specially like to mention that Endurance is striving to being Carbon neutral in its plants by effective use of solar power and wind power, creating carbon sinks by driving tree plantations, and thereby creating dense forests, and driving use of Natural gas and LPG in place of electric power and furnace oil. The use of furnace oil has been completely stopped at Endurance. We achieved a carbon neutral percentage of 31.8 percent in Q1 FY'24, and our aspiration is to reach greater than 50 percent in the next 3 years. This has increased from 22.6 percent achieved in FY'23.

We are also focusing in lowering hazardous waste generation, and to achieve zero waste to landfill.

At Endurance, it will be our continuous endeavor to grow through organic and inorganic growth, with a focus on technology upgradation, quality improvement, cost, and environmental health and safety. We will do our best to fulfil all our stakeholder expectations by following our 5 values of customer centricity, integrity, transparency, teamwork, and innovation.

12. We, at Endurance have a very positive outlook based on our new large business wins in the last 3 years, including for electric vehicles, both in India and Europe.

I would on behalf of our Management and the Board, like to thank all the shareholders, clients, supply chain partners, technology partners, as well as our teams for their continued confidence and sustained support to Endurance.

Thank you.