

Speech delivered by Mr. Anurang Jain, Managing Director, at 25th Annual General Meeting of the Company on 23rd August, 2024

Dear shareholders, Board members, and friends,

I extend a warm welcome to all of you at the 25th Annual General Meeting of your Company. I would like to sincerely thank all our shareholders for their confidence and belief in Endurance Technologies Limited.

It is indeed a pleasure to interact with all of you, and to update and share the progress report of your Company for FY 2023-24, and Q1 FY2024-25.

FY 2023-24 has been a testament to both our financial strength and strategic foresight. In spite of the auto sector facing headwinds from the inflation and geopolitical tensions triggered by the Israel – Hamas war, and the continuing Russia-Ukraine war, we continued to demonstrate our strength and persistence, and achieved new milestones of growth.

Importantly, we maintained a strong balance sheet with no net debt, and our consolidated positive cash available has crossed Rs. 5 billion mark. Our consolidated net worth stood at Rs. 50 billion mark. Our consolidated topline crossed Rs. 100 billion mark.

The historical SIAM data reflects a positive outlook for 2-wheeler sales from India. While FY 2023-24 recorded almost 10% volume growth, Q1 FY 2024-25 growth was much more robust at nearly 20%. In both these time-frames, 2-wheeler growth has outpaced overall automotive growth.

In Q1 FY 2024-25 as well as in FY 2023-24, the standalone income of Endurance Technologies Limited grew in excess of 16%.

In our European operations, in FY 2023-24, there was a growth of 10.3% in the European Union automotive sales, which was aided by dealer destocking. Our European sales had a growth of 7.2% in Euro terms, in spite of fall in aluminium prices.

In our European operations, in Q1 FY 2024-25, the European Union automotive sales saw an increase of 4.6% in the volume of passenger cars sold, while our European sales grew by 16.8% in Euro terms.

It was important for me to give you a perspective on how industry has performed (done) in Q1 FY 2024-25, and how we have performed (done) both in India and Europe. On the detailed financials, I will only talk to you about FY 2023-24, since the shareholders would be adopting the financial statements for the full year.

During FY 2023-24, our consolidated total income grew by 16.7% Year-on-Year. As mentioned earlier, we have crossed Rs. 100 billion of Total Income. Consolidated EBITDA grew by 30.7% and EBITDA margin was at 13.7%. The Profit After Tax grew by 42% and PAT margin was 6.6%. The Maharashtra state megaproject incentive recorded in FY 2023-24 was ~Rs. 792 million, as against ~Rs. 589 Million in FY 2022-23.

During FY 2023-24, our standalone total income grew by 16.6% to Rs. 79,205 million. EBIDTA was at 13.3% and PAT was at 7.4%.

Credit rating agencies, CRISIL and ICRA have reaffirmed AA+ with stable outlook for long term and the highest rating of A1+ for short term bank financing.

I would like to share certain KEY points of FY 2023-24.

1. 77% of our consolidated total income including other income came from Indian Operations, and the balance 23% came from our European Operations.
2. In India, Rs. 11,980 million of new business was won from OEMs other than Bajaj Auto, which included Royal Enfield, TVS, Hero MotoCorp, Tata Motors, HMSI, Jaguar Land Rover, Mahindra, Punch Powertrain, and Suzuki.

More than 2/3rd of this is new business, which will reach peak sales in FY 2026-27.

The total 4-wheeler business win in FY 2023-24 is Rs. 2,810 million, which is 23% of the total order wins. These orders are mainly from Punch Powertrain, Tata Motors, Mahindra, Jaguar Land Rover and Hyundai. You are perhaps aware that we aim to increase 4-wheeler share in our total revenues, as it would help us de-risk, and also increase our margins.

TVS cumulative business win till date has been Rs. 5,320 million, and is growing. The business won is for brakes, aluminium castings, and suspension.

The total business win for EVs till date is Rs. 8,270 million. These orders are mainly from HMSI, Ather Energy, Bajaj Auto, Mahindra, and Aptiv.

The significant New Business wins in FY 2023-24 are:

1. TVS, Rs. 309 million inverted front forks and rear monoshock suspension business. Also, a further Rs. 404 million of front fork / rear shock absorber business has been won.
2. In FY 2023-24, Hero MotoCorp new business include:
 - a. Inverted front fork new business win of Rs. 240 million.
 - b. Brake assembly new business win of Rs. 263 million.
 - c. Front fork and rear shock absorber win for Rs. 900 million.
3. We have won new scooter front fork business of Rs. 253 million from Suzuki. This is in addition to Rs. 1,400 million front fork business already won.
4. We have won HMSI brake assembly new business of Rs. 294 million.
5. We have won Royal Enfield alloy wheel new business of Rs. 960 million.

6. Punch Powertrain 4-wheeler aluminium casting new business win of Rs. 1,026 million.
7. The new 35 dia air suspension inverted front forks for supply to KTM, Austria of Rs. 400 million / annum.
8. We have won Rs. 876 million / annum business from Hyundai.
9. HMSI has awarded us two business in Q4 FY 2023-24, which are:
 - a. The 100 cc motorcycle front fork / rear shock absorber business of Rs. 343 million / annum.
 - b. 2nd is the HMSI First EV Scooter fork / rear shock absorber business.

Barring the Hyundai 4-wheeler orders, all other stated orders have either seen commencement of supplies, or supplies will be in FY 2024-25. Our customers recognize us as a trusted and capable partner in their value chain in terms of both technical and financial strengths.

10. This year, we have increased our equity stake to 61.5 % in Maxwell Energy Systems Private Limited (“Maxwell”). Maxwell is in the business of Advanced electronics, particularly in the battery management systems (or the BMS) for 2-wheeler EVs, and for 2-wheeler Battery packs. Very recently, Maxwell has won an order for Microcontroller Unit, and that further products in the embedded electronics space are being discussed.

At Maxwell, till date since FY 2021-22, Rs 4,242 million business has been won. However, in view of the latest trends in the EV market, we believe that these orders will help us achieve sales in excess of Rs 2,500 million in FY 2026-27. We are pursuing RFQs in excess of Rs. 1 billion. A key customer of Maxwell, Hero MotoCorp, has again ramped up volumes from July, 2024 and this will lead to good use of our Surface Mounted Technology (SMT) line at Waluj, Chh. Sambhajinagar.

11. As Disc Brake Assembly business is growing with addition of Bajaj Auto, TVS, Royal Enfield, Yamaha, Hero MotoCorp, Ather Energy and HMSI new business, our 2nd plant at Waluj, Chh. Sambhajinagar, has been set up for this increase in volumes, and has started supplies. This high capacity will be fully used in the new plant by the end of this financial year.

We are already working on the product and process technologies to manufacture high performance braking system for catering to more than 350 cc motorcycle market. We plan to start this by March 2026.

12. As you are aware, the supply of 2-wheeler single-channel ABS assemblies to Bajaj Auto and Royal Enfield has started. We have reached a run rate of 400,000 ABS assemblies / annum. We are now in the process of supplying our Dual channel ABS from next month, and we have added an assembly line of 240,000 ABS assemblies / annum. We are further planning to increase the volumes to 1.2 million single and dual channel ABS assemblies / annum by 2026.

13. Due to increased orders in alloy wheels from Bajaj Auto, Yamaha India, TVS and Hero Electric, and now Royal Enfield, we now at our 2 plants at Chakan are expanding to supply 5.5 million wheels / annum in this year.
14. In FY 2024-25 till date, Europe business has won orders of Euro 3.1 million including the first Volkswagen business for a speciality plastic component for a hybrid Passenger Vehicle. In the last 9 quarters, out of Euro 118 million order, Euro 61 million orders are for the growing battery EV business, and Euro 37 million are for hybrids. In the calendar year 2024, Battery EV penetration in Europe has been at 13%, and hybrids at 36%. We are therefore, well placed in terms of securing orders for this growing segment. While end users and OEMs ascertain the pace of EV growth, we are well placed with adequate new orders in the EV space, and orders in the ICE space.
15. Earlier this year, our Italian subsidiary acquired 100% stake in Ingenia Automation Srl, Italy. This acquisition bolsters our strength in industrial automation, which will help us in our ongoing and future plant automation.
16. In Europe, we are also in the process of merging three legal entities which operate in the 2-wheeler space.

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 & inorganic growth.

Our future focus will be on the following projects for a better PRODUCT mix and better profit margins:

- a. Increase our 4-wheeler share of consolidated business from 26% to 45% by FY 2029-30.

This increase will come from aluminium castings and aluminium forgings, as they will be increasingly used for light-weighting, and from proprietary products through acquisitions, joint ventures and technology agreements.

- b. We will focus on increasing share of business for premium bikes greater than 125 cc for brake assemblies and ABS, suspension, and clutch assemblies with upgraded product technologies and process.
- c. We will focus on increasing business for EV existing and new products.
- d. Increase our embedded electronics business at Maxwell, by becoming a significant player for BMS, and electronic products required for EVs and other applications.
- e. We will focus on increase in non-automotive business, which has large opportunities, especially in aluminium castings. We are in the process of setting up a new plant at AURIC, Chh. Sambhajinagar, where supplies will start in Q1 of FY 2025-26 to focus on the 4-wheelers and non-automotive aluminium casting business.

- f. We will focus to grow our aluminium alloy wheel business.
 - g. Our focus is to reach 10% of India sales in our Aftermarket business by FY 2027-28 – by adding new geographies, new products, and strengthening the dealer network.
17. 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. We have achieved a Carbon Neutral percentage of 35% in FY 2023-24, and our aspiration is to reach greater than 50% by FY 2029-30.

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, & as well as focus on environment, health and safety. We will do our best to fulfil our stakeholder expectations by following our five values of customer centricity, integrity, transparency, teamwork, and innovation.

We, at Endurance have a very positive outlook based on our new large business wins which I had mentioned earlier today, including for EVs, 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.

I now hand over the proceedings to our Chairman, Mr. Soumendra Basu.

Thank you.