ENDURANCE
Complete Solutions
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CIN No. L34102MH1999PLC123296

13th February, 2024

The Manager, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	The Manager, National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400051
BSE Code: 540153	NSE Code: ENDURANCE

Sub.: Transcript of Conference Call held in respect of the Company's Q3 FY24 financial results.

Ref.:

1. **Regulation 30 and Regulation 46(2)(oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").**
2. **Intimation of telephonic / virtual meeting with Analysts / Institutional Investors dated 31st January, 2024**

Dear Sir / Madam,

In continuation of the referred intimation and Listing Regulations, please find enclosed the transcript of the conference call held on 7th February, 2024 in respect of the Company's Q3-FY24 financial results.

The transcript has been hosted on the Company's website at:
https://www.endurancegroup.com/wp-content/uploads/2024/02/Concall-Transcript-07-02-2024.pdf

We request you to take the above information on record.

Thanking you,

Yours faithfully,
For **Endurance Technologies Limited**

Sunil Naresh Lalai
Digitally signed by Sunil Naresh Lalai
Date: 2024.02.13 19:12:26 +05'30'

Sunil Lalai
Company Secretary and Executive Vice President – Legal
Membership No.: A8078

Endurance Technologies Limited

Q3 FY24 Earnings Conference Call

February 07, 2024

Management:	**Mr. Anurang Jain – Managing Director, Endurance Technologies Limited**
	Mr. Ramesh Gehaney – Director and Chief Operating Officer, Endurance Technologies Limited
	Mr. Massimo Venuti – Director and Chief Executive Officer – Endurance Overseas, Endurance Technologies Limited
	Mr. Satrajit Ray – Director and Group Chief Financial Officer, Endurance Technologies Limited
	Mr. R.S. Raja Gopal Sastry – Group Chief Financial Officer Designate, Endurance Technologies Limited
	Mr. Raj Mundra – Treasurer & Head Investor Relations, Endurance Technologies Limited
Moderator:	**Mr. Nishit Jalan – Axis Capital Limited**

Moderator: Ladies and gentlemen, good day, and welcome to Q3 FY24 Earnings Conference Call of Endurance Technologies Limited, hosted by Axis Capital Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nishit Jalan from Axis Capital Limited. Thank you, and over to you, Sir.

Nishit Jalan: Thank you, Ria. Good morning, everyone. Welcome to Q3 FY24 Post Results Conference Call of Endurance.

From the management team, we have with us Mr. Anurang Jain - Managing Director; Mr. Ramesh Gehaney - Director and COO, Mr. Massimo Venuti - Director and CEO, Endurance Overseas, Mr. Satrajit Ray - Director and Group CFO, Mr. Raja Gopal Sastry – Group CFO (Designate) and Mr. Raj Mundra - Treasurer and Head, Investor Relations.

I will now hand over the call to Mr. Jain for his opening remarks, post which we can have the Q&A. Over to you, Sir.

Anurang Jain: Thank you very much, and good morning to all of you.

I would like to share our details of how we have done in the Q3 and the first nine months of this financial year.

a. In India, in Q3 FY24, as per the SIAM data, the two wheeler industry sales grew by 18.74% compared to the previous financial year. Scooters grew by 24.48% and motorcycles grew by 16.16%. The automotive industry in India as a whole had a growth of 15.89%.
b. In Europe, in Q3 FY24, there was an increase of 6.2% in the European Union automotive sales (with U.K).

On the financials, I will briefly talk to you about the Q3 FY24 and then the first nine months of this year.

1. During Q3, our consolidated Total Income grew by 22.8% to Rs. 25,880.76 million from Rs. 21,067.54 million in Q3 FY23. Consolidated EBITDA grew by 29.9% to Rs. 3,259.74 million from Rs. 2,510.24 million in Q3 FY23. Consolidated EBITDA margin was at 12.6%.

Profit after tax grew by 40.7% to Rs.1,522.78 million from Rs. 1,082.3 million in Q3 FY23 and the PAT percentage was at 5.9%. There was no Maharashtra mega project incentive in Q3.

There was no net debt and there was net cash available of Rs. 4,636 million in consolidated books.

During Q3, our Standalone Total Income grew by 25.1% to Rs. 20,069.73 million from Rs.16,047.46 million in Q3 FY23. Standalone EBITDA grew by 31.8% to Rs. 2,446.74 million from Rs. 1,856.33 million in Q3 FY23. The EBITDA margin was at 12.2%.

Standalone PAT grew by 43.6% to Rs. 1,324.02 million from Rs. 922.06 million in Q3 FY23. PAT margin was at 6.6%. There was no Maharashtra mega project incentive in Q3.

2. The Endurance Overseas sales growth in Q3 FY24 was at 5.4% at EUR 63.38 million as compared to EUR 60.1 million in Q3 FY23. The Endurance Overseas EBITDA margin grew by 13.5% to EUR 9.81 million in Q3 FY24 from EUR 8.6 million in Q3 FY23. The EBITDA margin was at 15.5%.

3. As far as Maxwell is concerned, there was an EBITDA loss of Rs. 33.7 million in Q3 FY24. The main reasons are the postponement of new EV launches. Endurance is fully focused to have a profitable growth from the next financial year. The in-house surface-mounted technology line for manufacturing of BMS at Endurance Waluj and the growth in new products with lower raw material percentages and higher margins will lead to profitable sales at Maxwell.

4. During the first nine months of FY24, our consolidated Total Income grew by 15.5% to Rs. 76,151.72 million from Rs. 65,943.19 million in the first nine months of FY23. Consolidated EBITDA grew by 28.7% to Rs. 9,976.63 million from Rs. 7,754.83 million for the first nine months of FY23. Consolidated EBITDA margin was at 13.1%. PAT grew by 37.1% to Rs. 4,703.34 million from Rs. 3,431.09 million in the first nine months of FY 23. PAT margin was at 6.2%. This includes the Maharashtra state mega project incentive of Rs. 589.01 million.

   During the first nine months of FY24, our standalone Total Income grew by 13.5% to Rs. 58,273.52 million from Rs. 51,361.31 million in the first nine months of FY23. Standalone EBITDA grew by 23.7% to Rs.7,439.81 million from Rs. 6,016 million in the first nine months of FY23 with an EBITDA margin of 12.8%. The standalone PAT grew by 33.2% to Rs. 4,054.8 million from Rs.3,044.06 million in the first nine months of FY23. PAT margin was at 7%. This includes Maharashtra state mega project incentive of Rs. 589.01 million.

There was no net debt as there was net cash available of Rs. 3,939 million in standalone books.

CRISIL has reaffirmed our rating as AA+ Stable for long-term funding and the highest rating of A1+ for short-term funding and have cited the Endurance strengths in operations, financials, customer strength and diversified revenue streams. The risks which have been cited were moderately high customer concentration and industry cyclicity.

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

I would now like to share certain key points for the first nine months of this financial year:

1. In the first nine months of FY24, 77% of our consolidated Total Income, including Other Income, came from Indian operations including Maxwell, and the balance, 23%, came from our European operations.

2. In India, till Q3 FY24, Rs. 9,410 million of new business was won from OEMs other than Bajaj Auto. These included Royal Enfield, TVS, Hero MotoCorp, Tata Motors, Honda i.e. HMSI, Jaguar Land Rover, Mahindra & Mahindra, Punch Powertrain and Suzuki. This business win of Rs. 9,410 million constitutes Rs. 5,679 million of new business and Rs. 3,732 million of replacement business. This Rs. 9,410 million of business will reach peak in FY26.

3. The total four wheeler business win till date in this year is Rs. 1,285 million. The orders are mainly from Punch Powertrain, Tata Motors, Mahindra & Mahindra and Jaguar Land Rover.

   I would also like to mention that we have Rs. 17,266 million worth of request for quotes from OEMs.

4. Since FY20 in India, Rs. 39, 009 million of business has been won, out of which Rs. 27,458 million is new business and Rs. 11,551 million is replacement business.

   The Rs. 38,720 million new business will reach peak sales in FY26 and is mainly for suspension, castings and brakes in India.

5. TVS business win has been Rs. 5,278 million till date, and it's growing. The business won is for brakes, aluminium castings and suspension. The Rs. 5,278 million sales will reach peak in FY25.

6. The total business win for electric vehicles till date is Rs. 6,777 million. These orders are mainly from HMSI, Ather Energy, Bajaj Auto, Hero Electric, Greaves Electric,

Bounce, and Aptiv. This is apart from Rs. 3,785 million business won by our subsidiary company, Maxwell.

Some of the significant new business won till Q3 FY24 is as follows:

- TVS, Rs. 266 million inverted front fork and rear monoshock suspension business. Also Rs. 404 million has been won for front fork and rear shock absorbers, which SOP has been planned in August, 2024.
- Hero MotoCorp new business win includes inverted front fork of Rs. 240 million, and SOP is planned in June, 2024. Brake assembly new business win of Rs. 263 million, and the SOP is planned in April, 2024. Front fork and rear shock absorber win of Rs. 1,247 million, and this business has already started.
- We have also won Suzuki new scooter front fork business of Rs. 253 million. This is in addition to the previous year's Rs. 1,400 million front fork business already won, and SOP of both will be in Q3 FY25.
- We have won the HMSI brake assembly new business of Rs. 294 million, and the SOP is planned in Q3 FY25.
- We have also won the Royal Enfield alloy wheel new business of Rs. 657 million, and the SOP is planned from this month onwards.
- Punch Powertrain 4 wheeler Aluminium casting machine business has been won of Rs. 582 million, and the SOP is planned from this month onwards.

7. The new 35 dia air suspension inverted front forks for supply to KTM Austria will start by Q3 FY25 with the help of KTM technology from our E93 Waluj, Aurangabad plant. The value of this business is Rs. 400 million per annum and the product will be exported directly to KTM Austria.

8. Our Battery Management System (BMS) assembly surface-mounted technology line has started SOP from 6th February FY24 at our Waluj, Aurangabad plant. The peak value of this business will reach Rs. 1,200 million per annum for BMS as well as ABS ECUs, which we should reach peak in FY26.

9. For EV scooters, we are ramping up our sales to 240,000 sets per annum of parts for EV battery packs and motor housing aluminium castings. The total value will be Rs. 1,000 million per annum, which has started and will reach peak in the FY25.

10. For our aluminium forging business, we are increasing our capacity from 1,250 metric tonnes per annum to 1,750 metric tonnes per annum at an additional business value of Rs.750 million from our Waluj, Aurangabad plant. This business has started and will reach peak value in FY25. The SOP for the third aluminium forging press has already started from February FY24, and the fourth aluminium forging press will start in Q1 FY25.

We also added Jaguar Land Rover as a new customer for the EV passenger car with an export business value of Rs. 240 million. The aluminium forging business is a new opportunity for growth for both ICE as well as EVs.

11. At our Chakan plant, last year we started a niche business of structural aluminium castings like swing arms, sub frames and structural fairings for both the electric vehicle and ICE models, which have gone in for light weighting. This was done for Bajaj Auto, KTM, Piaggio and TVS. This business has already started for Bajaj Auto, KTM, and Piaggio, and the SOP of TVS business is planned for April, 2024, which will reach peak in FY25. The business value is approximately Rs. 1,000 million per annum. Endurance has a very good process and product technology in this business, which is helping us in almost being a sole supplier for these structural castings.

12. Our customers recognise us as a trusted and capable partner in the value chain in terms of both technical and financial strengths.

    The electronic vehicle market continues to offer significant opportunity for growth to the auto components sector.

    As you know, Endurance has taken a major step forward to harness this opportunity by executing a Share Subscription and Purchase Agreement for acquiring 100% of equity share capital of Maxwell Energy Systems Private Limited in a phased manner. We have already increased our equity stake to 56% in Maxwell as per this agreement. Maxwell is in the business of advanced electronics, particularly in the Battery Management Systems for two wheeler electric vehicles and for automobile and two wheeler battery packs.

13. At Maxwell, we have won Battery Management Systems business of Rs. 1,190 million in FY23 and Rs. 793 million till date in FY24. And we have a pipeline of RFQs of Rs. 1,050 million. Till date since FY22, Rs. 3,785 million business has been won by Maxwell, which is expected to be fully realised in FY27.

14. We are also happy to inform you that Royal Enfield has awarded us this month, new BMS business, which SOP will start in January, 2025. So with the current order book or the pipeline and technical strengths between both Endurance and Maxwell, we are very confident of achieving our goals in the advanced electronics space.

15. As disc brake assembly business is growing with the addition of Bajaj, TVS, Royal Enfield, Yamaha, Hero MotoCorp, Ather and HMSI, our second plant at Waluj, Aurangabad had been started for this increase of volumes and already had started SOP last year. We will also start disc brake assembly supplies to Hero MotoCorp from April, 2024 and to HMSI from the end of Q3 FY25.

    With this new plant, our disc brake assembly volumes have increased to 6.2 million numbers per annum and for brake disk to 8.1 million numbers per annum.

16. As you are aware, the supply of two wheelers ABS assemblies to Bajaj Auto and Royal Enfield has started. We have reached a run rate of 400,000 ABS assemblies per annum.

    As you may be aware, competition is mainly from Bosch and Continental, both German companies, which control the major market share in Indian ABS two wheeler market. We are now in the process of supplying a dual-channel ABS from June, 2024, and we have also scaled up additional assembly lines by 240,000 ABS assemblies per annum, which has taken our capacity to 640,000 ABS assemblies per annum. We are further planning to increase the capacity to 1.2 million single and dual channel ABS assemblies per annum for the second half of FY26.

    In March 23, we have started manufacturing the ABS valves, which is not only a technology component, but has also helped us in substantially lowering our costs and make better profit margins.

17. Due to increased orders in aluminium alloy wheels from Bajaj Auto, Yamaha India, TVS, Hero Electric and now Royal Enfield, we have added a new plant in July, 2022 at Chakan to help increase supplies to 4.5 million wheels per annum. With new order wins from Royal Enfield and TVS, we've now expanded the capacity to supply 5.5 million wheels per annum, and the SOP will start from April, 2024 onwards.

18. As far as Europe is concerned, till date in FY24, we have won EUR 29 million business, mainly from the Volkswagen Group and Mercedes Benz. In the last 21 months, out of the EUR 113 million order, EUR 60 million orders are for the growing battery EV business, where penetration in Europe has increased to 15% in the calendar year 2023.

    I would also like to point out that Endurance both in India and Europe is actively focusing on gaining access to new technology and on new products through organic and inorganic growth. At Endurance, our future focus will be on the following projects for a better product mix and better profit margins.

    - We want to increase our 4-wheeler share of consolidated business in the four wheeler industry from 26% today to 45% by FY30. This increase will come from aluminium castings, aluminium forgings as they will be increasingly used for light weighting and from proprietary products through acquisitions, joint ventures and technology agreements.
    - Our focus is on increasing our share of business with all customers on premium bikes greater than 150cc for brake assemblies, ABS, suspension and clutch assemblies with upgraded product technologies and process.
    - We are also focusing on increasing the business for electric vehicles for existing as well as new products. We want to increase our advanced electronics or embedded electronics business by becoming a significant

player for the Battery Management System and new electronic products required for EVs and other applications.

- We want to focus on increase in non-automotive business, which has large opportunities, especially in aluminium casting. We've already started this focus and are building up a special team for this.
- Our focus is to reach 10% of India sales in the aftermarket business by FY28. In the first nine months of FY24, our aftermarket sales grew by 5.58% from Rs. 3,085.15 million in the previous year to Rs. 3,257.26 million in the first nine months of this financial year. We are exporting our aftermarket parts to 33 countries. We are now planning to add 2 more countries in FY24 in Central and Western Africa and supplies should start soon. The aftermarket sales growth is a very large focus area for us. We have our challenges, especially for exports, and we are now targeting a good growth in FY25.
- In the first nine months of FY24, the export sales for India's standalone business grew by 7.37% from Rs. 1,385.13 million in the previous year to Rs. 1,487.27 million in the first nine months of FY24. The major sales growth has come from two wheeler suspension exports for KTM plants in Australia, China and Southeast Asia and from aftermarket export sales.

On the environment front, I would especially like to mention that sustainability is a huge focus at Endurance, and we are striving to be carbon neutral in our 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 case of electric power and furnace oil. Furnace oil use has been completely stopped. We have achieved a carbon neutral percentage of 30% till date in FY24, and our aspiration is to reach a carbon neutral percentage of more than 50% by FY30. We are also focusing on lowering hazardous waste generation and to achieve zero waste to landfill.

At Endurance, it will be a continuous endeavour to grow through organic and inorganic growth with a focus on technology upgradation, quality improvement, cost, environment, health and safety. We will do our best to fulfill our stakeholder expectations by following the five values of Customer Centricity, Integrity, Transparency, Teamwork, and Innovation.

We at Endurance have a very positive outlook based on our new large order business wins in the last four years, including electric vehicles, both in India and Europe. With these opening remarks, I would like to invite questions from all of you. We also have from Maxwell, Mr. Akhil Aryan, Mr. Alex Collet, and Mr. Vishwas, who is the CEO at Maxwell, to answer any questions which you may have on Maxwell. So thank you, and now we can take your questions.

Moderator: We will now begin the question-and-answer session.

Aashin Modi: During the quarter, we have added around Rs.164 crores of new orders, and we have added Rs. 60 crores of new EV business and also for four wheeler casting business. Could you please highlight?

Anurang Jain: As far as castings are concerned, the major order has come from Punch Powertrain, which has a tie-up with TACO in India. Punch Powertrain is becoming a very good growing customer for us because even in Europe, we have won a large business from Stellantis, which also has a tie-up with Punch Powertrain.

We have won orders from Jaguar Land Rover for Aluminium forgings. And new order wins from Tata Motors and Mahindra & Mahindra for castings.

For suspension, it's largely from Hero MotoCorp and TVS. These are the 2 major customers. All these order values mentioned above do not include orders from Bajaj. So Bajaj will increase our share of business with the growing volumes of Triumph, KTM and Chetak. These are not included in this Rs. 9,410 million of business. We have a fixed SOB with Bajaj for all our products.

Brakes is from Hero, HMSI and TVS. We were doing largely motorcycle brakes. We have reached about 75,000 sets per month and now we have started scooter brakes from this month. Our target is to reach 100,000 brake assemblies per month for TVS. They are our second largest customer after Bajaj for brakes.

For alloy wheels, we have increased capacity because of orders from TVS and Royal Enfield. TVS will be going to almost 65,000 sets a month from April, 2024 and Royal Enfield we'll be starting from April, 2024 as we've received an order of close to 20,000 sets a month. So we are slowly growing these businesses. Our focus is to improve the profitability and product through product mix and focusing more on those businesses which give us higher profit margins.

Aashin Modi: If you look at the current ramp-up of order book, peak business is in FY25. So how do we see growth from FY26 onwards, which would be the key segments driving the growth? And in which segment do we see incremental orders from here?

Anurang Jain: In the first nine months, the motorcycle which is our major business has grown only 3%. Scooters grew by 10.66% and total 2-wheelers grew by 5.29%. Bajaj, our major customer has grown only 1.4% in motorcycles. Largely, the growth has come from three wheelers around 34%. Despite that, our standalone business has grown 13.5%.

We believe in profitable and higher than industry growth, and that's our focus. And that's happening because we have won so many new orders in the last four years and that's helping us to grow.

In Q3, motorcycle growth was very high at 16.16%, scooters growth was 24.48% including EVs, and 18.74% growth in total two wheelers. And our standalone business growth was at 25.1% without mega project incentive.

Without mega project incentive, the EBITDA was at Rs. 2,336 million at 11.9% margin in Q2 FY24 and it was at Rs. 2,447 million at 12.2% margin in Q3 FY24.

With megaproject incentive, the sales were Rs. 19,594 million with mega project in Q2 FY24, which increased to Rs. 20,070 million in Q3 FY24. We witnessed the best Q3 in India after a long period of time. And the two wheelers industry did well and with that our major customer like Bajaj Auto, performed well with the growth in Triumph, KTM, Chetak.

The growth shall come largely from the high-end bikes. Our focus will be on all the 150cc plus bikes with high-end brakes, suspension, products with new technologies and assist and slip clutches.

We have to grow our market share. Casting is a huge opportunity for us to grow in four wheeler, two wheeler and for non-automotive.

We have a very large focus on four wheelers. We want to increase consolidated 4W business share from 26% to 45% by FY30. This is in spite of the expected increase in two wheeler business. Our large focus is on four wheelers, which will start with Aluminium castings and forgings, and also we are looking at acquisitions, joint venture collaborations in the 4-wheeler space.

In non-automotive, we already have orders for generator castings from Generac, USA and for cell-tower castings from Sanmina.

Aashin Modi: For Maxwell, congratulations on the orders win from Royal Enfield. So with the new launches in the electric scooter space, how do we see order wins over there?

Anurang Jain: For Hero MotoCorp, we are a major part of their EV scooter business. And we just won an order from Royal Enfield. We have won orders from Hero Electric, but because of the Fame II subsidy, there's been a postponement, hence they will start from Q1 FY25. We also have large orders from Greaves Electric.

Maxwell has a maximum experience on Indian roads. They have 150,000 - 160,000 BMS on road. Further, we are looking at new electronics products also after the Battery Management System.

Maxwell's acquisition is a part of our EV journey which might get delayed but the volume, especially scooters and three wheelers is really going to increase and the highest EV penetration will be in scooters and 3-wheelers. So the issue is we cannot lose these opportunities. From next financial year, it augurs well for Maxwell is what we strongly believe.

Jinesh Gandhi: Continuing on Maxwell while their key customers have been facing this issue of FAME II, how far are we in terms of getting inroads with mainstream OEMs like Ola, Ather, Bajaj, Hero, TVS?

Anurang Jain: For Royal Enfield, there was the best competition in the fray and the fact that Maxwell has been selected proves itself that how competitive we are, what are our strengths on technology, and that's how we won this order.

As far as Ola is concerned, they are mainly doing it in-house. But definitely, our efforts are on with TVS and Bajaj. We are making efforts with everybody. But it's not only the Battery Management System, we're also looking at new electronic products in the future.

We're also looking at exports. We are looking at the orders which we have won and will peak in FY26. As the sales grow, we get into better products with lower raw material percentage with semiconductor shortages behind us and prices coming down. All this augurs well with sales growth, with lower RMC percentage and our technical strength. So we strongly believe we have a bright future ahead.

Jinesh Gandhi: Are we expecting to take longer time for us to get orders from Bajaj for BMS?

Anurang Jain: The issue is we are a late entrant. They had given commitments to the already existing company. So as the volumes grow, which is aggressive on the EV space for both Bajaj and TVS, we will do our best to get orders based on our technology and our competitive strengths. We are really focused on this but right now, we have no wins from Bajaj.

Jinesh Gandhi: On the four wheeler focus, which we talked about taking share up to 45%. So is that particularly on the aluminium side or is it including alloy wheels?

Anurang Jain: Four wheeler alloy wheel is another product in our mind which we have not finalized as yet. In other castings, new opportunities are coming our way like Punch Powertrain. We have a lot of new export orders coming up.

We will capitalize on the orders both in ICE and EV space, mainly on the aluminium castings. And it may include alloy wheel in the future. It will include proprietary products, existing as well as new products in the future. It can be through acquisitions, joint venture collaborations, and we are actively involved in this. But we have to be careful and ensure that in terms of acquisitions, we are able to manage and sustain profits. That's our philosophy but definitely reaching to 45% is a clear target which we intend to achieve by FY30.

Jinesh Gandhi: Structural casting parts order are for ICE or EV?

Anurang Jain: At present it is for ICE, but it's also required for EVs. Being a niche market, it goes on higher tonnage machines and there's a real technology involved in these structural parts because of their sensitivity. Because of our strong know-how, we are the first choice for this part.

It's not that we don't expect competition in the future, but will try to be a leader. But this area is becoming a very large area for growth. We already won Rs. 1,000 million worth of orders.

Jinesh Gandhi: Will this lead to increase in content per vehicle on the aluminium side of two wheelers?

Anurang Jain: Yes, these are high value-add items.

Jinesh Gandhi: In the passenger vehicle business, both in India and Europe, we have seen lower growth in the underlying industry in nine months of FY24. So is it more true with the timing difference because of the product launches of key customers in India and Europe?

Anurang Jain: Two wheeler industry was not doing well in the first six months. My belief is at Endurance; we have to be in all the segments plus the non-automotive because we don't know where the industry growth will reside.

In December, 4-wheeler volumes were flat and 2-wheeler was much ahead. There could be various reasons for change but we have to de-risk ourselves and be present substantially in four wheelers, two wheelers, three wheelers. And also non-automotive which will bring really good profitable opportunities in the future.

We believe the base was low for two wheelers. This year, we should do 21 million numbers. The peak was 24.5 million numbers in FY19. And if the rural grows, with better household income and good financing of the two wheeler vehicle, there is no reason it should not do well.

Mumuksh Mandlesha: Congratulations on the strong revenue growth, new order wins and the future diversification plans. On the revenue growth for this quarter QoQ basis, we have seen a double digit growth in the die-casting and suspension segments. Can you help us understand which new orders have ramped up and supported growth in Q3?

Anurang Jain: In the second plant, which came up in last year, we have won new orders for brakes business which is the fastest growing, than suspension and castings. Brakes, suspension, casting plus alloy wheels, they are leading this growth. We have pipeline of orders which are coming up.

Mumuksh Mandlesha: On QoQ basis (Q3 vs Q2), the die casting and suspension have grown by double-digit vs the industry growth being flattish. So to understand, which new orders would ramp up this quarter?

Anurang Jain: It was structural castings, castings for EVs, crank cases for premium bikes which have really grown.

In suspension, we have won orders from Hero MotoCorp worth Rs. 120 crores. Triumph, KTM, Chetak, Royal Enfield share has increased. Inverted front forks has gone up for exports.

Bajaj has done very well in Q3. Suspension has gone up with them and very high value front forks. Bajaj uses even for the Pulsar, inverted front forks, which are much higher in price than the conventional front forks. Bajaj, Yamaha and Hero are the 3 companies which have really led the growth in Q3.

Mumuksh Mandlesha: For Other Expense, was there any one-off this quarter? Because Other Expense has grown broadly in line with the top line growth for both standalone and consolidated business, we have not seen any positive leverage benefit. Any reasons for that?

Satrajit Ray: In India, there has been no significant increase in Other Expenses. Some preventive maintenance expense we normally undertake in December, but if you see other expenses as a percentage of revenues considering the fact that metal prices are coming down, so revenues have to be adjusted for that.

As a percentage of sale, it's not gone up at all. But one-off item would be preventive maintenance costs, but nothing very significant there.

Massimo Venuti: In Europe, compared to 2022, there is an increase in expenses due to the increase of Employee Cost. Starting from the 1st June 2023, we have had an increase of 6% in our employees cost linked to the inflation. And also in Other Expenses, if you compare the Q3 to the Q2, the increase is only due to the inventorization of costs for stock increase and the product mix, in fact conversely, the incidence of material cost decreased in the period. Otherwise the Other Expense and the employee cost are aligned compared to the previous quarter.

Pramod Amthe: In the new orders slide of your presentation, we can infer very rapid sales growth**.** So if I had to track what are these customers we need to watch out for? Because you also alluded to the fact that in case of EVs, one of the customer missed out and hence be deferred for next year. So I wanted to get some more granularity when you are projecting that much of a lumpy rise for FY25?

Anurang Jain: When I mentioned about Rs. 38,720 million order win, some of the business already started in FY20, FY21, FY22, FY23 and FY24. I would say the major growth is going to come from all customers. We have received Rs. 1,650 million worth orders from Suzuki for new front fork and rear shock business starting in Q3 FY25 despite Suzuki being a small piece in our scope of things.

For example, Bajaj Chetaks, Triumphs, KTMs. have grown in domestic market. If you take Yamaha, the brakes and alloy wheels business is increasing. TVS, Hero MotoCorp will see growth. KTM exports are increasing

We are growing with all our customers. In EVs, it will be mainly Ather, they have started doing well now. HMSI and Bajaj, as far as EVs is concerned, we'll be a part of the journey. We have already won business for castings for our South India plant from HMSI.

So we are focusing on EV with all the original OEMs including new OEMs like Ather, Greaves Electric, Hero Electric. Ola we are not present right now.

Pramod Amthe: With Punch Powertrain, you have been able to make inroads. Surprised to see the short lead time of win versus your delivery. So is there anything to see if we extrapolate the similar one for other EVs coming in car business? Or how are you looking -- or it's a one-off?

Anurang Jain: Punch Powertrain, for this business the lead time was not that big. But I think our engineering strengths, tool room, our capabilities will help us to get into SOP and production at speed. And that will be one of the key things in future. Whereas for castings, our strong R&Ds, our own test track for the proprietary products, are really helping us to do quicker development.

Technology is a huge focus, which is helping us to get into new products very fast. And castings, our own engineering team, tool room shortens the lead times.

Pramod Amthe: Looking at the opportunity in the EV Powertrain, how much you might have addressed in the case of Punch? And is there more headroom available for you to expand your opportunity in that? How do you look at it?

Anurang Jain: I think the opportunity is huge, and you will see new order wins in the future. We are looking at a lot of other EV opportunities in the battery casting space for 4-wheeler EV,

Pramod Amthe: Can you highlight new order wins in 9 month FY24 and what has been done in the last 2 years in Europe? How you explain the new product development which itself was weaker or your wins were lower in Europe this year and how that will have a repercussion going forward?

Massimo Venuti: In Europe, we won EUR 29 million orders in the last 9 months, but in the last 4 years, we have won EUR 249 million orders. The annual turnover of Endurance Overseas is usually around EUR 250 million. So, the new order intake is quite healthy.

And we are investing EUR 50 million in this financial year to put in place the production capacity to cater to the new orders. Such new capacity creation needs capital expenditure and space in our factories. In view thereof, we have also slowed down new business acquisition. But by and large, we continue to quote for new business.

For instance, for Punch Powertrain Europe, we're quoting for components of electrical vehicle for the plug-in technology 150,000-180,000 parts per year. Our major focus in Europe is to implement the production capacity for orders already won, because we have a lot of new projects and the target is to start as soon as possible with good volumes.

Anurang Jain: I would just like to add here to what Massimo said. We are acquiring new land and making new buildings. So, we will have space for growth. These business wins of EUR 250 million are largely for the EV products as well as hybrid applications.

But you will see we are going to take more orders. You will see a larger share of revenue in the coming years coming from newer orders, because there has been a delay in ramp-up in in some of the electric vehicles.

Arvind Sharma: On a QoQ basis, there has been a slight decline in the EBIDTA margin. What are the possible reasons for that?

Anurang Jain: No, there is no decline because there was no mega project incentive in Q3. Q2 has the mega project incentive so you have to compare it with that. So if we do not take mega project incentive, EBITDA was at Rs. 2,336 million in Q2 FY24, 11.9% margin, which went up to Rs. 2,447 million, at 12.2% margin. We don't get mega project every quarter, largely it's booked in the first 2 quarters.

Arvind Sharma: Are we expecting any mega project incentives next year?

Satrajit Ray: We book about 90% of our entitlement as per Accounting Standards, as-and-when we clock up SGST based sales. This remaining 10% for the initial years will be due to us once the GST audit is over, the report is filed with the authorities and they clear the balance.

As far as we are concerned, with under the current mega project incentive, that is 2013 to 2019 scheme, this was the last big year of close to Rs. 60 crores booking. Going forward would be smaller amounts of 10%, which we have held back for getting the GST audit done. It is difficult to say, but you could see some booking of this 10% amount in Q4 this year.

Arvind Sharma: The next question will be more on the demand trends that you are seeing. Yes, there have been new order wins, which will help the revenue. But on the demand front, especially in the two-wheeler segment, what are your views for next year, FY25 from an industry perspective?

Anurang Jain: The two wheeler demand trend for the first six months was not so good but the next six months it's fantastic in Q3, Q4. And it depends a lot also on how fast the scooter EVs will grow with the FAME II subsidy practically going out from June, 2024 and how the rural sector is doing.

Right now, we see an increase in demand as well as a good financing. So let's hope it continues. And that's the reason though we at Endurance continue to focus on two wheelers, three wheelers, 4-wheelers and non-automotive.

Arvind Sharma: For the European business, please share the PAT in euro terms?

Massimo Venuti: We closed Q3 with EUR 63.4 million of turnover, 5.4% higher compared to the previous year. EBITDA, EUR 9.8 million with 15.5% margin, 13.5% higher compared to the previous year. PAT, EUR 3.3 million with 5.2% margin, 7.5% higher compared to the previous year.

Viraj: With respect to aspiration of 45% of mix from 4-wheelers by 2030, what product segments will drive that for us? Can you talk about the suspension segment performance and can you brief on how the two-wheeler end market has done on a nine month in comparison to Endurance? And the last question what are the competitive dynamics in suspension for both 2W and 4W?

Anurang Jain: The four wheeler 45% is going to come from aluminium castings, forgings. It could also include four wheeler alloy wheels and from die casting business and in proprietary, it could come from brakes, suspension for 4-wheelers and new products which are required for both ICE and EV in the 4-wheeler space. And it could come from acquisitions and collaborations.

Viraj: On suspension, you talked of orders from Hero Motors close to Rs.130 crores and from Suzuki and other players. What would be your share now in the 2-wheeler space? And what are the opportunities for further growth in the 2-wheeler space and suspension?

Anurang Jain: Growth will come automatically if the two wheeler industry grows. Further growth will come from the higher-end suspension - suspension of the above 150cc bikes, with technologies of inverted front forks, rear mono shock absorbers, becoming more prevalent. It will also include exports to KTM in all the regions of the world.

We're also working with other foreign players in the two wheeler domain to be able to increase our exports on the 2-wheelers. So suspension will be an element of this. In Suzuki, we were not present but have won a large suspension order from them.

Viraj: Can you throw some color on the Maxwell competitive dynamics in the product segments, their participants, who will be the large players and their share as of today?

Vishwas: Let me also come to how the industry is shaping up because that will help you understand much better. EV segment as such is still a volatile segment. There is a lot of consolidation happening. There are a lot of regulations, which are transforming the industry in one way or the other.

And BMS also has had an impact due to the FAME II as well as the AIS-156 and so on. So when it comes to the competitive space as such, the initial competitors were mainly coming from China with respect to the low-cost PCMs and so on, which many OEMs were using.

Now with AIS-156 coming in from last year, so these low cost options have gone off. And there is also a lot of localization support with respect to FAME II that has largely gone off and smart BMSs was the order of the day since April last year.

Going forward, many of the OEMs are realizing that they have to move towards a more functionally safe BMS. So when I say functionally safe in automotive the BMS must have, the power to manage the battery, even when the vehicle is for example switched off.

So this trend is going to continue, and that's where Maxwell is getting a lot of advantages. And Anurang already mentioned we won the business with Royal Enfield mainly with our expertise on the functionally safe BMS with designing the hardware, but mainly it's related to the software side of things.

So regarding the functionally safe BMS, there is less competition, and that's where we see the niche being developed for Maxwell. We are confident of our USPs, and we are confident of our advantages and many of our customers as well as new customers we're going to acquire are already seeing that impact.

Viraj: Despite such healthy performance specially in standalone business and also softer raw material costs, is there any particular segment which is dragging the overall piece in the standalone business?

Anurang Jain: When Endurance did 14.5% to 16.5% margin, the raw material percentage to sale in India was 62% to 63%. And you can see the record of the last 4-5 years.

Today, we are at 12.2% in Q3 FY24 without mega project incentive and 11.9% margin in the nine months without the mega project incentive, where the RMC is 66.3%. So there's a huge difference of minimum 3% there or even more than that. We have been improving. What you have to see is how much EBITDA amounts we are making. Raw material cost is high at 66.3% in this financial year but we have done better than the last financial year in terms of EBITDA margin.

Viraj: Is it more to do with the segment or the product mix? Or it's more about the cost recovery, which may play out further in coming quarters?

Anurang Jain: We are trying our best to improve the profitability, trying to see how we can with our Endurance Vendor Association keep focus on raw material percentage to sales, see how best we can achieve lower figures and grow the business with a better product mix, whether it's 4-wheeler, 2-wheeler, and non-automotive.

If you're comparing 15%-16% with 13.1%, this year, it's because of the raw material percentage. And you can see the figures of the last 5 years how the percentage has moved up. Of course, it's moved down compared to last year. That's why you see a better EBITDA margin percentage compared to last year.

If we compare first nine months, YoY, EBIDTA was up from 11.8% to 13.1%. So you can see the improvement there with EBITDA. But of course, the focus now will be on better product mix in 2-wheelers and focusing on non-automotive and 4-wheelers.

Prateek Poddar: In Maxwell, from the peak revenue of Rs. 380 crores, how much would come from Hero Electric?

Vishwas: Hero Electric is around Rs.70 crores.

Anurang Jain: Thank you all for your time. Thank you.