

21st August, 2023

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Mumbai - 400 001

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National Stock Exchange of India Ltd.,
Exchange Plaza,
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Mumbai - 400051

BSE Code: 540153

NSE Code: ENDURANCE

Sub: Transcript of Conference Call held in respect of the Company's Q1 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 3rd August, 2023.**

Dear Sir / Madam,

In continuation of the referred intimation and Listing Regulations, please find enclosed the transcript of the conference call held on 11th August, 2023 in respect of the Company's Q1-FY24 financial results.

The transcript has been hosted on the Company's website at:
<https://www.endurancegroup.com/wp-content/uploads/2023/08/Endurance-Technologies-Limited-Q1-Earnings-Conference-Call-11-08-2023.pdf>

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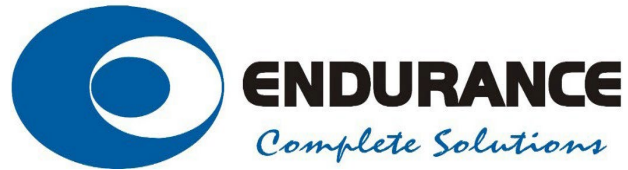
Thanking you,

Yours faithfully,
For **Endurance Technologies Limited**

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

Encl.: As above





Endurance Technologies Limited
Q1 FY24 Earnings Conference Call

August 11, 2023



Management: Mr. Anurang Jain – Managing Director,
Endurance Technologies Limited
Mr. Ramesh Gehaney – Director & Chief Operating
Officer, Endurance Technologies Limited
Mr. Massimo Venuti – Director & Chief Executive
Officer, Endurance Overseas, Endurance
Technologies Limited
Mr. Satrajit Ray – Director & Group Chief Financial
Officer, Endurance Technologies Limited
Mr. Raj Mundra – Treasurer & Head, Investor
Relations, Endurance Technologies Limited

Moderator: Mr. Nishit Jalan – Axis Capital Limited



*Endurance Technologies Limited
August 11, 2023*

Moderator: Good morning, ladies and gentlemen. Welcome to the Endurance Technologies Q1 FY24 Earnings Conference Call 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. Thank you. And over to you, Sir.

Nishit Jalan: Good morning everyone. Welcome to Q1 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; 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 Q&A. Over to you, Anurang.

Anurang Jain: Thank you, and good morning to everybody.

I would like to share details of how we have done in the Q1 FY24.

- a. In India, in the Q1 FY24 as per the SIAM data, the two-wheeler industry sales grew by 1.21% compared to Q1 FY23. Scooters grew by 9.16% and motorcycles degrew by 1.57%. The automotive industry in India had a growth of 2.7%. The standalone income of Endurance grew by 13.3%.
- b. In our overseas operations in Q1 FY24 the EU and the UK market saw an increase of 18% in the volume of passenger cars sold, while our European sales grew by 12.6% in Euro terms and 22.4% in Rupee terms.

I will now briefly talk to you on the financials of the Q1 FY24

1. During Q1 FY24 as compared to Q1 FY23 our consolidated total net income grew by 16.4% from Rs. 21,185 million to Rs. 24,666 million. Consolidated EBITDA grew by 38.2% from Rs. 2,444 million to Rs. 3,378 million. Consolidated EBITDA margin was at 13.7%.
2. The Profit After Tax grew by 58.1% from Rs. 1,034 million to Rs. 1,635 million at 6.6% margin. This included the income of the Maharashtra PSI Scheme Incentive for Rs. 340.22 million. There was no consolidated net debt and the company had a positive cash available of Rs. 5,092 million.

3. During Q1 our standalone total income grew by 13.3% from Rs. 16,201 million to Rs. 18,361 million. Standalone EBITDA grew by 35.2% from Rs. 1,782 million to Rs. 2,409 million with an EBITDA margin of 13.1%.
4. Standalone Profit After Tax grew by 61.3% and was Rs. 1,305 million at 7.1% margin. This included the income of Maharashtra PSI Scheme Incentive of Rs. 340.22 million. There was no net debt and there was standalone positive cash available for Rs. 3,742 million.

We would like to mention that Endurance is focused in both its Indian and European operations, on profitable growth and growing higher than the industry. The detailed financials are available with the stock exchanges and on the Endurance website.

I would like to share key points for Q1 FY24:

1. In Q1 FY24, 75.1% of our consolidated total income including other income came from Indian operations including Maxwell sales and the balance 24.9% came from our European operations.
2. In India till date in FY24, Rs. 3,070 million of new business was won from OEMs other than Bajaj Auto which included Royal Enfield, TVS, Hero MotoCorp, Jaguar Land Rover, Mahindra & Mahindra and Case New Holland. This business win of Rs. 3,070 million was all new business.
3. The total business win for EVs till date is Rs. 6,000 million. These orders are mainly from Ather Energy, Bajaj Auto, Hero Electric, Greaves Electric, and Aptiv. I would like to mention that we have Rs. 24,877 million worth of requests for quotes from OEMs.

Since FY20 in India, Rs. 31,940 million of business has been won out of which Rs. 24,120 million which is 76% is new business, and Rs. 7,820 million is replacement business. The new business of Rs. 24,120 million will reach peak sales in FY25 and FY26 and it is mainly for suspension, castings and brake assemblies. The TVS business wins in this period has been Rs. 5,012 million and is growing.

Some of the new business wins which will start in this financial year FY24 are:

- The TVS Rs. 404 million suspension business will start at our Kolar, Karnataka plant by the end of Q3 FY24.
- Royal Enfield Alloy Wheel business win of Rs. 395 million, which is our 5th OEM client in alloy wheel business, where we will start supplies from Q3 FY24.
- Hero Electric suspension business of Rs. 489 million, which is at Halol, Gujarat plant, where we will start supplies from next month.
- The CBS brake business of Rs. 273 million from Okinawa, and this business would start from Q4 FY24 at our Waluj, Aurangabad plant.

- The Greaves Electric suspension business of Rs 194 million will start from our Kolar, Karnataka plant from next month. The Greaves Electric brakes business of Rs. 290 million will start from our Waluj, Aurangabad plant also from next month.
- The Ather suspension business of Rs. 150 million will start next month at our Kolar plant, Karnataka . For the Ather brakes business of Rs. 1,591 million, supplies have started and will reach peak in FY25.
- We also received an additional Rs. 1,200 million order for supply of front fork and shock absorbers from Hero MotoCorp which has started at our Halol, Gujarat plant in June 23; we had got the orders in April 23. And approximately Rs.50 to 60 million supplies have already taken place.
- The new 35 dia air suspension front forks for supply to KTM, Austria will start by end of FY24 with the help of KTM Technology from our Waluj, Aurangabad plant. The value of the business will be Rs. 400 million per annum.
- Our Battery Management System assembly line which is a Surface Mounted Technology line will start operations from next month at our Waluj, Aurangabad plant. The peak value of business will be Rs. 800 million per annum. And we will start manufacturing BMS for Maxwell.
- For electric vehicle scooters, we are ramping up our capacity to 240,000 sets per annum of eight casting parts for EV battery pack and motor housings. The total value will be Rs. 1,000 million per annum which has started and will reach peak in FY25.
- For Ather Energy, we have started fully machined side channel aluminum casting at our Vallam plant, with a full business value of Rs. 410 million which will peak next financial year.
- For our aluminum forging business, we are increasing our capacity from 280,000 parts per annum to 600,000 parts by annum, leading to additional business value of Rs. 750 million from our Waluj, Aurangabad plant. This business has started and will reach its peak in FY25.
- We have added Jaguar Land Rover as a new EV passenger car customer with annual business value of Rs. 240 million and business will start in March 24. These are aluminum forging which are required for assemblies which support our battery housing. And these forgings will be exported to UK.
- At our Chakan plant, we are installing machines for structural aluminum castings like swing arms, sub frames, and structural fairings for both EV and ICE models which are going in for light weighting, for Bajaj Auto, for KTM, for Piaggio and for TVS. This business starts in FY24 and will peak also next year in FY25.
- The Suzuki scooter front fork business for Rs. 1,398 million will start from our Waluj, Aurangabad plant in July 2024. And we are installing a one million front fork numbers new assembly line for the same .
- Apart from Bajaj Auto and RE, we have now added TVS for supply of inverted front forks and rear Mono Shock Absorbers. These supplies will start in Q1 of FY25 and the business value is Rs. 266 million.

- We are happy to tell you that we won business from Honda two-wheelers or HMSI for front fork and shock absorbers for their new and first EV scooter for which the SOP will be in October 2024.
 - For Bajaj Triumph bikes we have won orders for front fork, shock absorbers, brake disc, alloy wheel and aluminum castings including the swing arms. The SOP has already started in July23. The value of this business is Rs. 3,300 million. On Triumph, the ETL value content is Rs. 28,000 per bike.
 - For HMCL - Harley Davidson, we have won business for aluminum castings, for suspension, for brake disc and aluminum forging. The SOP has also started for this. The peak business value will be Rs. 853 million in FY25. On Harley Davidson, ETL content is Rs. 10,000 per bike.
4. The electronic vehicles market continues to offer significant opportunity for growth to the auto component sector. 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% of equity share capital of Maxwell Energy Systems Private Limited in a phased manner.

We have recently increased our equity stake from 51% to 56% in Maxwell as per our agreement. Maxwell is in the business of advanced electronics particularly in Battery Management Systems or the BMS for two-wheeler EVs and automobile two-wheeler battery packs.

We have won BMS business of Rs. 1,290 million in FY23 and Rs. 596 million till date in FY24. And have a pipeline of RFQs of Rs. 1,168 million. Till date, since FY22, Rs. 3,457 million business has been won by Maxwell which is expected to fully realized in FY26. With the current order book, order pipeline and technical strengths between Endurance and Maxwell, we are confident of achieving our goals in the advanced electronic space. In FY24, we are focusing on substantial sales growth and a positive EBITDA at Maxwell.

5. With the acquisition of a past Italian collaborators - Adler and Grimeca in 2020 and of Frenotecnica and New Fren in 2022 we are creating a Centre of Excellence in Italy for the business of premium components in the two-wheeler segment, giving profitable growth opportunities to our overseas operations and the Endurance Group.
6. Our disc brake assembly business is growing with the addition of Bajaj, TVS, Royal Enfield, Yamaha, Hero MotoCorp, Ather and HMSI. To cater to this new business, our second plant at Waluj, Aurangabad has been setup for the increase in volumes and has already started operations. We will start the disc brake assembly supplies to Hero MotoCorp from March 2024 and to HMSI two-wheelers for February 2025. With this new plant, our disc brake assembly capacity has increased to 6.2 million numbers per annum and brake disc to 8.1 million numbers per annum.
7. As far as supply of two-wheeler ABS assemblies are concerned we have already started supplies to Bajaj Auto and Royal Enfield. We have already reached a run rate of 400,000

- ABS assemblies per annum. As you are all aware the competition is largely from Bosch which controls the major market share in the Indian ABS two-wheeler market.
8. We are also in the process of supplying our dual-channel ABS by the end of Q3 of this financial year. And we are scaling up additional assembly lines by 200,000 ABS assemblies per annum which will take our capacity to 600,000 ABS assemblies per annum. We are further planning to increase the volumes to 1.2 million both single and dual channel, ABS assemblies per annum from the second half of FY25.
 9. In March 2023, we have started manufacturing the ABS valves. It is not only a technology component but will also help in substantially lowering our costs.
 10. Due to increased orders from Bajaj, Yamaha India, TVS, Hero Electric and now Royal Enfield we have added a new plant at Chakan to help increase supplies to 4.5 million wheels per annum. This plant has already started operations. We have recently won our first alloy wheel business of Rs. 395 million per annum from Royal Enfield. Supplies will start from Q3 of this financial year. With these new orders now, we now plan to further increase our supplies to 420,000 alloy wheels per month.
 11. As far as Europe is concerned, in FY24 we have won €16.93 million business mainly from the Volkswagen Group for their EV passenger cars.
 12. I would also like to point out the 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.
 13. In Q1 FY24 our aftermarket sales degrew by 4.25% from Rs. 963.19 million in the Q1 FY23 to Rs. 922.25 million in Q1 FY24. The major reason for degrowth was due to lower sales in the domestic market due to the tighter credit controls which we implemented for negotiating higher sales targets for this financial year.
 14. We are exporting our aftermarket parts to 31 countries now. We are now adding Turkey as the 32nd country. We have already won the orders and the supply should start this month. After-market sales growth is a large focus area for us and we are very confident that we will have a good growth in this financial year.
 15. In Q1 FY24 the export sales for India standalone business grew by 31.2% from Rs. 404.82 million in the Q1 FY23 to Rs. 531.16 million in Q1 FY24. The major sales growth came from machined casting, exports to Ford Motors in UK, Iveco and Case New Holland, and also for two-wheeler suspension exports for KTM plants in Austria, China and Southeast Asia.

On the environmental front I would especially like to mention that Endurance is striving for 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 forest and driving use of natural gas and LPG in place of electric power and furnace oil. The use of furnace oil has completely stopped.

We have achieved a carbon neutral percentage of 31.8% in Q1 FY24 and our aspiration is to reach greater than 50% in the next three years. This has increased from 22.6% which we achieved in

FY23. We are also focusing on 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 means with a focus on technology upgradation, quality improvement, cost and environment and health & safety. We will do our best to fulfill 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 in the last four years including for electric vehicles, both in India and Europe.

With these opening remarks, I would now like to invite questions from all of you. We also have with us the Maxwell founders Mr. Akhil Aryan and Mr. Alex Collet as well as Mr. Vishwas who is the COO of Maxwell. Thank you.

Moderator: Thank you. Ladies and gentlemen we will now begin with the Question-and-Answer Session. The first question is from the line of Mumuksh Mandlesha from Anand Rathi. Please go ahead.

Mumuksh Mandlesha: On the India new order ramp up, the latest presentation talk about ramping up to 23 million by FY25. And I think in the Q4 presentation, it was 16 million so what is leading to the increase?

Anurang Jain: This is largely the business wins which we have had for suspension, brakes and aluminum casting business. And also, we have now the Triumph and Harley Davidson product just started. There is increase in exports to Austria for KTM, increase in exports of our aluminum castings to Ford, Case New Holland, Iveco. And we won Rs. 5,000 million of business from TVS and this business is really growing.

Bajaj has grown in a small way but our content per vehicle is so large that for us the Bajaj grows then we grow much higher. The ABS volumes have increased, the inverted front forks volumes both for Bajaj and RE have increased and exports to KTM too have increased. So new business wins is largely for brake, suspension and aluminum castings.

Mumuksh Mandlesha: Please comment on volumes expectations?

Anurang Jain: HMSI did not have a very good growth especially in motorcycles, they degrew 18.6%, but from July there is a very good growth. The volumes expected from July to March 24 is pretty good. So, we will see a very good growth as we have three plants, specifically for HMSI (in Aurangabad, Sanand and in Kolar). At the same time there is new EV business which is of Rs. 6000 million from Ampere, Ather, Hero Electric. This business will also start from out-station plants in Kolar and in Halol, so that we get better economies of scale.

- Mumuksh Mandlesha:** On the EV business, there are some volume ramp up issues happening for the new age peers like Ampere, Bounce, Hero, Ather. Any risk you see to the orders on account of challenges to these players?
- Anurang Jain:** EV players are reconfiguring their products. Starting from September, they are reorganizing their battery engine and battery packs to smaller sizes. We will have to wait and see what is the new Fame-III subsidy. Volumes had taken a hit from the month of June, though in July we saw a growth again.
- We understand that everybody is getting into variants of downsizing the battery pack or battery engine and seeing that they become more viable in terms of price charged to the customers. So from September to January all these customers will slowly get back to track.
- It is difficult to predict the future, but we are optimistic with the thrust on EV.
- Mumuksh Mandlesha:** Any volume impact on players where there was penalty imposed to them, for e.g. Hero Electric ?
- Anurang Jain:** Yes, they have all indicated that they will be ramping the volumes, some from September onwards and some from January onwards.
- Mumuksh Mandlesha:** On the Europe margins which were low sequentially, we have seen Other Expense was higher - any reason for that?
- Massimo Venuti:** In Europe, we closed the Q1 FY24 with €68.8 millions of turnover compared to € 61.1 million of the Q1 FY23 with an increase of 7.7 million which means 12.6% increase in terms of turnover. In terms of EBITDA, for Q1 FY24 €11.1 million, 16.1% margin as compared to €8.4 million, 13.7% margin for Q1 FY23.. We grew at 31.8% in terms of the EBITDA. and in terms of Net Profit we closed Q1 FY24 with €4.2 million, 6.1% margin as compared to €2.9 million, 4.8% margin for Q1 FY23, with an increase of 43.7% compared to the previous financial year.
- Anurang Jain:** If we see the Q1 both in India and Europe, compared to our sales growth our EBITDA and PAT margins have grown substantially higher. And we have maintained right from 2016, our profits should grow higher than the sales growth percentage. And there is a lot of efforts being made on increased sales, increased economies of scale from our plants, better cost efficiencies. So, this is our philosophy. This is in the DNA of Endurance.
- Aditya Jhawar:** What is the quantum of vehicle content in Triumph and Harley?
- Anurang Jain:** So, it is Rs. 28,000 per vehicle in Triumph, Rs. 10,000 per vehicle in Harley and Rs. 10,000 per vehicle in Chetak.
- Aditya Jhawar:** What is the aggregate revenue you are expecting from these two models?

Anurang Jain: Around Rs. 3300 million per year is the peak value for Triumph. And Harley is about Rs. 850 million per annum.

Aditya Jhavar: On European business, 12% constant currency growth in Euro terms is quite encouraging. So, how should we think about growth and margins in the next few quarters?

Massimo Venuti: The European market saw an increase of 18% in Q1 FY24 compared to Q1 FY23. We cannot compare the turnover of the company to the volume of new car registrations, because in the last two to three years we have been affected by the shortage of semiconductor and certainly a lot of the cars that we are registering now in the European market had been produced in 2020/2021 and they are selling the stocks which were waiting for semiconductors.

Unfortunately, demand in the market is very weak due to the high level of inflation and interest cost. Our expectation for the next quarter is that the market will go down, considering that production will go down as compared to the new car registrations.

In terms of profitability, we are optimistic that we can improve in an important way in the EBITDA compared to the previous year, because fortunately the effect of energy and gas is becoming sustainable in our field. This winter we don't see any kind of problem, as we close the contracts with our customers for approximately 80% of the potential increase of energy cost compared to today. Considering the fact that 16.1% of EBITDA margin was achieved in the previous quarter, we have been able to recover approximately 3% points compared to the previous financial year.

Aditya Jhavar: Amongst all the order wins, can you please highlight some specific order wins which gave us entry to a new customer or a new product line or certain orders which strategically are important though they might be small right now.?

Massimo Venuti: Our strategy in Europe has been to focus on the business of 4-5 major customers that control 80% of the total market in Europe. In the previous quarter, Volkswagen contributed 33.7% of our total turnover, Stellantis 23.5%, Mercedes 10.1%, and BMW contributed 3.2%. In the last four years in Europe, we are able to acquire €237 millions of new business. Around €86 million of EV business, €112 million of hybrid business which consist of 36% and 47% of our total business respectively.

Speaking about the new customers, Endurance was very strong in Germany with Porsche and in Italy with Volkswagen, but starting from 2019 we have entered in an important business with Audi for their electric vehicle. This is the most important info for the future, because the stability of Audi is well-known in the history of the European market, as was seen in the case of their new motors.

Aditya Jhavar: Has there been a little bit of delay in commercializing the dual channel ABS?

Anurang Jain: The development, testing has taken a slightly longer time. Now the samples have already been submitted and by the end of Q3 we should start the SOP. There is a lot of confidence on our ABS systems. We have our own proving ground, and trained riders are employed by Endurance. So the commercialization will begin very fast.

Pramod Amte: With regard to this premium bike segment where Harley and Triumph orders were won, does this open up new set of components for you or does it open up ideas for new technologies you can imbibe and scale up over the next couple of years both for domestic and export market?

Anurang Jain: Yes, we will not specify the products, but definitely we are looking at new products which are for the future, which are EV agnostic and we are looking at technology collaborations, JV also in new products which we are not doing today. We have large focus on increasing our business in four-wheelers as well as also for the non-automotive segment. And that is why we are focusing on new EV and hybrid wins in Europe. There would be new products which we are actively pursuing with new opportunities, which includes products also in the electronics space for EVs.

Pramod Amte: Do Triumph and Harley orders give you an entry into the global purchase offices of these companies?

Anurang Jain: The vehicles made by Bajaj and Hero MotoCorp will be both for India as well as for the export markets and for Endurance it will be indirect exports. Right now we have not seen, any direct interest from Triumph in UK or Harley Davidson in the U.S.

Pramod Amte: On the EV side, considering the incentive uncertainty for two-wheelers under Fame-III, do you see an opportunity considering that three-wheelers seems to be penetrating much better and seem to be having lesser Fame risk. Do you see more opportunities panning out in the three-wheeler EV space?

Anurang Jain: We have 11 aluminum castings for a three-wheeler EV compared to 9 in a two-wheeler. There is a case extension in a three-wheeler. Our biggest strength in Europe and India is that we are very strong in casting, including engineering, tool making and there are not many players who are financially strong and have the ability to invest and have that technology in product and in process. Aluminum die casting or aluminum forging is the future, for light weighting whether its EV or its any other vehicle which comes in the world. And this is the biggest strength of Endurance which will help us grow, of course apart from the proprietary business and new products.

Our product range is very good; it is only the clutch which is 5% of our business which is not used in EV. Within clutches, 80% of our sales is for motorcycles. And we do not see much of EV traction in motorcycles. But with our product strategy and now that we are getting into advanced electronics space, we are in a good space for in case of rapid EV adoption.

Jinesh Gandhi: On ABS, what kind of market share now we have at total level, and particularly for the share of business with Bajaj and Royal Enfield?

Anurang Jain: For ABS, we are at 400,000 units per annum and with dual channel we will be 600,000; we believe the market is about 3 million to 3.5 million, so, we are still small so the growth opportunity is big, considering we are technology-proven, competitive, with no single quality/warranty issue in the last two years. So, we are going step by step and at the same time we are also improving our margins by doing backward integration. I have been talking to all of you on steel braided hoses which is an import substitute that we are doing in-house. Valves, which were also imported, are now produced in-house and in future there will be one more product. We are doing a lot of outsourcing to our Endurance Vendor Association vendor partners, but we are also doing backward integration on key components. We have also mentioned about a paper manufacturing plant for our paper friction materials of clutch assembly which will start by Q4 or early next financial year. So, we are very strategically focused on doing technology components and critical processes in-house. That has been our philosophy over the last 30 to 35 years.

Jinesh Gandhi: In India business we are seeing recovery in two-wheeler volumes now and there is improvement or stability in commodity prices. Any sense on by when we should be going back to 14% plus margins which we used to enjoy in pre-COVID period?

Anurang Jain: When we did 15.5% margins, the RMC price in India was 62%. In Q1 FY24, we have done 13.1% margin with 66.8% RMC. So, we are improving. But these numbers sometimes mathematically can look different, but I think the raw material trend is going down from July especially on aluminum. There is a 9% decrease in the aluminum alloy rates, which is a good thing for us. Steel has also gone down by about 1.8%. But raw material prices are nowhere near the levels of FY21 when RMC percentage was at 62%. But as the raw material percentage goes down, the EBITDA percentage and the PAT percentage will improve because we are net debt-free.

Jinesh Gandhi: In India business the incentive run rate seems to be improving vis-à-vis what we used to get earlier. So, how should we look at the annualized run rate for incentive and how long that will continue?

Satrajit Ray: This existing scheme under which we are booking Mega Project Incentive is the 2013 to 2019 scheme. We book it over seven years in tranches as equal as possible. We book 90% of this tranche every year, and upon certain formalities getting completed, we book the balance 10%. From next year under the existing scheme, there will be a drastic reduction because major part of the booking would take place by Financial Year 2023-24. So, it will go less than half of this amount next year and in the next three years, it will be in single-digit Rs. Crores because that would be the 10% amount which would get booked for the last three-four years.

Maharashtra Government has announced a new 2019 to 2024 Mega Project Incentive Scheme with a threshold of Rs. 350 crores of CAPEX. We expect to apply for that either in Q4 or Q1 of next

financial year. That incentive in totality is expected to be larger than what we were eligible for under the 2013 to 2019 scheme.

- Jinesh Gandhi:** In terms of CAPEX, would you indicate the CAPEX for FY24 both for India and Europe?
- Satrajit Ray:** India you can expect around Rs. 350 Crores but it will also depend on opportunities. If a good business opportunity comes up, there could be higher capex.
- Massimo Venuti:** In Europe, we closed the Q1 FY24 with €10 million for investments and the total expectation for the Financial Year is €60 million because we are installing the production capacity for EV projects and other projects.
- Viraj Kacharia:** On the Suspension business, in terms of the customer mix who will be the top 3 customers?
- Anurang Jain:** We are supplying suspension to all the 2-Wheeler and 3-Wheeler OEMs. After we got large orders for alloy wheels and for brakes from TVS, we now have Rs.404 million of Suspension business. The top 3 customers would be Bajaj with KTM, HMSI Honda, Royal Enfield. But we are supplying to every traditional 2W player now and seeing a huge growth potential. With Suzuki, we have won a Rs.1400 million order just for front forks for their highest selling scooter, which business is starting in July24.
- Viraj Kacharia:** Can you throw some light on market share?
- Anurang Jain:** For suspension business on the whole in front forks, we are about 40% shock absorbers 37% of the market in Q1FY24.
- Viraj Kacharia:** On the Die-casting business, historically we have been more strong on the 2-Wheeler 3-Wheeler side. On the 4-Wheeler piece, is there any thought process or any traction in India?
- Anurang Jain:** On the 4-Wheelers, Hyundai, Kia, Tata Motors and Mahindra are our key Indian customers. Mahindra has seen a huge traction. We won more than Rs. 1000 million orders, which have already started. We have a huge focus on other large customers, including Maruti. We are going to focus on exports also. I can count the competition on my fingertips which have the financial strength and the technology in product and process in India and there are huge opportunities. Our focus is definitely on 4W and non-2W to increase the share as we go along in future years whether it is through castings or it is through other new products. It will also slightly derisk the 2-W focus which we have in India. Our Overseas business is largely 4-W.

Kashyap Javeri: How do you split order wins between new order wins and replacement orders? And for CAPEX, where you mentioned Rs. 350 crores in India and roughly about €60 million in Europe, in your FY23 Annual Reports, there are some capital advances of about Rs. 170 crores already paid out.

Anurang Jain: Replacement orders are actually the existing models of customers being replaced with new models or having upgradations, but they do give a fresh LOI. For e.g. HMSI is going for new upgrades in scooters. It is very important to get these LOIs also, so that you continue your share of business. So, for us replacement is when the existing vehicle is being upgraded or replaced by the customer.

The new order is a completely new order for new vehicles or for new products. For example, if I'm not supplying brakes to Hero and I'm starting brakes to Hero, we have a new order. So, new is completely new, for a new vehicle like Triumph or Chetak or Harley-Davidson. Or if I'm not supplying a product to an OEM, when we start a new product, so that is new,

Satrajit Ray: On the CAPEX side, India will see around Rs. 350 crores and Europe will see €60 million. For the consolidated number, you have to add Rs. 350 crores plus €60 million. In Q1, the standalone CAPEX has been Rs. 72 crores and consolidated CAPEX has been Rs. 160 crores. In Europe, €60 million is not steady state annual capex because Europe historically has spent around €30 million per year. These numbers are the cash flow numbers in a year.

Anurang Jain: I would like to thank everyone for taking their time out and coming on this call. Thank you.