

ENDURANCE TECHNOLOGIES

BEST IN CLASS: To improve the efficiency at its plants, Endurance adopted Total Productive Maintenance in 2005, and engaged actively with TPM guru Suet Yamaguchi to ensure successful implementation

PHOTOGRAPHS BY SOUMIK KAR

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ENDURING ENDEAVOURS

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From being a die casting manufacturer and having Bajaj Auto as its sole client to being recognised on the global stage — Endurance Technologies has come a long way. The early years though were not easy. As it was dependent on just one product segment, it expanded its presence into two- and three-wheeler suspension, braking and transmission. Backed by strong R&D, it succeeded in diversifying its business as well as customer base. Between 1995 and 2006, the company grew by a staggering number — almost 50x. By then, the company had also started thinking about acquiring European companies to expand its presence. Despite the 2008 global financial meltdown that followed its acquisitions, the company has ploughed on, implementing the lessons it painfully learnt →



SUCCESS DRIVE

From ₹8 crore in 1995, revenue has grown to **₹5,974** crore in FY17

It spent around **₹300** crore on acquiring Amann Druckguss in Germany and Fondalmec in Italy

This year the company will spend **2.5%-3%** of its revenue on R&D

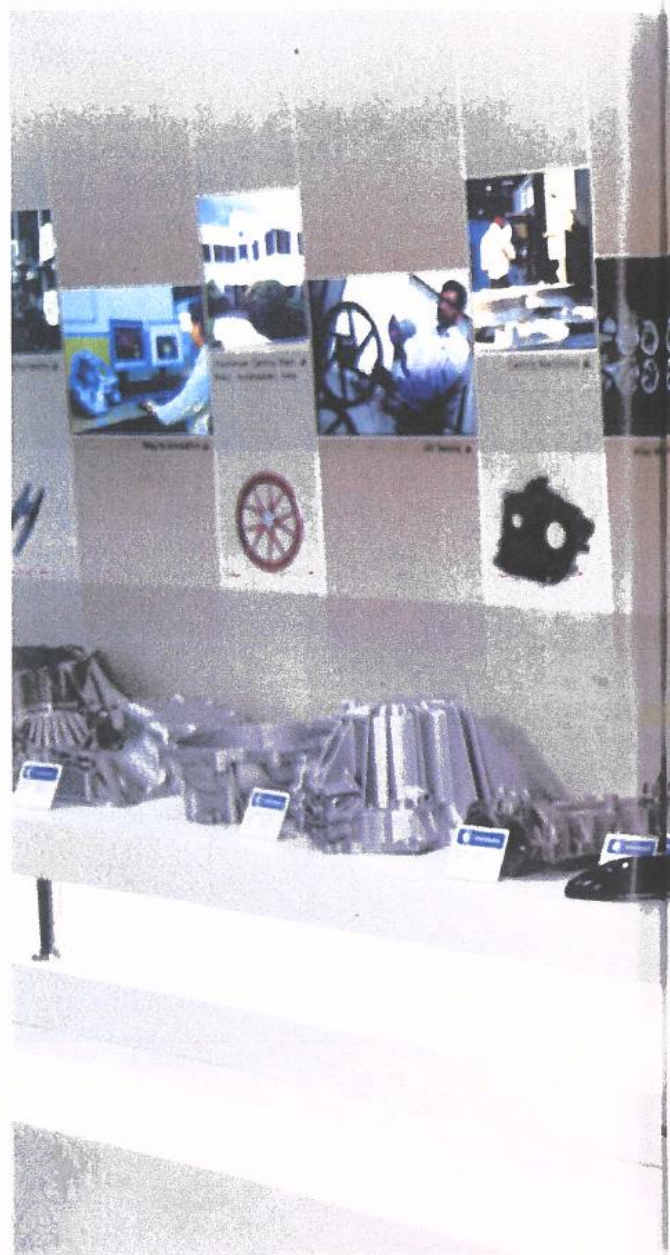
Jash Kriplani

It is a busy Saturday morning at Endurance Technologies. Managing director Anurang Jain is preparing for a meeting with delegates from Yamaha. For Yamaha's Indian operations, Endurance Technologies is a supplier in three of its four product segments: casting, suspension and transmission. In FY16, business from Yamaha accounted for 3% of Endurance Technologies' consolidated revenue. Yamaha is not the only Japanese automaker that has recognised this auto component company for its products and processes. In FY17, Honda recognised the company as the best supplier in India, and presented an award last year for its partnering efforts in the development of Honda's new model, Navi — a crossover between a bike and a scooter.

From being a die casting manufacturer back in 1985 and only catering to Bajaj Auto's requirements, Endurance Technologies has come a long way. It has built capacities that are backed with strong R&D capabilities and has successfully diversified its business as well as customer base to become a ₹6,000 crore company. The company gets 70% of its revenue from India and the balance from Europe.

Endurance Technologies' early years were not easy, as they rarely are. However, those were also the years that taught Jain the importance of having an in-house tool room, one that is allotted to manufacturing dies. Endurance Technologies used to depend on its suppliers or customers for the tooling of dies, which would create operational inefficiencies. Jain recalls, "As we were dependent on others, our lead times were not certain and the costs high."

The lessons learnt in the beginning laid the growth foundation for this Aurangabad-based company. "In 1995, we started our own tool room, which helped the company get more orders from customers. We could be on time, and



“Our strategy is to maximise operational efficiency, which means developing world-class products

—ANURANG JAIN, managing director, Endurance Technologies



Following acquisitions of Italian and German companies, Endurance's sales shot up from ₹407 crore in FY06 to ₹2,292 crore in FY09

making dies in-house was economical. We could bid for orders at competitive prices," Jain adds.

Rather than being dependent on one product segment, Endurance expanded into three others — two- and three-wheeler suspension, two- and three-wheeler braking and two- and three-wheeler transmission. Thanks to the addition of new product segments, the company grew almost 50x from ₹8 crore in 1995 to ₹407 crore in FY06.

Then came the next step. In 2005-2006, the auto component company started looking at acquisitions in Europe as another avenue for growth. "Since we had a rich experience in the segment, we decided to look at aluminium die

The Italian Fondalmec, involved in the business of manufacturing metal parts, was acquired in FY08. Overall, the company spent around ₹300 crore on acquisitions between FY06-10. As a result, its sales shot up from ₹407 crore in FY06 to ₹2,292 crore in FY09.

At various points along its journey, the economic environment played spoilsport. As the 2008 global financial crisis raged on, European car sales were hit and the company's operating margins declined from 15% in FY06 to 6% in FY09. Its consolidated net sales grew a mere 2.3% between FY09 and FY10 to ₹2,300 crore, even as growth from Indian operations offset the declining sales in its European subsidiaries. "We had only been focusing on growth. But the 2008 meltdown left us in pretty bad shape. We had made a lot of investments on acquisitions as well as in domestic business. At that time, our net debt to equity was 3:1," says Jain.

But Endurance found ways to re-engineer itself and get things back on track. From focusing on only growth, the focus shifted to profitable growth. "Today, our overall net debt to equity stands at 0.26:1. The turnaround has been completed as having acquired scale we decided to focus on profitability. We outsourced non-core operations to our suppliers and consolidated our Indian plants to get better economies of scale. We got better prices and the risk of falling customer volume was now shared between us and our vendors," Jain says. Over the last five years, Endurance has compounded its revenue at 10.87% and profit has grown at 17.8%. At present, it has 25 manufacturing plants, of which eight are in Aurangabad, five in Pune, two in Pantnagar, and one each in Manesar, Chennai and Sanand and seven in Europe. Rajiv Chawla, chairman of Jairaj Group who has been supplying the company with plastic components over the last 27 years, says, "Endurance was in a tight corner in 2008-2009. In spite of the tough times, all the European operations



casting companies in Europe, naturally building on our strengths. We narrowed down on Europe, since customers there are strong and doing well financially. All German original equipment manufacturers (OEMs), including Fiat Chrysler group and Peugeot were financially strong," Jain says. In FY16, casting accounted for 63% of Endurance's consolidated revenue.

GOING GLOBAL

In the following years, the company acquired companies in Germany and Italy. The acquisition drive started in FY07 in Germany where Endurance acquired Amann Druckguss, a high-pressure aluminium and die casting company.

To ensure that it offers the best technology, Endurance Technologies has forged relationships with global players in all its product segments

are profitable today. In the near-term it must have seemed like a bad decision, but going global as early as 2006 has turned out well for them."

Much before the 2008 wake-up call, Endurance had adopted the Japanese philosophy of Total Productive Maintenance (TPM) in 2005 to improve the efficiency of its plants. TPM guru Sueo Yamaguchi from Japan Institute of Plant Maintenance worked with the company between 2005 and 2010 to ensure its successful implementation. "TPM is all about eliminating losses on your shop floors, increasing original equipment efficiency and involving everyone in the task — from the MD right down to the worker," Jain says. "Our strategy is to maximise the operational efficiency, which means developing world-class products."

NEW FRONTIERS

The focus at Endurance now is to get it right the first time. Towards meeting this goal, it has invested ₹45 crore in setting up a 29-acre test track in Aurangabad, which will be ready by early 2018. Company engineers can fine-tune the products for the client right there. Endurance already has a tuning van that can travel to the OEMs plants to tune the components, and freeze the design. "This reduces the lead time. Earlier, it would take two to three months for manufacturers to make their products ready for launch. Now, it can be done in a matter of two

or three days," says Ravi Kharul, chief technology officer, Endurance. Normally, the company spends 1.5% to 2% of its domestic revenue on R&D. This year, that number could be anywhere between 2.5%-3%, given costs incurred on the test track.

Analysts reckon that over FY17-19, the company is slated to grow at 11% driven by a revival in the two-wheeler industry after a dull phase during the past four years. However, net profit is expected to grow at a much faster clip of 23% over the same period, driven by better margins. "Some of the products that will drive this margin expansion are oil and gas shock absorbers, anti-lock braking systems and paper-based clutch assemblies where realisations are higher. The realisations are 2x-3x higher over conventional products," points out Sneha Prashant, analyst, HDFC Securities. The technology tie-ups, such as that with the Austrian company WP Performance Systems for suspension systems, have given Endurance a competitive edge. For instance, it is the only supplier of inverted front forks suspension systems in India.

To make sure that his company's products offer the best technology, Jain says it was essential to forge technical know-how relationships with global players such as WP Performance Systems for suspension products and Adler for transmission products. Starting from 2013, Endurance has entered into technology tie-ups in each of its proprietary product segments, such as suspension, braking and transmission.

Over the years, Endurance Technologies has created a strong franchise, which puts the company in an enviable position where various growth drivers seem to be on the verge of kick-starting together. The terrain has always been challenging, but through its processes it has always emerged stronger. There is no guarantee that the rest of the ride would be any smooth. However, Jain says, "At Endurance, we are used to uncertainty." ☞



“Going global as early as 2006 has turned out well for Endurance Technologies

—RAJIV CHAWLA
Chairman, Jai Group