



Endurance Technologies Limited Q1 FY 26 Earnings Conference Call

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MODERATOR: **MR. NISHIT JALAN – AXIS CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Endurance Technologies Limited Q1 FY 26 Earnings Conference Call, hosted by Axis Capital Limited.

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

With this, I now hand the conference over to Mr. Nishit Jalan. Thank you, and over to you, sir.

Nishit Jalan: Thank you so much. Good morning, everyone. Welcome to Q1 FY 26 Post-Results Conference Call of Endurance Technologies.

We are pleased to host the Management Team of Endurance today. We have with us Mr. Anurang Jain – Managing Director, Mr. Massimo Venuti – Director and CEO, Endurance Overseas, Mr. Rajendra Abhange – Director and COO, Mr. Raja Gopal Sastry – Group CFO, and Mr. Raj Mundra – Treasurer and Head- Investor Relations.

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

Anurang Jain: Thank you. Good morning to all.

As we conclude Q1 of FY 26, India's economic landscape reflects a steady foundation amid evolving global dynamics. As per latest government estimates, the Indian economy achieved a GDP growth of 6.5% in FY 25. CII and S&P have maintained a similar guidance in FY 26.

Businesses worldwide are facing uncertainties with regard to trade barriers, rare earth magnet supplies, inflation, and end-user demand. Very recently, challenges faced included the pandemic, wars, chip shortages and energy price hikes. Individual businesses like ours cannot change the course of these events. We instead focus on building strength and diversity in our own business. At present, we serve multiple OEMs across India and Europe. Our products go into ICE and electric vehicles. In India, we are strong in 2W and 3W end-use and are focused on growing our presence in the 4W segment, which is already our area of strength in Europe. We are also adding new products to our portfolio.

In the Automotive sector, as per SIAM, 2W sales reached 5.81 million units in Q1 FY 26, down 1.6% year-on-year, with Motorcycles at 1.8% degrowth and scooters at 0.8% degrowth. Passenger Vehicle sales increased by 0.8% to 1.22 million units, while 3W sales rose 10.4% to 0.26 million units. Endurance in its standalone financials for Q1 FY 26 saw a year-on-year growth of 10.1%.

In our European Union, new car sales saw a year-on-year drop of 1.8% in Q1 FY 26, while our Endurance Europe total income growth was significantly higher at 28.5%. If we also remove the

impact of the Stöferle acquisition, our top line in Europe grew by 0.6%. In Quarter 1 FY 26 industry volumes, there was a 15.9% share of battery electric vehicles, 9.2% for plug-in hybrids, and 34.2% for hybrids in Europe.

On the strategic growth front, we are pleased to share key updates:

1. As most of you are aware, the Ministry of Road Transport and Highways has proposed new safety requirements mandating 100% use of ABS for greater than 50 cc ICE 2W, and all 2W EVs greater than 4kW motor-power. This, as of now, is made effective from January 2026.

As you are aware, Endurance had embarked upon the ABS journey and had rolled out its first ABS in September 2021. We are the only Indian auto-ancillary Company in this domain dominated by MNC players. We have installed a capacity of 640,000 units, both for single and dual-channel ABS. Our single-channel ABS has been on the road since 2021 and our dual-channel ABS final samples have been sent to Royal Enfield and Bajaj, and we expect SOP to start next month.

The new safety requirements are expected to increase the ABS requirement in India 5-fold. Higher ABS use would also lead to higher disc brake penetration. Endurance is in touch with its OEM customers to meet the OEM's deadlines for higher quantum of ABS requirements. This would involve expanding our ABS set-up in Waluj, for which the process has already started and will complete by March 2026.

2. We are planning to set-up a new plant for disc brake assembly including for master cylinder, caliper, brake disc and brake hoses in Chennai, where we already have a land bank. This plant will cater to the South Indian OEM clients, including TVS, Royal Enfield and Yamaha India amongst other OEMs.
3. I am pleased to highlight significant progress at our AURIC Shendra facility. We have successfully commenced shipments to a leading European OEM for pre-SOP builds, completing the journey from customer LOI to facility installation in a record time of 4 months. We have also supplied initial samples for the electric vehicle motor housing for Mahindra's 6E and 9E platform through Valeo, within a record 10-week lead time, achieving first-time right parts to support the localisation drive.

The AURIC Shendra plant is a green building die casting facility and actively supports our ESG goals with sustainable manufacturing practices. Die casting press machines ranging from 1,100T to 2,500T are planned to align with market trends towards higher tonnage and light weighting in electric vehicles and advanced automotive components. The SOP is now planned in Quarter 4 of this financial year.

4. I am pleased to inform you that the SOP at our 2W alloy wheel plant in AURIC Bidkin will start in week 4 of this month. The plant has an installed capacity of 3.6 million wheels per annum, and bulk of this capacity has been booked with orders from OEM clients.
5. At our battery-packed manufacturing facility near Pune, civil work and statutory consents are in place. Machinery has been ordered and will be installed at our plant in early next quarter.

We had mentioned that we have received an LOI from a leading 2W OEM for a peak business value of ₹ 300 crores per annum. 3D validation and simulations have been completed in quick time. Protos will be submitted in this quarter, which is in line with our planned SOP in January 2026.

6. In Q1 of FY 26, we accelerated the purchase of the balance 38.5% stake in Maxwell. We are now 100% owners of this business and have strong plans to make it the cornerstone of our electronics and energy business.

With good acceptance of reconfigured models of electric 2W for our key OEM client, Maxwell has witnessed a healthy uptick in sale of battery management systems.

With our R&D and innovation, we have been able to provide optimized products for each of their offerings.

Apart from scooters, we also have orders for battery management system usage in motorcycles, 3W, tractors and have recently secured an order for airport cargo handling electric buggies where BMS supply will begin in November 2025. This strategic transition also paves the way for future high-voltage platforms for 4W and e-buses. We have won cumulative orders to the extent of ₹ 156 crores per annum at Maxwell, which will reach peak in Quarter 1 of FY '27. Maxwell is also pursuing leads now of ₹ 150 crores per annum.

7. With increased business, both in BMS and for future ABS electronic control unit boards, we would need to add capacity at our surface-mounted technology lines in Chhatrapati Sambhajnagar. We have recently installed additional end-of-the-line testing lines and in due course, 2 new high-speed surface-mounted technology lines will also be set up to cater to this increased demand.
8. Our new generation suspension R&D center at Waluj for 2, 3 and 4W applications is fully operational since July 2025, marking a significant milestone in our innovation journey. This state-of-the-art facility helps us to co-create advanced suspension solutions with OEMs, further solidifying our leadership in 2W and 3W suspensions.

Also, the new R&D center's 4W testing and validation capabilities, along with our expanded R&D team, and our 4W suspension technical assistance agreement with a

leading Korean entity will enable us to enter and grow in the 4W suspension market. We are actively pursuing new business prospects with multiple OEMs.

9. Endurance is by far the market leader for inverted front forks. Over the years, this business has grown with demands from various Bajaj and KTM models. In January, we have begun supplies to TVS for the inverted front fork requirement. We have orders from Hero MotoCorp and a leading Chinese OEM, for which SOPs will start in this financial year. The KTM export offtake has been lower than the earlier years. Now, with Bajaj in full control over the global KTM operations, we expect demand to increase in the next quarters.
10. Our aluminium forging products are used as components, namely axle clamps for inverted front forks. They are also offered to third-party 2W and 4W OEM clients. Our supplies to Jaguar Land Rover are expected to begin in January 2026. We now have orders also from Royal Enfield and Hero MotoCorp, and multiple RFQs are being addressed from Indian and international OEMs. This is a huge focus area of growth for us.

Increased demand would require setting up of more aluminum forging presses. We have ordered our fifth press now, which we would install next year in our new aluminum forging plant at Waluj. Our existing aluminum forging setup will also be moved to this new plant, where the civil work is on.

11. We have begun SOP in May 25 for the first Hero MotoCorp clutch, for which peak requirement will reach 100k clutch assemblies per month, which we hope to do in Q4 of this financial year.

In September, we will begin SOP for the first assist-and-slip APTC clutches to Royal Enfield and Bajaj Auto. This introduces our Italian company, Adler's technology to the Indian market for the first time.

12. We are also setting up a new R&D facility for ABS and 2 and 4W brakes at our second brakes plant at Waluj. This will have advanced test rigs, focusing on higher-end 2W brakes, ABS testing including electronic tests, as well as 4W brake tests.

We have also secured our first order for the 4W drum brakes from Tata Motors. This is the start of a journey where we would require and deploy technology for advanced 4W braking systems.

13. Our aluminium casting plant at Vallam has won the Best Supplier Award for Excellence in Delivery from Ather Energy for the first-time right products and quick ramp-up. This is another testimony to our unwavering commitment to high levels of achievement in

QCDDM.

14. I had mentioned to you about our first order in the 4W passenger vehicle driveshaft. We have begun on-vehicle testing at our captive proving ground in Chhatrapati Sambhajanagar. Our testing facilities cater not only to our current needs, but also act as a pathway to reach our aspirations in new product segments.
15. As informed in the previous call, we completed the acquisition of the 60% stake in the Stöferle entities in Germany in the beginning of Q1. Stöferle has an annual turnover of approximately EUR 80 million. From April 2025, Stöferle financials are consolidated in the Endurance Group Financials.
16. We had announced that under the Maharashtra PSI 2019 scheme, we received an eligibility certificate of ₹ 606 crores for CAPEX incurred till September 2025. Under this 2019 scheme, we would apply now for additional eligibility for CAPEX up to FY 2026. Based on ₹ 606 crores, we have recorded a PSI incentive of ₹ 32.91 crores in Quarter 1 of this financial year.

You will recall that we have booked almost all amounts under the ₹ 446 crores under the PSI Scheme of 2013 and have collected cash to the tune of ₹ 329 crores.

Let me now give you a gist of orders won during Q1 of FY 26. Please note that the business value from new orders are without including orders from Bajaj Auto.

Overall order booking in Q1FY26 in India business was ₹ 252 crores of which ₹ 247 crores is new business. This is excluding the ₹ 300 crores per annum business, which we have won for battery packs.

Key OEM customers in the list of Q1FY26 orders are 2W OEMs such as Royal Enfield, TVS and Mahindra. And our first 4W foundation business won from Tata Motors, which opens the door to a new vertical.

We have a total of ₹ 3,225 crores worth of RFQs in hand. Cumulative India business orders for EV segment till date stand at ₹ 864 crores. And with Bajaj Auto, this figure is now at ₹ 1,017 crores per annum.

Total orders won since FY 22 is ₹ 4,329 crores, of which ₹ 3,612 crores is new business. Out of the ₹ 3,612 crores new business, close to ₹ 1,400 crores saw SOP in FY '25. A further ₹ 1,150 crores is expected in this year FY 26. The rest of the business will be realised in FY 27 and FY 28.

In our Europe business, we have booked orders worth EUR 2 million during Q1. These are electric vehicle component orders for our specialities plastics unit in Turin.

In continuation of the strategic aftermarket growth plan started with a global consultancy firm, on-ground activations have begun across the top 100 high potential districts in India. We have also begun test marketing new product ranges with a focused go-to-market approach.

For aftermarket exports, detailed market studies were conducted to have a robust product and channel strategy for high potential countries. In addition, we have introduced front fork pipes in Indonesia and Brazil, catering to both Indian and non-Indian 2W platforms to further expand our range in these key markets.

Coming to our financial performance, the information has been uploaded at the stock exchanges last evening, along with our presentation explaining the numbers. I will, however, highlight some key numbers.

During Q1 FY 26, the company recorded a standalone total income of ₹ 2,351 crores, a year-on-year growth of 10.1%. This growth comes majorly from content addition, as the industry volumes were tepid in this quarter. The major content addition comes in new business, especially in brakes and suspension segments with OEMs such as TVS, Royal Enfield, HMSI, Suzuki and Hero MotoCorp.

A significant portion of the growth in the total income is also from price corrections to compensate increase in commodity prices. Unfortunately, the commodity inflation-based total income increase had a negative impact on our percentage margins, which is evident in the 0.5% drop in EBITDA margins.

Further, this is the period where we are investing in our future, and along with the lands, factories, and assets, we are also hiring the talent required to further our multi-prolonged business growth plans. The people cost increase reflects our talent acquisition which is a strong positive for us to consolidate our growth plans in the future.

Further, Q1FY26 had its own seasonal and mixed factors. Therefore, the standalone profit after tax is ₹ 166 crores or 7.1% against ₹ 163 crores or 7.6% in Q1FY25, which is a ₹ 3 crore increase in profit after tax.

Europe top line increase in Euros is 28.5% with the car market in Europe being 20% below the pre-Covid size. We have achieved higher sales through the acquisition of Stöferle. Even without Stöferle, our European product sales had a year-on-year growth, inspite of decline in new car sales.

The European profit after tax is at ₹ 62 crores, which grew 42% over Q1FY21 profit after tax of ₹ 44 crores, with margins slightly improving.

In Q1FY26, our consolidated total income grew 17.3% over Q1 of last year from ₹ 2,859 crores to ₹ 3,355 crores. The EBITDA grew 17.5% from ₹ 408 crores to ₹ 480 crores and the margin

was maintained, same at last year's levels of 14.3%. The profit after tax grew 11% to ₹ 226 crores at 6.7%.

I would like to also mention specifically that our consolidated earnings per share have more than doubled from our IPO year FY 17 to FY 25, i.e., from ₹ 23.48 per share to ₹ 59.46 per share.

A high performing inclusive culture remains core to our success. We have deepened our focus on inclusion, capability building, and employee experience through sensitization programs, upgraded HR policies and infrastructure enhancements.

Flagship skill and capability programs like Saksham for the white-collared people and Unnati for the blue-collared employees are helping nurture talent across levels, while also grooming high potential employees for future leadership roles.

On the sustainability front, we made significant progress this year towards our ambitious goals for FY 30. We achieved a 45% carbon neutral percentage. We lowered specific electrical and thermal energy as well as specific water consumption, while water recycling and hazardous waste recycling stands at 96% each.

We also enhanced our renewable power share from 23% in FY 24 to 25% in FY 25. We have now increased this share to 31% in Q1FY26 through expanded rooftop solar and wind power agreements. We contributed 300,000 KL of water through water augmentation projects.

CSR is a strategic priority for endurance, rooted in our belief that real impact comes from reducing inequity, which means one community, one child, one individual at a time. And this will help in every community we transform, every child we inspire, and every individual we empower. I am happy to inform you that our CSR arm Sevak Trust has transformed 55 schools with solar energy and hygiene-focused facilities enhancing attendance and outcomes, while training over 900 adolescent girls in health and skills.

With sustainable agriculture training, our farmer empowerment program has benefited over 4,000 people, and ECoVE, our vocational training centre in Chhatrapati Sambhajnagar has imparted training to over 2,000 youth, securing over 85% employment. Our health initiatives have reached 42 villages, serving 17,000 people, and we have built 2,300 toilets to improve sanitation. Our Vet van program too has been successful, providing treatment to 40,000 animals in 47 villages.

I am happy to tell you that in Q1, 3 of our plants have received the National Award for Manufacturing Competitiveness from International Research Institute for Manufacturing.

With these opening remarks, I would now like to invite questions from all of you. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment, while the question queue assembles. The first question comes from the line of Aditya Jhawar from Investec. Please go ahead.

Aditya Jhawar: Thanks for the opportunity, and congrats on a good set of numbers. My first question is on the PV Brakes business- It's a very encouraging start. If you can just let us know what could be the SOP, and broadly the order size. Based on this breakthrough, do you think that we could get access to other OEMs or do we still need a tech tie-up on this? That's the first question.

Anurang Jain: Yes. Of course, it's very heartening to note, because you need a first break to start the business. Right now, the drum brake assembly business, I think the value is a small, maybe about ₹ 25 crores per annum. SOP will start end of Q4. As far as the collaboration is concerned, ultimately our aim is to go into advanced systems of braking like the ESP, for example, which is required for 4W. We have a collaboration with BeijingWest industries for 2W ABS. And we are totally involved with them to try and introduce this. Of course, this will take some time, because there is a long lead time for the 4W advanced braking systems, but we are totally focused on trying and increasing these orders in the 4W space.

Aditya Jhawar: Yes. Thank you for that. The second question is on our ABS opportunity. So, clearly, this regulation change has come in our favor. If you can help us understand what could be the opportunity size in ABS plus the disc brake, and how is your discussion progressing with OEMs on this? Do you think that there could be some postponement of the timeline? Do you think that India would have enough capacity to support the ABS requirement for the 2W industry?

Anurang Jain: We are today engaged with most OEMs, because there are not many players. You have Bosch, Continental, Nissin, and Endurance. We are the only Indian Company doing ABS. And as I mentioned, at least 16 million, 2W, if not more, will need ABS. Of course, as per the draft from the Ministry of Road Transport and Highways, they are talking about January. But if I look at our past experience, normally the delay could be 3-6 months. But of course, we don't know what will happen. We expect that we will get some clarification by next month. So, let's hope that happens. But definitely, I think this is here to stay. It could be 3-6 months of delay is what we feel, based on past experience. But we will have to wait and watch.

As far as Endurance is concerned, of course, our capacity is 640,000. We are expecting a tenfold growth for sure. So, the commitments which we have already got from certain customers, we are immediately going ahead with 2 lines which will add another 2.4 million. These lines should be ready by March 2026. And as we engage, and as we get commitments, we will keep adding more lines. But for us, this opportunity is definitely 10 times. And I also expect the 2W industry to grow. Because as per figures for FY 30, even if we take a small growth, I think we should reach 29-30 million vehicles.

So, today we are talking about a figure of 16 million on a 22 million units which we expect, both in India as well as in exports. But this industry will also grow. And so, at present, we feel it's a tenfold opportunity for us to go to at least 6.4 million, and then looking at technology and pricing,

we will do our best to try and increase this in future. So, this is, of course, for Endurance, a real game-changer.

Aditya Jhawar:

My final question is on CAPEX. If you can help us understand, how should we think about CAPEX for FY 26? In the presentation, you have included for the quarterly CAPEX. But for a full-year basis, how should we think about that number? And directionally, if you can give us a sense that what could be the CAPEX in 2027 and 2028 as compared to the last couple of years?

Anurang Jain:

The CAPEX has been growing every year if you see a past track record. And we've been growing despite turbulent times, which I mentioned in my opening remarks. We have been growing, both in India as well as in Europe.

Our Europe growth has also come through acquisitions. And also, these acquisitions make a lot of money for the Company. If you see Q1 in India, we have spent ₹ 286 crores on Capex. And as you know, there are 3 big projects which I have already mentioned. The big ones are the AURIC Shendra, starting in Q4. And then you have the AURIC Bidkin, which is starting in week 4 of this month. And also, we have the battery-pack plant, which is starting in January 26. And of course, we have our existing business expansion, which is going on.

Looking at the capacities which we need to sweat, the CAPEX might be crossing ₹ 800 crores in this year. For FY 27, this figure is very difficult to say. We believe in sweating our assets, that's why you see operational efficiency is quite good, since the beginning. So, we only spend when there is a requirement to spend. But as we look at inorganic growth opportunities also, both in India and Europe, and which is actively going on as we speak, I don't see this figure going down in FY 27. And of course, we at Endurance will take all opportunities. We have now Aluminium Castings, the AURIC Shendra, which is a very good margin export plant, mainly with EVs to start with. It's a huge opportunity.

Alloy Wheels is a large sales growth plan. Aluminium Forgings, is a new product segment which is coming up- we started as a backward integration. Battery pack in the new energy space is a good opportunity for the future.

And of course, we don't supply all our products to all the OEMs. I just mentioned that we have really increased business for Brakes and Suspension in Suzuki. There were no scooter Front Forks last year. Now we are doing 60,000 a month from April to June. As far as Hero MotoCorp is concerned, it was 5,000 brakes a month. Today we have gone to 30,000 to 35,000 brakes a month. TVS, we were doing 75,000 brakes a month, now it's 100,000 brakes a month. Royal Enfield Brake Disc per month have increased from 50,000 to 100,000. So, there is a lot happening and as we increase new customers to all our product segments, that will be the biggest growth driver, not just the industry volumes. So, we are very excited because of our strengths in process and product technology, the trust we have created with the OEM clients of 2 and 3W, and now starting on a new 4W journey.

At the end of last month, we started production of solar suspension or solar tracking system. We won ₹ 200 crores order from a Spanish client, which will reach peak next year. And now, we are talking to somebody else. I mean there is a huge business opportunity for profitable growth in non-auto also. We are looking at non-auto inorganic growth also. And of course, when you talk about CAPEX, there would be high CAPEX now for the ABS. I have said more than ₹ 800 crores this year, but it could go higher. We'll see what really happens because ABS is also there. With ABS, there are new brake system which are coming. Because ABS requires a disc brake system and not a drum brake, and if it is above 50cc, all the drum brakes will convert to disc brake with ABS. Now, that requires a disc brake assembly system. So, based on whatever orders and business nominations we are getting, since ABS announcement, even the brake system orders are increasing. And that's why I mentioned that, in Chennai, we are planning to put up a brakes plant because we can't handle it in the existing two plants at Waluj. So, I would say there is a lot happening on the growth front at Endurance and we are really excited about that.

Aditya Jhawar: Just one clarification, if you have to summarize what you have just said that in terms of numbers, last year overall we spent about a little over ₹ 1,000 crore including Europe business in terms of CAPEX. This year we are talking about India CAPEX of north of 800 crores and Europe CAPEX, should we assume about a 550 crore number or is there an update on that? And what could be the total CAPEX in terms of absolute number?

Anurang Jain: See, there is a lot of money which has gone into Stöferle acquisition and which will go in the next five years like we said. We're exploring new acquisitions there. I would request Massimo to answer this CAPEX question?

Massimo Venuti: In the first quarter of this financial year, we spent €9 million in terms of CAPEX for the new project with Stellantis and Mercedes, and also Volkswagen. For sure, in this financial year, the CAPEX will be lower compared to the previous year where we spent €51 million, due to the fact that in this moment the market is awaiting an official position from the European government for the incentives. This is positive for us at Endurance, because we can use this situation for expansion in inorganic growth that we are evaluating after the acquisition of Stöferle. The European market, is consolidating, and the business that we are in is part of this consolidation. But, for sure, the impact of the CAPEX for this financial year will be 50% compared to the previous year, and at a maximum of €20-25 million.

Moderator: Thank you. The next question comes from the line of Pramod from InCred Capital. Please go ahead.

Pramod: First, I wanted a clarification on this Europe sales. So, if you have to look at Stöferle, can you give a similar breakup in terms of EBITDA, where it stands now because you have given a breakup of sales addition, how much they brought this time?

Massimo Venuti: Absolutely yes. We closed this quarter with €103.2 million of turnover compared to €80.3 million of the previous financial year. So, we grew 28.5% of which Stöferle is €22 million. As Mr. Anurang Jain told you before, without the acquisition of Stöferle, the European Company

grew more or less at 1%. We closed EBITDA at €18 million, which means 17.4% EBITDA margin compared to €13.3 million in the previous financial year with 16.5% margin. And so, we grew €4.7 million, which is 35.1% YoY growth. In terms of net results, we closed with €6.4 million, which means 6.2% margin compared to €4.9 million of the previous financial year with 6.1% margin. We increased in terms of net result of €1.5 million, which is 31.3% YoY growth.

Pramod: The second question is with regard to the ABS. Wanted to know, based on your experience in R&D over the last four years, what's the ideal timeline you would require to do R&D for this 100cc and come up with a product? And what cost efficiencies or product improvements can be brought in? Because these guys will look for a more economical solution. Would you feel you can be in a better position to give much better solution than the MNC players and how?

Anurang Jain: See, I think cost is a very big strength for us, because we have our own R&D. And as I have always said, it's not just the performance and durability we do on R&D, we do a lot of value engineering. And I have been saying in the past about backward integration- ABS, stainless steel braided hoses and valves which used to be imported are being done in-house today. The electronic control units should start from next quarter in-house. So, these are ways in which we lower the cost. Plus, when the volumes go up, your fixed costs are spread. That also brings down the cost. And I can only say that we are very strong as far as the cost controls are concerned. So, that's why, we feel very confident, based on the OEM confirmations we have got. We've already started the work, we are not waiting for the final norms to come from the Ministry of Highways and Road Transport. So, we are going ahead because we want to be ready with the capacity, which I said should be by March 2026. There are some long-lead machineries involved and we'll be very fast on the CAPEX. But that's the time it takes to set it up, and I don't think that capacity is there in India right now.

Pramod: And you also supply CBS. So, incrementally it will be a CBS vanishing and ABS coming for you, if I understand right?

Anurang Jain: It is not only ABS growth, and it took us a day to realize that there is also disc brake systems growth because ABS needs disc brakes, and not a drum brake. So, for example, if scooters had drum brakes, now they will have an ABS with a disc brake.

Pramod: But you will lose out on the CBS, right? So, if I am able to understand it, and then gain on the ABS front?

Anurang Jain: When you have an ABS, it requires a disc brake assembly and caliper in disc. It doesn't need a drum brake. So, that becomes an added volume. And the reason for the planned Chennai plant is that those volumes are also going up. So, based on that, we have immediately started and are planning to start the work there.

Pramod: Sure. And considering your experience with the higher CC, would you still be looking at giving a full system or you would also be open for just supplying disc brakes and capture a value with the customer? How are you trying to approach this?

- Anurang Jain:** We are a complete solutions provider. We give the whole system, but what happens is that some customers have a step-by-step approach. So, like I said, we first start with the brake disc, and then get into the brake system. That is what happens sometimes. That's been a journey of last 20 years. First, in some, it was directly the system, while in others it started with a brake disc, and then the system.
- Pramod:** Okay. And if I had to look at the current market size and the market share, how it has traveled for you, would you give some colour? What's the size of the market in terms of value?
- Anurang Jain:** Leaving the value apart, I just mentioned that we are gauging the market to be 16 million out of 22 million. Now, maybe that's a conservative figure. I have seen some analysts reports talking about ₹ 2500-2750 per ABS as the price. Now you can gauge what the value would be.
- Pramod:** Okay. Sure. And where is your market share currently, sir? And where do you expect to be post this new norm?
- Anurang Jain:** Right now, we were on track for 400,000, in a market of may be around 3,500,000. Now with expansion to cater to dual channel ABS needs, our capacity is now 640,000. We have immediate plans to add 2.4 million. The OEMs would like us to act with urgency keeping in mind the upcoming norms. That is why we are placing the orders for machinery and working with our supply chain. For further expansion, we are in talks. We are again going next week to meet a major customer. So, all actions related to greater participation in this market, are in process, but we are all waiting for the final norms. Finally, the new norms will be applicable in January or April, or July; that is an unknown. But some OEMs don't want to wait. So, they have already started giving commitments. That is the basis on which we are going ahead.
- Pramod:** Okay. So, is it fair to say you have a single digit market share now, and which can be substantially moving up? Is that the fair understanding to have?
- Anurang Jain:** Right now, it is less than 15%, but we should now, with this higher volume. Our target is at least 25%, or higher number.
- Pramod:** Okay, sure, sir. So, you are ambitious to ramp up. The last one is with regard to R&D capability, even though you have been seeding this with the R&D capability in the ABS front, how is it prepared to handle this rush of customers and how are you better placed on R&D and test track versus the others?
- Anurang Jain:** See, I don't like to comment about others. I would like to talk about ourselves. We are fully ready. I can only say that.
- Pramod:** Okay, sure. And how does it compare versus when you started in ABS? Is that substantial improvement in capability on R&D side?

- Anurang Jain:** Yes, absolutely, a lot of learnings. Because you learn a lot from customers, your experience, cutting costs, improving efficiencies. Then the main thing is on the software part, the collaboration of software. We used to depend a lot on our collaborator, Beijing West Industries or BWI. Now with the test riders, and our internal team, we are able to do a lot ourselves. And that, I would say is one of the biggest learning. The speed, and the cost also comes down.
- Pramod:** Okay. And I hope that should also substantially reduce your development time?
- Anurang Jain:** Yes, absolutely.
- Moderator:** Thank you. The next question comes from the line of Arvind Sharma from Citigroup. Please go ahead.
- Arvind Sharma:** Hi, good morning, sir. Thank you for taking my question. First question would be on the ABS part. So, just to confirm, your current capacity is 6,40,000. And on top of it, you plan to add another 2.4 million. Is that right understanding?
- Anurang Jain:** Yes, absolutely.
- Arvind Sharma:** Great. And any timeline for the 2.4 million, sir?
- Anurang Jain:** Yes, I said March 26 we'll be ready.
- Arvind Sharma:** This Chennai facility that you talked about, that is also for ABS, I believe?
- Anurang Jain:** No, like I clarified in my opening remarks, that is being planned for disc brake assembly system, which is master cylinder, caliper, disc, brake disc, and brake hose.
- Arvind Sharma:** Got it, sir. And there is one small clarification in the presentation when you give the 15.5% number of for disc brake in the pie chart, that includes your ABS, I believe?
- Anurang Jain:** Yes. That is total braking. Includes ABS.
- Arvind Sharma:** Second question would be on Europe. Sorry, I did not get the exact Stöferle contribution this quarter, if you could repeat that, sir, in revenue and EBITDA?
- Massimo Venuti:** So, we closed with €103.2 million of turnover compared to €80.3 of the previous financial year, and so it means €22.9 million increase in terms of turnover, of which €22 million is Stöferle. And speaking about EBITDA, €18 million was the actual for Q1, compared to €13.3 million in the previous financial year. And so, it means €4.7 million difference, of which €4.5 million is Stöferle. And so, without Stöferle, the profitability of the Company grew 0.6% in terms of the turnover and 0.2% in terms of percentage in EBITDA, as compared to the previous Financial Year.

- Arvind Sharma:** Got it. Thank you so much. And just one last question, if I may ask. In the European ramp-up schedule that you gave in the presentation, there has been a very slight slowdown, especially in FY 26. Is that a reflection of the broader industry environment?
- Massimo Venuti:** Yes. In this moment, it is very difficult to predict the next 18 months, as you can imagine. I can tell you only one thing. In Q1 of this financial year, the European market reached 25% share in electrical vehicles, BEV at 15.9, and PHEV at 9.2%, and this is an important signal. We await the official position of the governments on the incentive. You have seen that Spain is the only market that is growing double digits compared to the previous year, only because there are incentives in the automotive sector. Everybody in Germany, France and Italy are waiting for this incentive, and this could be a booster for the future growth in the next 18 months.
- Arvind Sharma:** The current revenue and EBITDA for Stöferle is only for the 60% stake. The remaining 40% is yet to come?
- Massimo Venuti:** No, we are consolidating 100% of the result, also for the Indian GAAP. These are the rules, and so we are also considering as liabilities towards minorities, the potential €27 million that we will pay in the next 5 years due to the multiplier of the EBITDA for the future 5 years. And so, in our figures, you will see 100% of the result.
- Moderator:** Thank you. The next question comes from the line of Shagun Beria from Anand Rathi. Please go ahead.
- Shagun Beria:** Since the acquisition for Stöferle is 60%, there will be some minority interest. So, I want to check which line item is it reported in the consolidated financials. That is my first question? Next is, what is the opportunity size for Disc Brakes and Pads with the new norms? And what are the plans to expand market share with the new customers in ABS? Also, the CAPEX in terms of Disc Brakes and Pads and the market penetration for Disc Brakes currently?
- Massimo Venuti:** For the first answer, I repeat that there are no minority interest in the acquisition of Stöferle. We are consolidating 100% of the results, and also 100% of the assets and are creating a liability towards future purchase of 40%.
- Anurang Jain:** At present, in 2W, Endurance has 43% market share in the Braking System. It is mainly Master Cylinder and Caliper. When you come to only Brake Disc, I think it is over 60%. Now, what is happening is ABS right now, our capacity is 640,000. As we are only doing single channel, it is 400,000 is what we are using. We will utilize our new 240,000 capacity we will realize mainly from the next quarter when we start the dual channel ABS. So, we will try and use up our 640,000 then.
- I also mentioned that the total market should be at least 16 million on a conservative basis for the use of ABS, as the draft rules talk about all vehicles above 50 cc including scooters. Now, in the 16 million, as Endurance, we have started with another 2.4 million, which we want to

reach by March 26. And of course, our target would be 25% SOB where we want to reach first. And we'll go step by step from there.

Moderator: Thank you. The next follow-up question comes from the line of Aditya Jhawar from Investec. Please go ahead.

Aditya Jhawar: Under one of the comments, you mentioned about the Chinese OEM. So, is it included in the ₹ 300 crores order that we talked about in the presentation?

Anurang Jain: No, that ₹ 300 crores per annum is for the Battery Pack, which is for an Indian 2W OEM.

What I talked about the leading Chinese OEM is for supply of Inverted Front Forks and Rear Monoshocks, which will start in this financial year. So, that was about our inverted front fork growth other than Bajaj, KTM, TVS and Hero MotoCorp. We are talking to almost everybody. And we have got this order from one of the top Chinese companies, a leader in bikes and that is for the inverted front forks and rear monoshocks. This will be exported to China. As of now, I don't have the Chinese order value, but it is quite a decent value. I can get back to you on this. But it will be more peak in FY 27, as we are starting only in next quarter end

Aditya Jhawar: For AURIC Shendra also, you said ₹ 300 crore order for e-4W application?

Anurang Jain: Actually, it is a coincidence. That ₹ 300 crore in Shendra is for 2 global OEMs, in US and Europe.

Moderator: Thank you. The next question comes from the line of Mr. Nishit Jalan from Axis Capital. Please go ahead, sir.

Nishit Jalan: You are mentioning that the size of ABS would be 16 million units. Now, if ABS is getting mandatory on every product higher than 50 cc, then will it not be applicable in entire 22 million units? Is it something we are missing here?

Anurang Jain: I have just taken out mopeds and some exports. We have taken a conservative figure of 16 million.

Nishit Jalan: No, but the domestic market size itself will be like 20 million units plus, excluding the exports?

Anurang Jain: As per your figure it could be 19. We are conservatively saying 16, so there is 3 million difference, but we will see how that goes. Major exports are to South America, Africa, Southeast Asia, and they don't have these ABS rules.

Nishit Jalan: Correct. One last question on Europe- this Stöferle acquisition that we have done, this company seems to be very profitable, right? €4.5 million EBITDA on €22 million topline. It was not a struggling company, right? So, why were they looking to sell? What is the total amount that we have paid to acquire 60% stake in this company?

Massimo Venuti: We spent €37.7 million to buy 60% of shares. Speaking about your statement regarding the profitability of the Company, for sure, I guarantee that the profitability of the Company is very high. For us, it was a strategic acquisition, basically, for the consolidation of one customer, which is Mercedes. And you have to consider that this is a Company with only machining. You cannot compare the EBITDA of a company with only machining with a company that is also a foundry component. And so, the profitability of the company is 20% or 18.7%. It will continue to grow from a point of view in the future years due to the fact that now, we are doing an important synergy between Endurance Overseas and Stöferle. Stöferle bought 100% of the foundry parts in the past. Now, we can produce these parts for them, and certainly we can add value. This was the strategy of the acquisition of the Company.

Two years ago, we acquired an important business with BMW for €5 million turnover for a new transmission, 100% electric. At Stöferle, we did the machining of this component because they had the production capacity available, and we could move from Endurance GmbH to Stöferle for this project. This means that we can save more or less €3.5 million fixed assets in our balance sheet.

These are the economies of scale that we are trying to do, and that we did in the past in the acquisition when you are obliged to grow in terms of inorganic growth in a market that is not growing in terms of volume. And so, this is the only possibility to save and to survive and to increase and maintain our profitability.

Anurang Jain: Massimo, I just want to add that even there is a machine building capability, which we have acquired by acquiring Stöferle.

Massimo Venuti: Sure. As you know, Stöferle produces machines. And so, in terms of saving for the future CAPEX, it will be an important aspect for Endurance, because usually we are obliged to reinvest when we start a new business with our customers. With Stöferle, we can also learn about reusing of the existing production capacity to meet new needs of the market. You can imagine what it means to transform the existing production capacity of the internal combustion engine for future electric projects. We can save an important amount in our future assets.

Moderator: Thank you. Ladies and gentlemen, we take that as the last question. I now hand the conference over to the management for the closing comments.

Anurang Jain: Well, I would just like to close this by saying that we are really focused on profitable growth. There are a lot of opportunities now. Our focus will be on offering high technology products at affordable prices, so that we can increase the range and the volumes of our products. Features that were earlier meant for 250-400 cc and we can bring them down to 125 cc. So, that will be our focus, to gain business by value engineering and giving more and more features to our customers, which we have done for the last 25 years. Thank you.

Moderator: Thank you, members of the management team. Ladies and gentlemen, on behalf of Axis Capital Limited, concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.