



Endurance Technologies Limited Q2 FY 26 Earnings Conference Call

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

Moderator: Ladies and gentlemen, good morning and welcome to the Endurance Technologies Q2 FY 26 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 Limited. Thank you, and over to you, sir.

Nishit Jalan: Thank you so much. Good morning, everyone. Welcome to Q2 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 Anurang for his opening remarks, post which we can start with the Q&A.

Over to you, Mr. Jain.

Anurang Jain: Thank you very much. Good morning everyone. As we close Q2 of FY 26, India's economic backdrop remains strong, even as global uncertainties persist. The domestic economy continues to show strength as we move into the second half of the year.

The RBI has revised its FY 26 growth forecast from 6.5% to 6.8%. It has lowered its CPI inflation forecast for FY 26 to 2.6%, down from 3.1%. These, along with the steady repo rate, reflect a supportive macro backdrop for demand and investment.

World Bank too has raised India's GDP growth forecast for FY 26 but have cut their FY 27 forecast to 6.3%, citing headwinds from the recent 50% U.S. tariffs impacting Indian exports and slower global demand. We are hopeful for a better and amicable settlement on the trade tariff issue.

A major domestic policy move of the last quarter is the GST rationalization implemented from 22 September 2025, which simplified the rate structure into fewer slabs and lower rates for many consumer goods, farm and manufacturing inputs, and for most automobiles and auto parts. This is expected to support growth of the automotive industry by improving affordability and consumption across segments, and the robust festive season sales were also attributed to such lower cost of ownership.

In the automotive sector, as per SIAM, 2W sales reached 6.9 million units in Q2 FY 26, up 10.3% year-on-year with motorcycles at 9.6% growth and scooters at 12.4% growth. Passenger vehicle sales increased by 2.4% to 1.3 million units, while 3W sales rose 21.4% to 0.4 million units. Endurance in its standalone financials for Q2 FY 26 saw a year-on-year growth of 16.2%.

In our European Union, new car sales saw a year-on-year rise of 7.7% in Q2 FY 26, while our Endurance Europe total income growth was significantly higher at 32.5% with Stöferle consolidation. If we remove the impact of Stöferle consolidation as well as the tooling sales, our total income grew by 7.8%. In Q2 FY 26 industry volumes, there was a 17.4% share of battery electric vehicles, 10.2% for plug-in hybrids and 34.3% for hybrids in Europe.

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

1. As you are aware, the Central government had issued a draft guideline mandating ABS for all vehicles sold after 2025.

We announced a capacity expansion, increasing our ABS capacity by 2.4 million units per annum which is a five-fold increase along with a significant increase in disc brake systems and brake discs also. Our new ABS capacity of 2.4 million per annum will be installed in two phases, with the first line of 1.2 million operational in Quarter 1 FY '27 and the second line linked to the timing based on the final guidelines, which are expected in this month.

Since ABS was already mandatory for more than 125cc two-wheelers, we expect much of the incremental demand to come from 125cc or lower two-wheelers with a single channel ABS. For our Dual Channel ABS SOP, one OEM will start SOP next month and the second OEM by January 2026. So, the run rate of 640,000 ABS per annum capacity, will be reached in Quarter 4 of this financial year.

For the large increase in volumes of single channel ABS, we are lining up backward integration of steel-braided hoses, valves and ECU assemblies. We also plan to in-source part of the ECU printed circuit boards needs through our SMT line.

2. We have started civil work for setting up a new Chennai plant for disc brake systems, which includes the master cylinder, caliper, brake disc and brake hoses, where we expect SOP in Q2 FY '27.

Here we will produce 3-million-disc brake assembly systems per annum and 4 million brake discs per annum. This will be part of the total 7.6-million-disc brake systems and 8.6 million brake discs planned at Endurance.

This will help us not only to serve better OEM customers in South India, like TVS, Yamaha and Royal Enfield, as we will be close to them, but also help create space for our new ABS expansion in our existing brakes plant at Chhatrapati Sambhajanagar.

3. As you are aware, we are also setting up a new integrated R&D facility for brakes which will be double the size of the existing one. The new R&D facility will be ready and commissioned by Quarter 4 of this financial year and will completely integrate 2W brakes as well as the ABS R&D with space provisioned for 4W brake assemblies also. Here we are also adding a brake-parameter measurement lab.
4. We continue to position our new AURIC Shendra facility as a key point for critical machined castings for 4W and non-auto applications. We are therefore equipping this plant with highly sophisticated machining and finishing equipments.

In the past, we have mentioned about orders from marquee U.S. and UK-based OEMs and also orders from Valeo for electric platforms of Mahindra. And now we have added Yazaki as a customer taking the total sales close to Rs. 388 crores per annum at peak. SOP for both the U.S. and UK OEMs will start in Quarter 1 of FY '27, and we will reach peak sales in FY 28. The SOP for the AURIC Shendra plant is going to be in January 2026.

5. At our new 2W alloy plant in AURIC Bidkin, the SOP has already started in October for Bajaj Auto, while supplies for Royal Enfield will start next month, and Suzuki alloy wheels will start by the end of Q1 FY 27. This plant will have annualized sales of more than Rs. 600 crores by Q2 of FY 27. As you are aware, the plant has an installed capacity of 3.6 million wheels per annum, which has been entirely booked with orders from OEM clients. Our Chakan alloy wheel plant is also running full, with a capacity of 5.5 million wheels per annum.
6. For our Battery-Pack manufacturing facility near Pune, key imported machinery shall be installed by next month and SOP will be from January 2026 for a leading 2W OEM in India. Once this Battery Pack cylindrical line is installed, we are confident of getting battery-pack business for other 2W and 3W programs. We will also focus on Battery Packs for high potential sectors like inverters, telecom and battery energy storage systems.

With respect to the Rs. 300 crore/ annum business won from the leading 2W OEM, the proto samples have been submitted in this quarter, which is in line with our SOP, which is planned in January 2026.

7. In H1 of this financial year, our wholly owned subsidiary Maxwell achieved a record turnover of Rs. 74 crores as against Rs. 70 crores in the full year of FY 25. We are now supplying Battery Management Systems for scooters, 3W, tractors, construction equipment for an European company, as well as for Telematics and also with motor control units.

Our strong R&D and innovation cell at Maxwell has helped us to optimize and value engineer the Battery Management System products across 2W, 3W, and tractor segments. We are also focusing now on a high-voltage Battery Management System for 4W and e-buses.

The festive season demand was met by products rolling out of our highly automated surface-mounted technology line at Chhatrapati Sambhajnagar, where we have now a capacity of 44,000 Battery Management Systems per month. We will be adding another 44,000 Battery Management Systems per month on the second SMT line by March 2026.

8. In H1 FY 26, at Maxwell, we have won Rs. 21 crores of new business, which has taken the total cumulative orders won to Rs. 209 crores/annum, which will peak in Q3 FY 27. The orders won are for 2W, e-rickshaws, e-bikes, electrical construction equipments and for airline buggies.

We at Maxwell now have a strong pipeline of RFQs of Rs. 137 crores.

9. We are the clear market leader in inverted front forks. And this business has grown steadily over the years, with rising demand from multiple OEM customers. We have started supply of Inverted Front Forks and Mono Shocks to TVS, where the Front Fork has been upgraded with adjustable features and with both-side cartridge systems. The SOP for another OEM Hero MotoCorp is planned within this financial year, while SOP for a leading Chinese 2W OEM is expected to start in Q1 of FY 27. This will take the total number of OEMs using our Inverted Front Forks to six.

Our overseas OEM client KTM has also started increasing schedules for Inverted Front Forks, which should cross a total of 650,000 Inverted Front Fork sales in this financial year.

10. As you are aware, our aluminum forging business, which has a technical collaboration with FGM Italy, started as a backward integration for supplying aluminum forged axle clamps for our Inverted Front Forks. This large and growing Inverted Front Forks business is a captive use opportunity for our aluminum forging axle clamps. We already have four aluminum forging presses, which we will move to a new forging facility in Q1 of FY 27, along with a fifth aluminum forging press, which has already been ordered.

For our aluminum forging business, we have now won export orders of Rs. 5 crores/annum for new parts from a German OEM. SOP is planned in Q1 FY 28. As you are aware, we have orders for aluminum forging from Jaguar Land Rover of Rs. 27 crores/annum, for which business will start in Q4 of this financial year. We have also won aluminum forging orders from Royal Enfield, of Rs. 12 crores per annum, for which SOP is in Q1 FY 27. Our line of sight for aluminum forging business next year is around Rs. 140 crores.

11. Sale of the first set of containers carrying the export consignment of solar dampers took place in Q2. We are building a new infrastructure at our Sanand plant in Gujarat to cater to the large volume orders for the solar dampers. This business value won from a Spanish OEM is Rs. 200 crores, which will be executed by FY 27. There is a tremendous opportunity to increase this business. We are in the process of finalizing business with another global client.
12. In Q2, we started supplies of our assist-and-slip (APTC) clutches to Royal Enfield and Kawasaki, introducing Adler's technology to the Indian market. SOP for Bajaj Auto is expected in the next quarter.
13. As mentioned earlier, we have started on vehicle testing for our first 4W Driveshaft order. We expect to commence SOP in Q4 FY 26. In view of multiple 3W orders across 5 OEMs and expected growth in the 4W business, we plan to set up a separate 4W Driveshaft assembly line during this quarter.
14. As informed in the previous calls, we completed the acquisition of the 60% stake in Stöferle entities in Germany in the beginning of Q1 of this financial year, with a line of sight of acquiring the remaining 40% in 5 years. Stöferle has an annual turnover of approximately €80 million. From April 2025, Stöferle financials are consolidated in the Endurance Group financials.
15. We have mentioned earlier that under the Maharashtra PSI 2019 scheme, we received an eligibility certificate of Rs. 606 crores for CAPEX incurred till September 2025. Under this 2019 scheme, we will now apply for an additional eligibility certificate for CAPEX up to full FY2026. Based on Rs. 606 crores certified by the authorities, we have recorded a PSI incentive of Rs. 33 crores in Q1 and Rs. 37 crores in Q2 of this financial year.
You will recall that we have booked almost all of amounts totaling Rs. 446 crores under the PSI 2013 scheme and have collected cash to the tune of Rs. 350 crores.

Let me now give you a gist of orders won during H1 of this financial year. Please note that the business value from new orders are without including orders from Bajaj Auto.

Overall order win in H1 FY 26 in India business was Rs. 909 crores per annum, of which Rs. 903.8 crores is new business. This includes the new business of Rs. 300 crores per annum for the Battery Pack at our Talegaon plant and Rs. 21 crores new order of BMS at Maxwell.

Our 4W business win in H1 FY 26 is Rs. 355.8 crores. This includes Rs. 103 crores of EV casting business for a leading U.S. EV OEM and Rs. 146 crores aluminum casting order from Hyundai and Kia Motors. SOP is in FY '27.

We have also won Ather Energy scooters alloy wheel business worth Rs.31 crores, with a 100% share of business for their new upcoming plant at AURIC Bidkin at Chhatrapati Sambhajinagar.

Cumulative India business orders for the EV segment till date stands at Rs. 1,012 crores per annum. And with Bajaj Auto, this figure is Rs. 1,195 crores per annum. So, the total orders won since FY 22 is Rs. 4,671 crores per annum, out of which Rs. 3,953 crores is new business. We expect Rs. 3,500 crores per annum out of this to peak in FY 28. We have a total of Rs 4,209 crores worth of RFQs in hand. We expect to win more than Rs 1,500 crores of business in the next 12 to 18 months.

In our Europe business, we have booked orders worth €12.7 million during H1. These are orders for machined casting from the Volkswagen Group, machining orders for Stöferle and EV component orders for our specialty plastics unit in Turin.

Aftermarket is a strategic priority for us. We have set ambitious growth goals till 2030. We are focusing on secondary demand generation with retailers and mechanics for the domestic business. We have appointed a new Domestic Head and a VAP Head for the bought-out products. We have developed district actions plans for 78 district clusters and defined unique value propositions for 39 countries. We are the first in our industry to launch a Global Rewards Program, which is a tiered loyalty program for our channel partners. We are also driving a holistic development program to build capability of our sales team and to empower them with the right tools and skills.

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 Q2 FY 26, the company recorded a standalone total income of Rs. 2,692.2 crores, a year-on-year growth of 16.2% from Rs. 2,317.1 crores in the previous year. The EBITDA grew 6.3% from Rs. 316.1 crores to Rs. 335.9 crores, with a margin at 12.5%. The PAT grew 1.5% from Rs. 184.8 crores to Rs. 187.6 crores.

The EBITDA drop of 1.16% on total income is largely contributed by raw material cost increase led by aluminum alloy, which forms 55% of the total raw material purchases. Around Rs. 10 crores is due to investment in people for future business growth in the areas of strategy, R&D, aftermarket, and sourcing. Further around Rs. 10 crores is in two special projects, which are for the aftermarket profitable growth and the sourcing savings with a leading global consulting firm, which is an investment of profitable growth as well as cost control. And this will continue till Q4 of this financial year.

In Q2 FY 26, our consolidated total income grew 22.6% over Q2 of last year from Rs. 2,939.2 crores to Rs. 3,603.8 crores. The EBITDA grew 21.9% from Rs. 408.5 crores to Rs. 497.8 crores.

Our margin was at 13.8%. The PAT grew 12% from Rs. 203 crores to Rs. 227.3 crores at 6.3% PAT margin.

With diversification and business growth, our HR department continues to play a key role as an enabler in shaping the business outcomes. Our focus remains on strategic workforce planning and talent ramp-up, with emphasis on strengthening the mid-management layer to build a balanced organizational pyramid. HR digitization is being actively leveraged to enhance efficiency and improve ease of business.

To build future-ready capabilities, we have also launched LEGS- which is a Learn, Earn, Grow and Succeed program, which is a customized skill development program for our blue-collared employees. Alongside, we continue to strengthen our leadership and capability-building agenda through multiple flagship programs, such as the Endurance Leadership Program.

On the sustainability front, we made significant progress this year towards our ambitious goals for FY 30. We achieved a 48% carbon neutral percentage. We lowered specific electrical and thermal energy, as well as specific water consumption, while water recycling and hazardous waste recycling, both stand at 98% each.

We also enhanced our renewable power share from 23% in FY '24 to 25% in FY '25. And now we have increased it in Quarter 2 of this financial year to 28%, through expanded rooftop solar and wind power agreements. We also contributed 300,000 KL of water through water augmentation projects.

CRISIL has increased our ESG rating for FY 24 to 59, up from 56 in FY 23, while another agency SES, has increased our rating to 74, up from 68 in the previous year. Our K-120 Waluj plant has been awarded the prestigious CII – GreenCo Gold Rating.

At Endurance, we see CSR as a way to create real and lasting impact. Our approach is centered on lowering inequity, one community, one child, one individual at a time. This is how we create impact that endures well beyond the tenor or scope of CSR work we are doing.

I am pleased to share that our CSR arm, Sevak Trust, has transformed 61 schools with solar energy and hygiene-focused facilities enhancing attendance as well as outcomes, while training over 900 adolescent girls in health and skills.

With sustainable agriculture training, our farmer empowerment program has benefited over 4,900 people, and ECoVE, our vocational training center at Chhatrapati Sambhajinagar, has imparted training to over 2,300 youth, securing over 85% employment.

Our health work has reached 42 villages, serving 19,000 people, and we have built 2,300 toilets to improve sanitation. Our Vet van program, too, has been successful, providing treatment to 43,000 animals in 47 villages.

This quarter, we have started work on the biggest dense forest project covering 25 acres land with 2.5 lakh tree plantations.

I am happy to inform you that we have won the Quality Excellence Award from Tata Motors at their Annual Supply Conference in September 2025. I am also happy to inform you that in October this year, our Endurance Overseas plant supplying to Stellantis Group was recognized as a top supplier in the Global Supplier Awards 2025.

Now 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. The first question is from the line of Manish Oswal from Nirmal Bang Securities Private Limited.

Manish Oswal: I have a question on the Slide #12 of the presentation where the scooter segment has seen a decline of 4.4% while industry volume is 12.4%. In the last quarter, there was very strong growth. So, any spillover effect? Can you comment on this line item, why there is a decline in this particular quarter?

Anurang Jain: I think this decline is mainly due to the decline of Honda Motorcycles and Scooters. As you know, they have had a degrowth. HMSI is the second largest OEM customer, and when they get impacted, we also get impacted. If you see the previous financial year, when they grew, we did very well. HMSI is a market leader for scooters, so it does have an impact.

Moderator: The next question is from the line of Aditya Jhawar from Investec.

Aditya Jhawar: Congrats on a resilient quarter. My first question is on the standalone business, the India business, where we saw a Y-o-Y basis margin compression. If you can explain that, if you can quantify what could be the impact of aluminum pass-through, and what would be the other variables to drive this Y-o-Y margin compression?

Raja Gopal Sastry: We did get a flavor of that when the Managing Director spoke. We did have a compression in margin. When we compare with our product sales, there is close to a 1.36% increase in material cost. And this is coming predominantly, about 40%, from aluminum price increase. Also, strategically we have been consuming some material for our R&D projects, because we are getting a lot of suspension orders, and also we are getting ready for the upcoming legislation on ABS.

And there have been some seasonal effects. Generally, in Half – I we have this benefit in terms of turnover discount. Last year, we had it in the first half. This year they have been moved to the second half, so, there have been some seasonality effects.

In effect, I would say that close to 40%-50% of that is from the commodity side, some part of it is the additional consumption due for our R&D projects, and some of it is the seasonality aspect of some one-timer effects in the last year same quarter, and some of them which have been postponed to the upcoming quarters in this year.

And the other aspect which was also mentioned by the Managing Director in his opening remarks, is the employee cost. We have spent on employee cost for strategic reasons, and this will have a gestation impact where these additional people are in Sourcing, Strategy functions, and R&D function, which are important for our upcoming growth plans.

And the third one is on the special projects under Other Expenses, we did spend a bit on the consultant's cost and the associated travel and other deployment costs of the strategies to reduce the material costs and also to increase our Aftermarket sales. And this would continue for the next 2 quarters at least. So, we are beginning to see the impact of some of the initiatives, which we are taking for future growth and also the future cost competitiveness.

Aditya Jhawar: Yes, that's good to know. So, do we expect that next financial year we will be back to historical margin trajectory for the standalone business? Is it fair to assume that some of these headwinds might no longer be there?

Anurang Jain: Yes. We are very, very focused on that, and we will put all our efforts to improve the product mix also. That's clearly our target as we go forward. As we believe in only profitable growth, but I think this raw material cost increase and these 2 special projects as well as our investment in people for the future was very important for us. So, here we don't look at just the margin percentage, we look at the future of the company, and that's very important for us going forward.

Aditya Jhawar: Next question is on our ABS expansion plan. So, where are we in terms of the expansion plans and incremental discussion with customers? What kind of timelines you are anticipating for the regulation to get implemented?

Anurang Jain: Right now, we have a capacity of 640,000, which I said we will reach in Q4 based on the line of sight we have on schedules from our customers by Q4 of this year. We have ordered a 1.2 million capacity ABS line, which we will install by Q1 of next financial year. We expect the guidelines to come this month, and I think the capacity utilisation of the line which we have ordered will be based on the lead time to implement these new guidelines. But today definitely we have a line of sight to use that line, but we will have to see the timeline which is finalized under this new guideline. And the second 1.2 million line - we will order based on the final guideline.

We are talking to all the OEMs on the ABS and there are not many suppliers. So, we are very, very optimistic about this new business, going forward.

Aditya Jhawar: Has there been any discussion with customers and what is the initial sense we are getting on the 4W suspension side?

Rajendra Abhange: We have made some inroads into 4W proprietary products. It's been already spoken in last couple of investor meetings. 4W Suspension is very much on our cards, and we are very close to getting into one of the OEMs now. As you know it's a technology product, and OEMs will only take it when you prove your competency. We are very close to getting into a leading OEM of India. The second one is also in the queue. So, as we get closer to it and we get a letter of intent, you will come to know about it. But there can be exciting news in the near future, on this front.

Aditya Jhawar: If you can give outlook for the European business, medium term outlook, and any impact of this Nexperia chip issue that they are anticipating on the production line?

Massimo Venuti: In Europe, the quarter closed with an increase of 7.7% in terms of vehicle registration. But if you analyze the production of vehicles, it continues to go down. This means that the market is growing only because they are reducing stock with discounts.

The expectation for the future months is that the market remains stable. In this situation, at Endurance, we are performing, in line with the market, with an increase of 7.8% without Stöferle, as compared to the previous year. And our higher sales are not from stock, but from more production compared to the previous year. And we continue to be optimistic for the future 2 quarters, because the expectation is that market stability will continue.

In Europe, we await the governments' position on the new June 2026 Green Deal. We anticipate the situation to remain largely stable until then.

Speaking about the situation regarding the component shortage, there are no issues from our customers. We have received indications from Stellantis and Volkswagen Group, that constitute approx 50% of our customer portfolio. So, at the moment, we don't see any problem.

Moderator: Thank you. The next question is from the line of Viraj from SiMPL. Please go ahead.

Viraj Kacharia: So, what technology, we are looking for in the business in 4W suspension? Is the competitive intensity quite high? How should we understand profitability in this segment for us?

Rajendra Abhange: It's a tough business to get into. We are a late entrant, rather, we have not entered the 4W suspension as yet. There are established players in the market. But as you know, we always strive to give best value to our customers by way of the frugal technology. As we told you in the last time, we already have a technology partner from Korea, that is very formidable. And we feel their technology will be highly suited for the Indian cars, especially the small size cars. And we will definitely bring some value through local expertise.

Our engineering is also equally strong in suspension. As you know, we are market leaders in 2W. So, there will be a lot of horizontal deployment from the learning of 2W. And we are pretty sure that we will crack into certain major markets, major customers in the passenger vehicles,

and also make decent kind of the profitable proposition to the company. So, we are confident about it.

Viraj Kacharia: You talked about inverted front forks. What will be our market share there, just to get a perspective? And what is the adoption we are seeing in the industry?

Anurang Jain: I would not know the market share, but it definitely is a high majority. In front fork, we are, I think, at 43% of the market. And in shock absorbers, we are 44% of the market. This is as of Q2. In Inverted fork, we are definitely higher because there are very few players.

We had the first mover advantage with our technology with KTM in 2008. Bajaj Auto, of course is also increasing its requirement, we are also starting with Hero Motocorp as well as with a Chinese OEM in Q1 FY '27, and we are in touch with almost every OEM on the inverted front fork.

Viraj Kacharia: Last question. On the solar damper side, you talked about us talking to further few large OEMs. Any color you can give in what stage the discussions are, and how big business can be for us in next, 3 to 4 years?

Rajendra Abhange: Okay, so this is relatively a new addition to our portfolio, and we have already started bulk supplies to this market as one of the fastest entrants into this segment. We know there is competition in this segment as well, but I think the way we have gotten into it has been well appreciated by the customer, their confidence has gone up. So, we will grow this business very rapidly.

Last time, I mentioned that the market potential is huge. Without floating any number, I can tell you that it can be a very significant part of our total business. It all depends upon how well we are able to garner customer support. There are multiple players in this space, one Spanish company is already with us, and we are going to 2 more companies. We are in deep discussions, if that works out, the size of this business could be very significant.

Viraj Kacharia: So, over a 5-year period, can it be like 10% or 15% of our business? Does it have that kind of a potential to be, you know?

Rajendra Abhange: Of our total business? No, no, no. I don't want to say any number at this stage. It's a bit too premature, but I can only say the potential is huge.

Moderator: Thank you. The next question is from the line of Rajit Aggarwal from Nilgiri Investment Managers.

Rajit Aggarwal: Good morning, sir. This question is related to the European business, and also on the overall margins. So, the European business sequentially has seen a decline in turnover, whereas the last quarter, there was an industry-wide degrowth, this quarter the industry has actually grown. And

despite that, sequentially, our numbers are lower. At the same time, the margins seem to be higher. How do we read these numbers?

Massimo Venuti: Okay. So, speaking about the 2nd Quarter of the European operation, we closed with EUR 88.7 million turnover compared to EUR 66.9 million of the previous financial year, with an increase of 32.7%. In terms of EBITDA, EUR 15.8 million, 17.8% compared to EUR 10.7 million, 16% of the previous financial year. In terms of net results, we grew 36%. Net profit EUR 3.9 million, 4.4%, compared to EUR 2.9 million the previous year, 4.3%.

The company grew without considering Stoferle, more or less 6% in terms of turnover, and 7% in terms of EBITDA.

If you compare this quarter with the previous quarter, the reduction is only due to the normal seasonality of the business in Europe. In fact, we closed with EUR 88.7 million turnover, compared to EUR 103 million of the previous quarter, of Q1 FY26, but the market went down 13.3% compared to the previous quarter. In the European Union, 2.5 million new cars were registered in this quarter compared to 2.9 million in the previous quarter. This is normal for Europe, because the 2nd Quarter of the financial year, there is a typical slowdown because of holidays. You can't compare it to the first quarter. This has been the pattern in the past as well, and you can check.

Rajit Aggarwal: Thanks a lot for the clarification. And the follow-up question was on the margins. So, the margins of this quarter, are they going to continue for European business? Will the trend be the same?

Massimo Venuti: We will try to do the best. For sure, this is our target. We are growing more than 47% in terms of EBITDA compared to the previous financial year. The EBITDA rate is 17.8%. Speaking about energy prices, please consider that it continues to have 3x the energy cost and the gas compared to pre-Covid situation. So, from my point of view, the performance is really, really good. And the expectation for the future months is to maintain and to improve the profitability.

Rajit Aggarwal: The presentation did mention that there were certain tooling orders in this quarter. So, if those were to be removed, then what would be the margins in the European business? Because tooling orders, I am assuming, are generally higher margin orders.

Massimo Venuti: It depends, because in tooling you can have 10% to 40% of the trading margin. It depends on whether we are speaking about tooling of foundry or tooling for the machining. Because, when you make important investments, you receive 15% to 20% of contribution from the customer. But we don't consider the tooling profitability, we consider only the industrial profitability.

It is correct to say that in Q2 of the previous financial year, we had an important impact in terms of turnover due to tooling. And if you adjust for this, the real increase of turnover compared to

the previous year has been 7.8%, compared to a market that grew 7.5%. This is the reason why we say that we are growing more than the market.

And on top of this, our increase in turnover is from real production, as you can imagine. For the registration, as I told you before, the market is only de-stocking the dealer. Because the vehicle production continues to go down. Just to give you an idea, the German market, which is the major market in terms of production in Europe, lost around 4% of production compared to the same quarter in the previous year.

Rajit Aggarwal: Can you quantify the amount of tooling orders in terms of Euro or INR?

Massimo Venuti: The existing tooling order could be something like EUR 14 million.

Rajit Aggarwal: No, I am sorry. The revenue from tooling in Q2?

Massimo Venuti: EUR 1.9 million is the reduction in tooling sales in Q2 compared to the previous quarter.

Rajit Aggarwal: What will be the CAPEX in Q3 and Q4?

Massimo Venuti: Speaking about Europe, more or less, it is EUR 22 million. Our expectation is to reach EUR 30 million to EUR 32 million in the total financial year.

Raja Gopal Sastry: In India, standalone business, we may be closing the year with close to INR 750 to INR 800 crores, and we already have done INR 460 crores in the first half.

Rajit Aggarwal: So, there will be an incremental INR 300 to INR 350 crores.

Anurang Jain: Yes. Mainly it's in 3 new plants, which are coming up this year.

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

Nishit Jalan: On the India business, on the 4W side, we have been winning a lot of orders, but our revenue has been stuck at around 5% to 6% of total revenues. How do you see revenue scaling up in this business over the next 2 years? Will the contribution from this business go up meaningfully from here on?

And my second question is on Europe. In Europe, earlier you used to say that, a lot of EV business is coming in, where investments initially will be higher? So, we should start looking at our EBIT margin. Your depreciation expenses have gone up substantially. Is it because of EV investment?

Massimo Venuti: In Europe, I confirm that the increase in depreciation in the quarter is due to the start of the important investment we have made for Stellantis and Volkswagen. And there will be another

step-up increase of depreciation in the next quarter for the start of the new lines for Volkswagen 1.5 L gasoline. This is due to the important investment we have made in the past, but it's not an issue because we are growing more or less 1.6% in terms of cash profit.

And so, if we are able to increase the EBITDA in line with the increase in depreciation, it means that the payback of these investments is aligned with our expectations. I don't see any kind of problem.

Nishit Jalan: You mentioned that the depreciation is increasing because of some startup costs. So, is it going to be the normal run rate, or you will see depreciation coming off beyond once the plant starts, or it's going to stay around the similar levels?

Massimo Venuti: It will be the normal trend.

Anurang Jain: As far as India is concerned, we have won since FY 22, INR 3,953 crores of business, out of which we have realized around INR 1,440 crores last year. And this year, we will do about INR 1,160 crores of this business. And the balance will be in the next 2 years. I said we will reach a peak of INR 3,500 crores per annum in FY 28 versus INR 3,953 crores. That's the line of sight we see, which is there.

I also said we will win further more than INR 1,500 crores against the INR 4,200 crores we have of RFQs. This is the line of sight which we have.

We are also winning mainly for AURIC Shendra plant. If you see the casting orders for electric vehicles, we have already won INR 456 crores from 4 customers. Apart from that, we have also won another INR 355 crores of orders this year, which is for 4W castings.

We also won the driveshaft proprietary business of about INR 24 crores per annum last year. Now we have won the drum brakes order. And we are really focusing on growth on the proprietary business, which is taking a bit of time, but definitely step by step, like in 2W, we will gradually build up the business. We plan to do so with our strength on technology and on cost. I am not worried about the growth. I think we have to focus more on product mix and cost control, and that's why we are trying to see that we take more and more profitable business in the future. I am very, very confident of the way things are going.

Moderator: Thank you. The next question is from the line of Jinesh Gandhi from Oaklane Capital. Please go ahead.

Jinesh Gandhi: Anurang, a question on Maxwell. Given that we are broad-basing that business from pure play BMS now to also having other electronic components, are we also thinking of broad-basing beyond e2W, broad-basing beyond autos, given opportunities which are opening up in energy storage and other areas?

Anurang Jain: We have done a forward integration to Battery Packs, that is going to start in January 2026 with one major OEM EV customer. Everybody wants to see our cylindrical assembly line of Battery Packs running. And that will help us to get into the non-auto, because when they see such a good, automated line, which is imported from China and will be commissioned by next month. Then seeing is believing, and then potential customers get confidence. These kind of projects are still new in India. EV is still a new area. Battery Packs and EV business has really caught up post-COVID. So, still initial space, but we are very, very confident of our technology, of our cost competitiveness, whether it's on BMS, and whether it's on Battery Pack.

I mentioned about our innovation cell, how we are able to value, engineer our products, both on the BMS as well as Battery Pack space. Our sourcing is very strong. We are very confident of really scaling up this business in future.

The potential value of the business on Battery Packs is huge, as you know. So, that can really scale up our sales in future. Rs 300 crores is just from one platform. So, there's a lot happening, and as we talk, there's a lot more new business we are talking about.

Jinesh Gandhi: Battery Pack on auto side, obviously, will get benefits from the start of assembly operations. How far are we from product preparedness as well as getting orders for energy storage?

Anurang Jain: We definitely know what type of BMS we have to offer. Our R&D cell is fully aware of it. It's a question of just getting the business. We know what kind of equipments we have to order, the product, the cost competitiveness. We are fully aware. So, main target is focus is not on the technology side, whether it's a process or the product. The main focus is to get the business.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the Management for closing comments.

Anurang Jain: I just want to say that we, at Endurance are fully committed to profitable sales growth. We have done that since the IPO in October 2016, and we will continue to do so. There will be a huge focus on, of course, technology- process and product, huge focus on financial improvement. So, this will always be our focus. So, just want to say that. Thank you.

Moderator: Thank you very much, sir. On behalf of Axis Capital Limited, that concludes this conference. Thank you for joining us today, and you may now disconnect your lines.