



Endurance Technologies Limited
Q3 FY25 Earnings Conference Call

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

Moderator: Ladies and gentlemen, good morning and welcome to Endurance Technologies Limited Q3 and nine months FY25 Results Conference Call hosted by Axis Capital.

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

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

Nishit Jalan: Thank you so much. Good morning, everyone. Welcome to Q3 FY25 Post Results Conference Call of Endurance Technologies.

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

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

Anurang Jain: Thanks a lot. Good morning to everyone.

As we look at the broader economic landscape, our GDP growth for FY 25 is expected at 6.4%, which is a downturn from last year's 8.2%, with Q2 marking a seven-quarter low at 5.4%. However, the index of industrial production grew to 5.2% in November signaling manufacturing recovery.

Further, the measures taken in the Union Budget and in the RBI MPC meeting would leave a higher disposable income for discretionary consumption and this offers us a hopeful outlook for our industry.

In India, in Q3 of this financial year, as per the SIAM data, the two-wheeler industry sales grew by 7% compared to Q3 of the previous financial year. Scooters grew by approximately 13.3% and motorcycles grew by 4.6%. The passenger vehicle segment grew by 6.6%, while commercial vehicles witnessed a 2.3% growth, while three-wheelers grew a modest 0.2% as compared to Q3 of the previous year.

Against this macro environment and the industry performance, I would like to explain various strategic actions in Endurance and their potential impact on the company's future performance.

First, I would like to touch upon our acquisition of Stöferle in Germany:

You must have read the announcement and hence I will not go into the details. This is an important acquisition for us. The company is highly profitable, has a good customer presence and is vertically integrated as they manufacture also their own machines. This along with our existing presence in Germany holds significant promise in terms of not only revenues and profitability but also creating a strong presence with our German OEM customers leading to higher business and opportunities.

The Stöferle acquisition and that of the automation company Ingenia, which was done earlier this year, brings onboard in-house machine building and automation expertise, which can also be used in our Indian operations. Mr. Massimo Venuti and I will be happy to take questions from all of you on this topic.

Having spoken about Stöferle and before we go deeper into some of the highlights, I would like to touch upon certain key topics which impact our business:

- a. Continuing on Europe, despite the difficult market, where the year-to-date new car sales have dropped by 0.4% compared to the same period of last year, our subsidiaries grew their revenues by 16.1% and EBITDA by 22.1%. This is the effect of the astute management of a net positive financial position in spite of investing substantially on new business wins.
- b. The OEM customers in Europe trust our companies in Europe and are considering us for various new business. These business wins, which gave us a growth of 21.8% in revenue and a growth of 27.4% in EBITDA in Q3 FY25 versus Q3 FY24, are executed with a very robust control on cost and cash. We note with pride that the European operations are managing the acquisition of Stöferle largely with internal accruals and will achieve early payback of the same.

I will also have to explain and give you a status update of our important customer KTM:

- As you will be aware, certain entities of KTM have filed for financial restructuring and the progress so far is very smooth. Ahead of the court hearing on 25th of this month, we have clear indications that KTM will soon start operations in the second half of March, and we have started to get schedules. We are positive about the outcome which is evident in our growing sales to the KTM entities in Australia and China.
- Our sales to KTM India are expected to grow close to Rs. 120 crores in FY26 based on schedules which we have got. We will also be starting sales of braking systems to KTM in India and overseas in the second half of the next financial year, which is FY 26. As KTM has often given us an opening for our advanced technology products, we also see opportunities for expansion of these advanced technology products to our other OEM clients.

The major dimension of our business is our strong business partnership with Bajaj. While we are growing from strength to strength with all our OEM customers, our sales of Bajaj is always keeping pace with the quantity and quality of revenue earned.

- From FY22 to what is expected at the end of this financial year, our sales to Bajaj have been growing at a robust compounded annual growth rate of 10.8% in spite the high base and the high content per vehicle, whereas sales to our other OEM customers have grown at a CAGR rate of 13%. Even in the recent quarters, if we remove the effect of commodity price changes, our sales to Bajaj have been growing every quarter, in spite of the vagaries of the external demand.
- The influence of our Bajaj partnership is very positively impacting our inroads into other OEM customers where we have been securing orders in all our product verticals. All the OEMs are introducing high-quality models into the market ranging from the premium, high-capacity motorcycles to budget-friendly models with drivetrains across various options of petrol, CNG and electric motors. We are happy to know that Endurance is figuring as a key partner in many such new offerings and we are in various stages of winning orders and nominations with some orders already won.

These are the precursors of the details which I will now explain to you. These will clearly indicate an approach which is towards keeping our growth continuing in various markets and demand situations.

Now let me update you on significant expansion projects:

1. We are making excellent progress at our AURIC Shendra four-wheeler casting plant. The plant infrastructure is set to be ready by the end of February, 2025 and the SOP is planned for June 2025.
 - This facility will be a landmark in the Indian die casting industry being our first green building with zero waste to land fill. This plant will use 1,100 to 2,500 ton fully automated die casting machines with advanced machining and finishing equipment. The state-of-the-art facility underscores our commitment to sustainability and innovation as we have discussed in our previous calls.
 - For this plant, we have won business from two large global customers. We have won a machined casting order from Valeo with a peak annual sale of Rs. 730 million as they localize an e-axle for a Mahindra EV.
 - At AURIC Shendra, we have introduced India's first di-electric powder coating service for electric vehicle platforms. The Shendra facility gives us an edge in tapping high value opportunities in the EV segment.
 - The other order is for peak sales of Rs. 1.5 billion for export to a global renowned OEM, with strong presence in the premium segment and the EV segment. We will discuss more details once we have the clearance to do so.
2. Our AURIC Bidkin 2W alloy wheel project too is progressing as per schedule and we are excited about this as it widens our OEM customer base for 2W alloy wheels as we capitalize upon their growing demand in India.
3. Speaking about a new future ready R&D facility, which is for 2W, 3W and 4W suspensions, which we call G45 based on its address, we are on track to start this by

March / April, 2025. The existing R&D space will then be used for expanding our suspension manufacturing lines, ensuring we continue to meet the growing demand and help in profitable growth of our suspension business. The new R&D facility will be a game changer with:

- a testing facility that is 4x larger than the existing one an office space 3x the size for a planned capacity of 220 subject matter experts and R&D engineers, which is 3x our existing team size. This expansion aims to leverage the fast-growing automotive market by enhancing our OEM customer trust, share of business and establishing our leadership in suspension technology.
- There will be advanced labs for innovation, electronics, benchmarking, road load data acquisition, noise vibration and hardness flaps, ride and handling, metallurgy and FMEA, ensuring that we can offer designs that not only meet, but they exceed the global specifications. It will serve as a one-stop solution for promoting home-grown, future-ready suspension technologies focusing on affordable innovation and value engineering.
- By internalizing advanced vehicle level suspension R&D and validations currently done in-house by OEMs, it helps us to co-create and engineer win-win solutions, solidifying our role as a trusted technology partner to our OEM customers.

Now I would like to focus on our product segments. Please note that the business value from new orders that I would disclose are without including orders from Bajaj Auto:

1. Starting with suspension, I just spoke about the new G45 suspension R&D facility. In FY25, so far we have won orders to the tune of Rs. 1,413 million of peak annual sales. These are from various OEM customers and for their various platforms. These wins signify our increasing expansion within each OEM and augurs well for the increase in our content per vehicle.

Needless to say, our zealous perseverance towards quality standards, quick turnaround of new products, value engineering exercises and strong governance standards are aiding this. Significant in the suspension business is a continued expansion of the inverted front fork business with wins of the TVS Apache model, Hero 250cc plus models amongst others. We have also won orders for e-scooters.

2. On braking, this is our most exciting segment, and we continue to enhance capabilities. We have won Rs. 1,710 million of new orders till date in FY'25 from multiple OEMs. With these inroads, we would now be supplying to every prominent two-wheeler OEM in the country.

Just reminding you that our capacities at present are six million 2W braking systems, eight million 2W brake discs, 1.5 million 3W tandem master cylinders, one million 3W drum brake assemblies and 650,000 2W ABSs or the anti-lock braking systems. Key capabilities and backward integration projects, that will also aid in lowering our costs and better serviceability, are being implemented. Our range covers vehicles right

from 100cc all the way till 800cc. We have also kick-started a project to manufacture the 4W brakes.

3. In transmission segment, in spite of increasing electrification, we continue to win new orders for our clutch assemblies. A couple of significant new wins are the clutches from Hero MotoCorp and Royal Enfield, which will help us to increase the annual sales of 1 million more clutch assemblies and increase sales value by more than Rs. 1,000 million in the next financial year. We continue to invest on the improvement in quality and performance of our clutch assemblies. We now have orders for our Adler technology Assist and Slip clutches.
4. As far as the drive shaft transmission business is concerned, we have won Rs. 450 million of new orders in this year from two key OEM customers. Despite this being a new vertical, with no 2W end use, we soon expect to hit an annual revenue run rate of close to Rs. 1,000 million per annum, including orders from Bajaj Auto. We expect to start SOP also for 4W drive shaft in FY26.
5. In aluminum castings business, we continue to win orders. These orders are across 2W, 4W and non-automotive business and also for the ICE and electric vehicle business. I have already spoken earlier about the AURIC Shendra orders, which we have won.
6. On embedded electronics, we are accelerating the development of innovative mid and high voltage BMS platforms, which is Battery Management System platforms, that cater to a broader range of market segments and geographies. Our XT-Safe and HP-Safe products, which are under development, incorporate functional safety measures and draw on our existing XT platform know-how.

The XT Safe BMS platform addresses applicative segments ranging from cars, buses and trucks to grid scale storage applications while the HP Safe focuses on high performance 2W, 3W and 4W as well as smaller backup and UPS systems. These solutions are in collaboration with semiconductor partners to offer cost effective and reliable platforms for diverse market requirements and regions.

Beyond the Battery Management System, we are in advanced phase for a suite of motor control and power electronics solutions. The expansion of our product lineup opens up opportunities with new OEM clients in both established and emerging markets while simultaneously strengthening our business growth with existing partners.
7. In the recent past, we have seen a slew of announcements by the 2W OEMs, including introducing the electric vehicle models. We have always maintained that our product range except clutch assemblies, which is almost 96% of our range, are EV agnostic and is used in both EV and internal combustion engine models.

I will briefly touch upon our recent sales and order wins:

- Our sales to electric vehicles in Q3 FY25 was Rs. 722 million, which is about 3.5% of our sales. This is close to double our Q1 FY25 sales. We have won orders now for electric vehicles from various OEM customers amounting to Rs. 9,631 million since FY22. Now this is after considering the removal Rs. 1,580 million of business wins from 5 electric vehicle OEMs who we don't feel, due to their financial issues, can give us this business. So, Rs. 9,631 million is the net figure.

This is across all our products with aluminum castings and brakes, which are leading with Rs. 4,273 million and Rs. 3,524 million business won respectively. Suspensions orders stand at Rs. 1,305 million and transmissions at Rs. 529 million.

We also state here that given the volatility of the markets, particularly for electric vehicles and the status of some of the OEM clients, we further tone down these numbers down for our internal business plans.

- We are also actively quoting and pursuing the request for quotations for an annual sale value of Rs. 32 billion from various OEM customers other than Bajaj and across all our product segments. This also includes a significant percentage for electric 4W customers.
- Our subsidiary Maxwell has also received orders to the extent of Rs. 2.5 billion. This value is after removing business from customers who have seen headwinds such as a sharp fall in market share.
- You are aware that we have won large value orders in electric vehicle and hybrid space also at our European plants. Overall, we are well poised to make the best of the shift in powertrain from ICE to electric vehicles.
- On the 4W front, Endurance is strategically working to capitalize on both the ICE and the EV markets with a focus on niche and proprietary products. One of our entry strategies is to enter into technical assistance agreements with global players where we leverage expertise to enhance our offerings.

We are happy to state that one such technical assistance agreement for 4W suspension has been signed last month with a leading Korean entity. This technical assistance agreement will give Endurance Technologies the complete capabilities to manufacture and sell shock absorbers and struts to a large range of four-wheelers.

- We are pursuing opportunities to enter into joint ventures with existing global players and thus combine our strengths on technology, cost competitiveness and the growing Indian market. These pursuits are at various stages of maturity and we will announce the same as and when they are finalized.
- We are also tapping our own R&D capabilities to pioneer new solutions. To this end, we are modernizing and enhancing our R&D facilities at G45 to cater to the 4W requirements also. We have added to our skill inventory and many subject matter experts to our roles in the field of our target 4W products.

Our discussions with global leaders are advancing well and we are optimistic about concluding business awards for 3 to 4 products within the next 6 months. This aligns with our strategy to increase the share of 4W as a segment in our total income. At present, our focus is on 4W suspension, 4W brakes, 4W drive shafts, 4W alloy wheels while we continue to increase our 4-wheeler casting and aluminum forging business.

We are implementing several key strategies to elevate our presence in the aftermarket business:

- We have just embarked on a special project which will span over the next two years to multiply our aftermarket sales. This is being done in collaboration with one of the top global consultancy firms. The approach is to operate all levers, namely the market spread, new product introductions, merchandising, exports, and 4W products to achieve the target growth.
- We are revamping our distributor policy to ensure it aligns with our growth objectives and fosters strong partnerships. Our focus on retailers and mechanics is more targeted now with a focused milestone-based incentive plan while addressing critical pain points like inventory management to improve the service levels and satisfaction.
- We are actively identifying and planning to induce new value-add products, which are trading products, areas for both 2W and 4W, expanding our product portfolio to meet evolving market demands.
- We are also targeting and aiming to increase our market share in high potential regions both in India and our export countries by leveraging our understanding of the local market dynamics.
- Our efforts to improve product quality and market share and value-add products within our existing geographies are yielding good results, reinforcing our commitment to excellence and customer satisfaction.

I would like to touch upon our order wins till the date of this financial year. This is excluding Bajaj Auto:

- a. This year, we have won a total of Rs. 7,806 million of business, including the business wins secured for AURIC Shendra plant for four-wheeler castings. We are actively pursuing business worth Rs. 3.2 billion, which are in the form of a request for quotes in our hand.
- b. I would specifically like to mention that 50% of this Rs. 7,806 million business won till date this year is for electric vehicles. Also 40% of the Rs. 7,806 million business which has been won is for 4W.
- c. Out of the Rs. 7,806 million business won this year, our aluminum casting business led from the front and won Rs. 3,779 million of new orders till date this year. This was from various customers including Tata Motors, Valeo, Ather, HMSI, Piaggio and others.
- d. On suspension, we have won Rs. 1,413 million of new orders, the OEM customers being Hero MotoCorp, HMSI, Kawasaki and TVS.

- e. Our brakes business won new orders of Rs. 1,710 million, which includes orders from Hero MotoCorp, Honda Motorcycle & Scooters India, Mahindra, Royal Enfield, TVS and others.
- f. On the transmission clutch assemblies, our order wins amount to Rs. 524 million in this financial year. We have also won substantial orders for a drive shaft worth Rs. 415 million mainly from Mahindra. It would be worth mentioning that we are moving towards supplying all our product segments to all OEMs.
- g. Further, close to Rs. 14 billion of new orders won since FY21 are expected to have the SOP by this financial year and further Rs. 10 billion are expected to have SOP in FY26.

At Endurance, our focus on people and work culture is absolutely important to our success. We have been actively right sizing our organization pyramid to ensure agility and accountability. On talent acquisition, we are focusing on strategic workforce planning at all levels with a focus on gender diversity, which is at 20% of our total hiring. Our Winning the Women program is focused on empowering our women employees with workshops on self-care, self-awareness and financial wellness.

Our potential management framework is robust, including development centers by top consultants, career discussions and mentoring high potential employees for leadership roles. We have also launched Saksham, which is a capability building program for reskilling and upskilling, to prepare our workforce for facing future challenges. We also have our wellness and happiness programs by way of health talks, yoga and mindfulness, diversity weeks to help promote physical, mental and emotional well-being.

On the ESG front:

- We are actively working on a net zero target in collaboration with CII, aligned with SBTi guidelines. I am happy to say that we have achieved a carbon neutral percentage of 43% and are well poised to achieve a target of achieving our carbon neutral percentage of more than 50% by FY30.
- The life cycle assessment of five products, conducted by TUV SUD, is in progress. Validation of 6 zero-waste to landfill sites are underway through an external agency.
- We have increased sourcing of captive solar power from the SPV that has been formed with Tata Power since October 2024. The capacity at this SPV has doubled to 25 MW.
- We have achieved significant improvement in lowering thermal and electric energy consumption along with achieving 91% water and 90% hazardous waste recycling.
- Through our CSR arm, which is the Sevak-Trust, we are committed to fostering sustainable development and mutual growth with our stakeholders with a special focus on education, livelihood generation, health and sanitation and environment.
- We have transformed 51 schools with solar energy, digital literacy through our world on wheels program, touching over 17,500 lives. Our efforts have led to higher attendance and better education outcomes with a focus on hygiene and health.

- We have empowered over 3,500 farmers with sustainable agriculture training and supported hundreds of youth through our ECOVE - vocational training center at Aurangabad by achieving over 75% employment for nearly 1,800 youth.
- Our health program has reached 42 villages, treating over 15,000 people, and we have built over 2,300 toilets to improve sanitation.
- On the environment front, we have enhanced water storage capacities through canal deepening and created lush biodiverse forests across 38 acres, planting over 300,000 trees.

I would also like to mention some of our special projects.

- Our Balwadi School project in Aurangabad is nurturing the young minds of underprivileged children.
- Our Kagzipura Museum project will celebrate the legacy art of handmade paper.
- The Paithani Revival Project is a tribute to ancient silk weaving offering new opportunities for weavers.

On the awards front:

- I am happy to tell you that our IPR team has won the CII Intellectual Property Award in 2024.
- Our two brake plants have secured Platinum and Gold quality awards at the recently held Bajaj Auto Vendor Meet.
- Very recently, on the 11th of this month, our company won the Innovation Award at the Mahindra Vendor Meet.

I will now talk about our European operations:

- The story there has always been one of capable business leaders, intelligent investments and strong balance sheet management. We achieved growth in sales and also in profits, in spite of the flattish market in Europe in Q3. In this quarter, new orders to the tune of €12.4 million were won. This included large orders from Volkswagen and BMW, both in the hybrid segment.
- As mentioned earlier, Stöferle acquisition will give us up to €80 million in sales and €15-16 million of EBITDA. This gives us significant strategic advantage when we acquire a profitable company like Stöferle and that we get access to a larger OEM customer base.
- Also the key skills and capabilities of Stöferle will give us significant synergies and generates major growth opportunities for us in our German business. The German region experienced inflationary pressures due to high energy cost which the management is finding mitigation actions for.

Now coming to financials:

The quarterly 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 this quarter, the company performed well and turned in revenues of Rs. 21.9 billion and Rs. 28.8 billion respectively for the standalone company and the consolidated company. This translates to a year-on-year growth of 9.2% and 11.3% respectively. The company earned a profit after tax of Rs. 1.57 billion and Rs. 1.84 billion for the standalone and consolidated company. This is a growth of 18.5% and 21.1% respectively. This expansion of margin is achieved through lower material cost in India and lower other costs in Europe.
- It is important to note that our European companies have defied many odds to post an impressive year-on-year growth of 21.2% in Q3 revenues, and a growth of 26.7% in Q3 EBITDA.
- I would like to also mention specifically that our consolidated earnings per share has more than doubled from our IPO year, which was FY17, from Rs. 23.48 earnings per share to Rs. 48.38 earnings per share in FY24. Further, for the trailing 12 months, the earnings per share is at Rs. 56.97.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Aditya Jhawar from Investec. Please go ahead.

Aditya Jhawar: Congratulations on the big breakthrough on Suspension. Can you elaborate in terms of the likely outcome of this tie-up - OEMs, order size and Capex required for this project?

Rajendra Abhange: Aditya, first of all, thank you for asking this very relevant question. And I think the investor community has always been very curious about what we do in the 4W proprietary product lines, where our presence was not there so far. So, this breakthrough of getting into Suspension has happened very recently, with a global company who is having diverse interests, other than Suspension as well. They are market leaders for one of the largest car manufacturer globally. And we have been able to make a deal with them, in terms of providing end-to-end product technology.

You see the suspension for 4W is a very complex product. The entire vehicle stands on this particular part, and it is supposed to do many things, other than absorbing shocks. It is also supposed to do the vehicle dynamics. And entry into this high-end product technology is only possible if we have a very formidable partner. And we found this company in Korea. And this news is very exciting for most of the OEMs. Wherever we have gone, they have been very happy about it.

The Suspension space in India is very less crowded. There are not many players. Hardly 1 or 2 players are there, and OEMs are looking for very formidable companies, who can offer products that are affordable, and also world-class.

So, the current status is that the license agreement has been signed successfully. And with OEMs, tech review discussions are going on. Our team is very busy in finalizing the product configuration. And if all goes well, in terms of techno-commercials, we are going to set up a greenfield facility very soon, which will probably be India's finest shock absorber facility.

Aditya Jhawar: So, as of now we are in discussion stage with OEM for orders. And the greenfield facility, any CapEx that you would like to talk about? And where would it come up, would it be Chennai?

Anurang Jain: We have finalized the location, but I think I may talk about that in the next call. We have finalized land also. But there are certain things ongoing.

Aditya Jhawar: On Maxwell, the performance has been quite encouraging, both on growth and profitability perspective. So, if you can throw some light on what kind of customer base currently, and on any new addition in customers? And what is the plan of ramp up of Maxwell business in the next couple of years?

R. S. Raja Sastry: Aditya, we have been focusing very closely into Maxwell's operations. The R&D function of Maxwell has a significant level of products in their pipeline, which cater to a wide range of applications.

We are focusing on projecting this product range, which go for multiple customer configurations, and which have enhanced safety in them. Now, we have only few customers to whom we are supplying on a mass production basis. But the quotations are going out to a wide range of customers, who produce 3W, and 2W.

That, along with the motor control unit which we spoke about earlier, and some ventures which are allied to the Battery Management Systems are also in progress right now. And we do see good interest from some customers on these product lines, and we should see growth going forward. And as and when they become mature, we will be very happy to make announcements.

Aditya Jhawar: The Europe performance was pretty solid, and very encouraging. Can you talk about any new incremental orders that came for execution in this quarter? Also, if you can just explain the reason of such a strong performance in Q3? And if you can particularly talk about the outlook for our European business and overall industry for the medium term.

Massimo Venuti: The situation in Europe in terms of the market is not promising. As you are aware, the demand is very low. In last few months, the volume has been stable, compared to the previous financial year. But let me say, as Endurance, we are in a different position, thanks to the business

acquisition over the last 5 years. Please consider that we acquired EUR 244 million. We invested EUR 160 million in Capex in the last 5 years.

And so, the future is absolutely positive. I am optimistic for the next quarter. We grew double digits in the past three quarters, and the expectation for the future is more or less the same. For sure, the acquisition of Stöferle can strengthen our position with our customer, because it's absolutely strategic. And let me say, I want to underline that this acquisition is part of the strategy started during the COVID period. It's not a decision of the last 2 months.

Every month, starting from 2022, with our colleague in India, particularly with Rhea Jain, we have had several meetings to discuss different process to reinforce our product and customer portfolio in Europe. And let me say that the process of acquisition is not finished

In parallel, we have had several meetings with Rohan Jain, more so with Ingenia, to share our expertise with our Indian plants, and to quote profitable new business for Europe and also for India. We don't want to lose any opportunity to grow and increase synergies. And let me say, you will see in our new plant in India for automotive and automotive components, we are installing high level of technology and automation, state-of-the-art technology.

The large volume of new orders in the last 5 years is the key reason why Endurance is performing very well. I want to underline that we closed the previous quarter with 21% increase of turnover, 27% of EBITDA, and 17.5% of net result. And these are results that are possible only because we acquired a lot of business in different segments.

We had a headstart in winning orders for EV and Hybrid segment, which added to our existing product range in the internal combustion engine. We are performing very well with a high-level of profitability, and with a level of technology that is not reachable for everybody, because you have to spend a lot of money. We had made EUR 160 million of investment in the last 5 years.

And so, let me say, I am absolutely optimistic for the future.

Moderator: Thank you. We'll take our next question from the line of Jinesh Gandhi from Ambit Capital. Please go ahead.

Jinesh Gandhi: On the 4W suspension agreement which we have done. So, there would be an anchor customer in form of Korean OEMs. Just any inputs on whether that anchor customer is currently having single source of supplies for suspensions and we'll be a second source supplier?

Anurang Jain: We will definitely be a second source supplier, unless there are some new models looking at how we do in performance in future. But right now, definitely for the customers we enter in India, we will be as a second source.

Jinesh Gandhi: Okay. So, they currently only have a single supplier?

- Anurang Jain:** Yes.
- Jinesh Gandhi:** Secondly, you also talked about the 4W braking business. So, any inputs on who is the technology partner? And how should one think about the ramp-up in that segment as well, because that again is a very large opportunity?
- Anurang Jain:** As we go along, we will share more data, but we will definitely start the 4W Brakes business. Our target is the last quarter of the next financial year, because it takes time for testing and development. But that is something which is already at advanced stage, and that's going to happen for sure.
- Jinesh Gandhi:** Is there any technology partner for 4W braking or we have done it in-house?
- Anurang Jain:** The technology for the high-end braking systems will likely come from BWI, who is already a partner as you know for the 2W ABS. We are at a fairly advanced stage in talks with them.
- Moderator:** Thank you. We will take our next question from the line of Shagun Beria from Anand Rathi. Please go ahead.
- Shagun Beria:** Yes. Thank you for the opportunity, and congratulations on a good set of numbers. So, on the recent acquisition of Stöferle, can you just help us understand and elaborate more on what this acquisition brings to the current business, in terms of products, technologies and customers? And also, how should one look at the revenue growth for this entity over medium term, and also the EBITDA and PAT profitability?
- Massimo Venuti:** On 12th of December, we signed the SPA with the Stöferle family. Now, we are waiting the confirmation from the Authority of Antitrust in Europe, because this is a strategic supplier for our customer. This acquisition helps Endurance reinforce our position in one of our major customers. And so, we are waiting the answer from the authority, but I presume that within the end of this financial year, we can close the transaction.
- The Company was a strategic competitor of Endurance in the transmission component, and they have a high level of technology, also due to the fact that they produce their own machines. This aspect is absolutely important for us, because as you know we invested a lot of money in machining centers in the last few years. Now, inside of our company we will have also the expertise to reuse the existing production capacity by refurbishing machines. This is absolutely strategic for us, in parallel with the acquisition of Ingenia that can improve the automation in the process.
- The Company has a total turnover of EUR 80 million, and EBITDA that is more or less 18%-20% - EUR15 million-EUR16 million of EBITDA. The company purchase is on cash free debt free basis. And the acquisition will reinforce our position in the very difficult Germany market, because you can be competitive only with high level of volume.

And the product portfolio of Stöferle is very similar to the existing portfolio of Endurance. It means that they are in 60% of their product range sole supplier; and the rest 40%, they were competitor of us. And so, it means that as we reinforce the product portfolio, we will also strengthen our position as sole supplier in the supply chain of our customer. We will become sole supplier for 80% of our product range in Endurance.

The family at Stöferle understood very well that the only possibility for their business to survive was to make synergy with strong partners like us, and they are very happy because the morale in the team in Germany in our existing plants at Massenbachhausen and in Stöferle's Laupheim plant is absolutely positive.

Shagun Beria: The state incentives that you had mentioned earlier, INR 80 million, would that be booked in Q4?

R.S Raja Sastry: The remaining INR 80 million under the 2013 scheme will be booked in FY26 and FY27. For the 2019 scheme, we are at a stage where we have submitted our applications and our documentation is complete. We are waiting for the eligibility certificate from the government, and it will be subject to the receipt of eligibility certificate that we would book any amount in Q4. And I can only tell you that our applications are complete, and we are at an advanced stage, but we have to wait. Once we get the eligibility certificate, we will make an announcement.

Shagun Beria: About the TLA that you mentioned with the Korean player for 4W and suspension - we didn't have much presence in 4W suspension? And which are the key customer wins that are expected from this TLA?

Anurang Jain: About the customers, we are not allowed to mention the names yet.

Rajendra Abhange: I really appreciate the investor community's interest in the 4W Suspension business, which we are going to get into. This Korean partner has been handpicked and identified with lot of internal deliberations, that who is the right company who can work with us in India, and provide the niche and affordable technology. India market in 4W is very cost competitive, and we have to be mindful of the fact that we cannot bring something which is a rocket science, something that will not sell in the country.

The average price of a car in India is close to \$10,000, which is very low, but the demands of the products are extremely high. We needed a partner who is actually going to help us meet these requirements.

There are already some formidable players. One player is definitely very strong in India, and we will be the second source in most of the OEMs to start with. But let me tell you that for the new platforms, we will get RFQs very soon, where we will be the first supplier, and this company's name is so formidable, the OEMs have absolutely no hesitation to work with Endurance.

Shagun Beria: Can you also talk about the new large order of 2.4 billion for E 4-wheeler applications from the likes of Valeo and Yazaki?

Anurang Jain: You are talking about our new project, AURIC Shendra which is starting in June '25. For this plant, the orders which we have got is INR 0.7 billion from Valeo, and there is of course a very large customer whom we cannot name, from whom we got INR 1.5 billion business. And as we talk, we are in touch with more customers, and as we get the orders and when we are allowed to speak about them, we will speak during these investor calls. We are at advanced stage with a few other customers.

So, right now, the business which has been won for the AURIC Shendra plant INR 2200 million, and this will be increasing, because we have targeted efforts. And of course, our focus was to get into customers we don't have; mainly in exports; try and improve our profit margins in the casting business; and we are very, very excited about this move, because we are a very strong player.

We process almost 120,000 metric tons of aluminium. We are the largest in the country as far as aluminium die casting is concerned. We have strong engineering capabilities, and a tool room, and are very innovative. This Mahindra award we got for innovation, was for the hydraulic lifter which is used behind the tractor. It used to be a cast iron part. I think it was 30 kg, we have lowered the weight to 4 kg or 5 kg. It led to huge savings. We are getting new opportunities from customers, who are looking at our strengths.

At Shendra, we are very excited to be in this new area, new customers, export customers, higher profit margins. These orders are mainly for EVs, that is also an exciting part. So, we are in a very good space.

Moderator: Thank you. We will take our next question from the line of Pramod Amthe from Incred Equities. Please go ahead.

Pramod Amthe: On E-Axle- traditionally the conventional transmission used to be made by 4-wheeler companies in-house. So, this completely opens up a new opportunity for you, because of EV?

Second, what is the content you are supplying to the E-Axle, what type of parts; and what is the scope of expanding this content within the E-Axle, because many of the players are yet to localize E-Axle in India?

Anurang Jain: I would like to clarify that in this order, we are not going to supply the E-Axle. We are supplying die casting machined parts for the E-Axle, to Valeo who will supply the complete assembly to the Mahindra EV. So, ours is still an aluminum casting business. It's not an E-Axle business.

Pramod Amthe: Earlier, OEMs used to do even those castings in-house. Is there a scope for you to move up, considering the aluminum content is higher?

- Anurang Jain:** There is a tremendous scope. All the customers we are getting into, the scope is just tremendous. Whether it's EV, ICE, hybrid, there's a huge requirement, because aluminum is a light-weighting material. And why we went into more of export-oriented and parts with sophisticated machining is, we want to increase our margins in our aluminum casting business. In fact, our focus is to make the new castings margin higher than our proprietary business.
- Pramod Amthe:** In 4W suspension, many of the 4W OEMs are very closely working with their own country-based partners, and India is more ruled by Japanese than the Koreans. So, does it restrict your market presence because of your partner being Korean?
- Anurang Jain:** I don't think so. We are very optimistic. We are in touch with many companies, including also Japanese OEMs. So, we will make all efforts to see that we can make inroads, based on our cost competitive technology products, and the performance which we will offer. So, we will do our best to see that the Korean entity doesn't come in the way of Japanese companies.
- Moderator:** Thank you. We will take the next question from the line of Jinesh Gandhi from Ambit Capital. Please go ahead.
- Jinesh Gandhi:** Regarding ABS for 2W can you talk about the progress with respect to how is acceptance of our products with customers beyond Bajaj and RE, in the sense that where are we in terms of RFQs and testings, and those things?
- Anurang Jain:** I will not give you the customer names. We are in touch with all the OEMs. With 2 other customers, we are at quite an advanced stage. And it's for dual channel, as well as single channel. We want to launch a dual channel ABS, which we hope to do, if not in this quarter, then in the next quarter.
- Jinesh Gandhi:** Does Stöferle have any debt on its books?
- Massimo Venuti:** The agreement is to buy the company without cash and without debt. As I told you, this is one of the most profitable companies in the European market. They made EUR 15 - 16 million of EBITDA, considering EUR 80 million of turnover. They do only machining. But as you know, machining for us is the added value of our process. And in the future, we will decide for the potential backward integration also with the high-pressure die casting component. But we will buy the company without financial debt.
- Moderator:** Thank you. Ladies and gentlemen, we'll take that as the last question for today. I now hand the conference over to Management for closing comments. Over to you Sir.
- Anurang Jain:** I want to thank everybody for their time on this call. Thank you.
- Moderator:** Thank you. On behalf of Axis Capital, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.