

India

ADD (no change)

Consensus ratings*: Buy 14 Hold 3 Sell 2

Current price:	Rs2,214
Target price:	Rs2,529
Previous target:	Rs2,498
Up/downside:	14.2%
InCred Research / Consensus:	10.4%
Reuters:	ENDU.NS
Bloomberg:	ENDU IN
Market cap:	US\$3,642m Rs311,484m
Average daily turnover:	US\$2.8m Rs243.7m
Current shares o/s:	140.7m
Free float:	25.0%

*Source: Bloomberg

Key changes in this note

- FY26F-27F sales cut by 3-4%.
- FY26F-27F EBITDA cut by 1-2%.
- FY26F-27F EPS cut by 2-3%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	14.2	19.2	9.3
Relative (%)	8.9	10.0	(1.7)

Major shareholders	% held
Promoter and Promoter group	75.0
LIC	4.3
UTI Mutual Fund	2.2

Research Analyst(s)



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Endurance Technologies Ltd

Margin recovery provides comfort

- 4Q normalized PAT grew by 23% qoq to Rs16.6, in line with our estimate but above Bloomberg consensus estimate. Gross margin expansion is impressive.
- Gradual 2W demand recovery and global tariff volatility led to FY26F-27F EPS cut of just 2-3%, driven by a cut in our sales estimates.
- With valuation just above -1SD of the five-year mean P/E, we maintain our ADD rating on the stock with a higher target price of Rs2,529.

4QFY25 EBITDA margin scales a four-year high

Endurance Technologies' 4QFY25 consolidated EBITDA grew by 14% yoy to Rs4.3bn, which was 4% above our/Bloomberg or BB consensus estimates. India business performance was in line, but the beat in European operations helped. While sales growth (11% yoy) was below our estimate, the EBITDA margin improvement qoq to a four-year high of 14%, aided by gross margin (100bp qoq), was impressive. Maxwell Energy arm's EBITDA turnaround in 4Q provides comfort. Higher interest costs (+9% qoq) and taxes, led to in-line PAT of Rs2.33bn. Provision for voluntary retirement scheme or VRS and receivable write-off, totaling Rs122m, led to reported PAT growth of 5% yoy to Rs2.2bn.

Management conference-call highlights

Management indicated that the lithium-ion battery pack assembly plant commissioning by Jan 2026F will cater to 2W OEMs initially and later expand to other auto and non-auto applications. The company will be designing and manufacturing battery packs with end-to-end sourcing capability. The aluminium castings business has won Rs6.1bn of orders in FY25, from both local and global EV makers, which will be executed from the new plant in Sep 2025. The aluminium forgings business traction is good, for which a greenfield plant will be commissioned by Mar 2026F. The car suspension JV is helping to engage with three prospective clients.

Gradual sales growth leads to marginal EPS adjustment

Gradual recovery in India two-wheeler or 2W demand, where it has 64% sales exposure, led to our FY26F-27F sales cut of 3-4%. The new component plants planned for 2HFY26F can aid in better sales traction. The recent improvement in gross margin and a turnaround of Maxwell Energy limits our EBITDA cut to just 1-2% for FY26F-27F. With aggressive capex to support new order wins, we trim EPS estimates for the same period by just 2-3%.

Maintain ADD rating for valuation comfort and new order wins

The recent stock price recovery taking support at -1SD below the five-year mean P/E and EV/EBITDA provides comfort. With valuation still below the five-year mean, new order win ramp-up to sales gaining traction (Figs. 5 & 6) in recent quarters, and also improved visibility in transitioning to EV components, we retain ADD rating, rolling forward our EV/EBITDA-based target price marginally to Rs2,529 (Rs2,498 earlier), at 15x. Key downside risks are slow EV penetration and global tariff challenges impacting car demand.

Financial Summary

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	102,209	115,608	134,554	153,766	172,064
Operating EBITDA (Rsm)	13,080	15,511	18,892	21,273	22,975
Net Profit (Rsm)	6,805	8,364	10,871	12,548	13,672
Core EPS (Rs)	47.3	58.8	77.3	89.2	97.2
Core EPS Growth	37.2%	24.3%	31.4%	15.4%	9.0%
FD Core P/E (x)	45.77	37.24	28.65	24.82	22.78
DPS (Rs)	9.0	12.0	14.0	15.0	15.0
Dividend Yield	0.46%	0.59%	0.68%	0.73%	0.73%
EV/EBITDA (x)	23.99	20.01	15.85	13.78	12.86
P/FCFE (x)	86.65	44.57	25.77	41.27	(311.69)
Net Gearing	4.7%	(2.0%)	(18.4%)	(24.1%)	(21.2%)
P/BV (x)	6.26	5.45	4.73	4.09	4.09
ROE	14.2%	15.5%	17.7%	17.7%	17.9%
% Change In Core EPS Estimates			(3.27%)	(1.65%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Margin recovery provides comfort

Management conference-call highlights >

- **Order wins:** India business won orders worth Rs12 bn in FY25 (Rs10.8bn from new business). Electric vehicle or EV component orders stood at Rs4.4bn (37% of the total). In Europe, the company secured EUR40.2m worth of orders, including EUR5.2m from BMW, Volkswagen, Rolls Royce, and Jaguar Land Rover. Maxwell Energy won Rs2.5bn of orders and is pursuing Rs2.6bn of order bids.
- **Europe business:** European business aims at EUR400m in revenue in FY26F, with Stoferle contributing EUR80m. The US market exposure is limited to EUR 25m, primarily for premium cars, which has minimal tariff concerns.
- **Manufacturing facilities:** The Baloch R&D facility for two- three- and four-wheeler suspensions will open in Jun 2025. New plants include AURIC Shendra for four-wheeler castings, which has Rs2.75bn order book and production to start in Sep 2025F, and AURIC Bidkin, which has a capacity of 3.6m units per annum for two-wheeler alloy wheels, commencing operations in 2QFY26F.
- **Maxwell Energy subsidiary:** The company increased its Maxwell Energy stake to 61.5% as of Mar 2025-end and bought the remaining 38.5% for Rs75m, reversing a Rs913m liability and reducing goodwill by Rs582m.
- **Stoferle subsidiary:** Acquired a 60% stake in Germany's Stoferle entities, adding two plants to reach 14 in Europe, with the remaining 40% to be bought over a period of five years.
- **Lithium-ion battery pack plant:** Building a lithium-ion battery plant near Pune for EV components and energy storage, using in-house technology and Maxwell Energy's battery management systems. It won a Rs3bn annual order for E-scooter battery packs, with production starting in Jan 2026F. The plant is modular and automated for scalability. Its battery pack uses wire-free, high-thermal-efficiency technology, with two-wheeler packs priced from Rs15,000-50,000 per kilowatt.
- **Non-auto business:** This business has order for solar dampers from a Spanish client and has a potential of Rs250-500m in FY26F, with a goal of Rs5-10bn in two to three years.
- **Suspension segment:** This segment has total orders worth Rs2.4bn in FY25 from Honda, Royal Enfield, Hero MotoCorp, TVS Motor Company, and a Chinese OEM. KTM Austria resumed orders for front forks and mono shocks.
- **Braking segment:** This segment secured Rs2.4bn of orders, including twin-channel ABS, with production starting in 2QFY26F, and has begun developing brakes for 990cc motorcycles.
- **Transmission segment:** In this segment, it has won over Rs1bn in clutch orders from Hero MotoCorp and Royal Enfield, with production beginning in May and Jul 2025F.
- **Driveshafts:** Gained orders from three- and four-wheeler OEMs.
- **Aluminium castings and forgings:** Aluminium castings secured Rs6.1bn of orders, including Rs2.75bn for AURIC Shendra, with Ather Energy volume set to double in 2QFY26F. Aluminium forgings segment added a fourth press and opened a new plant (to start in 4QFY26F), with orders from Royal Enfield, Hero MotoCorp, and Jaguar Land Rover.
- **Aftermarket segment:** Exports grew by 29% in FY25, with value-added products at 14% of sales.
- **EV castings:** Engaged with Valeo on supplying critical aluminium castings, such as end-caps for Mahindra and Mahindra's EV platforms in India, with production starting in Sep 2025F. The components offer high margins.

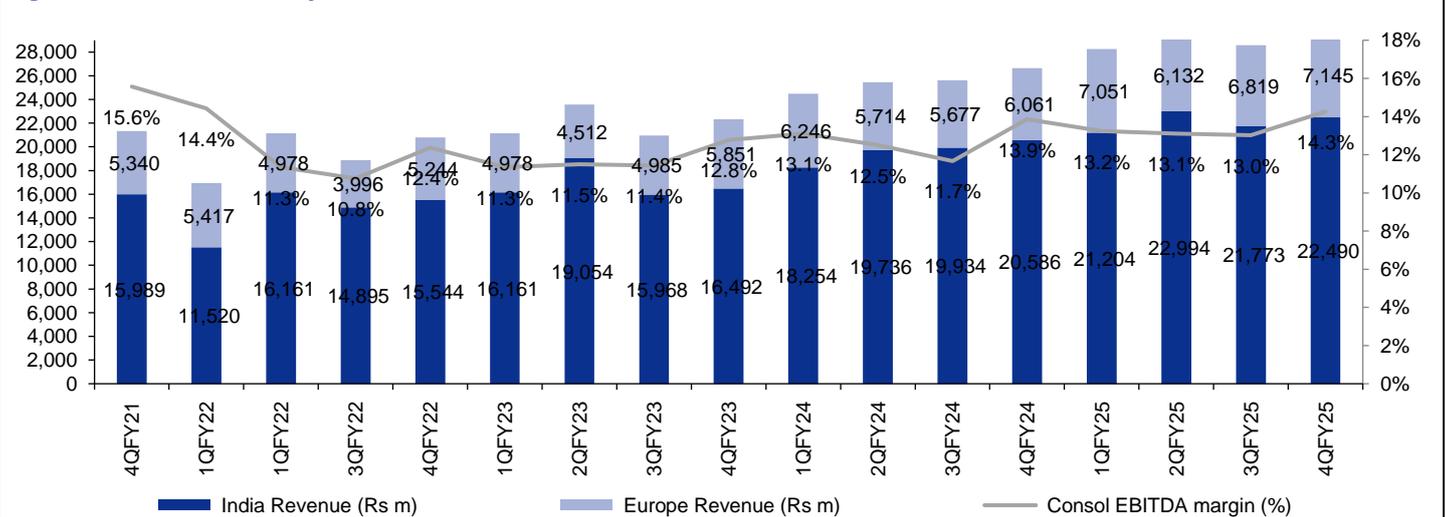
- **Four-wheeler suspension:** For manufacturing four-wheeler suspensions, the company has a tie-up with a Korean company having strong OEM interest, and the development is likely to take place in 8-12 months.
- **KTM Austria:** A Rs53m provision was made for KTM Austria in 4QFY25, with optimism regarding recovery.

Figure 1: Results comparison

Y/E Mar (Rs m)	4QFY25	4QFY24	yoy % chg	3QFY25	qoq % chg	FY25	FY24	yoy % chg	Comments for the quarter
Revenue	29,635	26,648	11.2	28,592	3.6	1,15,608	1,02,209	13.1	4% below our estimate.
Raw material costs	16,620	15,313	8.5	16,320	1.8	66,031	60,506	9.1	
RM costs as a % of revenue	56.1	57.5	(138.2)	57.1	(99.8)	57.1	59.2	(208.2)	414bp below our estimate.
EBITDA	4,225	3,694	14.4	3,725	13.4	15,511	13,080	18.6	4% above our estimate.
EBITDA margin (%)	14.3	13.9	39.3	13.0	122.6	13.4	12.8	62.0	108bp above our estimate.
Depreciation & amortization	1,424	1,282	11.1	1,364	4.4	5,387	4,740	13.7	1% below our estimate.
EBIT	2,800	2,412	16.1	2,361	18.6	10,124	8,340	21.4	
Interest expenses	125	129	(3.2)	115	8.6	468	427	9.7	
Other income	346	265	30.5	219	57.9	1,170	856	36.6	8% below our estimate.
Pre-tax profit	3,022	2,548	18.6	2,466	22.5	10,826	8,769	23.4	3% above our estimate.
Tax	692	647	7.1	622	11.3	2,584	2,165	19.4	
Tax rate (%)	22.9	25.4	(246)	25.2	(231)	23.9	24.7	(82)	
Normalized net profit	2,330	1,902	22.5	1,844	26.3	8,242	6,605	24.8	1% below our estimate.
Exceptional items	(122)	200	-	-	nm	122	200	nm	-
Reported net profit	2,208	2,102	5.1	1,844	19.7	8,364	6,805	22.9	
Normalized EPS (Rs)	16.6	13.5	22.5	13.1	26.3	58.6	47.0	24.8	

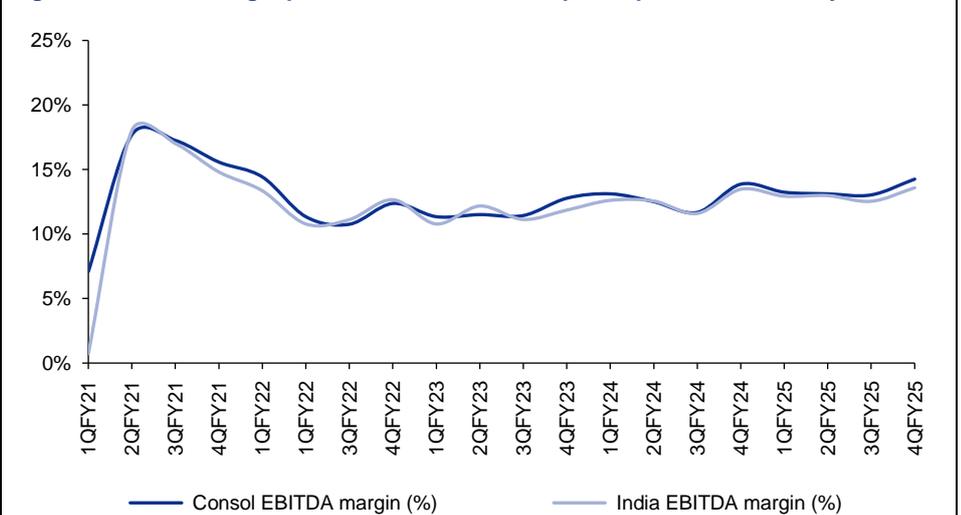
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Consolidated entity's sales and EBITDA are on the rise



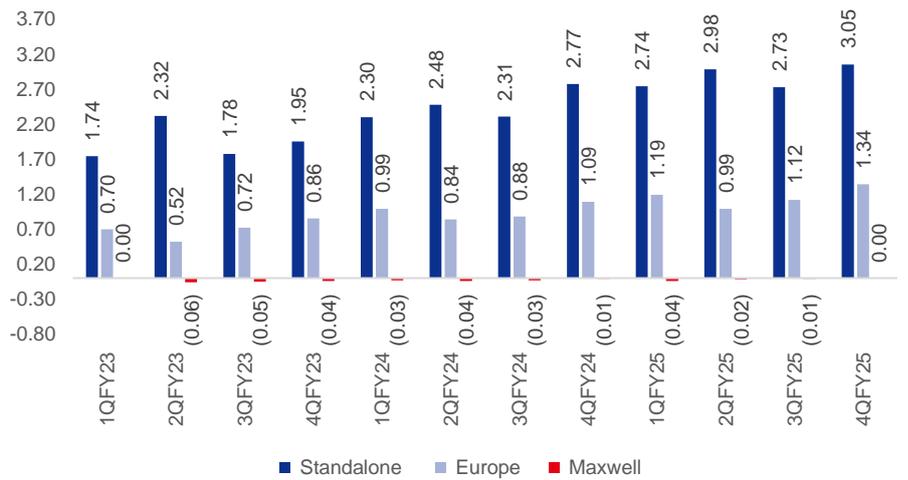
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Figure 3: EBITDA margin profile of Indian and European operations is steady



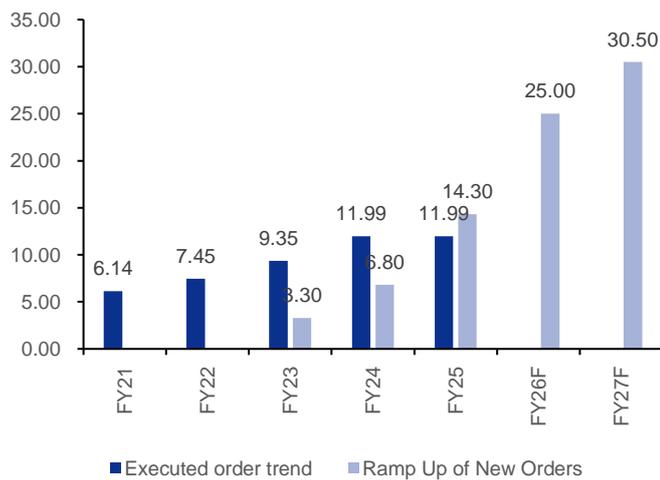
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Figure 4: EBITDA trend across business segments (Rs bn)



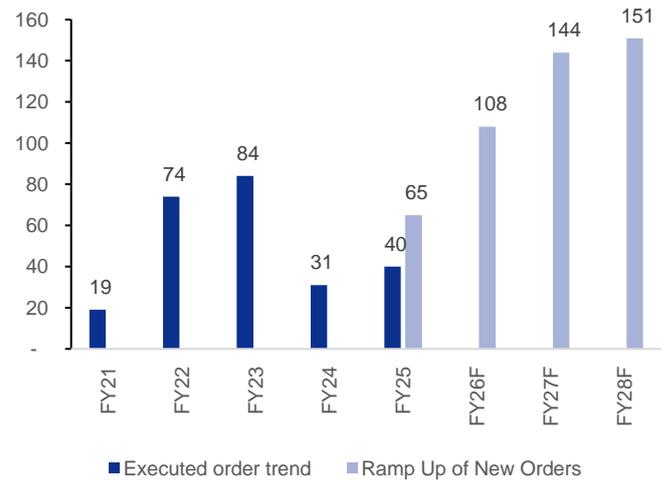
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: New order execution plan for standalone business (Rs bn)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: New order execution plan for European operations (euro m)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Our revised earnings estimates

Rs m	FY26F		FY27F	
	Old	New	Old	New
Consolidated				
Net sales	1,39,313	1,34,554	1,59,486	1,53,766
% change		-3.4%		-3.6%
EBITDA	19,354	18,892	21,528	21,273
% change		-2.4%		-1.2%
EBITDA margin	13.9%	14.0%	13.5%	13.8%
bp change		15		34
PAT	11,239	10,871	12,758	12,548
% change		-3.3%		-1.6%
EPS (Rs)	80	77	91	89
% change		-3.3%		-1.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Key assumptions

Segment-wise revenue (Rs m)	FY23	FY24	FY25	FY26F	FY27F	FY28F
Shock absorbers	23,754	26,144	30,065	33,072	36,048	40,374
Disc brake assembly (incl rotary disc)	8,324	11,541	13,849	16,896	21,120	24,288
Alloy wheels	6,023	7,694	8,386	9,644	11,091	12,200
Clutch and clutch parts	3,790	3,847	4,193	4,529	4,891	5,184
Aluminium die-casting parts	38,802	45,344	50,728	60,874	70,005	78,405
Other operating revenue	7,348	7,639	8,386	9,540	10,611	11,612
Consolidated revenue	88,041	1,02,209	1,15,608	1,34,554	1,53,766	1,72,064
growth yoy %	15.7%	16.1%	13.1%	16.4%	14.3%	11.9%
Product segment mix %						
Shock absorbers	27.0%	25.6%	26.0%	24.6%	23.4%	23.5%
Disc brake assembly (incl. rotary disc)	9.5%	11.3%	12.0%	12.6%	13.7%	14.1%
Alloy wheels	6.8%	7.5%	7.3%	7.2%	7.2%	7.1%
Clutch and clutch parts	4.3%	3.8%	3.6%	3.4%	3.2%	3.0%
Aluminium die-casting parts	44.1%	44.4%	43.9%	45.2%	45.5%	45.6%
Other operating revenue	8.3%	7.5%	7.3%	7.1%	6.9%	6.7%

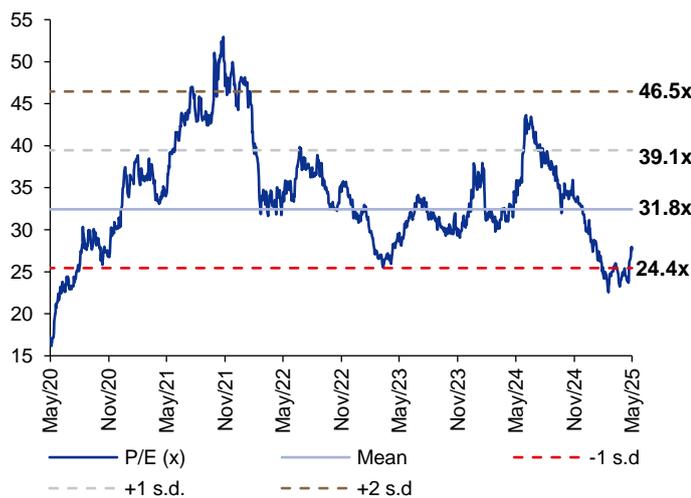
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: EV/EBITDA-based target price

One-year forward EBITDA (Rs m)	21,488
EV/EBITDA multiple (x)	15
EV (Rs m)	3,22,315
Net debt (Rs m)	(33,422)
No. of shares (m)	141
Target price (Rs)	2,529

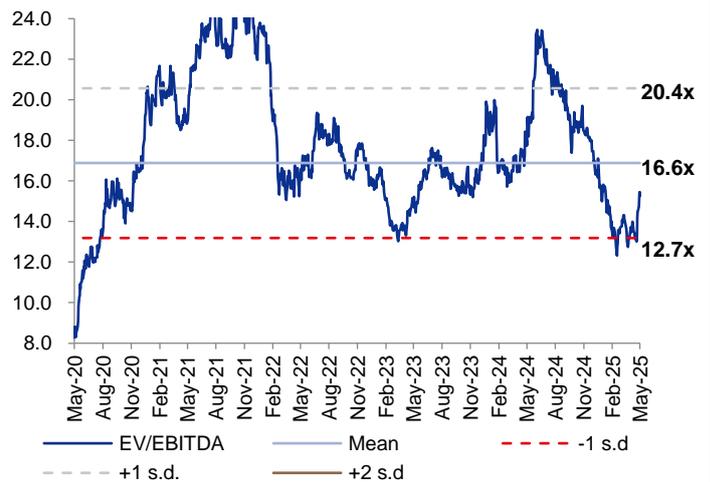
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Forward P/E valuation is near the -1 SD level



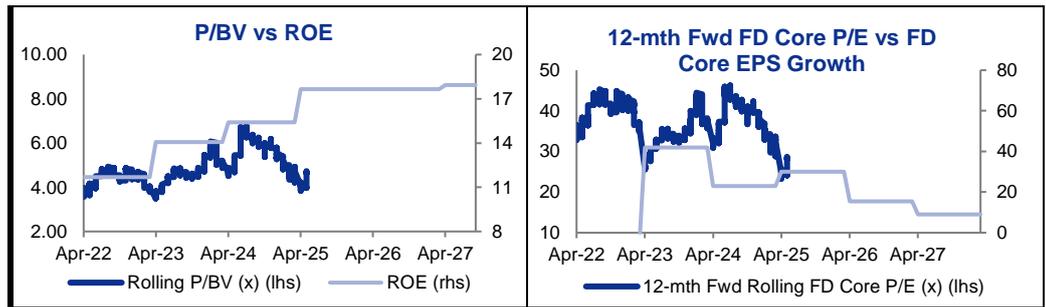
SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

Figure 11: Forward EV/EBITDA valuation



SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	102,209	115,608	134,554	153,766	172,064
Gross Profit	41,703	49,577	55,705	63,352	70,546
Operating EBITDA	13,080	15,511	18,892	21,273	22,975
Depreciation And Amortisation	(4,740)	(5,387)	(5,818)	(6,283)	(6,786)
Operating EBIT	8,340	10,124	13,074	14,990	16,189
Financial Income/(Expense)	(427)	(468)	(300)	(200)	(150)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	856	1,170	1,345	1,507	1,718
Profit Before Tax (pre-EI)	8,769	10,826	14,119	16,296	17,756
Exceptional Items	200	122			
Pre-tax Profit	8,969	10,947	14,119	16,296	17,756
Taxation	(2,165)	(2,584)	(3,247)	(3,748)	(4,084)
Exceptional Income - post-tax					
Profit After Tax	6,805	8,364	10,871	12,548	13,672
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	6,805	8,364	10,871	12,548	13,672
Recurring Net Profit	6,653	8,271	10,871	12,548	13,672
Fully Diluted Recurring Net Profit	6,653	8,271	10,871	12,548	13,672

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	13,080	15,511	18,892	21,273	22,975
Cash Flow from Invt. & Assoc.					
Change In Working Capital	267	1,494	(5,041)	1	8,847
(Incr)/Decr in Total Provisions	315	421	(236)	232	466
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	430	702	1,045	1,307	1,568
Tax Paid	(2,165)	(2,584)	(3,247)	(3,748)	(4,084)
Cashflow From Operations	11,927	15,544	11,413	19,065	29,771
Capex	(4,407)	(5,819)	(5,659)	(6,194)	(7,224)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(6,490)	(4,377)	7,334	(4,324)	(22,546)
Cash Flow From Investing	(10,897)	(10,196)	1,675	(10,518)	(29,771)
Debt Raised/(repaid)	2,565	1,641	(1,000)	(1,000)	(1,000)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(1,425)	(1,847)	(2,128)	(2,269)	(2,269)
Preferred Dividends					
Other Financing Cashflow					
Cash Flow From Financing	1,139	(206)	(3,128)	(3,269)	(3,269)
Total Cash Generated	2,170	5,142	9,959	5,278	(3,268)
Free Cashflow To Equity	3,595	6,989	12,088	7,547	(999)
Free Cashflow To Firm	1,457	5,817	13,388	8,747	151

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	5,047	10,189	20,149	25,426	22,158
Total Debtors	12,624	14,186	16,589	18,536	
Inventories	8,722	9,364	12,165	13,481	
Total Other Current Assets	5,861	5,412	6,344	6,868	7,225
Total Current Assets	32,253	39,150	55,246	64,311	29,383
Fixed Assets	27,527	28,477	28,659	28,875	36,375
Total Investments	7,926	8,036	12,036	16,036	20,036
Intangible Assets	3,923	3,405	3,065	2,758	2,482
Total Other Non-Current Assets	638	562	562	562	562
Total Non-current Assets	40,014	40,480	44,321	48,231	59,455
Short-term Debt	7,398	9,039	8,039	7,039	6,039
Current Portion of Long-Term Debt					
Total Creditors	16,045	19,743	19,907	23,170	
Other Current Liabilities	4,649	4,306	4,607	4,930	5,275
Total Current Liabilities	28,092	33,087	32,552	35,139	11,313
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities					
Total Provisions	846	998	1,098	1,208	1,328
Total Liabilities	28,938	34,085	33,650	36,346	12,642
Shareholders Equity	49,774	57,174	65,917	76,196	76,196
Minority Interests					
Total Equity	49,774	57,174	65,917	76,196	76,196

Key Ratios					
	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	16.1%	13.1%	16.4%	14.3%	11.9%
Operating EBITDA Growth	26.2%	18.6%	21.8%	12.6%	8.0%
Operating EBITDA Margin	12.8%	13.4%	14.0%	13.8%	13.4%
Net Cash Per Share (Rs)	(16.71)	8.18	86.09	130.72	114.59
BVPS (Rs)	353.86	406.46	468.62	541.69	541.69
Gross Interest Cover	19.55	21.63	43.58	74.95	107.93
Effective Tax Rate	24.1%	23.6%	23.0%	23.0%	23.0%
Net Dividend Payout Ratio	21.6%	22.4%	19.6%	18.1%	16.6%
Accounts Receivables Days	43.29	42.32	41.74	41.69	19.66
Inventory Days	51.06	49.99	49.83	51.77	24.23
Accounts Payables Days	91.40	98.91	91.77	86.95	41.65
ROIC (%)	16.1%	20.0%	26.9%	26.9%	29.0%
ROCE (%)	15.7%	16.4%	18.7%	19.1%	19.6%
Return On Average Assets	10.0%	11.3%	12.4%	12.0%	13.7%

Key Drivers					
	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Unit sales grth (% , main prod./serv.)	16.0%	12.7%	15.5%	14.3%	12.0%
Unit sales grth (% ,2ndary prod/serv)	16.1%	13.1%	16.4%	14.3%	11.9%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.