

February 13, 2025

Q3FY25 Result update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	2,592		2,698	
Sales (Rs. m)	1,37,068	1,59,996	1,41,944	1,65,941
% Chng.	(3.4)	(3.6)		
EBITDA (Rs. m)	19,296	23,801	20,102	24,468
% Chng.	(4.0)	(2.7)		
EPS (Rs.)	76.4	97.9	80.8	101.5
% Chng.	(5.4)	(3.6)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	1,02,409	1,15,170	1,37,068	1,59,996
EBITDA (Rs. m)	13,280	15,358	19,296	23,801
Margin (%)	13.0	13.3	14.1	14.9
PAT (Rs. m)	6,805	8,190	10,751	13,776
EPS (Rs.)	48.4	58.2	76.4	97.9
Gr. (%)	39.6	20.3	31.3	28.1
DPS (Rs.)	8.5	12.0	16.0	20.0
Yield (%)	0.4	0.6	0.8	1.0
RoE (%)	14.5	15.4	17.8	19.6
RoCE (%)	16.0	16.7	20.0	22.5
EV/Sales (x)	2.6	2.3	1.9	1.6
EV/EBITDA (x)	19.9	17.1	13.5	10.8
PE (x)	39.6	32.9	25.0	19.5
P/BV (x)	5.4	4.8	4.2	3.6

Key Data

ENDU.BO | ENDU IN

52-W High / Low	Rs.3,061 / Rs.1,716
Sensex / Nifty	76,139 / 23,031
Market Cap	Rs.269bn/ \$ 3,098m
Shares Outstanding	141m
3M Avg. Daily Value	Rs.253.29m

Shareholding Pattern (%)

Promoter's	75.00
Foreign	9.53
Domestic Institution	13.57
Public & Others	1.90
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(4.6)	(25.1)	5.9
Relative	(4.3)	(22.3)	(0.4)

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Product diversification to drive growth

Quick Pointers:

- Robust order book & expansion plans across segments
- New orders for E-Axle for Mahindra's new EV products

Endurance Technologies consolidated revenue for Q3FY25 grew by 11.6% YoY, which was 3%/2% lower than PLe/consensus estimates. Gross profit increased by 6% YoY with a margin expansion of 302bps YoY to 42.9% (PLe:42.5%). EBITDA grew by 24.6% YoY while margin expanded was 136bps YoY to 13% (PLe: 13.6%; BBGe: 13.2%), suppressed by higher other expenses. PAT increased by 21.1% YoY; however, it was 13%/7% below PLe/consensus.

We cut our estimate by ~3-5% to accommodate for subdued trend of volume growth in domestic 2W industry specifically in the motorcycle category for FY25. However, we remain optimistic about its growth prospects which shall be driven by capacity expansion across various business segments, a strong order book in both ICE and EV, and diversification benefits. Factoring this, we estimate its revenue/EBITDA/EPS to grow at a CAGR of 16%/21%/26% over FY24-27E and assign 'BUY' with a TP of Rs2,592 (earlier Rs2,880), valuing it at 28x on its Dec'26 EPS.

Strong growth in Alloy Wheel business: Q3FY25 standalone revenue increased by 9.2% YoY to Rs21.8bn, aided by better product mix. In terms of key products revenue, Suspension increased by 4.6% YoY to Rs7.1bn, Disc Brake grew by 16.1% YoY to Rs3.3bn, Alloy Wheels revenue increased by 32.2% YoY to 2.5bn while Die Casting remained flat at Rs6.3bn. EBITDA was reported at Rs2.7bn, up by 18.1% YoY, while margin expanded by 94bps YoY to 12.5%. PAT increased by 18.5% YoY to Rs1.6bn.

Healthy growth in Maxwell and Europe business: Its Europe operations revenue increased by 21.8% YoY to Rs6.9bn. EBITDA grew by 27.3% YoY to Rs1.1bn with a margin of 16.2%. Despite marginal growth in EU registration, it reported healthy growth aided by execution of orders. Revenue from Maxwell increased by 36.8% YoY to Rs 0.26bn, aided by rising volumes from key customers. Moving forward, management is optimistic about maintaining strong growth, backed by a solid order book.

Key concall highlights: 1) Lower material cost in India and lower other costs in Europe led to margin expansion. 2) The company has a healthy orderbook in machine casting business and has E-Axle order for Mahindra's new EV. 3) EV sales for Q3FY25 were at Rs722mn, accounting for ~3.5% of its overall revenue. 4) ENDU has healthy orderbook across Suspension, Braking, Transmission and EV segment. 5) The total new orders in FY25 were at ~Rs 7.8bn with 50% from EVs and 40% from 4Ws. Furthermore, it has Rs 3.2bn RFQs under evaluation. 6) The new greenfield 4W aluminum die casting plant is expected to be commissioned in Jun'25. 7) The company aims to increase its market share in growing alloy wheel segments in both 2W & 4W.

Exhibit 1: Q3FY25 Result – Consolidated (Rs mn) – Healthy margin expansion aided by lower cost in India & Europe business

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q3FY25E	% Var.	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Revenues	28,592	25,611	11.6	29,453	(2.9)	29,127	(1.8)	85,973	75,561	13.8
Raw Materials	16,320	15,391	6.0	16,921	(3.5)	16,832	(3.0)	49,412	45,193	9.3
% of Net Sales	57.1%	60.1%	(301.5)	57.5%		57.8%		57.5%	59.8%	
Personnel	2,515	2,220	13.3	2,503	0.5	2,419	4.0	7,436	6,531	13.9
% of Net Sales	8.8%	8.7%		8.5%		8.3%		8.6%	8.6%	
Manufacturing & Other Exp	6,031	5,010	20.4	6,038	(0.1)	6,056	(0.4)	17,840	14,451	23.4
% of Net Sales	21.1%	19.6%		20.5%		20.8%		20.8%	19.1%	
Total Expenditure	24,866	22,621	9.9	25,462	(2.3)	25,307	(1.7)	74,687	66,175	12.9
EBITDA	3,725	2,990	24.6	3,991	(6.7)	3,820	(2.5)	11,286	9,386	20.2
EBITDA Margin (%)	13.0%	11.7%		13.6%		13.1%		13.1%	12.4%	
Depreciation	1,364	1,144	19.2	1,338	2.0	1,311	4.0	3,963	3,458	14.6
EBIT	2,361	1,846	27.9	2,653	(11.0)	2,509	(5.9)	7,323	5,928	23.5
Interest Expenses	115	109	5.1	117	(1.8)	116	(0.9)	343	298	15.3
Non-operating income	219	270	(18.6)	297	(26.0)	265	(17.3)	823	591	39.4
PBT	2,466	2,006	22.9	2,833	(13.0)	2,658	(7.2)	7,803	6,221	25.4
Tax-Total	622	483	28.7	694	(10.4)	628	(0.9)	1,891	1,518	24.6
Tax Rate (%) - Total	25.2%	24.1%	4.7	24.5%	3.0	23.6%		24.2%	24.4%	(0.7)
Reported PAT	1,844	1,523	21.1	2,139	(13.8)	2,030	(9.2)	5,912	4,703	25.7
PAT Margin	6.4%	5.9%		7.3%		7.0%		6.9%	6.2%	

Source: Company, PL

Exhibit 2: Q3FY25 Result – Standalone (Rs mn) – Sluggish growth in suspension & die casting business led to miss on estimates

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q3FY25E	% Var.	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Revenues	21,773	19,934	9.2	23,921	(9.0)	22,995	(5.3)	65,972	57,924	13.9
Raw Materials	14,144	13,214	7.0	15,585	(9.2)	14,982	(5.6)	42,825	38,255	11.9
% of Net Sales	65.0%	66.3%		65.2%		65.2%		64.9%	66.0%	
Personnel	1,092	957	14.2	1,100	(0.7)	1,075	1.6	3,244	2,820	15.0
% of Net Sales	5.0%	4.8%		4.6%		4.7%		4.9%	4.9%	
Manufacturing & Other Exp	3,807	3,453	10.3	4,114	(7.5)	3,954	(3.7)	11,447	9,758	17.3
% of Net Sales	17.5%	17.3%		17.2%		17.2%		17.4%	16.8%	
Total Expenditure	19,043	17,623	8.1	20,799	(8.4)	20,010	(4.8)	57,516	50,834	13.1
EBITDA	2,729	2,311	18.1	3,121	(12.6)	2,984	(8.6)	8,456	7,090	19.3
EBITDA Margin (%)	12.5%	11.6%		13.0%		13.0%		12.8%	12.2%	
Depreciation	735	658	11.6	724	1.4	727	1.1	2,154	1,952	10.3
EBIT	1,995	1,652	20.7	2,397	(16.8)	2,257	(11.6)	6,302	5,138	22.7
Interest Expenses	7	5	30.7	5	49.5	5	49.5	19	25	(25.8)
Non-operating income	144	136	5.6	150	(4.0)	176	(18.5)	462	350	32.0
PBT	2,131	1,783	19.5	2,542	(16.2)	2,429	(12.3)	6,745	5,462	23.5
Tax-Total	562	459	22.5	635	(11.6)	581	(3.2)	1,699	1,408	20.7
Tax Rate (%) - Total	26.4%	25.7%	2.5	25.0%	5.5	23.9%		25.2%	25.8%	(2.2)
Reported PAT	1,569	1,324	18.5	1,906	(17.7)	1,848	(15.1)	5,046	4,055	24.4
PAT Margin	7.2%	6.6%		8.0%		8.0%		7.6%	7.0%	

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	1,02,409	1,15,170	1,37,068	1,59,996
YoY gr. (%)	16.3	12.5	19.0	16.7
Cost of Goods Sold	60,506	66,513	80,330	93,164
Gross Profit	41,903	48,657	56,738	66,832
Margin (%)	40.9	42.2	41.4	41.8
Employee Cost	8,799	9,858	11,107	12,599
Other Expenses	19,824	23,440	26,335	30,432
EBITDA	13,280	15,358	19,296	23,801
YoY gr. (%)	28.2	15.7	25.6	23.3
Margin (%)	13.0	13.3	14.1	14.9
Depreciation and Amortization	4,740	5,217	5,704	6,414
EBIT	8,540	10,141	13,592	17,387
Margin (%)	8.3	8.8	9.9	10.9
Net Interest	427	559	548	521
Other Income	856	1,193	1,102	1,261
Profit Before Tax	8,970	10,776	14,146	18,127
Margin (%)	8.8	9.4	10.3	11.3
Total Tax	2,165	2,586	3,395	4,350
Effective tax rate (%)	24.1	24.0	24.0	24.0
Profit after tax	6,805	8,190	10,751	13,776
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	6,805	8,190	10,751	13,776
YoY gr. (%)	39.6	20.3	31.3	28.1
Margin (%)	6.6	7.1	7.8	8.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	6,805	8,190	10,751	13,776
YoY gr. (%)	41.9	20.3	31.3	28.1
Margin (%)	6.6	7.1	7.8	8.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,805	8,190	10,751	13,776
Equity Shares O/s (m)	141	141	141	141
EPS (Rs)	48.4	58.2	76.4	97.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	63,634	70,134	78,634	88,634
Tangibles	63,634	70,134	78,634	88,634
Intangibles	-	-	-	-
Acc: Dep / Amortization	31,254	36,471	42,175	48,589
Tangibles	31,254	36,471	42,175	48,589
Intangibles	-	-	-	-
Net fixed assets	32,379	33,662	36,458	40,045
Tangibles	32,379	33,662	36,458	40,045
Intangibles	-	-	-	-
Capital Work In Progress	1,593	1,752	1,927	2,120
Goodwill	3,923	4,119	4,325	4,974
Non-Current Investments	275	317	364	419
Net Deferred tax assets	638	651	664	677
Other Non-Current Assets	2,110	2,321	2,670	3,070
Current Assets				
Investments	7,651	8,798	10,558	12,670
Inventories	8,722	10,728	13,519	16,219
Trade receivables	12,624	15,146	18,025	21,260
Cash & Bank Balance	5,047	5,428	5,373	5,840
Other Current Assets	3,750	4,125	4,744	5,456
Total Assets	78,713	87,048	98,627	1,12,748
Equity				
Equity Share Capital	1,407	1,407	1,407	1,407
Other Equity	48,368	54,869	63,370	74,333
Total Network	49,774	56,276	64,776	75,739
Non-Current Liabilities				
Long Term borrowings	4,967	5,017	4,766	4,528
Provisions	846	863	881	898
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	2,686	2,740	2,603	2,473
Trade payables	16,045	17,670	21,030	24,766
Other current liabilities	4,394	4,482	4,571	4,343
Total Equity & Liabilities	78,713	87,048	98,627	1,12,748

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	8,970	10,776	14,146	18,127
Add. Depreciation	4,740	5,217	5,704	6,414
Add. Interest	427	559	548	521
Less Financial Other Income	856	1,193	1,102	1,261
Add. Other	(856)	(1,193)	(1,102)	(1,261)
Op. profit before WC changes	13,280	15,358	19,296	23,801
Net Changes-WC	16	(3,173)	(2,823)	(3,120)
Direct tax	(2,088)	(2,599)	(3,408)	(4,364)
Net cash from Op. activities	11,208	9,587	13,066	16,317
Capital expenditures	(9,497)	(6,855)	(8,881)	(10,841)
Interest / Dividend Income	-	-	-	-
Others	719	941	706	805
Net Cash from Invt. activities	(8,778)	(5,915)	(8,175)	(10,036)
Issue of share cap. / premium	44	-	-	-
Debt changes	2,506	103	(388)	(368)
Dividend paid	(1,196)	(1,688)	(2,251)	(2,813)
Interest paid	(427)	(559)	(548)	(521)
Others	-	-	-	-
Net cash from Fin. activities	928	(2,143)	(3,187)	(3,703)
Net change in cash	3,357	1,529	1,704	2,579
Free Cash Flow	1,710	2,731	4,184	5,476

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	48.4	58.2	76.4	97.9
CEPS	82.1	95.3	117.0	143.5
BVPS	353.9	400.1	460.5	538.4
FCF	12.2	19.4	29.7	38.9
DPS	8.5	12.0	16.0	20.0
Return Ratio(%)				
RoCE	16.0	16.7	20.0	22.5
ROIC	16.7	17.7	20.9	23.8
RoE	14.5	15.4	17.8	19.6
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.1)	(0.1)	(0.2)
Net Working Capital (Days)	19	26	28	29
Valuation(x)				
PER	39.6	32.9	25.0	19.5
P/B	5.4	4.8	4.2	3.6
P/CEPS	23.3	20.1	16.4	13.3
EV/EBITDA	19.9	17.1	13.5	10.8
EV/Sales	2.6	2.3	1.9	1.6
Dividend Yield (%)	0.4	0.6	0.8	1.0

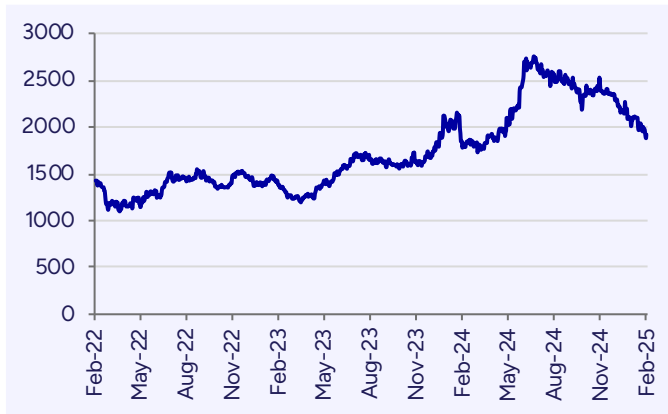
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	26,848	28,255	29,127	28,592
YoY gr. (%)	-	-	-	-
Raw Material Expenses	15,313	16,260	16,832	16,320
Gross Profit	11,535	11,995	12,295	12,272
Margin (%)	43.0	42.5	42.2	42.9
EBITDA	3,894	3,741	3,820	3,725
YoY gr. (%)	36.4	16.4	20.0	24.6
Margin (%)	14.5	13.2	13.1	13.0
Depreciation / Depletion	1,282	1,288	1,311	1,364
EBIT	2,612	2,453	2,509	2,361
Margin (%)	9.7	8.7	8.6	8.3
Net Interest	129	112	116	115
Other Income	265	339	265	219
Profit before Tax	2,748	2,680	2,658	2,466
Margin (%)	10.2	9.5	9.1	8.6
Total Tax	647	641	628	622
Effective tax rate (%)	23.5	23.9	23.6	25.2
Profit after Tax	2,102	2,039	2,030	1,844
Minority interest	2	2	2	2
Share Profit from Associates	2	2	2	2
Adjusted PAT	2,102	2,039	2,030	1,844
YoY gr. (%)	54.0	24.7	31.3	21.1
Margin (%)	7.8	7.2	7.0	6.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,102	2,039	2,030	1,844
YoY gr. (%)	54.0	24.7	31.3	21.1
Margin (%)	7.8	7.2	7.0	6.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,102	2,039	2,030	1,844
Avg. Shares O/s (m)	141	141	141	141
EPS (Rs)	14.9	14.5	14.4	13.1

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-25	BUY	2,698	2,100
2	08-Nov-24	BUY	2,835	2,437
3	07-Oct-24	Accumulate	2,569	2,182
4	15-Aug-24	Accumulate	2,696	2,478
5	08-Jul-24	Hold	2,664	2,735
6	17-May-24	Accumulate	2,346	2,168
7	08-Apr-24	Hold	1,980	1,900

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	Accumulate	244	219
2	Bajaj Auto	BUY	9,853	8,398
3	Bharat Forge	Accumulate	1,435	1,249
4	CEAT	Hold	3,030	3,044
5	Divgi Torqtransfer Systems	Hold	637	585
6	Eicher Motors	Accumulate	5,764	5,328
7	Endurance Technologies	BUY	2,698	2,100
8	Exide Industries	Hold	350	343
9	Hero Motocorp	Accumulate	4,736	4,275
10	Mahindra & Mahindra	BUY	3,664	3,198
11	Maruti Suzuki	BUY	14,154	11,978
12	Tata Motors	Hold	733	753
13	TVS Motor Company	Hold	2,461	2,336

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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