

**Q1FY25 Result Highlights**

- **In Q1FY25, Endurance Revenue/ EBITDA/PAT grew 15.3%/16.4%/24.7% to ₹28.3bn/₹3.7bn/₹2.04bn respectively** as the margin expanded by 13 bps YoY but declined 126 bps QoQ to 13.2% aided by European operations revenue grew 17% YoY to EUR 8mn with new orders wins worth EUR 3.1mn which included wins from VW for specialty plastic components for hybrid PVs and higher tooling revenues. The plastic components for hybrid PVs currently contributes ~5% of overall company's EU revenue. Presently, it is a small business (EUR 2mm), but an entry with VW will help ramp up presence in this segment going forward.
- **Standalone business Revenue/EBITDA/PAT grew 16%/19.1%/24.8% YoY against backdrop of 20% YoY production growth in 2W industry sales.** The lower growth compared to the industry was because of key customers witnessing uneven growth. The EBITDA was impacted due to higher employee cost and other expenses which grew 18.2% YoY and 22.9% YoY respectively. Gross margins declined 130 bps QoQ in Q1FY25, owing to an inferior product mix, price adjustments in the base quarter and commodity headwinds. ₹1,843mn worth of businesses was won in Q1FY25 from OEMs other than Bajaj Auto, of which ₹1061mn EV business. The EV business win includes: 1) ₹795mn business from M&M E-3Ws 2) ₹300mn business won from HMSI for 150cc motorcycle 3) ₹257mn brake assembly business from HMSI and HMCL 4) ₹87mn of Aluminium castings order from Japanese multinational for M&M 4W application 5) ₹68mn business for TVSL E-3Ws for suspensions, brakes and driveshaft. Order book expected to be boosted further with ₹17.7bn of RFQs under discussion with various customers. Since FY21, the company has won orders worth ₹36.77bn (₹8.41bn of replacement orders and ₹28.36bn of new orders). Out of ₹28.36bn of new orders, ₹24.5bn would experience a peak in FY27. Total business wins to date for EVs is ₹8.4bn (excludes ₹4.2bn business won in Maxwell).
- **Standalone Revenue breakup by product in Q1FY25 over Q1FY24 –** Suspension: 34.8% (32.3%), Die casting: 29.8% (30.1%), Disc Brake: 15.3% (14.4%), Alloy Wheel: 9% (10.4%), Aftermarket: 5% (5%), Transmission: 4.6% (5.4%) and Others: 1.5% (2.4%).
- Endurance Technologies' aftermarket revenues grew 15% YoY to ₹1.1bn from ₹0.9bn YoY. The company forayed into Costa Rica in Jun'24 to supply aftermarket products, taking the total tally of export geographies to 37.
- **Standalone Revenue breakup by vehicle type in Q1FY25 over Q1FY24 -** Motorcycle: 71.6% (69.9%), Scooter: 11.3% (9.2%), 3-Wheeler: 9.2% (9.6%), 4-Wheeler: 6% (7.2%) and Others: 1.9% (4.1%).
- PV business declined in FY24 and in Q1FY25 mainly due to the dip in sales for Ford Getrag because of weak global PV sales. This weakness is likely to continue in the near term. However, it is focused to take the PV contribution to 45% in FY30 from 25%. 15-18% of new business was won for PVs (mainly Hyundai/Kia/ Punch Powertrain/TTMT). It has the opportunity of adding new products with Hyundai mostly on Aluminium die casting (for its new Pune plant).
- The management stated that the fourth forging press is to be commissioned in Q2FY25. The company has established a new assembly line for scooter

**Important Statistics**

Nifty	24.541
Sensex	80,437
MCAP (₹ bn)	350.76
52 Week H/L (₹)	3,061/1,540
NSE Code	ENDURANCE
BSE Code	540153
Bloomberg Code	ENDU:IN

Shareholding Pattern	Jun'24 (%)
Promoter	75.0
DII	14.4
FII	8.7
Public & Others	2.0

**FINANCIALS**

Particulars	FY21	FY22	FY23
Revenues	65,470	75,491	88,040
EBITDA	10,402	9,646	10,363
EBITDA Margin (%)	15.9	12.8	11.8
Net Profit	5,196	4,607	4,796
EPS (₹)	36.9	32.8	34.1
DPS (₹)	6.0	6.25	7.0
RoE (%)	14.6	13.8	10.9
RoCE (%)	17.0	11.8	12.6
P/E (x)	68.4	77.2	74.1
EV/EBITDA (x)	34.0	36.7	34.4
P/BV (x)	10.0	9.1	8.1

Particulars	FY24	FY25E	FY26E
Revenues	102,409	118,160	133,847
EBITDA	13,280	15,902	19,412
EBITDA Margin (%)	13.0	13.5	14.5
Net Profit	6,805	8,608	10,407
EPS (₹)	48.4	61.2	74.0
DPS (₹)	8.5	9.0	10.0
RoE (%)	10.9	14.7	16.4
RoCE (%)	15.1	18.2	21.5
P/E (x)	52.3	41.3	34.2
EV/EBITDA (x)	26.8	22.9	19.9
P/BV (x)	7.1	6.3	5.4

Source: Company, Way2Wealth

**Relative Performance**

Return(%)	1Yr	3Yr	5Yr
ENDURANCE	57.5	60.6	200.7
Nifty 50	25.7	46.5	119.6
Sensex	22.5	43.1	112.8

Source: Company, Way2Wealth

**Jayakanth Kasthuri**

[jayakanthk@way2wealth.com](mailto:jayakanthk@way2wealth.com)

Ph:022-4019 2914

19<sup>th</sup> August 2024

₹2,509.7/-

View – ACCUMULATE

suspensions in Waluj for a Japanese OEM. It has increased its Waluj ABS capacity by 240k from 400k and is expected to reach the full potential of 640k units per year by Q4FY25. The company plans to further increase the ABS capacity to 1.2 mn units per year by FY26, and it is in the process of developing high-performance braking systems for +350cc motorcycles, which is likely to commence production by end-FY26. Endurance Technologies is expected to increase its Chakan alloy wheel capacity from 4.5 mn wheels per year to 5.5 mn wheels per year in Q2FY25. It plans to set up a greenfield project at Aurangabad Industrial City (AURIC). The manufacturing facility shall produce aluminum die casting parts for the automotive (ICE and EV) and non-automotive segments (900 MT casting parts per month), with value-added processes such as machining, assemblies, friction stir welding and surface treatments. The production is likely to start in Q1FY26 and further expansion to reach peak capacity by Mar'28. The company has earmarked capex of ₹4bn, which will be funded through internal accruals.

- **In Europe, Revenue grew 12.9% to ₹7.05bn as EBITDA at ₹999mn, with an EBITDA margin of 14.2%**, which declined 42/103 bps YoY/QoQ owing to higher fixed costs in Q1FY25. EU/UK market grew 4.6% YoY (this compares to 17% revenue growth in Euro terms including tooling business). Its growth was partially driven by sale of tooling's (8% growth contribution) for new orders booked and some was due to sale of machined components to customers. Aluminium costs have been stable QoQ. The company indicated that the production ramp-up of new machining and assembly lines in Chivasso, Italy, to produce transmission housings for a European OEM is underway and is expected to peak in FY26. The company forayed into the industrial automation segment, with the acquisition of Ingenia Automation in May'24. Order wins in the European business remained muted at EUR 3mn in 1QFY25 (flat YoY), mainly driven by order wins from the Volkswagen Group for supplying a specialty plastic component. The company has won cumulative orders worth EUR 211mn, out of which EUR 76mn (36%) are from EV applications and EUR 96mn (45%) are from hybrid applications over the past five years.
- **Maxwell has booked new orders worth ₹4.2bn cumulatively over the past three years, which is expected to peak in FY27.** The company has ₹1bn worth of requests for quotes under discussion with various customers. It has commenced supplies to Hero MotoCorp (₹1bn order win). The company has received the first order for motor controller units for ₹0.34bn annual revenue at peak, which is likely to commence from Q4FY25. It has received LoI from Govecs, a large European electric 2W OEM, with an opportunity of ₹0.13bn annual revenue at peak and the business is expected to commence from Q3FY25. Maxwell's revenues was at ₹30 mn and a decline of 80% YoY in Q1FY25, as the key customer underperformed the industry due to aggressive pricing by competitors and deferment of mass market launches, partly due to EV policy changes. The company increased its stake in Maxwell to 61.5% during the quarter from 56%, and is expected to acquire the full stake by FY27.
- ₹228mn incentive booked in Q1FY25 with net cash of ₹6.1bn/₹5.8bn for Consol/Standalone business.

**View**

ENDURANCE started on a strong note in Q1FY25 driven by new customer wins (won orders worth ₹36.8bn since FY21, including new orders worth ₹28.4bn) and technology-led increase in content, keeping in mind the underlying trends of premiumisation and an uptrend in scooters. It is also intune with the electrification trend in 2Ws through Maxwell, as it is focusing on the most critical component, BMS. The company has already won orders worth ₹3.8bn in the last three years from new-age OEMs. It has won a non-BMS order worth ₹340mn, indicating a whole host of other offerings as part of which the company aims to increase the advanced electronics or embedded electronics business and to emerge as a significant player for the battery management system (BMS) and new electronic products required for EVs and other applications. Through the ramp-up of order wins across alloy wheels/braking/suspension systems in the domestic business it is likely to drive revenue growth. The management aims to improve the salience of the PV business to 45% by 2030 from the current 25%, led by growth in aluminum castings, forgings on the back of growing demand for light-weight solutions, foraying into PV suspension, braking and alloy wheel business through acquisitions and JVs. The company strives to improve the contribution from the 2W premium segment (+150 cc), with all customers in brake assemblies, ABS, suspension and clutch assemblies having upgraded product technologies and processes. At the helm is a proven management, as evidenced by sustained profitable growth, entry into new segments, and significant market share gains. It is one of the few auto-ancillary companies in India that boasts a truly diversified revenue base, both in terms of product lines as well as customer base, thus resulting in strong RoE. **Hence, we continue to view it as an ACCUMULATE stock trading at P/E 34.2x FY26E EPS of ₹74.0.**

19<sup>th</sup> August 2024

₹2,509.7/-

View – **ACCUMULATE**

**FINANCIAL PERFORMANCE**

(₹ mn)

Particulars	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ(%)	FY24	FY23	YoY(%)
<b>Revenue</b>	<b>28,255.0</b>	<b>24,499.6</b>	<b>15.3</b>	<b>26,847.8</b>	<b>5.2</b>	<b>102,408.7</b>	<b>88,040.5</b>	<b>16.3</b>
Matl Cost	16,174.5	14,348.9	12.7	14,503.8	11.5	59,229.6	53,201.9	11.3
Purchases	378.3	299.9	26.2	195.7	93.3	1,409.1	1,039.7	35.5
Stock Changes	(292.9)	(163.8)	78.9	613.0	(147.8)	(132.9)	(946.4)	(86.0)
Employee Exps	2,501.6	2,187.3	14.4	2,268.3	10.3	8,799.0	7,636.1	15.2
Other Exps	5,752.7	4,614.7	24.7	5,372.9	7.1	19,824.2	16,746.5	18.4
<b>EBITDA</b>	<b>3,740.8</b>	<b>3,212.6</b>	<b>16.4</b>	<b>3,894.0</b>	<b>(3.9)</b>	<b>13,279.8</b>	<b>10,362.7</b>	<b>28.2</b>
<b>EBITDA Margin (%)</b>	<b>13.2</b>	<b>13.1</b>	<b>13</b>	<b>14.5</b>	<b>(126)</b>	<b>13.0</b>	<b>11.8</b>	<b>120</b>
Other Income	338.8	165.9	104.3	265.4	27.7	856.2	454.3	88.5
Depreciation	1,287.6	1,129.4	14.0	1,282.3	0.4	4,739.9	4,215.8	12.4
Finance Cost	112.4	90.1	24.7	129.0	(12.9)	426.6	205.8	107.3
PBT	2,679.7	2,159.0	24.1	2,748.2	(2.5)	8,969.5	6,395.4	40.2
Tax	641.1	524.0	22.3	646.6	(0.8)	2,164.6	1,496.8	44.6
Exceptional Item	-	-	-	-	-	-	(102.9)	(100.0)
Minority Interest -Profit/(Loss)	-	-	-	-	-	-	-	-
<b>Net Profit</b>	<b>2,038.6</b>	<b>1,635.0</b>	<b>24.7</b>	<b>2,101.5</b>	<b>(3.0)</b>	<b>6,804.9</b>	<b>4,795.8</b>	<b>41.9</b>
<b>Adjus Profit</b>	<b>2,038.6</b>	<b>1,635.0</b>	<b>24.7</b>	<b>2,101.5</b>	<b>(3.0)</b>	<b>6,804.9</b>	<b>4,898.6</b>	<b>38.9</b>
EPS (₹)	14.5	11.6	24.7	14.9	(3.0)	48.4	34.1	41.9
<b>As % of Sales</b>			<b>BPS</b>		<b>BPS</b>			<b>BPS</b>
Raw Matl Cost	57.5	59.1	(158)	57.0	51	59.1	60.5	(145)
Employee Exps	8.9	8.9	(7)	8.4	40	8.6	8.7	(8)
Other Exps	20.4	18.8	152	20.0	35	19.4	19.0	34

Source: Company, Way2Wealth

(₹mn)

Consolidated	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	YoY (%)	QoQ (%)	FY24	FY23	YoY (%)
<b>Revenue</b>	16,937	18,876	18,891	20,788	21,138	23,606	20,952	22,343	24,500	25,450	25,611	26,8484	28,255	15.3	5.2	102,409	88,040	16.3
<b>EBITDA</b>	2,443	2,600	2,032	2,571	2,398	2,716	2,395	2,854	3,213	3,183	2,990	3,894	3,741	16.4	(3.9)	13,280	10,363	28.2
<b>EBITDA Margin (%)</b>	14.4	13.8	10.8	12.4	11.3	11.5	11.4	12.8	13.1	12.5	11.7	14.5	13.2	13	(126)	13.0	11.8	120
<b>Net Profit</b>	966	1,333	946	1,362	1,034	1,315	1,082	1,365	1,635	1,546	1,523	2,102	2,039	24.7	(3.0)	6,805	4,796	41.9

Source: Company, Way2Wealth

(₹ mn)

Particulars	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	YoY (%)	QoQ (%)	FY24	FY23	YoY (%)
<b>INDIA</b>																		
<b>Revenue</b>	11,520	15,012	14,895	15,544	16,161	19,054	15,968	16,492	18,254	19,736	19,934	20,786	21,204	16.2	2.0	78,710	67,675	16.3
<b>EBITDA</b>	1,538	2,125	1,655	1,968	1,742	2,319	1,777	1,955	2,302	2,478	2,311	2,973	2,742	19.1	(7.8)	10,063	7,792	29.1
<b>EBITDA Margin (%)</b>	13.4	14.2	11.1	12.7	10.8	12.2	11.1	11.9	12.6	12.6	11.6	14.3	12.9	32	(137)	12.8	11.5	127
<b>EUROPE</b>																		
<b>Revenue</b>	5,417	3,864	3,996	5,244	4,978	4,552	4,985	5,851	6,246	5,714	5,677	6,061	7,051	12.9	16.3	23,699	20,365	16.4
<b>EBITDA</b>	905	475	377	603	656	397	618	899	911	706	679	921	999	9.6	8.5	3,217	2,570	25.1
<b>EBITDA Margin (%)</b>	16.7	12.3	9.4	11.5	13.2	8.7	12.4	15.4	14.6	12.3	12.0	15.2	14.2	(42)	(103)	13.6	12.6	95

Source: Company, Way2Wealth

19<sup>th</sup> August 2024

₹2,509.7/-

 View – **ACCUMULATE**
**FINANCIALS & VALUATIONS**

(₹ mn)

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>India</b>	54,195	49,386	47,730	56,971	67,675	78,710	90,852	102,139
<b>YoY Growth (%)</b>	20.7	(8.9)	(3.4)	19.4	18.8	16.3	15.4	12.4
<b>Europe</b>	20,910	19,791	17,740	18,521	20,365	23,699	27,308	31,708
<b>YoY Growth (%)</b>	5.1	(5.4)	(10.4)	4.4	10.0	16.4	15.2	16.1
<b>Revenue</b>	<b>75,105</b>	<b>69,177</b>	<b>65,470</b>	<b>75,491</b>	<b>88,040</b>	<b>102,409</b>	<b>118,160</b>	<b>133,847</b>
<b>YoY Growth (%)</b>	15.9	(7.9)	(5.4)	15.3	16.6	16.3	15.4	13.3
<b>EBITDA</b>	<b>11,288</b>	<b>11,308</b>	<b>10,402</b>	<b>9,646</b>	<b>10,363</b>	<b>13,280</b>	<b>15,902</b>	<b>19,412</b>
<b>EBITDA Margin (%)</b>	15.0	16.3	15.9	12.8	11.8	13.0	13.5	14.5
<b>Net Profit</b>	<b>4,950</b>	<b>5,655</b>	<b>5,196</b>	<b>4,607</b>	<b>4,796</b>	<b>6,805</b>	<b>8,608</b>	<b>10,407</b>
<b>EPS ₹</b>	35.2	40.2	36.9	32.8	34.1	48.4	61.2	74.0
<b>DPS ₹</b>	5.5	5.5	6.0	6.3	7.0	8.5	9.0	10.0
<b>P/E (x)</b>	71.8	62.9	68.4	77.2	74.1	52.3	41.3	34.2
<b>EV/EBITDA (x)</b>	31.5	31.5	34.0	36.7	34.4	26.8	22.9	19.9
<b>P/BV (x)</b>	13.9	11.8	10.0	9.1	8.1	7.1	6.3	5.4
<b>Net Debt/Equity (x)</b>	0.1	0.1	(0.0)	0.01	0.1	0.1	0.1	0.1
<b>RoE (%)</b>	19.3	18.8	14.6	13.8	10.9	10.9	14.7	16.4
<b>RoCE (%)</b>	25.1	20.4	15.9	13.9	12.6	15.1	18.2	21.5
<b>FCF</b>	2,220	4,943	3,270	2,125	2,257	2,223	4,298	7,581
<b>Cash Balances</b>	5,027	5,379	6,209	4,026	2,877	5,047	7,133	11,492

Source: Company, Way2Wealth

19<sup>th</sup> August 2024

₹2,509.7/-

View – **ACCUMULATE**

**Disclaimer**

**Analyst Certification:** I, Jayakanth Kasthuri, the research analyst and author of this report, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s), principally responsible for the preparation of this research report, receives compensation based on overall revenues of the company (Way2Wealth Brokers Private Limited, hereinafter referred to as Way2Wealth) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

It is confirmed that Jayakanth Kasthuri, the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. Our research professionals are paid in part based on the profitability of Way2Wealth, which include earnings from other business. Neither Way2Wealth nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Way2Wealth is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. The contents of this material are general and are neither comprehensive nor appropriate for every individual and are solely for the informational purposes of the readers. This material does not take into account the specific objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s.

This research has been prepared for the general use of the clients of the Way2Wealth and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Way2Wealth will not treat recipients as customers by virtue of their receiving this report. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

The report is based upon information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. Way2Wealth or any of its affiliates or employees makes no warranties, either express or implied of any kind regarding any matter pertaining to this report, including, but not limited to warranties of suitability, fitness for a particular purpose, accuracy, timeliness, completeness or non-infringement. We accept no obligation to correct or update the information or opinions in it. Way2Wealth or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. The recipients of this report should rely on their own investigations. In no event shall Way2Wealth be liable for any damages of any kind, including, but not limited to, indirect, special, incidental, consequential, punitive, lost profits, or lost opportunity, whether or not Way2Wealth has advised of the possibility of such damages.

This material contains statements that are forward-looking; such statements are based upon the current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties include but are not limited to: the risk of adverse movements or volatility in the securities markets or in interest or foreign exchange rates or indices; adverse impact from an economic slowdown; downturn in domestic or foreign securities and trading conditions or markets; increased competition; unfavorable political and diplomatic developments; change in the governmental or regulatory policies; failure of a corporate event and such others. This is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form by any means or redistributed without the written consent of Way2Wealth. In no event shall any reader publish, retransmit, redistribute or otherwise reproduce any information provided by Way2Wealth in any format to anyone. Way2Wealth and its affiliates, officers, directors and employees including persons involved in the preparation or issuance of this report may from time to time have interest in securities / positions, financial or otherwise in the securities related to the information contained in this report.

To enhance transparency, Way2Wealth has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

**Disclosure of Interest Statement Endurance Technologies Ltd. as on 19 August 2024**

Name of the Security	Endurance Technologies Ltd.
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	
Financial Interest	No
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

This information is subject to change without any prior notice. Way2Wealth reserves at its absolute discretion the right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, Way2Wealth is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.