4 November 2026
2QFY27 Results Update | Sector: Automobile

# Endurance Technologies

| | |
|---|---|
| Estimate changes | ⇄ |
| TP change | ⇄ |
| Rating change | ⇄ |

**CMP: INR2,503 TP: INR3,100 (+24%) Buy**

## Order book execution to drive growth

### Commodities and greenfield expenses weigh on margins

- Endurance Technologies' (ENDU) 2QFY27 Adj. PAT stood at INR2.5b (+9% YoY) and came in line with our expectations. Standalone margin at 10.3% came in below our estimate of 10.9%, while the European business posted 17.8% margins, (in line). Lower margins due to commodity headwinds and greenfield expenses, along with accelerated depreciation in EU operations, weighed on earnings during the quarter.
- On the back of its healthy order backlog, we expect ENDU to outperform core industry growth, both in India and Europe. As a result, we estimate a CAGR of ~22%/22%/23% in consolidated Revenue/EBITDA/PAT over FY26-28. The stock trades at 33x/24x FY27E/FY28E consolidated EPS. **We reiterate our BUY rating with a TP of INR3,100 (based on 30x FY28E consolidated EPS).**

### Revenues beat expectations, while earnings come in line

- Consolidated revenue grew 34% YoY to INR47.9b (beating estimate of INR44.1b), led by 40% YoY growth in the Indian business.
- European revenue (in INR terms) grew 13% YoY to INR10.3b. In EUR terms, revenue posted a ~6% YoY growth.
- Consolidated EBITDA witnessed a healthy 17.2% YoY growth to INR5.6b, coming in line with our expectations. However, EBITDA margin contracted ~170bp YoY to 11.7% and was below our estimate of 12.3%, primarily due to higher commodity and energy prices.
- Standalone margin contracted 170bp YoY to 10.3% (est. of 10.9%), impacted by higher input costs. Europe margins were stable YoY at 17.8%.
- New plant ramp-up led to higher depreciation expenses, rising 33% YoY to INR2.4b.
- As a result, consolidated PAT grew 9% YoY to INR2.5b, coming in line with our estimate.
- Consolidated CFO stood at INR8b, while FCF came in positive at INR3.1b.

### Key highlights from the management commentary

- 1HFY27 business wins were INR7.5b (excluding Bajaj Auto), led by Honda, Tata Motors, Hero MotoCorp, TVS, Ather, and US EV OEMs. Cumulative wins since FY22 stand at INR63.7b, with about INR38b yet to be executed.
- The AURIC Shendra casting plant started on 25 Sept'26. SOPs have begun for alloy wheels (Ather and Royal Enfield, with Suzuki expected in 3QFY27), dual-channel ABS for Bajaj Auto and KTM brakes. ABS capacity will reach 1.54m units p.a. by 4QFY27, with about 70% already booked. India capex is guided at about INR11b for FY27 (consolidated INR12.5b). The four greenfield facilities dragged EBIT margin by about 0.5% in 2Q, but all four are expected to turn profitable in FY28.

| | |
|---|---|
| Bloomberg | ENDU IN |
| Equity Shares (m) | 141 |
| M.Cap.(INRb)/(USDb) | 352 / 3.7 |
| 52-Week Range (INR) | 3075 / 2143 |
| 1, 6, 12 Rel. Per (%) | -11/6/-7 |
| 12M Avg Val (INR M) | 319 |

**Financials & Valuations (INR b)**

| Y/E March | FY26 | FY27E | FY28E |
|---|---|---|---|
| Sales | 146.0 | 192.6 | 217.8 |
| EBITDA | 19.7 | 23.2 | 29.1 |
| Adj. PAT | 9.7 | 10.6 | 14.7 |
| EPS (INR) | 68.8 | 75.1 | 104.6 |
| EPS Growth (%) | 17.0 | 9.2 | 39.4 |
| BV/Share (INR) | 486.3 | 548.4 | 637.5 |
| **Ratios** | | | |
| Net Debt/Equity | -0.1 | 0.0 | -0.1 |
| RoE (%) | 15.4 | 14.5 | 17.6 |
| RoCE (%) | 13.6 | 13.0 | 15.9 |
| Payout (%) | 17.0 | 17.3 | 14.8 |
| **Valuations** | | | |
| P/E (x) | 36.3 | 33.2 | 23.8 |
| P/BV (x) | 5.1 | 4.5 | 3.9 |
| EV / EBITDA (x) | 0.5 | 0.5 | 0.6 |
| Div. Yield (%) | 1.7 | -0.1 | 3.0 |

**Shareholding Pattern (%)**

| As On | Sep-26 | Jun-26 | Sep-25 |
|---|---|---|---|
| Promoter | 75.0 | 75.0 | 75.0 |
| DII | 10.5 | 10.1 | 9.1 |
| FII | 12.1 | 12.7 | 13.8 |
| Others | 2.5 | 2.2 | 2.1 |

FII includes depository receipts

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**
**Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.**

- Cumulative SOP value from four-wheeler proprietary products (suspension, braking, driveshafts) should rise from INR1b in FY28 to INR8b by FY31. Management sees these products exceeding INR15b by FY31, including battery packs. Non-auto (solar, railways, industrial) SOP value is expected at INR2.5b in FY28 and INR6.5b by FY31, with solar asset turnover above 8x.
- The EU business grew in line with the market, along with steady margins, though market growth has come almost entirely from Chinese OEMs. Endurance has outgrown the market on EV-related order wins and supply chain consolidation, and the Fondalpress acquisition (alongside 100% ownership of Stoferle) adds casting capacity, insourcing, and truck-segment opportunities. Management is optimistic that proposed curbs on Chinese imports and the Accelerator Act will drive localization and bring more business to European suppliers.

## Valuation and view

On the back of its healthy order backlog, we expect ENDU to outperform core industry growth, both in India and Europe. As a result, we estimate a CAGR of ~22%/22%/23% in consolidated Revenue/EBITDA/PAT over FY26-28. The stock trades at 33x/24x FY27E/FY28E consolidated EPS. **We reiterate our BUY rating with a TP of INR3,100 (based on 30x FY28E consolidated EPS).**

**Consolidated - Quarterly** (INR m)

| Y/E March | FY26 | | | | FY27E | | | | FY26 | FY27E | | Var |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| INR m | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | (%) |
| **Net Sales** | **33,189** | **35,828** | **36,082** | **40,860** | **43,149** | **47,862** | **50,162** | **51,433** | **1,45,959** | **1,92,605** | **44,134** | **8.4** |
| YoY Change (%) | 17.5 | 23.0 | 26.2 | 37.9 | 30.0 | 33.6 | 39.0 | 25.9 | 26.3 | 32.0 | 23.2 | |
| **EBITDA** | **4,439** | **4,768** | **4,771** | **5,678** | **5,358** | **5,590** | **5,972** | **6,294** | **19,656** | **23,215** | **5,450** | **2.6** |
| Margins (%) | 13.4 | 13.3 | 13.2 | 13.9 | 12.4 | 11.7 | 11.9 | 12.2 | 13.5 | 12.1 | 12.3 | |
| YoY Change (%) | 18.7 | 24.8 | 28.1 | 34.4 | 20.7 | 17.2 | 25.2 | 10.9 | 26.7 | 18.1 | 14.3 | |
| Depreciation | 1,644 | 1,800 | 1,779 | 2,119 | 2,219 | 2,385 | 2,430 | 2,391 | 7,342 | 9,424 | 2,260 | |
| Interest | 135 | 137 | 150 | 152 | 172 | 249 | 240 | 180 | 574 | 842 | 155 | |
| Other Income | 356 | 210 | 374 | 300 | 334 | 249 | 300 | 309 | 1,240 | 1,191 | 250 | |
| **PBT before EO expense** | **3,016** | **3,041** | **3,216** | **3,707** | **3,301** | **3,206** | **3,602** | **4,032** | **12,980** | **14,141** | **3,285** | |
| Exceptional Item | 0 | 0 | 210 | 0 | 0 | -356 | 0 | 0 | 210 | -356 | 0 | |
| **PBT after EO** | **3,016** | **3,041** | **3,007** | **3,707** | **3,301** | **3,562** | **3,602** | **4,032** | **12,771** | **14,497** | **3,285** | |
| Eff. Tax Rate (%) | 24.9 | 25.3 | 26.3 | 25.4 | 25.9 | 23.0 | 25.2 | 24.8 | 25.5 | 24.7 | 25.3 | |
| **Adj. PAT** | **2,264** | **2,273** | **2,373** | **2,765** | **2,445** | **2,477** | **2,696** | **3,031** | **9,673** | **10,647** | **2,454** | **1.0** |
| YoY Change (%) | 11.0 | 12.0 | 28.7 | 17.2 | 8.0 | 9.0 | 13.6 | 9.7 | 17.0 | 10.1 | 8.0 | |

**Standalone Performance** (INR m)

| Y/E March | FY26 | | | | FY27E | | | | FY26 | FY27E | | Var |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| INR m | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | (%) |
| **Net Sales** | **23,346** | **26,782** | **26,694** | **29,580** | **31,827** | **37,527** | **38,706** | **38,998** | **1,06,402** | **1,47,058** | **33,478** | **12.1** |
| YoY Change (%) | 10.1 | 16.5 | 22.6 | 31.5 | 36.3 | 40.1 | 45.0 | 31.8 | 20.3 | 38.2 | 25.0 | |
| RM Cost (% of sales) | 65.2 | 66.0 | 65.5 | 67.3 | 68.6 | 70.3 | 69.8 | 69.2 | 66.1 | 69.5 | 67.9 | |
| Staff Cost (% of sales) | 5.2 | 4.9 | 4.9 | 4.1 | 4.6 | 4.0 | 4.1 | 4.1 | 4.7 | 4.2 | 4.4 | |
| Other Expenses (% of sales) | 17.1 | 17.2 | 17.2 | 16.6 | 15.9 | 15.4 | 15.6 | 15.9 | 17.0 | 15.7 | 16.8 | |
| **EBITDA** | **2,895** | **3,219** | **3,302** | **3,538** | **3,463** | **3,862** | **4,068** | **4,212** | **12,953** | **15,606** | **3,660** | **5.5** |
| Margins (%) | 12.4 | 12.0 | 12.4 | 12.0 | 10.9 | 10.3 | 10.5 | 10.8 | 12.2 | 10.6 | 10.9 | |
| Depreciation | 814 | 819 | 860 | 901 | 929 | 994 | 1,000 | 958 | 3,394 | 3,880 | 950 | |
| Interest | 15 | 23 | 31 | 31 | 46 | 75 | 100 | 81 | 101 | 302 | 25 | |
| Other Income | 161 | 140 | 90 | 167 | 114 | 85 | 100 | 105 | 558 | 404 | 150 | |
| **PBT before EO expense** | **2,227** | **2,518** | **2,499** | **2,773** | **2,604** | **2,878** | **3,068** | **3,278** | **10,017** | **11,828** | **2,835** | |
| Extra-Ord expense | 0 | 0 | 206 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Tax Rate (%) | 25.5 | 25.5 | 25.6 | 24.4 | 25.2 | 25.8 | 25.2 | 24.6 | 24.7 | 25.2 | 25.2 | |
| **Adj. PAT** | **1,658** | **1,876** | **1,862** | **2,098** | **1,946** | **2,135** | **2,295** | **2,471** | **7,545** | **8,848** | **2,121** | **0.7** |
| YoY Change (%) | 1.8 | 1.5 | 18.7 | 12.1 | 17.4 | 13.8 | 23.2 | 17.8 | 8.4 | 17.3 | 13.1 | |

**EU Subs**

| Y/E March | FY26 | | | | FY27E | | | | FY26 | FY27E | | Var |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EUR m | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | (%) |
| **Net Sales** | **103** | **89** | **93** | **107** | **104** | **94** | **103** | **110** | **392** | **411** | **91** | **3.6** |
| YoY Change (%) | 28.5 | 32.6 | 21.0 | 33.8 | 1.1 | 5.9 | 10.4 | 3.3 | 28.9 | 5.0 | 2.2 | |
| **EBITDA** | **18.1** | **15.8** | **16.8** | **21.9** | **18.9** | **16.7** | **18.2** | **19.9** | **72.4** | **73.6** | **17** | **0.9** |
| Margins (%) | 17.5 | 17.8 | 18.1 | 20.5 | 18.1 | 17.8 | 17.7 | 18.0 | 18.5 | 17.9 | 18.3 | |

**Maxwell**

| Y/E March | FY26 | | | | FY27E | | | | FY26 | FY27E | | Var |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| INR m | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | (%) |
| **Net Sales** | **310** | **440** | **400** | **470** | **570** | **850** | **780** | **800** | **1,610** | **3,000** | **419** | **103.1** |
| YoY Change (%) | 811.8 | 131.6 | 53.3 | 123.8 | 83.9 | 93.2 | 95.0 | 70.2 | 131.7 | 86.3 | 35.0 | |
| **EBITDA** | **10.0** | **19.0** | **23.0** | **-40.0** | **40.0** | **59.0** | **54.6** | **56.4** | **10.0** | **210.0** | **21** | **182.0** |
| Margins (%) | 3.2 | 4.3 | 5.8 | -8.5 | 7.0 | 6.9 | 7.0 | 7.1 | 0.6 | 7.0 | 5.0 | |




## Highlights from the management commentary

**2Q performance and order wins**

- EU new car sales grew 5.6% YoY in 2Q (in line with ENDU's EU growth in Euro terms). BEVs had a 27% share, plug-in hybrids 11%, and hybrids 34%. Management flagged re-escalation of the West Asia conflict, which has made crude, freight, and supply chain costs more volatile.
- 1HFY27 business wins stood at INR7.5b (excluding Bajaj Auto), primarily from Honda, Tata Motors, Hero MotoCorp, TVS, Ather, and US-based EV OEMs. Cumulative order wins since FY22 stood at INR63.7b, of which ~INR38b is yet to be executed.
- EVs contributed 24% of cumulative order wins in 1HFY27, up from 11% in FY22, while the share of Indian 4W orders increased to 23% from 16%.
- In Europe, the company secured EUR28m of new orders in 1HFY27, including EUR14m of orders from Mercedes in 2Q for specialized components for its upcoming hybrid LCV platform, with SOP scheduled in 2029. This follows EUR10m and EUR4m orders from Mercedes and Stellantis, respectively, in 1QFY27, with SOPs commencing in 2027.

**Update on alloy wheels**

- The AURIC-Bidkin alloy wheel plant commenced supplies to Bajaj Auto in Oct'25, followed by SOPs for Ather in Sept'26 and Royal Enfield in Oct'26. SOP for Suzuki is expected to commence in 3QFY27.
- The company is expanding its alloy wheel business alongside its broader casting portfolio, with increasing exposure to leading EV OEMs.

**Update on die casting**

- Four-wheeler aluminum casting remains a key growth area, with capacity expansions underway at Shendra, Chakan, Chennai, and Vallam to cater to increasing demand from domestic OEMs such as Tata Motors and M&M, as well as Korean OEMs through localization opportunities.
- The AURIC Shendra plant commenced operations on 25th Sept'26 and caters to four-wheeler OEMs in India, the UK, and the US. The facility offers high-pressure

and low-pressure die casting, critical machining, and powder coating, with supplies to a US-based EV OEM having commenced.

- The company plans to expand its presence into commercial vehicle castings and is in active discussions with multiple OEMs.
- A fifth aluminum forging press is being added, with SOP expected in 4QFY27. It serves captive demand from the inverted front fork business and a growing external base of Indian and EU OEMs.
- The company is targeting further growth in larger aluminum castings, particularly for EV applications, where the number of cast components is higher than in ICE vehicles.

**Update on braking business**

- ABS capacity is expected to increase to 1.54m units p.a. by 4QFY27, of which approximately 70% is already booked by Bajaj Auto and Royal Enfield. Supplies of dual-channel ABS to Bajaj Auto commenced in Oct'26, while the second Royal Enfield program is expected to commence in 4QFY27.
- The company is enhancing its ABS portfolio through additional features such as ride modes and traction control, which are expected to improve product realizations and margins.
- The new Chennai plant for four-wheeler disc brake assembly systems is expected to commence operations in Mar'27. The KTM brake systems program commenced SOP in 1QFY27, including export supplies from the Waluj plant.
- An additional capacity of 1m units has been commissioned at the Waluj brakes plant to cater to increasing demand from Hero MotoCorp and TVS, with SOP commencing in 2QFY27.
- Four-wheeler braking programs are progressing well, with SOP expected from 1HFY28. The company is also exploring electronically controlled braking systems to expand its presence in higher-value braking solutions.
- Premium suspension continues to gain traction, with upside-down front forks and monoshocks expanding across OEMs. The company targets monthly production capacity of 100k upside-down front forks across seven OEMs, including exports, by 4QFY27.

**Update on European operations**

- EU car sales grew 5.6% YoY, but excluding Chinese OEMs growth, it was only about 0.7%. Chinese OEMs accounted for more than 90% of the increase.
- European operations reported 2QFY27 revenue of EUR93.9m (+5.9% YoY) and EBITDA of EUR16.7m (+5.9% YoY), with EBITDA margin remaining stable at approximately 17.8%. Net profit increased 31.4% YoY to EUR5.2m, including a EUR3.1m exceptional gain from the acquisition of the remaining 32% stake in Stoferle. Excluding this gain and accelerated depreciation of approximately EUR3m on a Volkswagen program, underlying profitability remained healthy.
- The company acquired the remaining 32% stake in Stoferle, taking ownership to 100%, and acquired Fondalpress to strengthen its aluminum casting and machining capabilities. It also divested its stake in Veicoli for EUR2.2m upfront consideration, along with future earnouts, as the fleet management software business was non-core.

- Endurance acquired 100% of Fondalpress in Italy, a former competitor that had EUR80m of turnover in 2017 and was a major Stellantis supplier. Management quoted a net acquisition outlay of just under EUR1m. The headline price was EUR12.3m, but the target held EUR10.2m of cash and EUR2.5m of stock. Planned synergies include insourcing the castings that Stoferle currently buys externally, manufacturing transmission housings for Stellantis, and entering the truck segment.
- Management remains optimistic about the European opportunity, supported by proposed restrictions on Chinese hybrid vehicle imports from Dec'26, import duties on Chinese EVs, and the proposed European Accelerator Act, which could require at least 70% of non-battery EV component value to originate locally. These measures could encourage localization and create opportunities for European suppliers.

**Update on Maxwell**

- Maxwell reported 2QFY27 revenue growth of 95% YoY and 50% QoQ to INR850, achieving profitability for the second consecutive quarter.
- The company commenced SOP of battery packs for a leading two-wheeler OEM, with peak volumes expected to be achieved in 3QFY27. It has also received nominations from two passenger vehicle OEMs for four-wheeler battery packs, with SOPs scheduled for 1QFY28 and 2QFY28, respectively.
- Battery pack manufacturing capacity is being added in a modular manner, with each line capable of producing approximately 18k two-wheeler battery packs or 8k four-wheeler battery packs per month. Additional lines can be installed as customer demand visibility improves.
- Battery packs represent a high-value business with healthy return potential. The company expects to achieve double-digit margins at Maxwell in FY28, while incremental supplies of battery management systems (BMS) and aluminum castings alongside battery packs provide additional revenue and margin opportunities.
- Maxwell's R&D center in Bengaluru is developing IoT and V2X solutions, TPMS, and high-voltage BMS for four-wheelers and electric buses, providing opportunities for further technology-led growth.

**Update on capex**

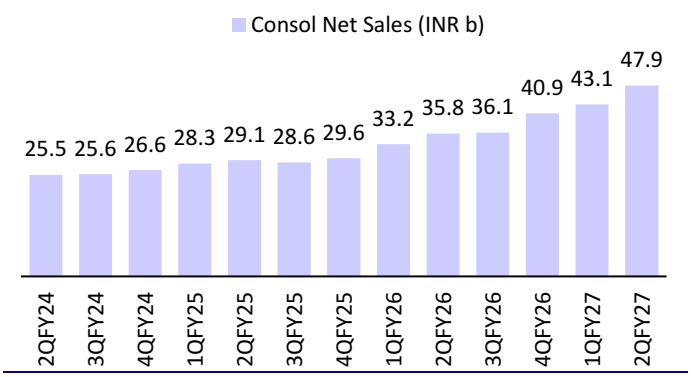
- India capex increased to approximately INR8b in FY26 from INR6.1b in FY25, driven by investments in new growth areas. For FY27, India capex is expected at approximately INR11b, while consolidated capex is guided at INR12.5b.
- The company has incurred cumulative capex of approximately INR11b across four greenfield facilities. These facilities currently exerted a negative EBIT margin drag of approximately 0.5% in Q2FY27. However, management expects the drag to progressively reduce, with all four facilities turning profitable in FY28.
- The Maharashtra Package Scheme of Incentives has been increased from INR6b to INR8.6b, to be availed through state GST refunds over approximately seven years. The company recognized INR750m of incentives in 1HFY27 and expects to recognize a further INR500m in 2HFY27.

- Capacity additions are also underway across ABS, braking, alloy wheels, four-wheeler castings, and aluminum forgings to support new program ramp-ups and customer nominations.

**Other highlights**

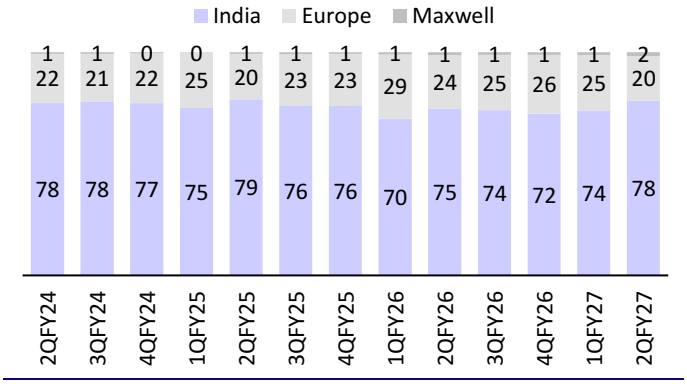
- Standalone EV revenue grew 185% YoY to INR2.3b in 2QFY27, accounting for approximately 5% of standalone sales. Management highlighted that ENDU has a strong presence across EV-related castings, suspension, braking, transmission, and alloy wheels, with clutch assemblies being the primary product category still predominantly linked to ICE vehicles.
- The company expects cumulative SOP value from four-wheeler proprietary products, including suspension, braking, and driveshafts, to increase from INR1b in FY28 to INR8b by FY31. Separately, management sees potential for four-wheeler proprietary product revenues to exceed INR15b by FY31, including battery packs.
- Driveshaft supplies to three-wheeler programs of Bajaj Auto, M&M, and TVS have commenced. The Tata Motors four-wheeler driveshaft program is expected to commence in 3QFY27, with driveshaft revenue targeted to exceed INR1b in FY27.
- Non-automotive business is gaining traction across solar, railways and industrial applications. Cumulative SOP value from non-auto i.e solar, railway, and industrial applications businesses is expected at INR2.5b in FY28, scaling up to INR6.5b by FY31. The Sanand solar damper plant commenced supplies to a European customer in 2QFY27, with US customer supplies expected in 2HFY27 and solar actuator SOP expected in 4QFY27. Solar business asset turnover is expected to exceed 8x.
- Four-wheeler suspension engagements are at an advanced stage with two Indian and one overseas customer. SOPs are expected in 1HFY28 and 2HFY29 for the first two customers, respectively, while timelines for the third customer are expected to be finalized in Q4FY27.
- Assist and slip clutches are being supplied to Royal Enfield and Kawasaki, while Bajaj Auto validation is underway, with SOP expected in 4QFY27.
- India aftermarket revenue grew 36% YoY in 2QFY27, contributing 4% to consolidated income. The business remains a strategic priority given its relatively high margin profile, with the company targeting expansion through proprietary products and a wider distribution network.
- Consolidated net cash stood at INR4.4b as of 1HFY27, providing financial flexibility to support investments in existing and emerging growth areas.

**Exhibit 1: Trend in consolidated revenue**



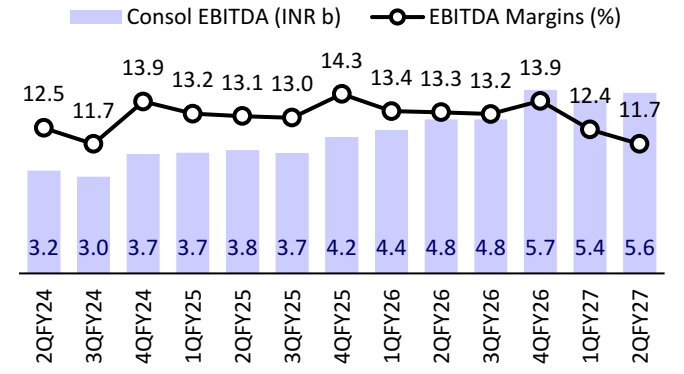

Source: Company, MOFSL

**Exhibit 2: Consolidated revenue mix (as % of total)**



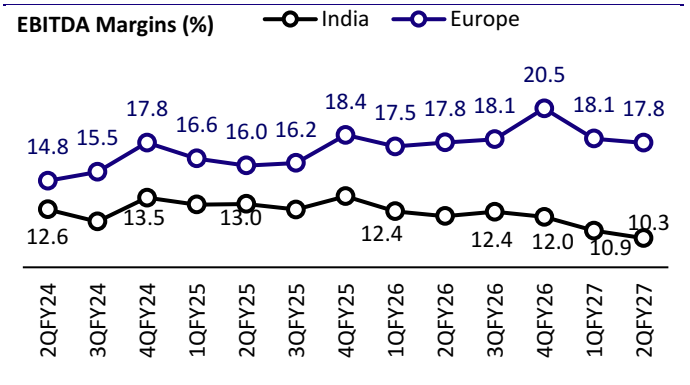

Source: Company, MOFSL

**Exhibit 3: Trend in consolidated EBITDA margin**




Source: Company, MOFSL

**Exhibit 4: EBITDA margin trends in India and Europe**




Source: Company, MOFSL

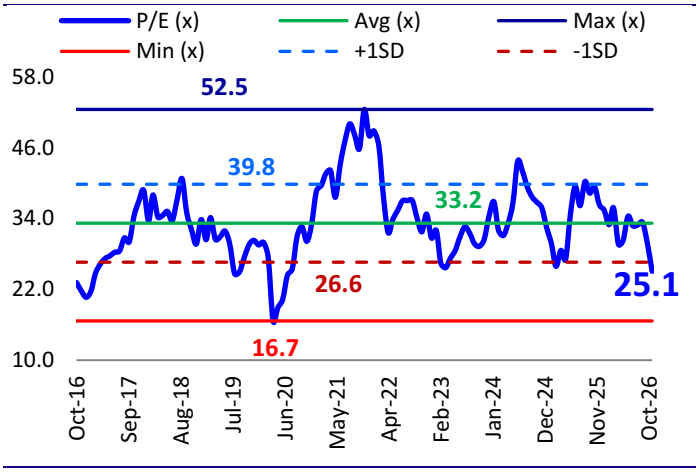
## Valuation and view

- ENDU is likely to continue outperforming domestic 2W growth on the back of: 1) the new alloy wheel plant in Bidkin, which is likely to reach a run rate of INR6b on an annualized basis from 4QFY27E, 2) the commencement of dual-channel ABS supplies to two customers, along with the SOP of the new Chennai brakes facility from 2QFY27, and 3) the ramp-up of inverted front forks for key customers.
- Management continues to focus on increasing contribution from the 4W segment to 45% from the current 30%. Some of its order wins in this space include: 1) new die-casting orders from four OEMs totaling ~INR5.1b, 2) the first order for 4W drive shafts, along with orders for 4W drum brakes from TMPV, and 3) plans to enter 4W suspensions with a Korean technology partner.
- ENDU's focus on diversification has helped it establish a presence in adjacent product segments, which could evolve into key growth drivers. These include: 1) an initial order of INR3b in battery pack assembly, 2) the first order worth INR2b for solar dampers from a Spanish OEM, 3) a line of sight to achieve INR1.4b in revenue from aluminum forgings in FY27, and 4) continued focus on ramping up its presence in the aftermarket.
- On the back of its healthy order backlog, we expect ENDU to outperform core industry growth, both in India and Europe. As a result, we estimate a CAGR of ~22%/22%/23% in consolidated Revenue/EBITDA/PAT over FY26-28. The stock trades at 33x/24x FY27E/FY28E consolidated EPS. **We reiterate our BUY rating with a TP of INR3,100 (based on 30x FY28E consolidated EPS).**

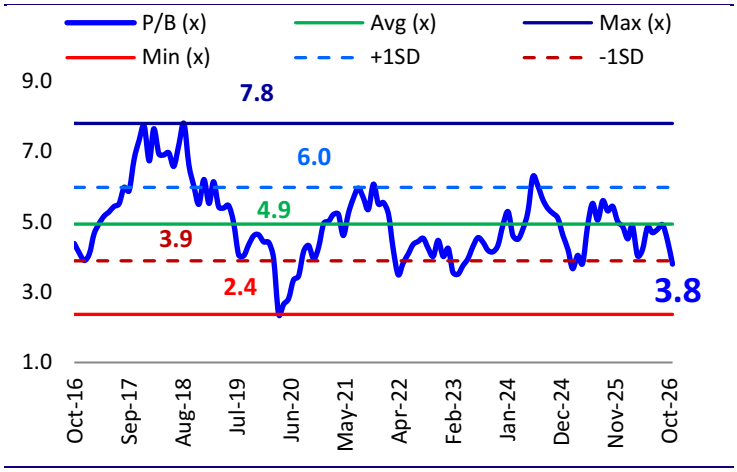
**Exhibit 5: Our revised estimates (consolidated)**

| (INR M) | FY27E | | | FY28E | | |
|---|---|---|---|---|---|---|
| | Rev | Old | Chg (%) | Rev | Old | Chg (%) |
| Net Sales | 1,92,605 | 1,77,017 | 8.8 | 2,17,783 | 2,05,321 | 6.1 |
| EBITDA (%) | 12.1 | 12.7 | -70bp | 13.3 | 13.7 | -40bp |
| Net Profit | 10,559 | 10,498 | 0.6 | 14,716 | 14,372 | 2.4 |
| EPS (INR) | 75.1 | 74.6 | 0.6 | 104.6 | 102.2 | 2.4 |

**Exhibit 6: Valuations – P/E and P/B trading bands**



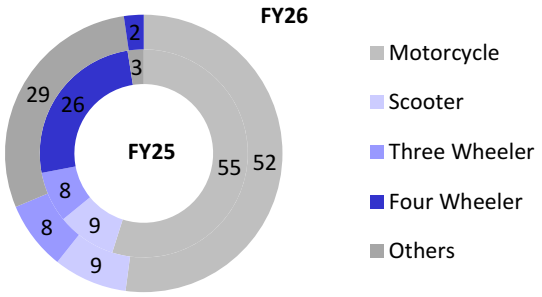

Source: Bloomberg, MOFSL




Source: Bloomberg, MOFSL

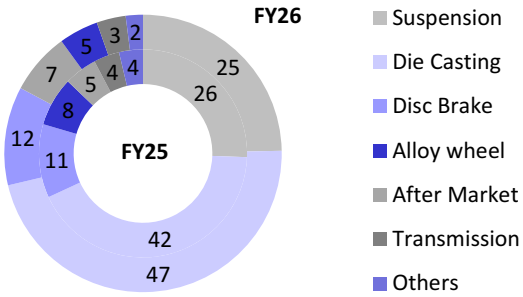
# Story in charts

### Exhibit 7: Segment-wise breakup (%)



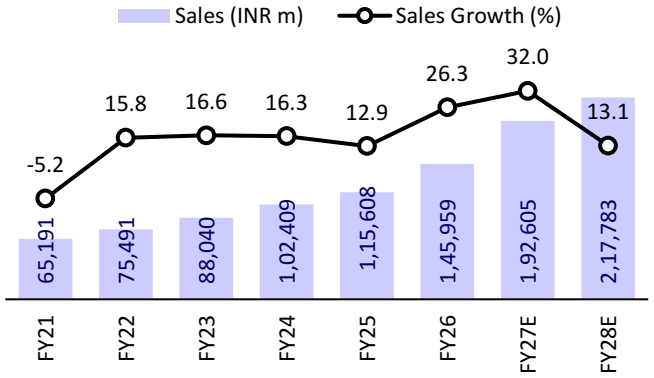

Source: Company presentation, MOFSL

### Exhibit 8: Product-wise breakup (% consolidated)



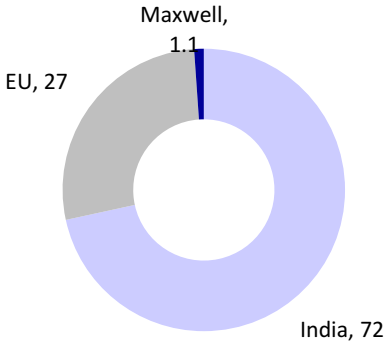

Source: Company presentation, MOFSL

### Exhibit 9: Trend in consolidated sales



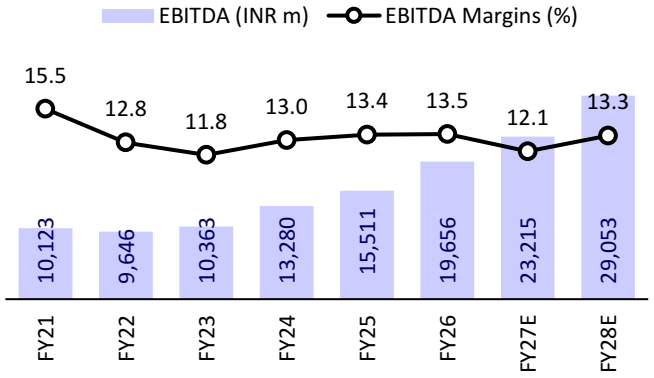

Source: Company, MOFSL

### Exhibit 10: Sales breakup in FY26



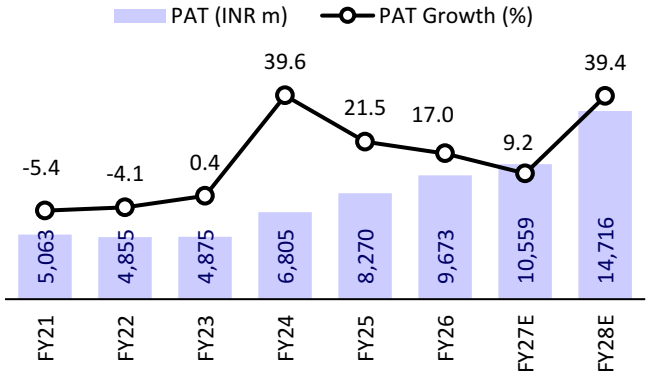

Source: Company, MOFSL

### Exhibit 11: Trends in EBITDA and EBITDA margin




Source: Company, MOFSL

### Exhibit 12: Trend in consolidated PAT




Source: Company, MOFSL

# Financials and valuations

**Consolidated - Income Statement** (INR M)

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|---|---|
| **Total Income from Operations** | **65,191** | **75,491** | **88,040** | **1,02,409** | **1,15,608** | **1,45,959** | **1,92,605** | **2,17,783** |
| Change (%) | -5.2 | 15.8 | 16.6 | 16.3 | 12.9 | 26.3 | 32.0 | 13.1 |
| **EBITDA** | **10,123** | **9,646** | **10,363** | **13,280** | **15,511** | **19,656** | **23,215** | **29,053** |
| Margin (%) | 15.5 | 12.8 | 11.8 | 13.0 | 13.4 | 13.5 | 12.1 | 13.3 |
| Change (%) | -7.2 | -4.7 | 7.4 | 28.2 | 16.8 | 26.7 | 18.1 | 25.1 |
| Depreciation | 3,991 | 3,817 | 4,216 | 4,740 | 5,387 | 7,342 | 9,424 | 10,082 |
| **EBIT** | **6,131** | **5,829** | **6,147** | **8,540** | **10,124** | **12,314** | **13,791** | **18,970** |
| Int. and Finance Charges | 138 | 64 | 206 | 427 | 468 | 574 | 842 | 646 |
| Other Income | 307 | 410 | 454 | 856 | 1,170 | 1,240 | 1,191 | 1,384 |
| **PBT bef. EO Exp.** | **6,301** | **6,176** | **6,395** | **8,969** | **10,825** | **12,980** | **14,141** | **19,708** |
| EO Items | 167 | -315 | -103 | 0 | 122 | -210 | 0 | 0 |
| **PBT after EO Exp.** | **6,468** | **5,861** | **6,293** | **8,969** | **10,947** | **12,771** | **14,141** | **19,708** |
| Total Tax | 1,272 | 1,253 | 1,496 | 2,165 | 2,584 | 3,254 | 3,582 | 4,993 |
| Tax Rate (%) | 19.7 | 21.4 | 23.8 | 24.1 | 23.6 | 25.5 | 25.3 | 25.3 |
| **Reported PAT** | **5,197** | **4,608** | **4,796** | **6,805** | **8,364** | **9,517** | **10,559** | **14,716** |
| **Adjusted PAT** | **5,063** | **4,855** | **4,875** | **6,805** | **8,270** | **9,673** | **10,559** | **14,716** |
| Change (%) | -5.4 | -4.1 | 0.4 | 39.6 | 21.5 | 17.0 | 9.2 | 39.4 |
| Margin (%) | 7.8 | 6.4 | 5.5 | 6.6 | 7.2 | 6.6 | 5.5 | 6.8 |

**Consolidated - Balance Sheet** (INR M)

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|---|---|
| Equity Share Capital | 1,407 | 1,407 | 1,407 | 1,407 | 1,407 | 1,407 | 1,407 | 1,407 |
| Total Reserves | 34,215 | 37,793 | 42,715 | 48,368 | 55,768 | 67,002 | 75,732 | 88,267 |
| **Net Worth** | **35,621** | **39,200** | **44,121** | **49,774** | **57,174** | **68,408** | **77,139** | **89,674** |
| Total Loans | 4,242 | 3,994 | 5,148 | 7,653 | 9,437 | 13,267 | 12,767 | 11,767 |
| Deferred Tax Liabilities | 5 | 6 | 5 | 144 | 134 | 252 | 252 | 252 |
| **Capital Employed** | **39,868** | **43,201** | **49,274** | **57,572** | **66,745** | **81,927** | **90,157** | **1,01,692** |
| Gross Block | 44,054 | 48,000 | 54,043 | 63,116 | 72,908 | 95,208 | 1,07,708 | 1,20,208 |
| Less: Accum. Deprn. | 19,768 | 22,610 | 26,514 | 30,736 | 35,731 | 45,491 | 54,915 | 64,997 |
| **Net Fixed Assets** | **24,286** | **25,390** | **27,528** | **32,379** | **37,176** | **49,717** | **52,793** | **55,210** |
| Goodwill on Consolidation | 1,740 | 1,757 | 3,900 | 3,923 | 3,405 | 7,290 | 7,290 | 7,290 |
| Capital WIP | 962 | 1,193 | 1,709 | 1,593 | 2,930 | 4,879 | 4,879 | 4,879 |
| **Total Investments** | **4,443** | **4,868** | **6,718** | **7,926** | **8,036** | **10,307** | **11,307** | **14,307** |
| **Curr. Assets, Loans&Adv.** | **26,045** | **25,368** | **28,169** | **33,036** | **39,846** | **44,081** | **56,779** | **68,504** |
| Inventory | 6,118 | 7,011 | 8,206 | 8,722 | 9,364 | 11,660 | 15,831 | 17,900 |
| Account Receivables | 10,410 | 9,704 | 11,620 | 12,624 | 14,186 | 18,466 | 23,746 | 26,850 |
| Cash and Bank Balance | 5,133 | 4,026 | 2,877 | 5,046 | 10,189 | 8,748 | 5,246 | 10,235 |
| Loans and Advances | 4,384 | 4,627 | 5,466 | 6,644 | 6,108 | 5,207 | 11,957 | 13,520 |
| **Curr. Liability & Prov.** | **17,607** | **15,375** | **18,750** | **21,285** | **24,649** | **34,348** | **42,892** | **48,499** |
| Account Payables | 12,783 | 12,413 | 14,257 | 16,045 | 17,950 | 23,693 | 31,133 | 35,203 |
| Other Current Liabilities | 3,791 | 2,088 | 3,520 | 4,394 | 5,700 | 9,109 | 9,630 | 10,889 |
| Provisions | 1,032 | 874 | 973 | 846 | 998 | 1,546 | 2,128 | 2,406 |
| **Net Current Assets** | **8,438** | **9,993** | **9,418** | **11,751** | **15,197** | **9,733** | **13,888** | **20,006** |
| **Appl. of Funds** | **39,868** | **43,201** | **49,274** | **57,572** | **66,744** | **81,926** | **90,157** | **1,01,692** |

# Financials and valuations

## Ratios

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|---|---|
| **Basic (INR)** | | | | | | | | |
| **EPS** | **36.0** | **34.5** | **34.7** | **48.4** | **58.8** | **68.8** | **75.1** | **104.6** |
| BV/Share | 253 | 279 | 314 | 353.9 | 406.5 | 486.3 | 548 | 638 |
| DPS | 6.0 | 6.3 | 7.0 | 8.5 | 11.0 | 11.5 | 13.0 | 15.5 |
| Payout (%) | 16.2 | 19.1 | 20.5 | 17.6 | 18.5 | 17.0 | 17.3 | 14.8 |
| **Valuation (x)** | | | | | | | | |
| P/E | 69.3 | 72.3 | 72.0 | 51.6 | 42.4 | 36.3 | 33.2 | 23.8 |
| P/BV | 9.8 | 9.0 | 8.0 | 7.0 | 6.1 | 5.1 | 4.5 | 3.9 |
| EV/Sales | 5.4 | 4.6 | 4.0 | 3.5 | 3.0 | 2.4 | 1.9 | 1.6 |
| EV/EBITDA | 34.6 | 36.4 | 34.1 | 26.6 | 22.6 | 18.1 | 15.4 | 12.1 |
| Dividend Yield (%) | 0.2 | 0.3 | 0.3 | 0.3 | 0.4 | 0.5 | 0.5 | 0.6 |
| FCF per share | 22.0 | 15.8 | 17.1 | 16.8 | 37.4 | 42.3 | -3.7 | 74.2 |
| **Return Ratios (%)** | | | | | | | | |
| RoE | 15.4 | 13.0 | 11.7 | 14.5 | 15.5 | 15.4 | 14.5 | 17.6 |
| RoCE | 13.7 | 11.8 | 14.3 | 13.4 | 13.9 | 13.6 | 13.0 | 15.9 |
| RoIC | 17.6 | 14.7 | 13.2 | 16.0 | 17.5 | 17.7 | 16.3 | 20.1 |
| **Working Capital Ratios** | | | | | | | | |
| Fixed Asset Turnover (x) | 1.5 | 1.6 | 1.6 | 1.6 | 1.6 | 1.5 | 1.8 | 1.8 |
| Asset Turnover (x) | 1.6 | 1.7 | 1.8 | 1.8 | 1.7 | 1.8 | 2.1 | 2.1 |
| Inventory (Days) | 34 | 34 | 34 | 31 | 30 | 29 | 30 | 30 |
| Debtor (Days) | 58 | 47 | 48 | 45 | 45 | 46 | 45 | 45 |
| Creditor (Days) | 72 | 60 | 59 | 57 | 57 | 59 | 59 | 59 |
| **Leverage Ratio (x)** | | | | | | | | |
| Net Debt/Equity | -0.1 | -0.1 | -0.1 | -0.1 | -0.2 | -0.1 | 0.0 | -0.1 |

## Consolidated - Cash Flow Statement (INR M)

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|---|---|---|---|
| OP/(Loss) before Tax | 6,468 | 5,861 | 6,293 | 8,969 | 10,947 | 12,771 | 14,141 | 19,708 |
| Depreciation | 3,991 | 3,817 | 4,216 | 4,740 | 5,387 | 7,342 | 9,424 | 10,082 |
| Interest & Finance Charges | 132 | 57 | 196 | 418 | 460 | 565 | -350 | -738 |
| Direct Taxes Paid | -1,739 | -1,600 | -1,849 | -2,194 | -2,168 | -3,009 | -3,582 | -4,993 |
| (Inc)/Dec in WC | -2,695 | -398 | -415 | -803 | 1,424 | 693 | -7,656 | -1,130 |
| **CF from Operations** | **6,157** | **7,737** | **8,441** | **11,131** | **16,050** | **18,362** | **11,977** | **22,931** |
| Others | 57 | -322 | 179 | -560 | -733 | 145 | 0 | 0 |
| **CF from Operating incl EO** | **6,215** | **7,416** | **8,620** | **10,571** | **15,317** | **18,507** | **11,977** | **22,931** |
| (Inc)/Dec in FA | -3,114 | -5,195 | -6,216 | -8,201 | -10,063 | -12,556 | -12,500 | -12,500 |
| **Free Cash Flow** | **3,101** | **2,220** | **2,404** | **2,370** | **5,254** | **5,951** | **-523** | **10,431** |
| (Pur)/Sale of Investments | -2,739 | -262 | -1,746 | -1,288 | -159 | -5,664 | -1,000 | -3,000 |
| **CF from Investments** | **-5,906** | **-5,502** | **-9,147** | **-9,452** | **-10,127** | **-18,162** | **-12,309** | **-14,116** |
| Inc/(Dec) in Debt | -1,296 | -1,838 | 282 | 2,513 | 1,381 | -29 | -500 | -1,000 |
| Interest Paid | -134 | -67 | -30 | -324 | -367 | -386 | -842 | -646 |
| Dividend Paid | 0 | -844 | -879 | -985 | -1,196 | -1,407 | -1,829 | -2,180 |
| CF from Fin. Activity | -1,384 | -3,020 | -719 | 1,051 | -48 | -1,786 | -3,170 | -3,826 |
| **Inc/Dec of Cash** | **-1,076** | **-1,107** | **-1,246** | **2,170** | **5,142** | **-1,441** | **-3,502** | **4,988** |
| Opening Balance | 6,209 | 5,133 | 4,026 | 2,877 | 5,046 | 10,189 | 8,748 | 5,246 |
| **Closing Balance** | **5,133** | **4,026** | **2,780** | **5,046** | **10,189** | **8,748** | **5,246** | **10,235** |

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

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|---|---|
| **Investment Rating** | **Expected return (over 12-month)** |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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