

**Q2FY24 Result Highlights**

➤ **Standalone business Revenue/EBITDA/PAT grew 3.6%/6.9%/8.6% YoY due 2Ws volume uptick, new orders wins and improvement in realisation due to higher cc motorcycles** – Endurance Q2FY24 standalone Revenue/EBITDA/PAT grew 3.6%/6.9%/8.6% YoY to ₹19.74bn/₹2.48bn/₹1.43bn due to uptick in volumes of 2W segment, ramp-up of new order wins, especially in disc brakes, ABS and alloy wheels segments and improvement in realisations due to increase in mix of higher cc motorcycles in Q2FY24. Won orders ₹4.7bn from OEMs in Q2FY24 versus ₹9.4bn in FY23 and ₹3.1bn in Q1FY24. Key order wins include (1) ₹1.3bn worth of orders from HMCL, (2) ₹0.25bn worth of new orders from Suzuki for front forks and (3) ₹0.72 bn from 4W OEMs for casting and forged components. Over the past four years, the company has cumulative order wins of ₹36.6bn (₹25.7 bn of new orders and ₹10.9bn of replacement orders), which the company expects to reach its peak revenues (new order wins) by FY26.

➤ **Standalone total income break-up by product in 1HFY24 over 1HFY23** – Suspension – 32.5% (36.5%), Die casting – 30.3% (30.0%), Disc Brake – 14.4% (11.5%), Alloy wheel – 10.2% (9.0%), Aftermarket – 5.7% (5.7%), Transmission – 5.1% (5.4%) and others – 1.8% (1.9%).

**Standalone total income break-up by vehicle type in 1HFY24 over 1HFY23** – Motorcycle – 69.7% (72.0%), Scooter – 9.9% (9.8%), 3-Wheeler – 10.5% (9.6%), 4-Wheeler – 6.8% (6.8%), and others – 3.1% (1.8%).

The company's order book in EV book stood at ₹6.2 bn (42% of total order book in FY23 and 2.4% of total order book in 1HFY24)—15 EV programs from 11 customers. The company has won (1) EV suspension orders from Hero Electric, Ather, HMSI and Greaves Cotton and (2) EV CBS orders from Ather, Okinawa, HMCL and Greaves Cotton.

The income during the quarter includes ₹248mn of incentive received from a Maharashtra mega project. The company highlighted that similar kind of revenue can be expected in the coming quarters and incentives will be trimmed down by half from FY25. Also, the company is planning to apply for a new scheme, which is applicable for the period of 2019-24. The company will apply in Q1FY25 or Q4FY24 to avail the incentives under the new scheme.

➤ **Europe business profits improve YoY even as demand is muted** – Europe business reported revenues of EUR 63mn (+10% YoY) mainly due to uptick in EU PV sales, partly offset by lower realizations due to pass-through of softening energy costs. EBITDA stood at EUR 9.3mn with EBITDA margin expanded by 320bps YoY to 11.6% mainly led by lower electricity and gas prices and operating leverage benefits, however the margins declined by 130bps QoQ due to negative operating leverage. However, the company highlighted that volume recovery remains uncertain for the next two quarters owing to inflationary pressures and high interest rates, post which the company expects recovery in production volumes. The company won cumulative orders worth EUR 240mn out of which EUR 90mn (37%) are from EV applications and EUR 112mn (47%) are from hybrid applications over the past four years.

**Important Statistics**

<b>Nifty</b>	19,437
<b>Sensex</b>	64,918
<b>MCAP (₹ bn)</b>	230.1
<b>52 Week H/L (₹)</b>	1,749/1,172
<b>NSE Code</b>	ENDURANCE
<b>BSE Code</b>	540153
<b>Bloomberg Code</b>	ENDU:IN

<b>Shareholding Pattern</b>		<b>Sep'23 (%)</b>
Promoter		75.0
DII		14.9
FII		8.3
Public & Others		1.8

**FINANCIALS**

Particulars	₹ mn		
	FY20	FY21	FY22
<b>Revenues</b>	69,177	65,470	75,491
<b>EBITDA</b>	11,308	10,402	9,646
<b>EBITDA Margin (%)</b>	16.3	15.9	12.8
<b>Net Profit</b>	5,655	5,196	4,607
<b>EPS (₹)</b>	40.2	36.9	32.8
<b>DPS (₹)</b>	5.5	6.0	6.25
<b>RoE (%)</b>	18.8	14.6	13.8
<b>RoCE (%)</b>	19.5	17.0	11.8
<b>P/E (x)</b>	40.7	44.3	49.9
<b>EV/EBITDA (x)</b>	20.5	22.1	23.9
<b>P/BV (x)</b>	7.6	6.5	5.9

Particulars	FY23	FY24E	FY25E
	<b>Revenues</b>	88,040	100,809
<b>EBITDA</b>	10,363	12,691	15,188
<b>EBITDA Margin (%)</b>	11.8	12.6	13.2
<b>Net Profit</b>	4,796	6,409	7,998
<b>EPS (₹)</b>	34.1	45.6	56.9
<b>DPS (₹)</b>	7.0	7.5	8.0
<b>RoE (%)</b>	10.9	12.9	14.2
<b>RoCE (%)</b>	12.6	15.7	18.1
<b>P/E (x)</b>	48.0	35.9	28.8
<b>EV/EBITDA (x)</b>	22.6	17.5	14.4
<b>P/BV (x)</b>	5.2	4.7	4.2

Source: Company, Way2Wealth

**Relative Performance**

Return(%)	1Yr	3Yr	5Yr
<b>ENDURANCE</b>	<b>9.8</b>	<b>60.7</b>	<b>36.2</b>
<b>Nifty 50</b>	6.0	52.8	83.7
<b>Sensex</b>	5.3	49.4	83.1

Source: Company, Way2Wealth

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- **Aftermarket segment revenues increased by 8%YoY to ₹2.2 bn in Q2FY24 from ₹2bn in Q2FY23** led by recovery in the export segment. The company is currently serving 32 countries in the aftermarket segment and targets to enter three more countries in the coming quarters.
- **Maxwell has booked new orders worth ₹200mn in Q2FY24, taking the cumulative order wins to ₹3.7bn in the past two years, which is expected to peak in FY26.** The company has ₹0.8bn worth of request for quotes under discussion with various customers. The company has commenced supplies to Hero MotoCorp (₹1bn order win). The company has also received LoI from Hero Electric (order win of ₹0.7bn) with expected SoP of Q4FY24. Also, the company has also received LoI from Ampere (order win of ₹0.5bn) with production expected to start from Q4FY24.

**View**

ENDURANCE is likely to continue to outperform the industry led by new order wins across ABS, disc brakes and alloy wheels segments; however, performance of EV segment will likely to have muted volumes (on a high base) for a few customers (Hero Electric, Ampere, Bounce Mobility). As per the management, India rural demand is likely to improve. While 3W has already been growing, premium 2W is also seeing healthy growth. New models such as Harley Davidson and Triumph have witnessed strong growth since their launches which auger well for the company. Europe outlook remains weak. Recessionary pressure is hurting order intake. The management is confident of managing the situation over the next two quarters as it focuses on starting new projects. The company is the best proxy play for the Indian 2W industry, with potential to increase content, led by technological changes and new products. Coupled with its knowledge of aluminum die-casting in the EU, there is scope to increase the contribution of the PV segment. Considering Endurance's size and strong market share in its operating segments, **we continue to view it as an ACCUMULATE stock trading at P/E 28.8x FY25E EPS of ₹56.9.**

13<sup>th</sup> November 2023

CMP – ₹1,635.7/-

View – **ACCUMULATE**

**FINANCIAL PERFORMANCE**

(₹ mn)

Particulars	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ(%)	1HFY24	1HFY23	YoY(%)
<b>Revenue</b>	<b>25,450.3</b>	<b>23,606.3</b>	<b>7.8</b>	<b>24,499.6</b>	<b>3.9</b>	<b>49,949.9</b>	<b>44,744.6</b>	<b>11.6</b>
Matl Cost	15,007.4	14,501.9	3.5	14,348.9	4.6	29,356.4	27,673.7	6.1
Purchases	449.6	234.4	91.9	299.9	49.9	749.5	607.5	23.4
Stock Changes	(139.8)	(29.5)	374.1	(163.8)	(14.6)	(303.6)	(799.5)	(62.0)
Employee Exps	2,123.6	1,742.1	21.9	2,187.3	(2.9)	4,310.9	3,612.1	19.3
Other Exps	4,826.2	4,441.4	8.7	4,614.7	4.6	9,440.9	8,537.3	10.6
<b>EBITDA</b>	<b>3,183.2</b>	<b>2,716.0</b>	<b>17.2</b>	<b>3,212.6</b>	<b>(0.9)</b>	<b>6,395.8</b>	<b>5,113.5</b>	<b>25.1</b>
<b>EBITDA Margin (%)</b>	<b>12.5</b>	<b>11.5</b>	<b>100</b>	<b>13.1</b>	<b>(61)</b>	<b>12.8</b>	<b>11.4</b>	<b>138</b>
Other Income	155.2	84.3	84.1	165.9	(6.4)	321.1	131.1	145.0
Depreciation	1,184.1	992.7	19.3	1,129.4	4.8	2,313.5	1,984.1	16.6
Finance Cost	98.2	61.1	60.9	90.1	9.0	188.3	80.2	134.7
PBT	2,056.1	1,746.5	17.7	2,159.0	(4.8)	4,215.1	3,180.2	32.5
Tax	510.6	431.6	18.3	524.0	(2.6)	1,034.6	728.6	42.0
Exceptional Item	-	-	-	-	-	-	(102.9)	(100.0)
Minority Interest -Profit/(Loss)	-	-	-	-	-	-	-	-
<b>Net Profit</b>	<b>1,545.6</b>	<b>1,314.9</b>	<b>17.5</b>	<b>1,635.0</b>	<b>(5.5)</b>	<b>3,180.6</b>	<b>2,348.8</b>	<b>35.4</b>
<b>Adjus Profit</b>	<b>1,545.6</b>	<b>1,314.9</b>	<b>17.5</b>	<b>1,635.0</b>	<b>(5.5)</b>	<b>3,180.6</b>	<b>2,451.6</b>	<b>29.7</b>
EPS (₹)	11.0	9.3	17.5	11.6	(5.5)	22.6	16.7	35.4
<b>As % of Sales</b>			<b>BPS</b>		<b>BPS</b>			<b>BPS</b>
Raw Matl Cost	60.2	62.3	(212)	59.1	106	59.7	61.4	(175)
Employee Exps	8.3	7.4	96	8.9	(58)	8.6	8.1	56
Other Exps	19.0	18.8	15	18.8	13	18.9	19.1	(18)

Source: Company, Way2Wealth

(₹ mn)

Consolidated	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	YoY (%)	QoQ (%)	1H FY24	1H FY23	YoY (%)
<b>Revenue</b>	17,713	16,405	16,038	6,031	17,701	20,409	21,329	16,937	18,876	18,891	20,788	21,138	23,606	20,952	22,343	24,500	25,450	7.8	3.9	49,950	44,745	11.6
<b>EBITDA</b>	2,911	2,605	2,449	427	3,132	3,521	3,322	2,443	2,600	2,032	2,571	2,398	2,716	2,395	2,854	3,213	3,183	17.2	(0.9)	6,396	5,114	25.1
<b>EBITDA Margin (%)</b>	16.4	15.9	15.3	7.1	17.7	17.3	15.6	14.4	13.8	10.8	12.4	11.3	11.5	11.4	12.8	13.1	12.5	100	(61)	12.8	11.4	138
<b>Net Profit</b>	1,691	1,240	1,122	(249.0)	1,672	1,901	1,874	966	1,333	946	1,362	1,034	1,315	1,082	1,365	1,635	1,546	17.5	(5.5)	3,181	2,349	35.4

Source: Company, Way2Wealth

(₹ mn)

Particulars	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	YoY (%)	QoQ (%)	1H FY24	1H FY23	YoY (%)	
<b>INDIA</b>																							
<b>Revenue</b>	12,920	11,610	11,314	3,562	12,892	15,288	15,989	11,520	15,012	14,895	15,544	16,161	19,054	15,968	16,492	18,254	19,736	3.6	8.1	37,990	35,215	7.9	
<b>EBITDA</b>	1,964	1,638	1,437	25	2,322	2,601	2,367	1,538	2,125	1,655	1,968	1,742	2,319	1,777	1,955	2,302	2,478	6.9	7.6	4,779	4,061	17.7	
<b>EBITDA Margin (%)</b>	15.2	14.1	12.7	0.7	18.0	17.0	14.8	13.4	14.2	11.1	12.7	10.8	12.2	11.1	11.9	12.6	12.6	38	(6)	12.6	11.5	105	
<b>EUROPE</b>																							
<b>Revenue</b>	4,792	4,795	4,724	2,469	4,809	5,121	5,340	5,417	3,864	3,996	5,244	4,978	4,552	4,985	5,851	6,246	5,714	25.5	(8.5)	11,960	9,530	25.5	
<b>EBITDA</b>	944	969	1,016	402	810	920	955	905	475	377	603	656	397	618	899	911	706	77.6	(22.5)	1,617	1,053	53.6	
<b>EBITDA Margin (%)</b>	19.7	20.2	21.5	16.3	16.8	18.0	17.9	16.7	12.3	9.4	11.5	13.2	8.7	12.4	15.4	14.6	12.3	362	(224)	13.5	11.0	247	

Source: Company, Way2Wealth

**FINANCIALS & VALUATIONS**

(₹ mn)

Particulars	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>India</b>	44,900	54,195	49,386	47,730	56,971	67,675	76,891	89,955
<b>YoY Growth (%)</b>	12.8	20.7	(8.9)	(3.4)	19.4	18.8	13.6	17.0
<b>Europe</b>	19,893	20,910	19,791	17,740	18,521	20,365	23,918	24,763
<b>YoY Growth (%)</b>	16.3	5.1	(5.4)	(10.4)	4.4	10.0	17.4	3.5
<b>Revenue</b>	<b>64,793</b>	<b>75,105</b>	<b>69,177</b>	<b>65,470</b>	<b>75,491</b>	<b>88,040</b>	<b>100,809</b>	<b>114,718</b>
<b>YoY Growth (%)</b>	15.9	15.9	(7.9)	(5.4)	15.3	16.6	14.5	13.8
<b>EBITDA</b>	<b>9,279</b>	<b>11,288</b>	<b>11,308</b>	<b>10,402</b>	<b>9,646</b>	<b>10,363</b>	<b>12,691</b>	<b>15,188</b>
<b>EBITDA Margin (%)</b>	14.3	15.0	16.3	15.9	12.8	11.8	12.6	13.2
<b>Net Profit</b>	<b>3,908</b>	<b>4,950</b>	<b>5,655</b>	<b>5,196</b>	<b>4,607</b>	<b>4,796</b>	<b>6,409</b>	<b>7,998</b>
<b>EPS ₹</b>	27.8	35.2	40.2	36.9	32.8	34.1	45.6	56.9
<b>DPS ₹</b>	4.0	5.5	5.5	6.0	6.3	7.0	7.5	8.0
<b>P/E (x)</b>	58.9	46.5	40.7	44.3	49.9	48.0	35.9	28.8
<b>EV/EBITDA (x)</b>	25.4	20.6	20.5	22.1	23.9	22.6	17.5	14.4
<b>P/BV (x)</b>	10.6	9.0	7.6	6.5	5.9	5.2	4.7	4.2
<b>Net Debt/Equity (x)</b>	0.3	0.1	0.1	(0.0)	0.01	0.1	0.1	0.1
<b>RoE (%)</b>	18.0	19.3	18.8	14.6	13.8	10.9	12.9	14.2
<b>RoCE (%)</b>	23.5	25.1	20.4	15.9	13.9	12.6	15.7	18.1
<b>FCF</b>	3,157	2,220	4,943	3,270	2,125	2,257	2,861	6,503
<b>Cash Balances</b>	2,199	5,027	5,379	6,209	4,026	2,877	4,421	8,759

Source: Company, Way2Wealth

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**Disclosure of Interest Statement Endurance Technologies Ltd. as on 13 November 2023**

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
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