

**Q4FY24 Result Highlights**

- **In Q4FY24, Endurance Revenue/ EBITDA/PAT grew 20.2%/36.4%/54% to ₹26.8bn/₹3.9bn/₹2.1bn respectively** as the margin expanded by 173 bps YoY and 282 bps QoQ to 14.5% aided by European operations. European revenue grew 1.4% YOY in EUR terms even as there was muted car production while Maxwell reported loss of ₹37mn due to postponement of orders.
- **Standalone business Revenue/EBITDA/PAT grew 26%/52%/74% YoY against backdrop of similar growth in 2W industry sales** – Endurance Q4FY24 standalone (India) Revenue/EBITDA/PAT grew 26%/52%/74% YoY to ₹20.8bn/₹3bn/₹74.4bn due to uptick in volumes of 2W segment along with QoQ revenue growth of 4%, mainly driven by strong product sales of Disc bakes and Alloy wheels further enabling after market sales. ₹203mn state incentive received during the quarter. In Brakes segment, company won new business from Honda scooters and motorcycles ₹294mn and the SOP is planned in Q3FY25 also won Royal Enfield's alloy wheel new business of ₹961mn and SOP has also started. It has reached a run rate of 6.2mn numbers per annum with plans to further raise to 8.1mn numbers per annum. In die casting won new business from Tata Motors Punch Powertrain four-wheeler aluminium casting new business of ₹1,026mn, ₹582mn SOP is already started for its first phase and ₹444mn second proposed project SOP is expected in Q3FY25. As demand for high end bikes is increasing and industry is also moving towards launches in new higher segments with premium content, we expect that this pattern will carry over into FY24-26, which will support improved revenue growth for component suppliers like Endurance. In addition to that, increasing alloy wheel penetration will also support the growth of alloy wheel division.
- **Standalone Revenue breakup by product in FY24 over FY23** – Suspension: 33.3% (35.1%), Die casting: 30.1% (30.5%), Disc Brake: 14.7% (12/3%), Alloy Wheel: 9.8% (8.9%), Aftermarket: 5.8% (6.3%), Transmission: 4.9% (5.6%) and Others: 1.4% (1.3%).
- **Standalone Revenue breakup by vehicle type in FY24 over FY23** – Motorcycle: 70.1% (71%), Scooter: 10.1% (9.7%), 3-Wheeler: 10.5% (10.5%), 4-Wheeler: 6.5% (7.5%) and Others: 2.8% (1.3%)
- **In FY24 ₹11.99bn of new business was won from OEMs other than Bajaj Auto** which included Royal Enfield, TVS, Hero MotoCorp, Tata Motors, Honda two wheelers, Jaguar Land Rover, M&M, Punch Powertrain and Suzuki. The business win of ₹11.99bn constitutes ₹9.2bn of new business and ₹2.79bn of replacement business. This ₹9.2bn of business will reach its peak in FY27. Cumulative orders of ₹7.14bn in Indian EV space including Baja Auto. Excluding Bajaj Auto, won orders worth ₹0.8bn (6.7% of total orders). Won 8 EV programs from 5 customers in FY24 compared to 15 programs from 11 customers largely due to EV policy changes.
- Commissioned 3<sup>rd</sup> Aluminium forging press in Waluj, 4<sup>th</sup> press to be commissioned in Q1FY25. Established new assembly line for scooter suspensions in Waluj, for a Japanese OEM. Increased Waluj ABS capacity from 400,000 to 640,000 units per annum. To increase Chakan Alloy wheel capacity from 4.5 to 5.5mn wheels per annum in Jul'24. In Machines Aluminium castings, expanding Vallam capacity for a Japanese e2W brand with production in Q3FY25. Expansion in Waluj and Pantnagar plants for new motorcycle models of an Indian OEM, including CNG version. Waluj plant for

**Important Statistics**

Nifty	22,546
Sensex	74,058
MCAP (₹ bn)	299.0
52 Week H/L (₹)	2,318/1,348
NSE Code	ENDURANCE
BSE Code	540153
Bloomberg Code	ENDU:IN

Shareholding Pattern	Mar'24 (%)
Promoter	75.0
DII	15.4
FII	7.8
Public & Others	1.8

**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)	57.6	64.9	62.4
EV/EBITDA (x)	28.7	31.0	29.1
P/BV (x)	8.4	7.6	6.8

Particulars	FY24P	FY25E	FY26E
Revenues	102,409	118,185	133,682
EBITDA	13,280	15,913	19,388
EBITDA Margin (%)	13.0	13.5	14.5
Net Profit	6,805	8,613	10,385
EPS (₹)	48.4	61.2	73.8
DPS (₹)	8.5	9.0	10.0
RoE (%)	10.9	14.8	16.2
RoCE (%)	15.1	18.3	21.3
P/E (x)	43.9	34.7	28.8
EV/EBITDA (x)	22.7	17.6	13.7
P/BV (x)	6.0	5.3	4.5

Source: Company, Way2Wealth

**Relative Performance**

Return(%)	1Yr	3Yr	5Yr
ENDURANCE	55.7	49.9	89.2
Nifty 50	23.1	48.6	92.1
Sensex	19.5	46.2	89.4

Source: Company, Way2Wealth

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22<sup>nd</sup> May 2024

CMP – ₹2,126.0/-

View – **ACCUMULATE**

E2W and E3W for an Indian OEM. Expansion in Chakan plant for 4W parts to an Indian JV of global powertrain manufacturer. Setting up greenfield facility at AURIC, focused on 4W and non-auto.

- **Export sales grew 4.4% YoY from India largely from two-wheeler suspension exports for KTM plants** in Austria, China, and Southeast Asia, and from aftermarket export sales. Targeting 10% of India's sales in the aftermarket business by FY28 as it is currently catering to 34 countries, with three more countries recently added to the network.
- **European profitability improves 1.4% YoY in EUR terms and 3.6% in INR terms** – EU subsidiaries reported revenues of ₹6.06 bn, a growth of 4.1% at equal Aluminium prices mainly due to an uptick in EU PV sales (even as there muted car production), as new car registration witnessed growth of 4.4% enabled by dealer destocking aiding new car sales. EBITDA margin expanded 323 bps YoY to 15.2%, mainly led by lower electricity and gas prices, and operating leverage benefits. In FY24, won EUR 31mn business, mainly from the Volkswagen group and Mercedes- Benz Hybrid vehicle. Currently 66% of the total orders are for EVs. Capex was at EUR 30mn. New machining and assembly lines at Chivasso, Italy to produce transmission housings for an European OEM. Production commenced in Q4FY24 and peak in FY26.
- **Maxwell Q4FY24 witnessed revenue growth of 32.9% YoY to ₹110mn** and EBIDTA loss of ₹13mn v/s loss of ₹10mn. Net loss in Q4FY24 came in at ₹37mn vs ₹29mn YoY. Won orders worth ₹3bn in FY24. Won BMS business worth ₹793mn from one of India's largest 2W OEM for their first EV platform. Expected SOP: Q4FY25. Peak annual business of ₹0.3bn Won BMS LOI from Govecs - large European E-2W OEM. Peak annual business of ₹0.13bn. Expected SOP: Q3FY25. LoI received for BMS Business for Maxwell's entry into Electric Tractors. Expected SOP: Q2FY25. Commenced supplies against PO from Hero Motocorp for over ₹1bn.
- Management has guided Capex at ~₹4bn, which will be spent in stages from now to Mar'28, with sales expected to exceed ₹5bn per annum.

**View**

ENDURANCE reported strong Q4FY24 & FY24 as it is focusing on increasing its share of business from the premium bikes +150cc for brake assemblies, ABS suspension, and clutch assemblies, with upgraded product technologies and processes. An increase in business for electric vehicles with existing and new products is also being prioritised. Winning new orders from the non-automotive segment in the castings division, recovery in European business and margin expansion (due to lower energy cost), increasing share of EV order book, and increasing alloy wheel capacity in tandem with growing demand augers well for the company in coming quarters. The future focus will be to achieve a better product mix and better profit margins; increasing the four-wheeler share of the consolidated business from 25% to 45% by FY30. This increase is expected to come from aluminum castings and aluminum forgings for light weighting, as well as from proprietary products through acquisitions, joint ventures, and technology agreements. Considering Endurance's size and strong market share in its operating segments and its focus on emerging technologies to grow its portfolio, **we continue to view it as an ACCUMULATE stock trading at P/E 28.8x FY26E EPS of Rs73.8.**

22<sup>nd</sup> May 2024

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View – **ACCUMULATE**

**FINANCIAL PERFORMANCE**

(₹ mn)

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ(%)	FY24	FY23	YoY(%)
<b>Revenue</b>	<b>26,847.8</b>	<b>22,343.4</b>	<b>20.2</b>	<b>25,611.1</b>	<b>4.8</b>	<b>102,408.7</b>	<b>88,040.5</b>	<b>16.3</b>
Matl Cost	14,503.8	12,876.4	12.6	15,369.4	(5.6)	59,229.6	53,201.9	11.3
Purchases	195.7	118.8	64.7	463.8	(57.8)	1,409.1	1,039.7	35.5
Stock Changes	613.0	261.8	134.2	(442.4)	(238.6)	(132.9)	(946.4)	(86.0)
Employee Exps	2,268.3	2,091.5	8.5	2,219.8	2.2	8,799.0	7,636.1	15.2
Other Exps	5,372.9	4,141.0	29.7	5,010.4	7.2	19,824.2	16,746.5	18.4
<b>EBITDA</b>	<b>3,894.0</b>	<b>2,853.9</b>	<b>36.4</b>	<b>2,990.1</b>	<b>30.2</b>	<b>13,279.8</b>	<b>10,362.7</b>	<b>28.2</b>
<b>EBITDA Margin (%)</b>	<b>14.5</b>	<b>12.8</b>	<b>173</b>	<b>11.7</b>	<b>283</b>	<b>13.0</b>	<b>11.8</b>	<b>120</b>
Other Income	265.4	208.2	27.5	269.7	(1.6)	856.2	454.3	88.5
Depreciation	1,282.3	1,215.6	5.5	1,144.2	12.1	4,739.9	4,215.8	12.4
Finance Cost	129.0	79.8	61.7	109.3	18.0	426.6	205.8	107.3
PBT	2,748.2	1,766.7	55.5	2,006.2	37.0	8,969.5	6,395.4	40.2
Tax	646.6	402.1	60.8	483.4	33.8	2,164.6	1,496.8	44.6
Exceptional Item	-	-	-	-	-	-	(102.9)	(100.0)
Minority Interest -Profit/(Loss)	-	-	-	-	-	-	-	-
<b>Net Profit</b>	<b>2,101.5</b>	<b>1,364.7</b>	<b>54.0</b>	<b>1,522.8</b>	<b>38.0</b>	<b>6,804.9</b>	<b>4,795.8</b>	<b>41.9</b>
<b>Adjus Profit</b>	<b>2,101.5</b>	<b>1,364.7</b>	<b>54.0</b>	<b>1,522.8</b>	<b>38.0</b>	<b>6,804.9</b>	<b>4,898.6</b>	<b>38.9</b>
EPS (₹)	14.9	9.7	54.0	10.8	38.0	48.4	34.1	41.9
<b>As % of Sales</b>			<b>BPS</b>		<b>BPS</b>			<b>BPS</b>
Raw Matl Cost	57.0	59.3	(230)	60.1	(306)	59.1	60.5	(145)
Employee Exps	8.4	9.4	(91)	8.7	(22)	8.6	8.7	(8)
Other Exps	20.0	18.5	148	19.6	45	19.4	19.0	34

Source: Company, Way2Wealth

(₹ mn)

Consolidated	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	Q3 FY24	Q4 FY24	YoY (%)	QoQ (%)	FY24	FY23	YoY (%)
<b>Revenue</b>	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	25,611	26,848.4	20.2	4.8	102,409	88,040	16.3
<b>EBITDA</b>	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	2,990	3,894	36.4	30.2	13,280	10,363	28.2
<b>EBITDA Margin (%)</b>	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	11.7	14.5	173	283	13.0	11.8	120
<b>Net Profit</b>	(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	1,523	2,102	54.0	38.0	6,805	4,796	41.9

Source: Company, Way2Wealth

(₹ mn)

Particulars	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	Q3 FY24	Q4 FY24	YoY (%)	QoQ (%)	FY24	FY23	YoY (%)	
<b>INDIA</b>																						
<b>Revenue</b>	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	19,934	20,786	26.0	4.3	78,710	67,675	16.3	
<b>EBITDA</b>	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	2,311	2,973	52.1	28.7	10,063	7,792	29.1	
<b>EBITDA Margin (%)</b>	0.7	18.0	17.0	14.8	13.4	14.2	11.1	12.7	10.8	12.2	11.1	11.5	12.6	12.6	11.6	14.3	245	271	12.8	11.5	127	
<b>EUROPE</b>																						
<b>Revenue</b>	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	5,677	6,061	3.6	6.8	23,699	20,365	16.4	
<b>EBITDA</b>	402	810	920	955	905	475	377	603	656	397	618	899	911	706	679	921	2.4	35.6	3,217	2,570	25.1	
<b>EBITDA Margin (%)</b>	16.3	16.8	18.0	17.5	16.7	12.3	9.4	11.5	13.2	8.7	12.4	15.4	14.6	12.3	12.0	15.2	(17)	323	13.6	12.6	95	

Source: Company, Way2Wealth

22<sup>nd</sup> May 2024

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

(₹ mn)

Particulars	FY19	FY20	FY21	FY22	FY23	FY24P	FY25E	FY26E
<b>India</b>	54,195	49,386	47,730	56,971	67,675	78,710	90,874	101,987
<b>YoY Growth (%)</b>	20.7	(8.9)	(3.4)	19.4	18.8	16.3	15.5	12.2
<b>Europe</b>	20,910	19,791	17,740	18,521	20,365	23,699	27,311	31,695
<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>118,185</b>	<b>133,682</b>
<b>YoY Growth (%)</b>	15.9	(7.9)	(5.4)	15.3	16.6	16.3	15.4	13.1
<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>15,913</b>	<b>19,388</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>8,613</b>	<b>10,385</b>
<b>EPS ₹</b>	35.2	40.2	36.9	32.8	34.1	48.4	61.2	73.8
<b>DPS ₹</b>	5.5	5.5	6.0	6.3	7.0	8.5	9.0	10.0
<b>P/E (x)</b>	60.4	52.9	57.6	64.9	62.4	43.9	34.7	28.8
<b>EV/EBITDA (x)</b>	26.7	26.6	28.7	31.0	29.1	22.7	17.6	13.7
<b>P/BV (x)</b>	11.7	9.9	8.4	7.6	6.8	6.0	5.3	4.5
<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	14.8	16.2
<b>RoCE (%)</b>	25.1	20.4	15.9	13.9	12.6	15.1	18.3	21.3
<b>FCF</b>	2,220	4,943	3,270	2,125	2,257	2,223	4,385	7,553
<b>Cash Balances</b>	5,027	5,379	6,209	4,026	2,877	5,047	7,184	11,468

Source: Company, Way2Wealth

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**Disclosure of Interest Statement Endurance Technologies Ltd. as on 22 May 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
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