

May 17, 2024

Q4FY24 Result Update

☒ Change in Estimates | ☒ Target | ☒ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	ACCUMULATE		HOLD	
Target Price	2,346		1,980	
Sales (Rs. m)	1,22,995	1,47,370	1,16,639	1,27,411
% Chng.	5.4	15.7		
EBITDA (Rs. m)	17,214	21,663	16,366	18,809
% Chng.	5.2	15.2		
EPS (Rs.)	67.7	90.2	64.8	76.2
% Chng.	4.4	18.5		

Key Financials - Consolidated

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	88,040	1,02,409	1,22,995	1,47,370
EBITDA (Rs. m)	10,363	13,280	17,214	21,663
Margin (%)	11.8	13.0	14.0	14.7
PAT (Rs. m)	4,874	6,805	9,523	12,692
EPS (Rs.)	34.7	48.4	67.7	90.2
Gr. (%)	0.4	39.6	39.9	33.3
DPS (Rs.)	6.0	8.5	12.0	16.0
Yield (%)	0.3	0.4	0.6	0.7
RoE (%)	11.7	14.5	17.7	20.2
RoCE (%)	13.3	16.0	19.5	22.7
EV/Sales (x)	3.4	2.9	2.4	2.0
EV/EBITDA (x)	29.0	22.6	17.2	13.3
PE (x)	62.6	44.8	32.0	24.0
P/BV (x)	6.9	6.1	5.3	4.5

Key Data

[ENDU.BO](#) | [ENDU IN](#)

52-W High / Low	Rs.2,319 / Rs.1,348
Sensex / Nifty	73,917 / 22,466
Market Cap	Rs.305bn / \$ 3,659m
Shares Outstanding	141m
3M Avg. Daily Value	Rs.208.13m

Shareholding Pattern (%)

Promoter's	75.00
Foreign	7.79
Domestic Institution	15.44
Public & Others	1.77
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	15.4	32.8	51.2
Relative	13.9	18.2	25.9

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Endurance Technologies (ENDU IN)

Rating: ACCUMULATE | CMP: Rs2,168 | TP: Rs2,346

Focus on improving product mix to drive growth

Quick Pointers:

- Healthy order wins across product portfolio
- New greenfield capacity to improve 4W Mix in consolidated sales by FY30

Endurance Technologies consolidated revenue for Q4FY24 grew by 20.2% YoY, in-line with PLe/BBGe estimates which was led by strong growth across all product verticals. EBITDA grew by significantly by 36.4% YoY while margin expanded by ~170bps YoY to 14.5% (PLe: 12.3%; BBGe: 12.5%), owing to better operating leverage as a result of increase in volume, improvement in product mix and a one-time gain. Strong overall performance and rise in other income led its APAT to increase by 54% YoY. Additionally, it is setting up a new greenfield plant with a capacity of 900 MT to cater to 4W companies as a part of its revenue diversification.

ENDU shall witness strong growth given (1) Positive sentiments in 2W industry shall improve its overall volume, (2) ABS capacity ramp-up which shall will benefit from premiumization trend in 2W industry (3) increasing the share of 4W products and strong potential in after-market products and exports. Factoring this, we increase our FY25E/FY26E EPS estimates by 4.5%/18.4% owing to strong commentary and healthy order book. We upgrade our rating from 'HOLD' to 'ACCUMULATE' with a TP of Rs 2,346 (earlier Rs 1,980), valuing it at 26x on its FY26E EPS.

Healthy growth in Standalone and European business: Its standalone revenue grew 26% YoY to Rs 20.8bn (including incentive of Rs 203mn for Maharashtra State mega project). EBITDA was reported at Rs 2.9bn, registering a growth of 52.1% YoY while margin expanded by 240bps YoY to 14.3%. The growth in EBITDA and margin was led by better product mix, rise in volume and one-time gain of Rs 200mn. Strong overall performance led APAT to increase by 49.5% YoY to Rs 1.6bn. Revenue from European operations registered a growth of 3.6% YoY to Rs 6.1bn while in EUR terms it grew by 18.9% YoY to EUR 42.3mn. PAT increased by 49.7% YoY to Rs 4.8bn and in EUR terms it grew by 5.3% YoY to EUR 14mn.

Key concall takeaways: Standalone business (1) It will be setting up a new plant in Aurangabad with capacity of 900 MT casting parts per month for ICE, EV and non-automotive segment. The investment will be of Rs 4bn which will be funded through internal accruals. The production is expected to start in Q1FY25. **(2)** It expects the incentives of Rs 300mn in domestic business to be received in H1FY25. **(3)** In FY24, it received new orders worth Rs 12bn (excluding Bajaj Auto) from marquee customers like Royal Enfield, HMSI, JLR, Hyundai, M&M and Tata Punch in India, which is expected to peak by FY27. **(4)** The company aims to further increase its capacity to 1.2mn per annum for single and dual channel ABS assemblies. **(5)** It aims to increase the revenue share of Aftermarket business to 10% by FY28. **Europe and Maxwell business: (7)** In FY24, Maxwell entity bagged orders worth Rs 793mn for BMS business (battery management system). **(8)** Despite the recent slowdown in global EV business, it remains optimistic on EV market and aims to achieve its revenue target of Rs 2.5bn by FY27. **(9)** It has won orders worth EUR 30.8mn from Volkswagen Group which includes Porsche, Audi and Mercedes Benz.

Exhibit 1: Q4FY24 Result Overview – Consolidated (Rs mn) – EBITDA margin expanded due to better mix

Y/e March	4QFY24	4QFY23	YoY gr. (%)	4QFY24E	Var (%)	3QFY24	QoQ gr. (%)	FY24	FY23	YoY gr. (%)
Net Revenues	26,848	22,343	20.2	26,693	0.6	25,611	4.8	1,02,409	88,040	16.3
Raw Materials	15,313	13,257	15.5	16,058	(4.6)	15,391	(0.5)	60,506	53,295	13.5
<i>% of Net Sales</i>	<i>57.0</i>	<i>59.3</i>		<i>60.2</i>		<i>60.1</i>		<i>59.1</i>	<i>60.5</i>	
Personnel	2,268	2,091	8.5	2,268	0.0	2,220	2.2	8,799	7,636	15.2
<i>% of Net Sales</i>	<i>8.4</i>	<i>9.4</i>		<i>8.5</i>		<i>8.7</i>		<i>8.6</i>	<i>8.7</i>	
Manufacturing & Other Exp	5,373	4,141	29.7	5,098	5.4	5,010	7.2	19,824	16,747	18.4
<i>% of Net Sales</i>	<i>20.0</i>	<i>18.5</i>		<i>19.1</i>		<i>19.6</i>		<i>19.4</i>	<i>19.0</i>	
Total Expenditure	22,954	19,489	17.8	23,423	(2.0)	22,621	1.5	89,129	77,678	14.7
EBITDA	3,894	2,854	36.4	3,270	19.1	2,990	30.2	13,280	10,363	28.2
<i>EBITDA Margin (%)</i>	<i>14.5</i>	<i>12.8</i>		<i>12.3</i>		<i>11.7</i>		<i>13.0</i>	<i>11.8</i>	
Depreciation	1,282	1,216	5.5	1,163	10.3	1,144	12.1	4,740	4,216	12.4
EBIT	2,612	1,638	59.4	2,107	23.9	1,846	41.5	8,540	6,147	38.9
Interest Expenses	129	80	61.7	91	41.4	109	18.0	427	206	107.3
Non-operating income	265	208	27.5	257	3.1	270	(1.6)	856	454	88.5
Extraordinary items	-	-		-		-		-	(103)	
PBT	2,748	1,767	55.5	2,274	20.9	2,006	37.0	8,969	6,293	42.5
Tax-Total	647	402	60.8	521	24.2	483	33.8	2,165	1,497	44.6
<i>Tax Rate (%) - Total</i>	<i>23.5</i>	<i>22.8</i>	<i>3.4</i>	<i>22.9</i>	<i>2.7</i>	<i>24.1</i>		<i>24.1</i>	<i>23.8</i>	<i>1.5</i>
Reported PAT	2,102	1,365	54.0	1,753	19.9	1,523	38.0	6,805	4,796	41.9
Adj. PAT	2,102	1,365	54.0	1,753	19.9	1,523	38.0	6,805	4,874	39.6
<i>PAT Margin</i>	<i>7.8</i>	<i>6.1</i>		<i>6.6</i>		<i>5.9</i>		<i>6.6</i>	<i>5.5</i>	

Source: Company, PL

Exhibit 2: Q4FY24 Result Overview – Standalone (Rs mn) – Revenue up by ~26% YoY due to healthy growth across products

Y/e March	4QFY24	4QFY23	YoY gr. (%)	4QFY24E	Var (%)	3QFY24	QoQ gr. (%)	FY24	FY23	YoY gr. (%)
Net Revenues	20,786	16,492	26.0	20,706	0.4	19,934	4.3	78,710	35,215	123.5
Raw Materials	13,152	10,894	20.7	13,641	(3.6)	13,214	(0.5)	51,407	23,792	116.1
<i>% of Net Sales</i>	<i>63.3</i>	<i>66.1</i>		<i>65.9</i>		<i>66.3</i>		<i>65.3</i>	<i>67.6</i>	
Personnel	981	841	16.6	993	(1.2)	957	2.5	3,801	1,610	136.0
<i>% of Net Sales</i>	<i>4.7</i>	<i>5.1</i>		<i>4.8</i>		<i>4.8</i>		<i>4.8</i>	<i>4.6</i>	
Manufacturing & Other Exp	3,680	2,803	31.3	3,530	4.3	3,453	6.6	13,439	5,751	133.7
<i>% of Net Sales</i>	<i>17.7</i>	<i>17.0</i>		<i>17.0</i>		<i>17.3</i>		<i>17.1</i>	<i>16.3</i>	
Total Expenditure	17,813	14,537	22.5	18,164	(1.9)	17,623	1.1	68,647	31,154	120.3
EBITDA	2,973	1,955	52.1	2,542	17.0	2,311	28.7	10,063	4,061	147.8
<i>EBITDA Margin (%)</i>	<i>14.3</i>	<i>11.9</i>		<i>12.3</i>		<i>11.6</i>		<i>12.8</i>	<i>11.5</i>	
Depreciation	673	638	5.5	660	2.0	658	2.2	2,625	1,166	125.1
EBIT	2,300	1,317	74.6	1,882	22.2	1,652	39.2	7,438	2,894	157.0
Interest Expenses	5	8	(42.4)	15	(70.0)	5	(17.0)	30	43	(29.9)
Non-operating income	145	103	40.1	131	11.0	136	6.6	495	282	75.4
Extraordinary items	-	-		-		-		-	(103)	
PBT	2,440	1,413	72.8	1,997	22.2	1,783	36.9	7,903	3,031	160.7
Tax-Total	617	367	68.0	465	32.8	459	34.5	2,025	1,433	41.3
<i>Tax Rate (%) - Total</i>	<i>25.3</i>	<i>26.0</i>	<i>(2.8)</i>	<i>23.3</i>	<i>8.7</i>	<i>25.7</i>		<i>25.6</i>	<i>47.3</i>	<i>(45.8)</i>
Reported PAT	1,823	1,045	74.4	1,533	19.0	1,324	37.7	5,878	1,598	267.8
Adj. PAT	1,823	1,045	74.4	1,533	19.0	1,324	37.7	5,878	1,652	255.7
<i>PAT Margin</i>	<i>8.8</i>	<i>6.3</i>		<i>7.4</i>		<i>6.6</i>		<i>7.5</i>	<i>4.7</i>	

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	88,040	1,02,409	1,22,995	1,47,370
YoY gr. (%)	16.6	16.3	20.1	19.8
Cost of Goods Sold	53,295	60,506	73,164	87,548
Gross Profit	34,745	41,903	49,831	59,821
Margin (%)	39.5	40.9	40.5	40.6
Employee Cost	7,636	8,799	9,825	11,267
Other Expenses	16,747	19,824	22,793	26,891
EBITDA	10,363	13,280	17,214	21,663
YoY gr. (%)	7.4	28.2	29.6	25.8
Margin (%)	11.8	13.0	14.0	14.7
Depreciation and Amortization	4,216	4,740	5,217	5,628
EBIT	6,147	8,540	11,997	16,035
Margin (%)	7.0	8.3	9.8	10.9
Net Interest	206	427	578	586
Other Income	454	856	949	1,034
Profit Before Tax	6,293	8,970	12,368	16,484
Margin (%)	7.1	8.8	10.1	11.2
Total Tax	1,497	2,165	2,845	3,791
Effective tax rate (%)	23.8	24.1	23.0	23.0
Profit after tax	4,796	6,805	9,523	12,692
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	4,874	6,805	9,523	12,692
YoY gr. (%)	0.4	39.6	39.9	33.3
Margin (%)	5.5	6.6	7.7	8.6
Extra Ord. Income / (Exp)	(78)	-	-	-
Reported PAT	4,796	6,805	9,523	12,692
YoY gr. (%)	4.1	41.9	39.9	33.3
Margin (%)	5.4	6.6	7.7	8.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,796	6,805	9,523	12,692
Equity Shares O/s (m)	141	141	141	141
EPS (Rs)	34.7	48.4	67.7	90.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	54,043	63,634	70,134	76,634
Tangibles	54,043	63,634	70,134	76,634
Intangibles	-	-	-	-
Acc: Dep / Amortization	26,514	31,254	36,471	42,099
Tangibles	26,514	31,254	36,471	42,099
Intangibles	-	-	-	-
Net fixed assets	27,528	32,379	33,662	34,535
Tangibles	27,528	32,379	33,662	34,535
Intangibles	-	-	-	-
Capital Work In Progress	1,709	1,593	1,752	1,927
Goodwill	3,900	3,923	4,001	4,081
Non-Current Investments	255	275	303	333
Net Deferred tax assets	715	638	651	664
Other Non-Current Assets	1,994	2,110	2,153	2,196
Current Assets				
Investments	6,464	7,651	8,416	9,257
Inventories	8,206	8,722	11,457	13,728
Trade receivables	11,620	12,624	16,175	19,380
Cash & Bank Balance	2,877	5,047	7,898	14,548
Other Current Assets	2,752	3,750	4,125	4,538
Total Assets	68,019	78,713	90,593	1,05,187
Equity				
Equity Share Capital	1,407	1,407	1,407	1,407
Other Equity	42,715	48,368	56,203	66,645
Total Network	44,121	49,774	57,609	68,051
Non-Current Liabilities				
Long Term borrowings	2,969	4,967	5,017	5,067
Provisions	973	846	863	881
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	2,179	2,686	2,740	2,795
Trade payables	14,257	16,045	19,881	23,821
Other current liabilities	3,520	4,394	4,482	4,571
Total Equity & Liabilities	68,019	78,713	90,593	1,05,187

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	6,293	8,970	12,368	16,484
Add. Depreciation	4,216	4,740	5,217	5,628
Add. Interest	206	427	578	586
Less Financial Other Income	454	856	949	1,034
Add. Other	(351)	(856)	(949)	(1,034)
Op. profit before WC changes	10,363	13,280	17,214	21,663
Net Changes-WC	710	16	(2,719)	(1,842)
Direct tax	(1,466)	(2,088)	(2,857)	(3,804)
Net cash from Op. activities	9,606	11,208	11,637	16,017
Capital expenditures	(9,013)	(9,497)	(6,738)	(6,755)
Interest / Dividend Income	-	-	-	-
Others	(906)	719	879	961
Net Cash from Invt. activities	(9,919)	(8,778)	(5,859)	(5,794)
Issue of share cap. / premium	970	44	-	-
Debt changes	852	2,506	103	105
Dividend paid	(844)	(1,196)	(1,688)	(2,251)
Interest paid	(206)	(427)	(578)	(586)
Others	-	-	-	-
Net cash from Fin. activities	771	928	(2,162)	(2,731)
Net change in cash	458	3,357	3,616	7,491
Free Cash Flow	593	1,710	4,899	9,261

Source: Company Data, PL Research

Key Financial Metrics

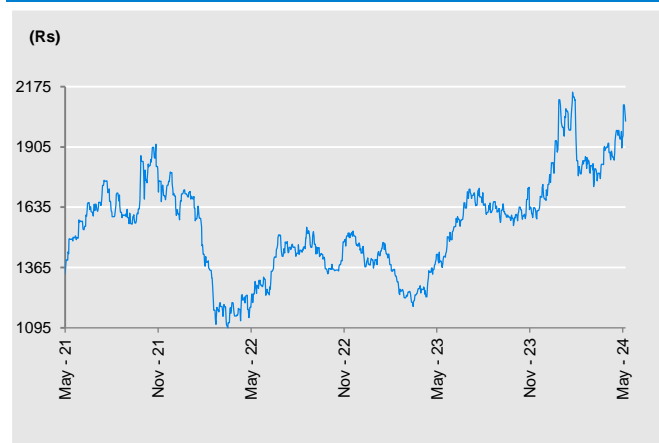
Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	34.7	48.4	67.7	90.2
CEPS	64.6	82.1	104.8	130.2
BVPS	313.7	353.9	409.6	483.8
FCF	4.2	12.2	34.8	65.8
DPS	6.0	8.5	12.0	16.0
Return Ratio(%)				
RoCE	13.3	16.0	19.5	22.7
ROIC	13.4	16.7	21.5	26.9
RoE	11.7	14.5	17.7	20.2
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.1)	(0.1)	(0.2)
Net Working Capital (Days)	23	19	23	23
Valuation(x)				
PER	62.6	44.8	32.0	24.0
P/B	6.9	6.1	5.3	4.5
P/CEPS	33.5	26.4	20.7	16.6
EV/EBITDA	29.0	22.6	17.2	13.3
EV/Sales	3.4	2.9	2.4	2.0
Dividend Yield (%)	0.3	0.4	0.6	0.7

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	24,500	25,450	25,611	26,848
YoY gr. (%)	-	-	-	-
Raw Material Expenses	14,485	15,317	15,391	15,313
Gross Profit	10,015	10,133	10,220	11,535
Margin (%)	40.9	39.8	39.9	43.0
EBITDA	3,213	3,183	2,990	3,894
YoY gr. (%)	34.0	17.2	24.8	36.4
Margin (%)	13.1	12.5	11.7	14.5
Depreciation / Depletion	1,129	1,184	1,144	1,282
EBIT	2,083	1,999	1,846	2,612
Margin (%)	8.5	7.9	7.2	9.7
Net Interest	90	98	109	129
Other Income	166	155	270	265
Profit before Tax	2,159	2,056	2,006	2,748
Margin (%)	8.8	8.1	7.8	10.2
Total Tax	524	511	483	647
Effective tax rate (%)	24.3	24.8	24.1	23.5
Profit after Tax	1,635	1,546	1,523	2,102
Minority interest	1	1	1	2
Share Profit from Associates	1	1	1	2
Adjusted PAT	1,635	1,546	1,523	2,102
YoY gr. (%)	41.4	17.5	40.7	54.0
Margin (%)	6.7	6.1	5.9	7.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,635	1,546	1,523	2,102
YoY gr. (%)	31.9	17.5	40.7	54.0
Margin (%)	6.7	6.1	5.9	7.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,635	1,546	1,523	2,102
Avg. Shares O/s (m)	141	141	141	141
EPS (Rs)	11.6	11.0	10.8	14.9

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-24	Hold	1,980	1,900
2	07-Feb-24	Hold	2,000	1,983
3	08-Jan-24	Hold	1,975	2,095
4	09-Nov-23	Accumulate	1,755	1,624
5	09-Oct-23	Accumulate	1,820	1,585
6	12-Aug-23	Accumulate	1,725	1,636
7	07-Jul-23	Accumulate	1,745	1,654
8	18-May-23	BUY	1,670	1,385

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	595	669
2	Ashok Leyland	BUY	210	176
3	Bajaj Auto	Sell	7,267	9,021
4	Bharat Forge	BUY	1,615	1,405
5	Bharat Petroleum Corporation	Reduce	547	619
6	Bharti Airtel	Accumulate	1,373	1,310
7	CEAT	BUY	3,017	2,545
8	Clean Science and Technology	Hold	1,383	1,328
9	Deepak Nitrite	Reduce	1,985	2,208
10	Divgi Torqtransfer Systems	BUY	1,135	843
11	Eicher Motors	BUY	5,335	4,658
12	Endurance Technologies	Hold	1,980	1,900
13	Exide Industries	Accumulate	495	472
14	Fine Organic Industries	Accumulate	4,779	4,287
15	GAIL (India)	Sell	162	201
16	Gujarat Fluorochemicals	Reduce	3,120	3,638
17	Gujarat Gas	Accumulate	589	553
18	Gujarat State Petronet	BUY	400	294
19	Hero Motocorp	BUY	5,629	4,614
20	Hindustan Petroleum Corporation	Sell	420	501
21	Indian Oil Corporation	Reduce	151	169
22	Indraprastha Gas	Sell	368	452
23	Jubilant Ingrevia	Hold	526	512
24	Laxmi Organic Industries	Sell	206	251
25	Mahanagar Gas	Sell	1,116	1,300
26	Mahindra & Mahindra	BUY	2,306	2,013
27	Mangalore Refinery & Petrochemicals	Sell	142	233
28	Maruti Suzuki	BUY	14,432	12,703
29	Navin Fluorine International	Accumulate	3,621	3,377

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



ANALYST CERTIFICATION

(Indian Clients)

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