

Endurance Tecchnologies Ltd : Good Issue

IPO Note: Offer Price at a PE of 20 looks attractive : Ranking***



Issue details	
Price band (Rs)	Rs.467-472
IPO Opening Date	05/10/16
IPO Closing Date	07/10/16
Issue Size	Rs.1062 Cr.

Recommendation

Total revenue grew at a CAGR of 11.09% from Rs.3822.49 Cr for the FY13 to Rs.5240.55 Cr for the FY16. Net profit after tax grew from Rs.169.29 Cr. for the FY13 to Rs.291.19 crore for the FY16. In the last three years net profit grew at a CAGR of 19.82% from FY13 to FY16. For the first quarter of current fiscal it has reported net profit of Rs. 80.05 cr. on a turnover of Rs. 1452.94 cr. If we annualize this and attribute to the equity (that remains same at Rs. 140.66 cr. post IPO due to offer for sale) then the asking price is at a P/E of 20 plus against industry composite of 33 plus. Among the listed peer in the auto ancilliary industry are Bharat Forge and Motherson Sumi trades at their TTM P/E of 34.0 and 64.0 respectively. Offer at a PE of 22+ looks attractive. **Company has been reporting consistent growth in top and bottom line. Based on future prospects for automobile sector, investors may consider investment for short to long term.**

Highlights

- Endurance Technologies Ltd (ETL) is the largest two-wheeler and three-wheeler automotive component manufacturer in India in terms of aggregate revenue for FY2015 from selected product segments
- It have 25 plants across India, Italy and Germany
- Company is largest aluminum die-casting company in India in terms of actual output and installed capacity
- Total revenue contribution from India is over 70% and 30% from Europe
- ETL's client list includes Bajaj Auto, Suzuki, Royal Enfield, Yamaha, Piaggio, Hero, Honda, Daimler, Chrysler, Tata Motors etc.
- For FY2015, FY2016 and Q1 FY2017, ETL's total revenue contribution from India was 71.5%, 70.1% and 66.8%, respectively, while total revenue contribution from Europe was 28.5%, 29.9% and 33.2%, respectively. According to management, so far they have not seen any adversity on account of Brexit.

Company Introduction

Incorporated in year 2000, Endurance Technologies Ltd is in the business of manufacturing two-wheeler and three-wheeler automotive component. Endurance Tech also manufacture specified components for four-wheeler passenger vehicles, light commercial vehicles and heavy commercial vehicles.

Endurance Tech is the complete solutions provider, providing end-to-end services by engaging its customers from conception to end-user delivery. Company's development process includes



ENDURANCE
Complete Solutions

www.endurancegroup.com

Financial Summary (Rs. In Crore)

Particulars	Qtr. Ended June 16	FY2016	FY2015	FY2014
Total Income	1452.94	5274.54	4949.43	4240.37
Net Profit	80.05	291.19	252.37	204.47
EPS (Rs)	5.69*	20.7	17.94	14.53

*EPS not annualize

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

design, development, validation, testing, manufacturing, delivery and aftermarket sale service for a wide range of technology-intensive auto component products.

Endurance Tech have 25 plants across India, Italy and Germany. Company have 18 manufacturing plants in India, located in the major automotive manufacturing belts of the country, comprising 8 in Aurangabad (Maharashtra), 5 in Pune (Maharashtra), 2 in Pantnagar (Uttarakhand) and 1 each in Manesar (Haryana), Chennai (Tamil Nadu) and Sanand (Gujarat).

Endurance also have 2 manufacturing facilities in Germany and 5 in Italy. In Europe, company predominantly cater to four-wheeler OEMs (original equipment manufacturer), focusing on engine and transmission components.

The object of the issue are to:

- To achieve the benefits of listing the Equity Shares on the Stock Exchanges
- To carry out the Offer for Sale.

IPO Issue Proceed

For listing gains and providing exit to private equity investors, the company is coming out with its maiden IPO via offer for sale mode for 24613024 equity shares of Rs. 10 each via book building route with a price band of Rs. 467-472 to mobilize Rs. 1161.73 crore (based on upper price band). Issue opens for subscription on 05.10.16 and will close on 07.10.16. Minimum application is to be made for 30 shares and in multiples thereon, thereafter. Post allotment shares will be listed on BSE and NSE. As at 31.05.16 its paid up equity capital stood at Rs. 140.66 crore.

DISCLAIMER

The information provided by or in this newsletter is generally from the press reports, electronic media, research websites and other media. The information also includes information from interviews conducted, analysis, views expressed by our research team. Investors should not rely solely on the information contained in this publication and must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors as they believe necessary. The material and the information provided by this newsletter are not, and should not be construed as an advice to buy or sell any of the securities named in this newsletter. SIHL may or may not hold positions in any of the securities named in this newsletter as a part of its business. Past performance is not necessarily an indication of future performance. SIHL does not assure for accuracy or correctness of information of reports in the newsletter.