

Issue Detail	
Type	100% Book Building
Issue Size	Rs. 1160 Crore
Offer Price	*Rs (467 - 472)/Equity Share
Min App Size	30 Shares
Issue Open	5-Sep-16
Issue Close	7-Sep-16
Shares Offer	2.461
Face Value	Rs 10
Lead Mgrs	Axis Capital Limited , Citigroup Global Markets India Private Limited.
Listing	NSE,BSE
Registrar	Link Intima India Pvt. Ltd.
Market Cap (Post Issue)	6639.3

No of shares (Post & Pre Issue)	
No of Shares (Pre Issue)	140,662,848
Offer for Sale	24,613,024
Fresh Issue made	
No of Shares (Post Issue)	140662848

Bid allocation pattern	
QIB	50%
Non-Institutional	15%
Retail	35%

Company Overview

Endurance Technologies Ltd incorporated in 1999 , which is the largest Two-Wheeler and Three-Wheeler Automotive Component Manufacturer in India. They also manufacture specified components for Four-Wheeler Passenger Vehicles, Light Commercial Vehicles ("LCVs") and Heavy Commercial Vehicles ("HCVs") for European Market . Company is the number one Aluminium Die-Casting company in India in terms of actual output and installed capacity in FY2016.

Endurance Tech is the complete solutions provider, providing end-to-end services by engaging its customers from conception to end-user delivery . 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.

Company Strategies

> Company has Strong customer relationships with a wide variety of OEMs. Customers in India and Europe include leading domestic and global OEMs . Company has a long-standing relationship with Bajaj, which is largest customer.

> Company place a strong focus on R&D, with an emphasis on lean design and continuous improvement in product performance, cost and reliability, to enhance their product range. Endurance has invested in high-quality testing equipment, software, human resources, in the R&D centres for each of their product segments.

> Company has a fast-growing business in Europe, with their net revenue . Endurance's strategy in Europe has been to expand with a focus on profitable growth, high margin products, and marquee customers, and they have pursued this strategy through organic growth as well as a series of acquisitions.

> Company Focus on operational efficiencies to improve returns. Endurance has adopted a number of initiatives designed to improve their cost efficiency, and as a one of their primary business strategies ETL intend to continue improving cost efficiency.

> Company has a successful track record of growing through strategic alliances and pursuing inorganic growth opportunities . The company intends to continue to pursue strategic alliances & inorganic growth opportunities that arise in other markets.

Objects of the Issue:

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

Recommendation

Endurance has a stable Business and a good client base incl. Bajaj- Auto, Royal Enfield, Hero Motors , Tata Motors etc. 70% of the total revenues presently comes from domestic operations and hence the company's profitability is free from foreign currency risks. Endurance 40% revenues depend on a single client - Bajaj-Auto and this makes Endurance dependability on a single client high. The company has an RoE of 20% and Roce of 14% and is being offered at 4.5 times FY 16 P/b and 22 times FY16 P/E. We believe the company is being offered at upper band of its valuations and that does not leave high margin of safety for investors. Long term investors may wait for a better price to BUY into the stock. We remain Neutral at IPO price levels

Endurance Technologies Limited

PRODUCT :

Aluminium Casting and Machining	High-pressure, Low-pressure and Aluminium Alloy Wheels for motorcycles
Suspension	Shock Absorbers for scooters, motorcycles and three-wheelers, Front Forks for motorcycles and scooters and Hydraulic Dampers for quadricycles
Transmission	Clutch assemblies, Cork and paper-based Friction Plates for motorcycles and three-wheelers and continuous variable transmission assemblies ("CVTs") for scooters.
Brake Systems	Hydraulic Disc Brake assemblies including Calipers, Master Cylinders and Rotary Disc Brakes for motorcycles and Hydraulic Drum Brake assemblies and Tandem Master Cylinder assemblies for three-wheelers.
Aftermarket Services	To cater the replacement market

CUSTOMER:

In India - largest customers	In India - other OEMs	In Europe - largest customer
Bajaj Auto Ltd	Hero Motorcorp Ltd	FCA Italy S.p.A. and its group
Royal Enfield	Mahindra & Mahindra Ltd.	Daimler AG
Honda Motorcycle and Scooter India Pvt. Ltd.	Tata Motors Ltd	Other reputable Four-wheeler OEMs operating from Europe.
India Yamaha Motor Pvt Ltd.	Suzuki	
	H-D Motor Company India Pvt. Ltd	
	Fiat India Automobiles Private Ltd	
	A leading Indian motorcycle OEM	

Competitive Risks

> Pricing pressure from customers may adversely affect our gross margin, profitability and ability to increase our prices, which in turn may materially adversely affect our business, results of operations and financial condition. Company is unable to offset customer price reductions in the future through operating efficiencies, new manufacturing processes, then may be materially adversely affected business.

> Company is heavily dependent on the performance of the automotive sector in India, particularly the market for two-wheelers in India. Company is also dependent on the performance of the automotive sector in Europe for the four-wheeler market. Any adverse changes in the conditions affecting these markets can adversely impact our business, results of operations and financial condition.

> Company is subject to environmental and safety regulations that may adversely affect business and have been subject to environmental notices in respect of certain of manufacturing facilities and may be subject to further notices in the future.

> Company is dependent on Bajaj Auto and FCA Italy, which constitute 40.8% and 15.29% of its FY2016 consolidated revenue. The company does not have any long term purchase agreement either of these client. Therefore, loss of any significant client, Bajaj Auto or a reduction in purchases by such customer could adversely affect its business, operation & financial condition.

Endurance Technologies Limited

Financials

Yearly Profit & Loss Account (Consolidated Figure)

Figure in Rs (Crore)

	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Total Income	5,241	4,917	4,212	3,822	3,832
EBITDA	510	637	569	521	526
PAT	290	252	204	169	182
EBITDA Margin	10%	13%	14%	14%	14%
PAT Margin	6%	5%	5%	4%	5%
No of Shares	14.06	14.06	14.06	14.06	14.06
Post Issue Diluted EPS	20.61	17.95	14.54	12.04	12.97
Price	Rs 467 - 472				
P/E(At upper price band)	26.0				
P/E(At lower price band)	26.3				
EV/EBITDA(At upper price band), X	13.86				
EV/EBITDA(At lower price band), X	13.73				
ROE %	20%	22.1%	20.9%	23.0%	29.9%

Balance Sheet

Figure in Rs (Crore)

	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
EQUITY AND LIABILITIES					
Share capital	18	18	19	19	19
Reserves and surplus	1437	1124	961	716	590
Shareholders' funds	1454	1142	980	736	609
Minority Interest	0	11	11	2	1
Long-term borrowings	420	415	368	347	410
Short-term borrowings	187	166	128	438	355
Total Borrowing	606	581	497	784	765
Deferred tax liability (net)	1	1	2	4	8
Long-term provisions	38	38	21	20	15
Other Long Term Liabilities	10	3	3	3	3
Non - current liabilities	48	42	26	28	26
Trade payables	738	667	683	542	635
Other current liabilities	399	300	292	236	284
Short-term provisions	46	44	28	16	15
Current liabilities	1183	1010	1003	793	934
TOTAL Liabilities	3292	2786	2517	2343	2335
Fixed assets	1683	1364	1147	1096	1137
Goodwill on consolidation	145	111	138	117	115
Long-term loans and advances	95	94	64	49	34
Deferred Tax Asset	24	22	13	4	0
Other non-current assets	8.60	4.10	14.11	12.08	8.64
Non-current assets	1956	1595	1376	1278	1294
Inventory	407	386	265	225	223
Trade receivables	593	579	675	621	611
Cash and bank balances	167	94	119	150	147
Short-term loans and advances	110	112	66	53	46
Other Current Assets	59	20	16	16	15
Current assets	1335	1191	1141	1065	1041
Total	3292	2786	2517	2343	2336