



DRIVING
SAFETY
THROUGH
INNOVATION

ASK AUTOMOTIVE LIMITED



Not Rated

ASK Automotive was incorporated on January 18, 1988, as a private limited company. ASK Automotive is the leading Indian producer of brake shoes and advanced braking systems for two-wheelers. In fiscal 2022, it controlled 50% of the market in terms of production volume for both OEMs and the IAM, combined. It has 3 technical collaborations and 1 joint venture with leading global players.

ASK Automotive has been supplying safety systems and critical engineering solutions for over 30 years, with in-house design, development, and manufacturing capabilities. The company's offerings to both electric vehicle (EV) and internal combustion engine (ICE) OEMs. Its brand, "ASK," is recognized as the leading brand in the Indian two-wheeler independent aftermarket (IAM) in terms of production volume for fiscal 2023.

Company operates in mainly 3 business verticals, Advanced Braking Systems, Aluminum Lightweighting Precision Solutions & Safety Control Cable. They currently operate 17 manufacturing facilities out of which 1 is a JV and 1 is an upcoming facility. Company has the advantage of High entry barriers due to proprietary material formulations and technological prowess in products

Company was a pioneer in Asbestos free Brake Shoe. They have global collaborations with companies based in Japan, Canada, Brazil and many more.

Company has been able to grow due to advanced R&D, quick adaptation to modern technology and by being able well integrated.

Company maintains very strong customer relationships as it has very long-standing relationships with multiple global and Indian OEM players.

Industry	AUTO ANCILLARY
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Issue Details

Listing	BSE & NSE
Open Date	7 TH NOV 2023
Close Date	9 TH NOV 2023
Price Band	268-282
Face Value	2
Market Lot	53
Minimum Lot	1

Issue Structure

Offer for Sale	100%
Fresh Issue	0%
Issue Size (Amt)	834cr
Issue Size (Shares)	29,571,390
QIB Share (%)	50%
Non-Inst Share (%)	15%
Retail Share (%)	35%
Pre issue sh (nos)	197,142,600
Post issue sh (nos)	197,142,600
Post issue M Cap	5283-5559

Shareholding (%)	Pre (%)	Post (%)
Promoter	100	75.2
Public	0	24.8
TOTAL	100	100

Key Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	PAT	EBITDA (%)	PAT (%)	Adj EPS (₹)	BVPS (₹)	RoE (%)	RoIC (%)	P/E (X)	EV/Sales (X)	EV/EBITDA (X)
FY19	1,785.3	226.2	121.3	12.7	6.8	7.4	20.9	26.8	25.9	50.4	3.4	26.7
FY20	1,644.6	206.0	107.0	12.5	6.5	7.8	25.5	20.6	23.5	53.6	3.6	28.5
FY21	1,544.0	182.7	106.2	11.8	6.9	7.7	30.6	17.0	19.9	54.2	3.7	31.6
FY22	2,013.1	168.7	87.9	8.4	4.4	6.8	31.1	13.1	14.3	69.4	2.9	34.9
FY23	2,555.2	231.7	128.8	9.1	5.0	9.0	31.6	19.1	17.8	46.7	2.4	26.1

Growth Strategies

- ASK Automotive is poised to be a net beneficiary of the EV revolution. The company already caters to the needs of all major players in the EV two-wheeler segment, and its products are compatible with a wide range of EV. These positions ASK Automotive to capture significant market share in the growing EV two-wheeler segment.
- Company rigorously invests in R&D to innovate and optimize its products. The company focuses on developing innovative systems and solutions by leveraging its R&D and engineering capabilities.
- Company has plans to substantially increase revenue from exports leading to better opportunities and growth.
- Company plans to further diversify its product offerings in the AB systems and ALP solutions categories to expand its addressable market. The company has identified several new product opportunities in these categories that are aligned with its core competencies and customer needs.

Key Risks & Concerns

- The company is heavily reliant on the Indian two-wheeler automotive sector, with over 80% of its revenue coming from this sector in the past three years. This means that the company's performance is closely tied to the overall health of the Indian two-wheeler market. If sales of two-wheelers in India decline, the company's revenue will likely suffer as well.
- The company is also dependent on its top three customers for more than half of its revenue. This means that if the company loses any of these customers or if their business with these customers declines, it could have a significant negative impact on the company's overall revenue.
- Company is also at risk of loss of revenue due to availability of counterfeit products and failure to keep their technical knowledge confidential may have adverse effects on business and results of operations. Other companies could copy their products, including counterfeiting or pirating them. This could reduce company's market share, as people may choose to buy the counterfeit products instead.
- Company depends on third party suppliers for their raw material requirements of aluminum.

Issue Structure and Offer Details

The proposed offer for sale size is INR 834cr and the price band for the issue is in the range of INR 268-282 and the bid lot is 53 shares and multiples thereof.

Issue Structure	
Investor Category	Allocation
QIB	Not more than 50% of the Offer
NIB	Not less than 15% of the Offer
Retail	Not less than 35% of the Offer

Number of shares based on a higher price band of INR 282

Source: Company Reports

Details of the selling shareholders		
Promoter Selling shares	Amount offered(cr)	No of shares
Kuldip Singh Rathee	584	20,699,973
Vijay Rathee	250	8,871,417

The amount is based on a higher price band of INR 282

Source: Company Report

FINANCIAL SUMMARY AND ANALYSIS

Fig in INR Cr (unless specified)	FY21	FY22	FY23	Fig in INR Cr (unless specified)	FY21	FY22	FY23
Income Statement				Per share data & Yields			
Revenue	1,544.0	2,013.1	2,555.2	Adjusted EPS (INR)	5.2	4.1	6.0
<i>YoY Growth (%)</i>	<i>(6.1)</i>	<i>30.4</i>	<i>26.9</i>	Adjusted Cash EPS (INR)	7.7	6.8	9.0
Raw Material Cost	998.2	1,393.5	1,781.8	Adjusted BVPS (INR)	30.6	31.1	31.6
<i>RM Cost to Sales (%)</i>	<i>64.6</i>	<i>69.2</i>	<i>69.7</i>	Adjusted CFO per share (INR)	6.7	7.1	6.8
Employee Cost	102.3	122.7	139.4	CFO Yield (%)	2.4	2.5	2.4
<i>Employee Cost to Sales (%)</i>	<i>6.6</i>	<i>6.1</i>	<i>5.5</i>	Adjusted FCF per share (INR)	5.5	3.4	(0.1)
Other Expenses	260.9	328.2	402.3	FCF Yield (%)	1.9	1.2	(0.0)
<i>Other Exp to Sales (%)</i>	<i>16.9</i>	<i>16.3</i>	<i>15.7</i>	Solvency Ratio (X)			
EBITDA	182.7	168.7	231.7	Total Debt to Equity	0.1	0.3	0.5
<i>Margin (%)</i>	<i>11.8</i>	<i>8.4</i>	<i>9.1</i>	Net Debt to Equity	0.1	0.3	0.5
<i>YoY Growth (%)</i>	<i>(11.3)</i>	<i>(7.6)</i>	<i>37.4</i>	Net Debt to EBITDA	0.2	0.9	1.4
Depreciation & Amortization	51.9	55.9	60.7	Return Ratios (%)			
EBIT	130.8	112.8	171.0	Return on Equity	17.0	13.1	19.1
<i>Margin (%)</i>	<i>8.5</i>	<i>5.6</i>	<i>6.7</i>	Return on Capital Employed	14.4	10.6	13.0
<i>YoY Growth (%)</i>	<i>(15.1)</i>	<i>(13.8)</i>	<i>51.6</i>	Return on Invested Capital	19.9	14.3	17.8
Other Income	27.4	13.6	15.8	Working Capital Ratios			
Bill discounting & other charges	10.9	8.1	11.2	Payable Days (Nos)	35	32	24
Fin Charges Coverage (X)	12.1	14.0	15.3	Inventory Days (Nos)	27	23	22
Exceptional Item	(4.4)	0.0	0.0	Receivable Days (Nos)	31	36	30
PBT	143.0	118.3	175.7	Net Working Capital Days (Nos)	23	27	28
<i>Margin (%)</i>	<i>9.3</i>	<i>5.9</i>	<i>6.9</i>	Net Working Capital to Sales (%)	6.2	7.3	7.6
<i>YoY Growth (%)</i>	<i>7.4</i>	<i>(17.3)</i>	<i>48.5</i>	Valuation (X)			
Tax Expense	36.8	30.3	46.8	P/E	54.2	69.4	46.7
<i>Tax Rate (%)</i>	<i>25.7</i>	<i>25.6</i>	<i>26.6</i>	P/BV	9.2	9.1	8.9
PAT	106.2	87.9	128.8	EV/EBITDA	31.6	34.9	26.1
<i>Margin (%)</i>	<i>6.9</i>	<i>4.4</i>	<i>5.0</i>	EV/Sales	3.7	2.9	2.4
<i>YoY Growth (%)</i>	<i>(0.7)</i>	<i>(17.2)</i>	<i>46.5</i>	Cash Flow Statement			
Min Int/Sh of Assoc	(0.4)	(5.3)	(5.9)	PBT	143.0	118.3	175.7
Net Profit	105.8	82.7	123.0	Adjustments	58.7	107.0	57.2
<i>Margin (%)</i>	<i>6.9</i>	<i>4.1</i>	<i>4.8</i>	Change in Working Capital	(28.5)	(50.7)	(47.5)
<i>YoY Growth (%)</i>	<i>(1.1)</i>	<i>(21.8)</i>	<i>48.7</i>	Less: Tax Paid	(36.8)	(30.3)	(46.8)
Balance Sheet				Cash Flow from Operations	136.4	144.2	138.6
Share Capital	40.7	40.2	39.4	Net Capital Expenditure	(32.8)	(81.7)	(148.8)
Total Reserves	581.5	591.7	604.3	Change in Investments	26.8	1.7	(12.0)
Shareholders Fund	622.2	631.9	643.8	Cash Flow from Investing	(6.0)	(80.0)	(160.9)
Long Term Borrowings	42.7	102.3	208.8	Change in Borrowings	(102.0)	(13.5)	124.4
Deferred Tax Assets / Liabilities	30.6	29.7	28.0	Less: Finance Cost	(10.9)	(8.1)	(11.2)
Other Long Term Liabilities	3.2	8.7	2.7	Proceeds from Equity	(0.3)	0.0	0.0
Long Term Trade Payables	0.0	0.0	0.0	Buyback of Shares	0.0	(59.9)	(90.0)
Long Term Provisions	97.9	24.0	25.7	Dividend Paid	(2.0)	0.0	0.0
Total Liabilities	796.6	796.7	908.9	Cash flow from Financing	(115.2)	(81.5)	23.2
Net Block	607.5	738.7	725.8	Net Cash Flow	15.2	(17.2)	0.9
Capital Work in Progress	9.8	2.9	118.2	Forex Effect	0.0	0.0	0.0
Intangible assets under development	0.0	0.0	0.0	Opening Balance of Cash	3.4	18.5	1.3
Non Current Investments	3.4	0.0	4.0	Closing Balance of Cash	18.5	1.3	2.2
Long Term Loans & Advances	102.9	26.1	29.7				
Other Non Current Assets	0.5	0.6	2.9				
Net Current Assets	72.5	28.5	28.2				
Total Assets	796.6	796.7	908.9				

Source: Ventura Research

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