



IPO NOTE

ASK AUTOMOTIVE LIMITED

Rating:

SUBSCRIBE

(Only for High Risk Investors)



ISSUE OFFER

Issue Opens on	NOV 07, 2023
Issue Close on	NOV 09, 2023
Total IPO size (cr)	834.00
Fresh issue (cr)	NIL
Offer For Sale (cr)	834.00
Price Band (INR)	268- 282
Market Lot	53
Face Value (INR)	2
Retail Allocation	35%
Listing On	BSE, NSE

ISSUE BREAK-UP (%)

QIB Portion	<div><div></div></div>	50%
NIB Portion	<div><div></div></div>	15%
Retail Portion	<div><div></div></div>	35%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
197,142,600	197,142,600

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	15-11-2023
Refunds/Unblocking ASBA Fund	16-11-2023
Credit of equity shares to DP A/c	17-11-2023
Trading commences	20-11-2023

ASK Automotive Limited is the largest manufacturer of brake-shoe and advanced braking ("AB") systems for two-wheelers ("2W") in India with a market share of approximately 50% in Fiscal 2023 in terms of production volume for original equipment manufacturers ("OEMs") and the branded independent aftermarket ("IAM"), on a combined basis.

OBJECTS OF THE ISSUE

- The company will not receive any proceeds from the Offer and all the Offer Proceeds will be received by the Selling Shareholders,

OUTLOOK & VALUATION

ASK is a leading player with more than 50% market share as a brake shoe and advanced braking systems manufacturer. The company shares strong relations with all the top two-wheeler manufacturers in the country. It has a robust production model and a technology- and innovation-based manufacturing process. Financially, the company has shown strong growth in its top-line numbers, while its profitability has also been decent.

The company is facing some risks related to its dependence on a limited number of clients, the regional concentration of its manufacturing unit, and increasing debt.

The IPO is coming at a PE valuation of 45.63x, which is reasonably priced. Looking at these factors and the long-term growth prospects, we will give Subscribe rating to this IPO for long term.



KEY MANAGERIAL PERSONNEL

01

Kuldip Singh Rathee

Chairman and Managing Director of the Company. He is also one of the Promoters and a founder of the Company. He has previously served in the Central Reserve Police Force. He has also previously been enlisted as a contractor in Class I (B&R) with the Directorate General of Works, Central Public Works Department, Government of India. He has experience in the real estate sector and in the manufacturing sector.

04

Rajesh Kataria

Whole-Time Director. He has experience in human resource management. He is currently responsible for human resource management of the Company.

02

Prashant Rathee

Whole-Time Director. He was previously a director on the board of A.A. Autotech Private Limited from 2008 till it merged with ASK Automotive, where he gained experience in the manufacturing sector. He is currently responsible for the operations vertical of the Company.

05

Naresh Kumar

Chief Financial Officer of the Company. He joined the Company on July 2, 2005 and was employed here till September 17, 2019. He then subsequently rejoined the Company on April 1, 2021 and has been designated as the Chief Financial Officer since March 28, 2023. He has experience in finance and accounting.

03

Aman Rathee

Whole-Time Director. He was previously a director on the board of A.A. Autotech Private Limited from 2012 till it merged with ASK Automotive, where he gained experience in the manufacturing sector. He is currently leading the research and development and marketing verticals of the Company.

06

Rajani Sharma

Vice President (Legal), Company Secretary and Compliance Officer of the Company. She was appointed Company Secretary of the Company with effect from April 1, 2018 and as the compliance officer of the Company pursuant to a resolution of the Board dated March 28, 2023.

COMPANY PROFILE

- ASK Automotive Limited has been supplying safety systems and critical engineering solutions for more than three decades with in-house designing, developing, and manufacturing capabilities.
- Its offerings include (i) AB systems; (ii) aluminium lightweighting precision ("ALP") solutions, (iii) wheel assembly to 2W OEMs; and (iv) safety control cables ("SCC") products.
- The Company supplies its portfolio of AB systems, ALP solutions, wheel assembly, and SCC products to OEMs in (i) the automotive sector for 2Ws, three-wheelers ("3Ws"), passenger vehicles ("PVs") and commercial vehicles ("CVs"), and (ii) the non-automotive sector for all-terrain vehicles ("ATVs"), power tools and outdoor equipment.
- As of June 30, 2023, the company operated 15 manufacturing facilities across five states in India, the majority of which are strategically located near its OEM customers.
- The Company supplies its products to all of the top six 2W OEMs in India, the largest motorized 2W market in the world.

COMPETITIVE STRENGTHS

- Well-established manufacturer of safety systems and critical engineering solutions for some of India's largest OEMs.
- Robust production model, driven by research and development ("R&D") and design.
- Technology and innovation-driven manufacturing process.
- Long-standing customer relationships with both Indian and global OEM players.
- Financial and return metrics demonstrating growth and efficient use of capital.

KEY STRATEGIES

- "Electrification" – further strengthens its position in the growing EV sector in India.
- Continue to focus on its design, research, and development ("R&D") and engineering capabilities.
- Further diversify its product offerings in the AB systems and ALP solutions categories.
- Leverage export opportunities and enter new markets.
- Increased focus on IAM sales and spares.

KEY CONCERNS

- The company derives more than 50% of its revenue from operations from the sale of products to its top three customers.
- The Company's business and profitability are substantially dependent on the availability and cost of its raw materials.
- It does not generally have firm commitments for the supply of raw materials.
- The company uses third-party dealers to market, sell, and deliver products in the independent aftermarket.
- Its manufacturing facilities are concentrated in the state of Haryana and certain products are manufactured only at these manufacturing facilities.
- The company has incurred significant indebtedness.

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	EPS (Basic)	P/E	Total Income (Mn)	NAV	RONW(%)
ASK Automotive Limited	6.18	-	25,551.67	32.66	19.10%
Peer Group					
Endurance Technologies Limited	34.09	46.36	88,040.46	313.67	10.87%
Uno Minda Limited	11.42	52.59	112,364.90	72.53	15.73%
Suprajit Engineering Limited	10.99	35.49	27,523.55	88.48	12.42%
Bharat Forge Limited	11.35	98.86	129,102.59	144.02	7.88%

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLIONS)	FY 2023	FY 2022	FY 2021
Equity Share Capital	394.29	401.79	406.89
Other Equity	6,043.42	5,917.29	5,815.36
Net Worth	6,437.71	6,319.08	6,222.25
Borrowings	2,088.47	1,023.49	426.70
Revenue from Operations	25,551.67	20,130.83	15,439.92
EBITDA	2,475.45	1,822.58	2,101.12
Profit Before Tax	1,697.58	1,129.91	1,429.61
Net Profit of the Year	1,229.53	826.59	1,062.01



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