



IPO Details:

ASK Automotive Ltd (ASK) is coming out with an IPO of about Rs. 833.91 cr consisting of 2,95,71,390 shares of face value of Rs. 2 each in a price band of Rs. 268 – Rs. 282. The entire IPO comprises of Offer for Sale of Rs. 833.91 cr by the promoters. The IPO opens on 7th November and closes on 9th November.

Company Details:

- **Largest manufacturer of brake-shoe and advanced braking (AB) systems** for 2-Wheelers in India in terms of production for OEMs and the branded independent aftermarket.
- Supplying safety systems and critical engineering solutions for more than 3 decades with **in-house designing, developing and manufacturing capabilities**.
- **Operates 15 manufacturing facilities** across **five states** in India with majority being strategically located in close proximity to its OEM customers.
- Exports AB Systems and Aluminium Lightweighting Precision (ALP) solutions to both automotive and non-automotive sectors.

Strength:

- Enjoys **market share of approximately 50%** in brake-shoe and advanced braking systems for 2-Wheelers.
- Supplies products to **all of the top six 2-wheeler OEMs** viz. Hero MotoCorp, HMT, Bajaj Auto, Yamaha, TVS Motors and Suzuki Motorcycles, with whom it has long-standing relationships ranging from **16 – 30 years**.
- Products are **powertrain agnostic** and thus is able to cater to both **Electric Vehicle (EV)** as well as **Internal Combustion Engine (ICE) OEMs**.
- Braking products have high entry barriers as they are developed using proprietary material formulations and manufacturing knowhow

Growth Drivers:

- **Commencement of supplies to leading E-2Wheelers (EV) OEMs** in India viz. TVS Motors, Ather Energy Pvt. Ltd., Hero MotoCorp, Bajaj auto, Greaves Cotton and Revolt.
- **Approval** of Company's products by **2 Commercial Vehicle CV OEMs**, to whom supplies have also commenced.



- Has R&D, engineering and technological capabilities to offer future-ready solutions and customized solutions to cater to customers' needs.

Key Financial Highlights –

ASK Automotive Ltd (Rs. Cr)

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY21	1,543.99	186.34	12.1%	106.20	5.22	22.0%	17.0%
FY22	2,013.08	171.08	8.5%	82.66	4.09	16.8%	13.3%
FY23	2,555.17	236.43	9.3%	122.95	6.18	22.1%	19.3%
Q1 FY24	656.51	63.71	9.7%	34.83	1.77	5.3%	5.3%

- Operating Revenues have grown at CAGR of 28.6% between FY21 – FY23 to touch Rs. 2,555.17 cr in FY23.
- However, its Ebitda margins declined to 9.3% in FY23 from 12.1% in FY21, resulting in lower CAGR of 12.6% vis a via operating revenues between FY21 – FY23.
- Profits after Tax grew from Rs. 106.20 cr in FY21 to Rs. 122.95 cr in FY23, translating into CAGR of 7.6% between FY21 – FY23.
- Capital efficiency of the business is healthy with RoCE and RoE at 22.1% and 19.3% respectively in FY23.
- Company has been consistently generating operating cash flow of about Rs. 140 cr in each of the last 3 financial years.

Valuations:

- At Upper end of the IPO price band of Rs. 282, ASK Automotive Ltd will be valued at about Rs. 5,559.42 cr.
- On EV/Ebitda basis it will be valued at 23.65x its TTM EV of Rs. 5,946.26 cr while on PE basis it is available at 41.1x its TTM EPS of Rs. 6.86.
- **Investments should be avoided in ASK Automotive Ltd considering expensive valuations.**



Wellworth Share & Stock Broking Ltd

501, Akruti Orion 5th Floor, Shraddhanand Road, Vile Parle East, Mumbai-400057,

Tel: 022-67159008/67159097 Fax: 022-67159090

www.wellworthgroup.co

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*Long Term Investments could range from 3-5 years.