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# ASK Automotive Limited

## IPO Note



IPO Details		Company Background					
<b>Opening Date</b>	Nov 07, 2023	<ul style="list-style-type: none"> <li>ASK Automotive Limited was originally incorporated in the year 1988 and has its registered office in New Delhi.</li> <li>The company is the largest manufacturer of brake-shoe and advanced braking (“AB”) systems for two-wheelers (“2W”) in India.</li> <li>The Company also increasingly caters to customers overseas, both in the automotive and non-automotive sectors through the export of AB systems and ALP solutions.</li> <li>The company operates 15 manufacturing facilities across five states in India.</li> <li>As of 30<sup>th</sup> June 2023, the Company had 6,540 employees on its payroll.</li> </ul>					
<b>Closing Date</b>	Nov 09, 2023						
<b>Stock Exchange</b>	BSE, NSE						
<b>Lot Size</b>	53 Shares						
<b>Issue Price</b>	₹ 268 to ₹ 282 per share						
<b>Issue Size</b>	Aggregating up to 834.00 Cr.						
<b>Fresh Issue</b>	-						
<b>Offer for Sale</b>	Aggregating up to 834.00 Cr.						
<b>Application Amount</b>	Min. Inv. - ₹ 14,946 (53 shares) Max. Inv. - ₹ 1,94,298 (689 shares)						
IPO Objective							
The company will not receive any proceeds from the offer for sale.							
Pre-Issue Shareholding			Market Capitalization (In Cr.)				
<b>Category</b>	<b>No. of Shares</b>	<b>% of Total Shares</b>	<b>Pre-Issue</b>	<b>Post-Issue</b>			
Promoter & Promoter Group	19,71,42,600	100.00%	₹ 5,559	₹ 6,393			
Public	-	-					
Promoter of the Company			Financial Summary (In Lacs)				
1	Kuldip Singh Rathee		<b>For the Period Ended</b>	<b>Mar-21</b>	<b>Mar-22</b>	<b>Mar-23</b>	<b>Jun-23</b>
2	Vijay Rathee		<b>Total Assets</b>	94,825	1,10,556	1,28,120	1,44,333
			<b>Net Assets</b>	62,222	63,190	64,377	67,846
			<b>Total Borrowings</b>	7,989	15,979	31,801	38,683
			<b>Total Revenue</b>	1,56,776	2,02,426	2,56,627	65,754
			<b>Profit After Tax</b>	10,620	8,265	12,295	3,482
Competitive Strengths			Tentative Timeline				
1	Well-established manufacturer of safety systems and critical engineering solutions for some of India’s largest OEMs.		<b>Opening Date</b>	Nov 07, 2023			
2	Robust production model driven by R&D.		<b>Closing Date</b>	Nov 09, 2023			
3	Technology and innovation-driven manufacturing process, with an extensive suit of systems and solutions for EV and ICE sectors.		<b>Basis of Allotment</b>	Nov 15, 2023			
4	Long-standing customer relationships with both Indian and Global OEM players.		<b>Initiation of Refunds</b>	Nov 16, 2023			
5	Financial and return metrics demonstrating growth and efficient use of capital.		<b>Credit of Shares to Demat</b>	Nov 17, 2023			
6	Professional management and board.		<b>Listing Date</b>	Nov 20, 2023			



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## Company Background and Analysis

The Company was originally incorporated in the year 1988. The company is the largest manufacturer of brake-shoe and advanced braking (“AB”) systems for two-wheelers (“2W”) in India. The company commenced its operations in 1989 by manufacturing brake shoe products for 2Ws and has since diversified the operations to include offerings such as

- (i) AB systems.
- (ii) aluminium lightweight precision (“ALP”) solutions, where we are a prominent player for 2W OEMs in India with a market share of 9% in Fiscal 2023 in terms of production volume
- (iii) wheel assembly to 2W OEMs; and
- (iv) safety control cables (“SCC”) products.

In addition to its customers in India, the Company also increasingly caters to customers overseas, both in the automotive and non-automotive sectors through the export of AB systems and ALP solutions. Automotive customers outside India includes UFI Filters India Private Limited (“UFI Filters”), Federal-Mogul Italy s.r.l. – racing & motorcycle division (“Federal-Mogul”), and FDP Virginia Inc., and the non-automotive customers outside India includes Stanley Black & Decker, Polaris Industries Inc. (“Polaris”) and MTD Products Inc. (“MTD Products”).

As of June 30, 2023, the company operates 15 manufacturing facilities across five states in India, the majority of which are strategically located in close proximity to the company’s OEM customers. The company recently commenced commercial manufacturing operations at its 16th manufacturing facility in Bhiwadi (Rajasthan) in July 2023. The company have also been allotted land in Kolar, Karnataka from the relevant regulatory authority, on which they propose to develop a manufacturing facility.

Revenue Bifurcation for the financial year ended 2021, 2022, 2023, and the period ended June 30, 2022, and 2023, are as follows –

(Amount in Lakhs)

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023		Period ended June 2023	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Automotive Sector OEMs</b>								
2W ICE	1,08,152.6	70.05	1,44,500.20	71.78	1,89,625.00	74.21	47,310.00	72.06
2W EV	2.2	0.001	946.40	0.47	4,472.20	1.75	2,690.60	4.10
Others	1,213.8	0.79	1,478.90	0.73	1,177.20	0.46	240.00	0.37
<b>Non-Automotive OEMs</b>	1986	1.29	7435.4	3.69	7,077.3	2.77	3,181.50	4.85
IAM	23,531.5	15.24	25,462.10	12.65	28,034.20	10.97	5,815.90	8.86
Others	19,513.1	12.64	21485.3	10.67	25,130.8	9.84	6,412.80	9.77
<b>Total</b>	<b>1,54,399.2</b>	<b>100.00</b>	<b>2,01,308.30</b>	<b>100.00</b>	<b>2,55,516.70</b>	<b>100.00</b>	<b>65,650.80</b>	<b>100.00</b>

To conclude, the company was incorporated in the year 1988, the company is a manufacturer of Advance Braking Systems for two-wheelers in India. The company received the majority of its revenue from the Automotive Sector OEMs of 2W ICE. The company is not raising any fresh issues.



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### Business Strategies

#### 1. “Electrification” – further strengthen the position in the growing EV sector in India –

The company have in the past and intends to continue to capitalize on the growing trend for aluminium lightweight in electric and hybrid vehicles. To leverage the expected growth in demand for 2W EVs, the company have 11 new programs under development for the EV sector that have been produced in the second quarter of Fiscal 2024.

#### 2. Continue to focus on the design, research and development and engineering capabilities to develop innovative systems and solutions, as well as improve manufacturing efficiencies –

The company uses R&D to continuously enhance the advanced material engineering capabilities to formulate advanced materials for braking systems meeting stringent safety, durability and performance specifications for EV and ICE OEMs. The company also currently is developing the capability for product migration from steel and plastics to Aluminium, for lightweight and thermal management for e-powertrain and e-powertrain products.

#### 3. Further diversify the product offerings in the AB systems and ALP solutions categories and expand the addressable market –

The company intends to develop and manufacture additional safety systems and critical engineering solutions for CV and PV OEMs, where they can leverage engineering capabilities.

#### 4. Leverage export opportunities and enter new markets –

The company intends to enter new markets by leveraging the existing relationships with customers outside India. The export customers include Stanley Black & Decker, Polaris and MTD Products. Furthermore, they are focused on increasing the export revenues for its AB systems and ALP solutions.

#### 5. Increased focus on IAM sales and spares –

The company intends to increase its focus on the IAM sales service to capitalize on significant opportunities for growth in the future. The company aims to expand the IAM presence further and reinforce the brand image and visibility, allowing them to capture additional market share and enhance the brand positioning, particularly with IAM sales being a business-to-consumer channel.

### Competitive Scenario and Peer Mapping

#### Competition

The Indian automotive systems manufacturing industry is characterized by strong competition among increasingly quality-conscious manufacturers. The company faces competition from competitors both domestically and internationally, in relation to specific sectors, categories, sub-categories or geographies. The competition in the 2W industry has intensified across all categories over the past few years due to capacity additions, expansion of dealer networks, and model launches at competitive price points. The company has a moderate barrier to entry, The bargaining power with the suppliers is slightly higher in this automotive industry. The bargaining power with the customers is moderate in the sector in which the company operates.

## Peer Analysis

**The comparison of the key performance indicators of the listed peers as of Mar-23 is given below -**

Particulars	ASK Automotive Limited	Endurance Technologies Limited	Uno Minda Limited	Suprajit Engineering Limited	Bharat Forge Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	4.81%	5.45%	6.23%	5.52%	3.93%
EBITDA Margin	9.02%	11.77%	11.05%	11.37%	13.45%
Return on Capital Employed	24.13%	12.60%	15.28%	13.16%	10.05%
Return on Equity	9.85%	10.88%	16.84%	12.41%	7.58%
EPS (INR)	6.18	34.09	11.41	10.99	11.35

**The comparison of the key performance indicators of the listed peers as of Mar-22 is given below -**

Particulars	ASK Automotive Limited	Endurance Technologies Limited	Uno Minda Limited	Suprajit Engineering Limited	Bharat Forge Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	4.11%	6.11%	4.97%	9.40%	10.30%
EBITDA Margin	8.24%	12.78%	10.65%	14.13%	18.96%
Return on Capital Employed	19.80%	13.88%	11.06%	16.71%	13.36%
Return on Equity	6.76%	11.76%	12.01%	15.96%	16.40%
EPS (INR)	4.09	32.75	6.23	12.51	23.23

**The comparison of the key performance indicators of the listed peers as of Mar-21 is given below -**

Particulars	ASK Automotive Limited	Endurance Technologies Limited	Uno Minda Limited	Suprajit Engineering Limited	Bharat Forge Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	6.88%	7.94%	1.11%	8.71%	-2.00%
EBITDA Margin	11.78%	15.89%	10.50%	14.44%	13.13%
Return on Capital Employed	23.66%	15.93%	8.00%	16.00%	2.57%
Return on Equity	8.82%	14.60%	21.26%	14.44%	-2.35%
EPS (INR)	5.22	36.95	3.80	10.20	-2.71

Based on the above analysis, the company when compared to Bharat Forge Limited has performed slightly better in terms of Net Profit but has performed lower when compared to the operating profit for FY 2023. When compared with RoCE, and ROE the company has performed better and lower in terms of EPS for the FY 2023. When compared to all the remaining peers the company has performed lower in terms of profitability margins, ROE, and EPS for FY 2023. The company has performed lower in terms of EPS for FY 2023 when compared to all the remaining peer companies.



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### Industry Overview

Exhibit 1: Aggregate Turnover (US\$ billion)

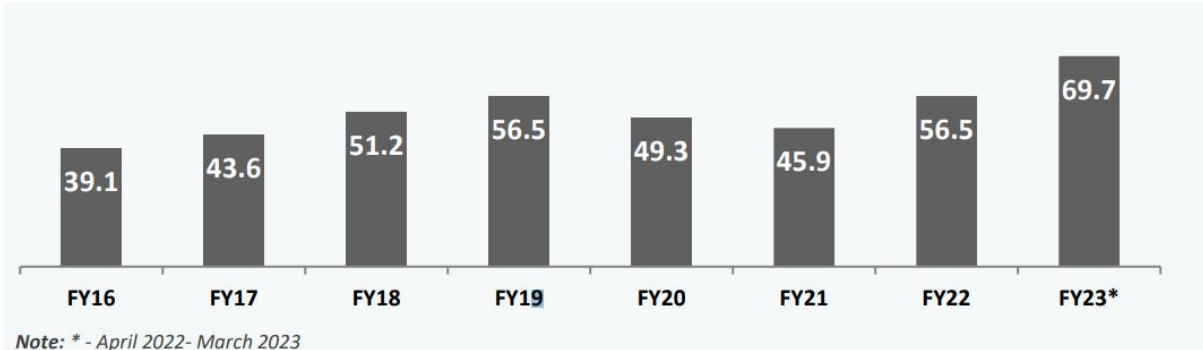


Exhibit 2: Share in Turnover of the Auto Components Industry (FY23)

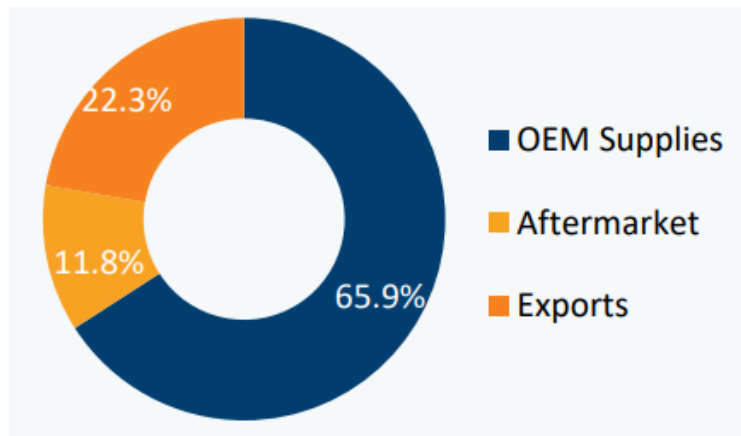
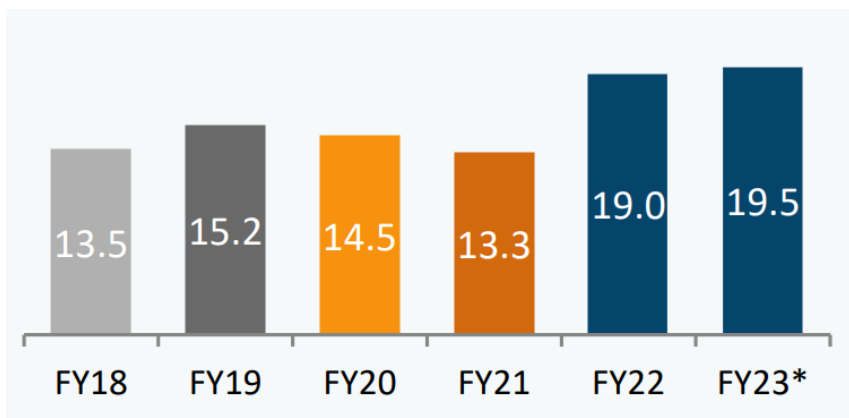


Exhibit 2: Value of Auto Component Export (US\$ billion)



(Source: ibef.org)

## **Auto Component Industry -**

Auto component production (which includes sales to OEMs, exports, and the replacement market) has increased at a CAGR of approximately 8% to Rs 4,831 billion between Fiscal 2018 and Fiscal 2023 from Rs 3,281 billion compared with a negative growth in production across vehicle segments. While domestic sales are more volatile due to various factors like regulations, fuel prices and economic cycles that impact the short-term demand, exports and aftermarket help buffer the overall auto-component production growth from similar fluctuations.

The Indian auto component industry can be broadly classified into organized and unorganised sectors. The organized sector caters to the demand for high-value precision instruments such as engine parts, and the unorganized sector to the aftermarket with low-value products such as switches. Over the years, the industry has developed the capability to manufacture the entire range of auto components required for vehicle engine parts, which constitute 25% of production, mainly comprising pistons, engine valves, carburettors, fuel injection systems, camshafts, and crankshafts.

**OEM demand:** It is expected to grow at a 16-18% CAGR between Fiscal 2023 and Fiscal 2028 on the back of robust production growth across asset classes in the medium term (on a low base) and aided by realization growth via OEM price increases. Outsourcing in the commercial vehicle segment is lower than for cars but is expected to increase owing to growing technological spending by auto component players due to BS VI and safety norms. We expect localization by certain OEMs to increase, in turn supporting growth in domestic OEM offtake.

**Replacement market:** The auto component replacement market is projected to grow at a 5-7% CAGR between Fiscal 2023 and Fiscal 2028 due to increased OEM demand between Fiscal 2017 and Fiscal 2019, along with a replacement cycle of two to three years. Moreover, auto component players undertook price hikes in recent months to offset the uptick in commodity prices. Hence, rising realization, to some extent, coupled with pent-up demand from Fiscal 2021 wherein the vehicular movement was restricted, is likely to support demand growth. Besides, demand in the replacement market is expected to grow due to an increase in the penetration of cab aggregator services in the overall stock of passenger vehicles. Nonetheless, increased durability of components (better quality), better road infrastructure and an increase in service intervals would restrict the robust growth.

**Exports:** Auto component exports are projected to grow at a 6-8% CAGR between Fiscal 2023 and Fiscal 2028. As India is enhancing quality and safety standards, players are likely to gain an edge in newer geographies such as other low-cost manufacturing countries. The penetration of Indian automotive components in global exports stands lower as on date, indicating considerable scope for domestic manufacturers to expand their export share in the coming years as they expand into new geographies and widen their product offerings. Exports are expected to grow at a slower pace in short term due to recessionary pressure and global slowdown but are expected to grow over the long term. Implementation of PLI scheme remains a key monitorable. In the next five years as well, exports will be primarily driven by the United States of America heavy truck segment, and demand from other key destinations such as Italy, Turkey, and Brazil. The gradual shift of European countries to electric and hybrid cars could offer a huge opportunity for low-cost producing countries such as India in the electric parts segment.

(Source: prospectus)



## Key Managerial Personnel

**Kuldip Singh Rathee**, aged 58, is one of the Promoters, Chairman and Managing Director of the Company. He holds a bachelor's degree in arts (economics honours). He has previously served in the Central Reserve Police Force. He has experience in the real estate sector and in the manufacturing sector.

**Vijay Rathee**, aged 60, is one of the Promoters, and Non-Executive Director of the Company. She holds a bachelor's degree in science and a master's degree in science (Zoology). She has experience in the banking sector and the manufacturing sector. She was previously associated as an officer with Punjab & Sind Bank.

**Prashant Rathee**, aged 46, is the Whole-Time Director of the Company. He holds a bachelor's degree in commerce. He was previously a director on the board of A.A. Autotech Private Limited. He is currently responsible for the operations vertical of the Company.

**Aman Rathee**, aged 56, is the Whole-Time Director of the Company. He holds a bachelor's degree in science (engineering), a master's degree in business administration, and holds a certification in mergers and acquisitions. He is currently leading the research and development and marketing verticals of the Company.

**Rajesh Kataria**, aged 67, is a Whole-Time Director of the Company. He holds a bachelor's degree in business administration and a master's course in business administration (human resources). He has experience in human resource management. He is currently responsible for the human resource management of the Company.

**Arun Duggal**, aged 67, is an Independent Director of the Company. He holds a bachelor's degree in technology (mechanical engineering), and a postgraduate diploma in business administration. He has an experience in the banking sector. He was previously associated with Bank of America for 26 years.

**Kumaresh Chandra Misra**, aged 58, is an Independent Director of the Company. He holds a bachelor's degree in arts, a bachelor's degree in law, a postgraduate diploma in business administration, and a master's degree in arts (political economy). He is a retired Indian Administrative Services officer.

**Deepti Sehgal**, aged 50, is an Independent Director of the Company. She holds a bachelor's degree in commerce and a postgraduate diploma in business administration. She has experience in the consultancy sector.

**Yogesh Kapur**, aged 64, is an Independent Director of the Company. He holds a bachelor's degree in commerce (honours) and is a fellow of the Institute of Chartered Accountants of India. He has experience in investment banking.

**Vinay Kumar Piparsania**, aged 64, is an Independent Director of the Company. He holds a bachelor's degree in technology (mechanical engineering), and a master's degree in business administration, and has completed an executive program in "Building a Global Enterprise – India". He has experience in the automotive sector.

To conclude, there are 2 Promoters of the company, and they don't have experience directly linked to the operations of the company. The Directors of the company have knowledge and experience in the fields which help in the growth of the company.



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### Financial Snapshot

<b>Profit and Loss Statement</b>				<b>(In Lacs.)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Jun-23</b>
Revenue from Operations	1,54,399.20	2,01,308.30	2,55,516.70	65,650.80
Other Income	2,377.50	1,117.70	1,111.20	103.80
<b>Total Income</b>	<b>1,56,776.70</b>	<b>2,02,426.00</b>	<b>2,56,627.90</b>	<b>65,754.60</b>
<b>Expenses</b>				
Cost of material consumed	1,01,544.20	1,40,380.70	1,79,857.90	46,583.70
Changes in inventories of finished goods, work-in-process and Stock-in-Trade	-1,725.80	-1,035.40	-1,679.60	-2,242.90
Employee benefits expense	10,225.50	12,270.20	13,936.50	3,966.40
Finance Costs	1,085.10	808.20	1,119.00	435.00
Depreciation and Amortization expense	5,189.30	5,591.00	6,070.50	1,496.40
Other expenses	26,088.00	32,822.60	40,230.50	11,065.00
Dies for own use	-366.40	-237.90	-471.90	-92.00
<b>Total Expenses</b>	<b>1,42,039.90</b>	<b>1,90,599.40</b>	<b>2,39,062.90</b>	<b>61,211.60</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>18,193.00</b>	<b>16,580.60</b>	<b>23,054.10</b>	<b>6,591.30</b>
<b>EBITDA Margin</b>	<b>11.78%</b>	<b>8.24%</b>	<b>9.02%</b>	<b>10.04%</b>
<b>Profit before exceptional and extraordinary items and tax</b>	<b>14,736.80</b>	<b>11,826.60</b>	<b>17,565.00</b>	<b>4,543.00</b>
Share of net profit/(loss) of the joint venture accounted for using the equity method (net of taxes)	-440.70	-527.50	-589.20	220.70
<b>Profit/(Loss) before tax</b>	<b>14,296.10</b>	<b>11,299.10</b>	<b>16,975.80</b>	<b>4,763.70</b>
Tax Expense				
Current Tax	3,812.00	3,168.20	4,851.00	1,330.60
Prior Year	-20.30	-14.00	6.60	-
Deferred Tax	-115.70	-121.00	-177.10	-49.80
Total Tax Expense	3,676.00	3,033.20	4,680.50	1,280.80
<b>Profit/(Loss) for the year</b>	<b>10,620.10</b>	<b>8,265.90</b>	<b>12,295.30</b>	<b>3,482.90</b>
Net Profit Margin	6.77%	4.08%	4.79%	5.30%

<b>Balance Sheet</b>				<b>(In Lacs.)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Jun-23</b>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	40,809.90	46,301.80	45,649.30	46,286.70
Capital work-in-progress	982.90	285.00	11,824.50	16,309.90
Right-of-use assets	777.80	8,848.00	8,428.40	8,240.50
Goodwill	18,191.00	18,191.00	18,191.00	18,191.00
Other Intangible assets	560.70	418.50	312.80	338.70
Financial Assets	-	-	-	-
(i) Investments	339.50	-	404.10	623.60
(ii) Loans	1,066.50	877.00	799.90	799.90
(iii) Other financial assets	846.40	872.80	1,001.30	980.70
Non-current tax assets (net)	469.80	495.10	66.30	35.10
Other non-current assets	598.30	421.30	1,395.30	3,012.70
<b>Total Non-Current assets</b>	<b>64,642.80</b>	<b>76,710.50</b>	<b>88,072.90</b>	<b>94,818.80</b>
<b>Current Assets</b>				
Inventories	11,268.10	12,436.90	15,357.60	18,838.10
Financial Assets	-	-	-	-
(i) Investments	-	-	-	-
(ii) Trade Receivables	15,858.30	20,116.10	21,044.60	25,183.30





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<b>Balance Sheet</b>				<b>(In Lacs.)</b>
(iii) Cash and Cash Equivalents	1,852.70	130.20	222.70	342.30
(iv) Other Bank Balances	14.30	26.40	15.00	144.60
(v) Others	55.60	119.90	562.30	1,283.40
(vi) Loans	-	-	266.60	266.60
Current tax assets (net)	-	-	2.10	3.70
Other current assets	709.50	910.30	2,577.00	3,452.80
<b>Total Current assets</b>	<b>29,758.50</b>	<b>33,739.80</b>	<b>40,047.90</b>	<b>49,514.80</b>
<b>Assets held for sale</b>	<b>424.00</b>	<b>106.00</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>94,825.30</b>	<b>1,10,556.30</b>	<b>1,28,120.80</b>	<b>1,44,333.60</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share Capital	4,068.90	4,017.90	3,942.90	3,942.90
Other Equity	58,153.60	59,172.90	60,434.20	63,903.20
<b>Total Equity</b>	<b>62,222.50</b>	<b>63,190.80</b>	<b>64,377.10</b>	<b>67,846.10</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial Liabilities				
(i) Borrowings	4,267.00	10,234.90	20,884.70	23,381.80
(ii) Lease liabilities	324.80	873.10	265.20	232.30
Provisions	2,429.60	2,403.40	2,565.10	2,735.60
Deferred tax liabilities (net)	3,060.50	2,971.40	2,796.10	2,742.10
<b>Total Non-current liabilities</b>	<b>10,081.90</b>	<b>16,482.80</b>	<b>26,511.10</b>	<b>29,091.80</b>
<b>Current liabilities</b>				
Financial Liabilities				
(i) Borrowings	3,722.40	5,744.40	10,916.40	15,302.00
(ii) Lease liabilities	102.70	682.30	721.80	579.80
(iii) Trade Payables	-	-	-	-
total outstanding dues of micro-enterprises and small enterprises	1,649.00	3,174.90	4,319.60	4,770.50
total outstanding dues of creditors other than micro-enterprises and small enterprises	13,288.00	14,709.30	12,665.70	17,408.90
(iv) Other financial liabilities	942.60	2,122.60	3,876.40	4,110.80
Provisions	374.80	554.30	722.20	750.20
Current tax liabilities (net)	106.20	268.90	281.30	629.30
Other current liabilities	2,335.20	3,626.00	3,729.20	3,844.20
<b>Total Current liabilities</b>	<b>22,520.90</b>	<b>30,882.70</b>	<b>37,232.60</b>	<b>47,395.70</b>
<b>Total Liabilities</b>	<b>32,602.80</b>	<b>47,365.50</b>	<b>63,743.70</b>	<b>76,487.50</b>
<b>Total Equity and Liabilities</b>	<b>94,825.30</b>	<b>1,10,556.30</b>	<b>1,28,120.80</b>	<b>1,44,333.60</b>

<b>Cash Flow Statement</b>				<b>(In Lacs.)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Jun-23</b>
Net Cash Flow from Operating Activities	12,795.50	14,421.70	13,858.00	2,050.90
Net Cash Flow from Investing Activities	-602.00	-7,996.30	-16,086.20	-7,981.80
Net Cash Flow from Financing Activities	-10,676.40	-8,147.90	2,320.70	6,050.50



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# ASK Automotive Limited

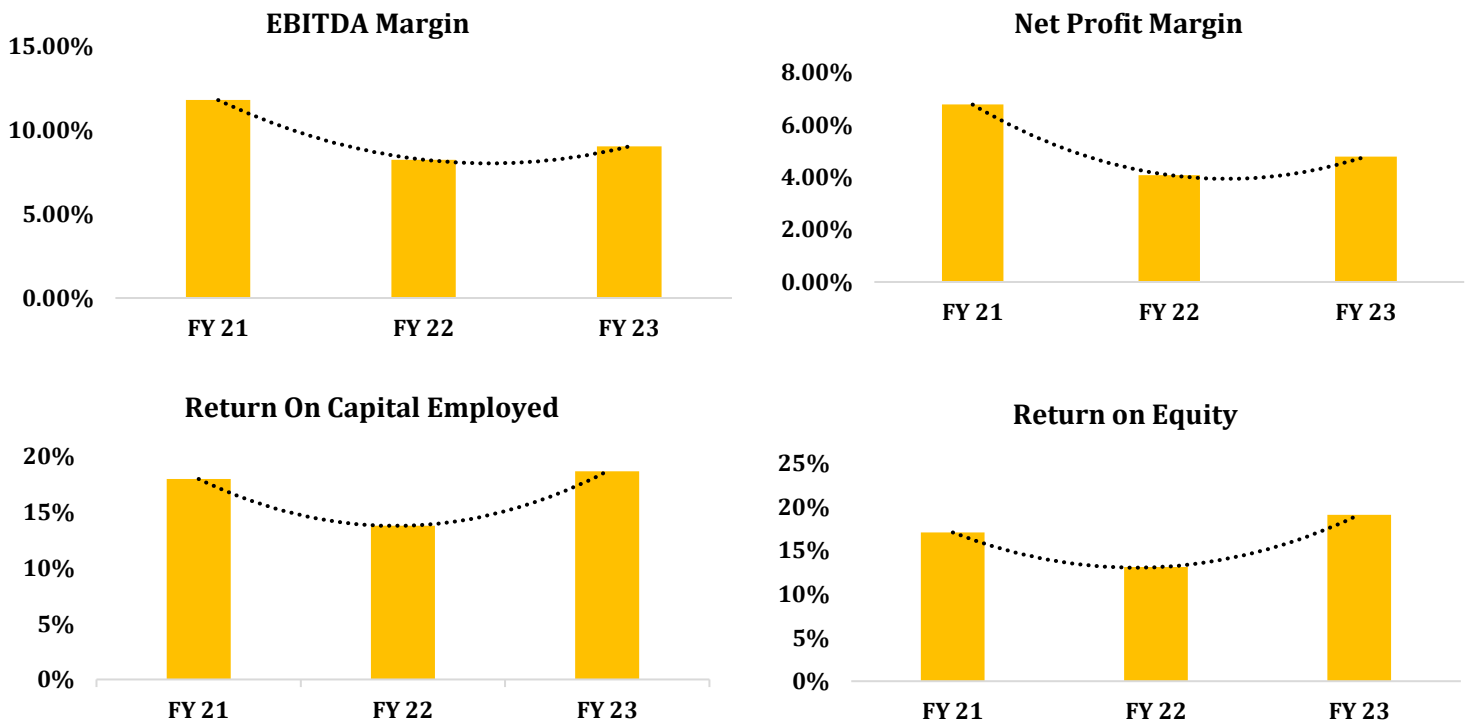
## IPO Note



Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Jun-23
<b>Per Share Data</b>				
Diluted EPS	5.22	4.09	6.18	5.87
BV per share	27.45	27.87	28.40	71.05
<b>Operating Ratios</b>				
EBITDA Margins	11.78%	8.24%	9.02%	9.56%
PAT Margins	6.77%	4.08%	4.79%	5.06%
Inventory days	26.64	22.55	21.94	26.11
Debtor days	37.49	36.47	30.06	34.91
Creditor days	53.69	46.50	34.47	43.33
<b>Return Ratios</b>				
RoCE	17.98%	13.79%	18.69%	10.49%
RoE	17.07%	13.08%	19.10%	8.95%
<b>Valuation Ratios (x)</b>				
EV/EBITDA	3.76	4.77	4.16	4.23
Market Cap / Sales	4.14	3.18	2.50	2.43
P/E	54.02	68.95	45.63	48.00
Price to Book Value	10.27	10.12	9.93	3.97
<b>Solvency Ratios</b>				
Debt / Equity	0.10	0.13	0.21	0.13
Current Ratio	1.32	1.09	1.08	1.04
Quick Ratio	0.82	0.69	0.66	0.65
Asset Turnover	1.63	1.82	1.99	1.82
Interest Coverage Ratio	11.98	13.60	15.18	10.99

\*Ratio sheet for June-23 is annualized

## Financial Charts





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# ASK Automotive Limited

## IPO Note



### Key Risk Factors

1. The company is dependent on third parties for the supply of raw materials. The top 10 suppliers contributed to 48.52%, 46.56%, 50.16%, and 48.48% of the total revenue from operation for the FY ended 2022, 2023, and the period ended June 2023 and any loss of suppliers may have an adverse effect on the business, results of operations and financial condition.
2. The company have been extending financial support to the Joint Venture, ASK Fras-Le Friction Private Limited, which has incurred losses in the last three Fiscals.
3. The company Subsidiary has a negative net worth and may not be able to turn profitable in the future.
4. The company has contingent liabilities amounting to Rs. 28,000 lakhs which could adversely affect the financial condition.
5. The company has outstanding legal proceedings involving the Company and one of the Directors. Any adverse outcome in such proceedings may have an adverse impact on the results of operations. 4 criminal proceedings by the company amounting to Rs. 12.8 lakhs. 5 tax proceedings, and 2 statutory actions against the company amounting to Rs. 574.6 lakhs. 1 criminal proceeding and 1 tax proceeding amounting to Rs. 179.7 lakhs against the directors

### Track Record of Lead Manager

The lead manager to the issue is ICICI Securities Limited, JM Financial Limited, IIFL Securities Limited, and Axis Capital Limited. A table has been set below highlighting the details of the IPO of the recent companies handled by the Lead Managers in recent times –

#### ICICI Securities Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Blue Jet Healthcare Limited	840.27	346.00	November 01, 2023	385.00
2.	JSW Infrastructure Limited	2,800	119.00	October 03, 2023	187.00
3.	Signatureglobal (India) Limited	730	385.00	September 27, 2023	617.00
4.	Zaggle Prepaid Ocean Services	563.38	164.00	September 22, 2023	231.00
5.	Jupiter Life Line Hospitals Limited	869.08	735.00	September 18, 20223	1,018.0

The company has had 41 mandates in the past three years (including the current year).

#### JM Financial Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	JSW Infrastructure Limited	2,800	119.00	October 03, 2023	187.00
2.	Zaggle Prepaid Ocean Services Limited	563.38	164.00	September 22, 2023	231.00
3.	SAMHI Hotels Limited	1,370.10	126.00	September 22, 2023	153.00
4.	R R Kabel Limited	1,964.01	1,035.00	September 20, 2023	1,414.00
5.	Jupiter Life Line Hospitals Limited	869.08	735.00	September 18, 2023	1,018.00

The company has had 37 mandates in the past three years (including the current year).



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# ASK Automotive Limited

## IPO Note



### IIFL Securities Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Updater Service Limited	640.00	300.00	October 04, 2023	261.00
2.	Yatra Online Limited	775.00	142.00	September 28, 2023	131.00
3.	Zaggle Prepaid Ocean Services Limited	563.38	164.00	September 22, 2023	231.00
4.	Yatharth Hospital and Trauma Care Services Limited	686.55	300.00	August 07, 2023	362.0
5.	Netweb Technologies India Limited	631.00	500.00	July 27, 2023	790.0

The company has had 38 mandates in the past three years (including the current year).

### Axis Capital Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	JSW Infrastructure Limited	2,800.00	119.00	October 03, 2023	187.0
2.	Signatureglobal (India) Limited	730.00	385.00	September 27, 2023	617.0
3.	R R Kabel Limited	1,964.01	1,035.00	September 20, 2023	1,414
4.	TVS Supply Chain Solutions Limited	880.00	197.00	August 23, 2023	217.0
5.	SBFC Finance Limited	1,025.00	57.00	August 16, 2023	82.0

The company has had 43 mandates in the past three years (including the current year).

\*CMP for the above-mentioned companies is taken as of 6<sup>th</sup> November 2023.

As per the offer document, of the above-mentioned mandates for all the Lead Managers, 2 have opened at par, 1 opened at discount and all remaining have opened at premiums on the listing day.

## **Recommendation**

The company has experience over three decades with its incorporation year being 1988. The top-line financials of the company have seen an increasing trend and can be sustained forward. The bottom line of the financials has seen not a proper trend, but the financial outlook of the company is good.

The company does face significant competition in the industry. The management of the company is satisfactory.

The P/E on a post-IPO basis is 52 times which seems to be overpriced by looking at the performance of the company. The Sector P/E is 27.3 times.

The company is engaged in the business of ABS which has a good demand in the industry and the company having a good number of contracts with top automobile companies can increase the growth, but the company's subsidiary has incurred losses over the three years and if continued it may impact the operations of the company. That being mentioned the overall outlook of the company is good and can see decent growth in the future, especially with the business strategies mentioned by the company. Thus, we recommend **APPLY** to this IPO keeping in mind that it is for a long-term investment.

## Disclaimer

We are not registered research analysts with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.