

ASK Automotive

Initiating Coverage



ASK Automotive

Long-term potential to beat near-term volatility

The company's long-term business potential remains intact on the back of increasing content via 2W premiumization and electrification (~30-40% more content than ICE), which is also being led by successful entry into newer segments. We expect margin expansion (barring FY27) to be supported by increase in exports mix and exit of the low-margin wheel assembly business. However, we remain cautious on near-term headwinds arising from higher raw material costs and geopolitical tensions, which could slow down the growth of customers. We initiate coverage on ASK Automotive with an ADD rating, valuing it at 22x Mar'28 EPS (near -2SD of mean), for a TP of INR480.

- Braking revenue to be led by industry tailwinds:** Continuing premiumization and electrification of vehicles and improving road infrastructure is leading to higher importance and complexity of braking solutions. Given the criticality of the product, the braking industry has high entry barriers. Beyond the near-term volatility, we expect good potential for 2W replacement demand over the medium term, considering the domestic 2W sales are yet to cross the FY19 peak. Additionally, there is increasing focus on exports by 2W OEMs, expanding their geographical presence and portfolio.
- Multiple growth avenues:** Growth is being led by increasing content per vehicle via increasing premiumization and EV penetration (30-40% more content vs ICE), light-weighting trend that will aid the ALP segment, higher aluminium prices (over at least the near term), though partially negated by exit of the wheel assembly business (in the near term). The company is also seeking to expand growth avenues via the technical collaboration for HPDC alloy wheels, the AISIN JV for aftermarket and TD Holding JV for sunroof control cables for PVs, and focus on driving exports and the non-2W mix.
- Margin expansion to continue in FY28:** We expect the reduction of the low-margin wheel assembly business to only partially negate the higher raw material cost-led margin contraction in FY27. Beyond that, in FY28, we expect margin expansion to be supported by improving economies of scale, complete exit from the wheel assembly business, increase in exports, and cost savings from solar power usage.
- Near-term headwinds on the rise:** While the long-term potential of the company's business remains intact, there are certain headwinds developing in the near term. Risks are emanating from rising commodity prices, especially aluminium, which could lead to price hikes, implementation of the ABS norm, which could again lead to price hikes in the below 125cc segment (and also reduce brake shoe demand), increasing geopolitical tensions, which could soften demand for 2W exports as well as delayed and costlier shipments for the same.

Financial summary

YE Mar (INR mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	15,440	20,131	25,552	29,945	36,008	41,380	44,558	52,601
EBITDA	1,863	1,711	2,364	3,006	4,319	5,364	5,619	7,103
EBITDA Margin %	12.1	8.5	9.3	10.0	12.0	13.0	12.6	13.5
APAT	1,062	827	1,230	1,738	2,476	3,016	3,213	4,297
Diluted EPS (INR)	5.2	4.1	6.2	8.8	12.6	15.3	16.3	21.8
P/E (x)	78.4	99.4	65.6	46.4	32.6	26.7	25.1	18.8
EV / EBITDA (x)	45.0	49.0	35.4	27.9	19.5	15.9	15.0	11.7
RoE (%)	17.1	13.2	19.3	23.8	26.6	25.7	22.3	24.4

Source: Company, HSIE Research

ADD

CMP (as on 16 Mar 2026)	INR 409
Target Price	INR 480
NIFTY	23,409

KEY STOCK DATA

Bloomberg code	ASKAUTOL IN
No. of Shares (mn)	197
MCap (INR bn) / (\$ mn)	80/870
6m avg traded value (INR mn)	150
52 Week high / low	INR 579/371

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(13.3)	(23.6)	(0.9)
Relative (%)	(2.6)	(14.9)	(2.7)

SHAREHOLDING PATTERN (%)

	Sep-25	Dec-25
Promoters	79.0	75.0
FIs & Local MFs	4.8	9.1
FPIs	10.4	9.7
Public & Others	5.8	6.2
Pledged Shares	0.00	0.00

Source : BSE

Pledged shares as % of total shares

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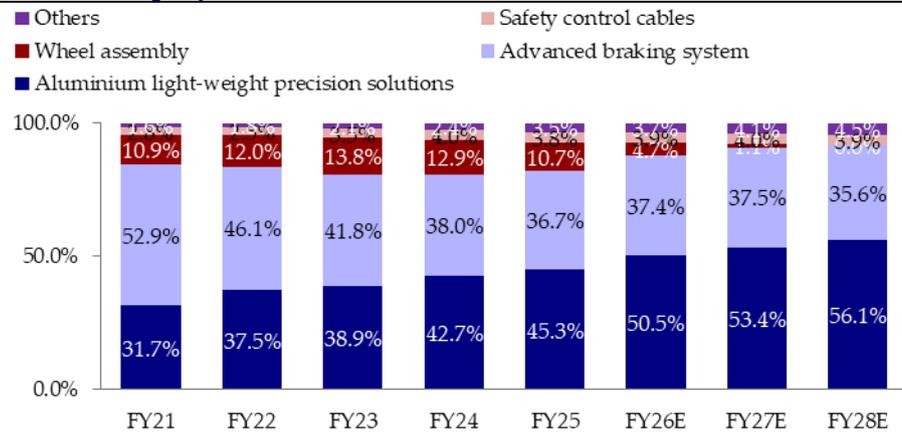
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Long-term potential to beat near-term volatility

Diversifying beyond 2W braking

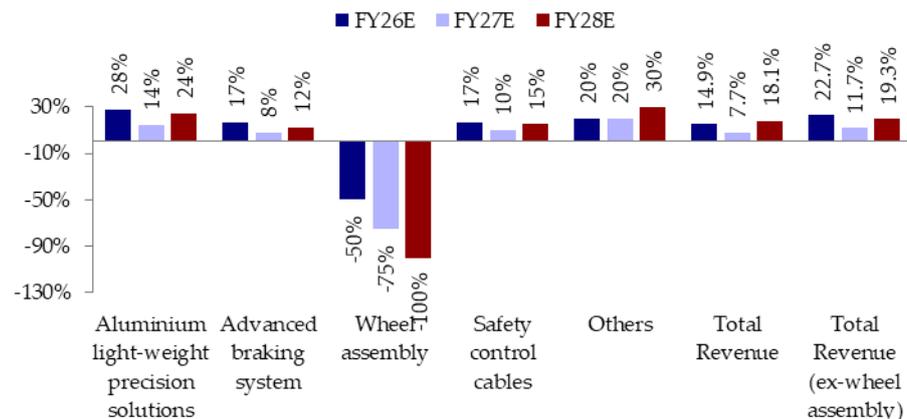
ASK Automotive is majorly a manufacturer and supplier of advanced braking systems, aluminium light-weighting precision solutions (ALP) and safety control cables. It is ramping down the lower-margin wheel assembly business and is seeking to exit it completely at some point over FY27-FY28.

Exhibit 1: Company's revenue mix



Source: Company, HSIE Research

Exhibit 2: Other segments to cover up for loss in wheel assembly business



Source: Company, HSIE Research

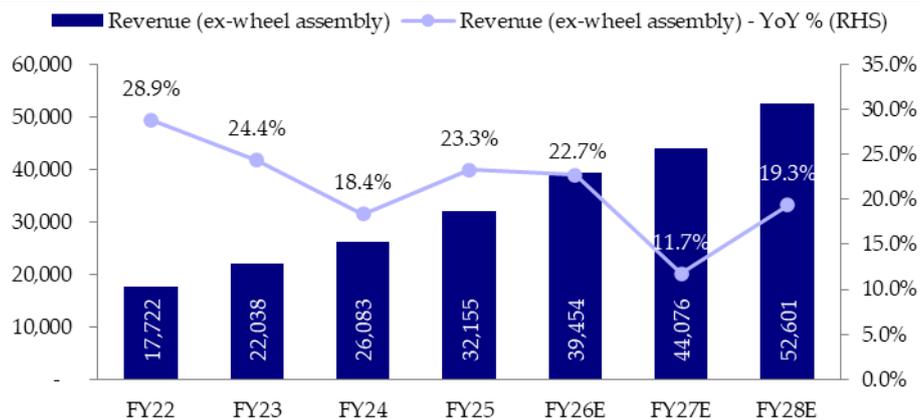
Growth to see some moderation in FY27

We estimate revenue growth in FY26 (ex-wheel assembly) to be 22.7%. In FY27, we expect softer demand for 2W due to macros turning slightly adverse on account of supply chain disruption and imported inflation due to geopolitical conflicts, limiting our estimated growth rate of 11.7%.

The risks are emanating from rising commodity prices that could lead to price hikes, implementation of the ABS norm which could again lead to price hikes in the below 125cc segment (and also reduce brake shoe demand for the company), higher geopolitical tension, which could soften demand for 2W exports as well as delayed and costlier shipments for the same.

Post-FY27, we expect a good recovery with 19.3% revenue growth in FY28.

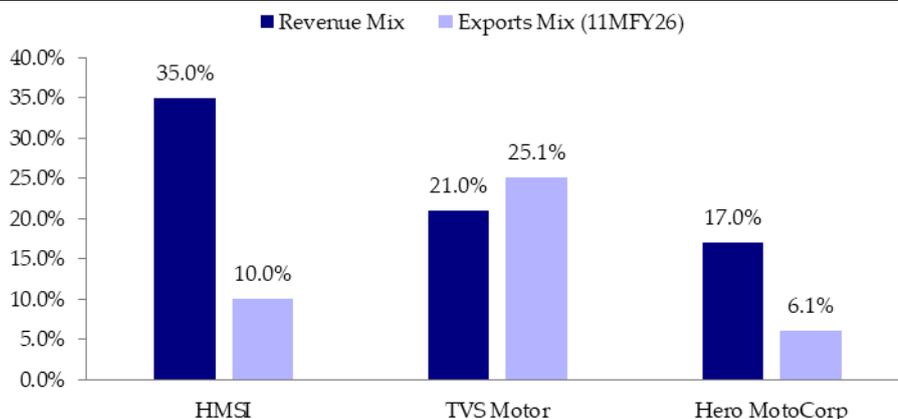
Exhibit 3: Revenue growth could soften in FY27



Source: Company, HSIE Research

From the top-3 customers, HMSI and Hero MotoCorp have lower exposure to the export market, while TVS Motor’s exposure is slightly more meaningful.

Exhibit 4: Manageable risk on indirect exports



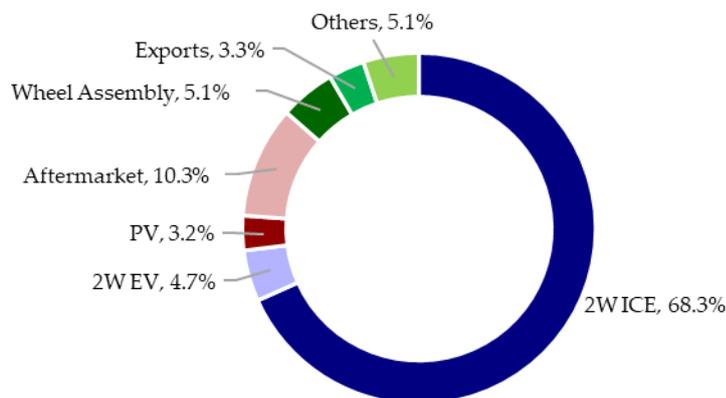
Source: SIAM, Company, HSIE Research

Note: HMSI = Honda Motorcycle Scooter India, Revenue mix is as per management commentary

2W industry well-poised for the medium term

A majority of the company’s revenue is derived from sales to 2W OEMs and the aftermarket segment.

Exhibit 5: 9MFY26 revenue mix – channel-wise

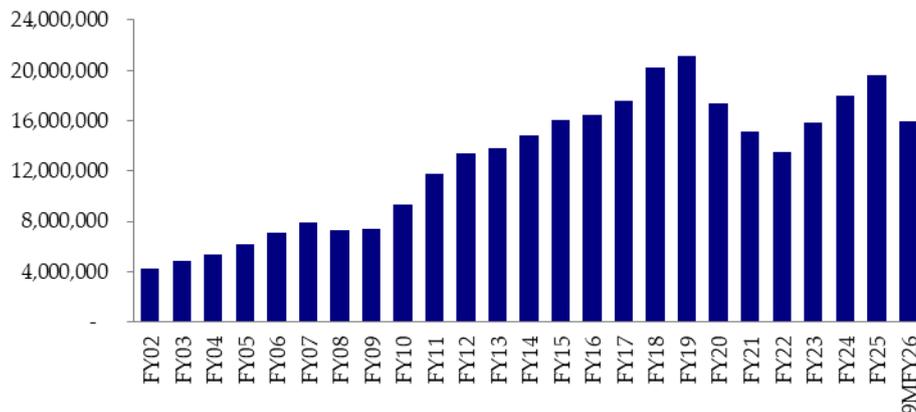


Source: Company, HSIE Research

Growth is being driven by domestic 2W industry growth, increasing content per vehicle via increasing premiumization and EV penetration (30-40% more content vs ICE), higher aluminium prices (over at least the near term), though partially negated by exit of the wheel assembly business (over the near term).

The domestic 2W industry has yet not crossed the peak sales of FY19, and is expected to do so in FY26. Considering this, it is providing a good potential for 2W replacement demand in the medium term, barring any longer sustenance of adverse macro due to geopolitical tensions.

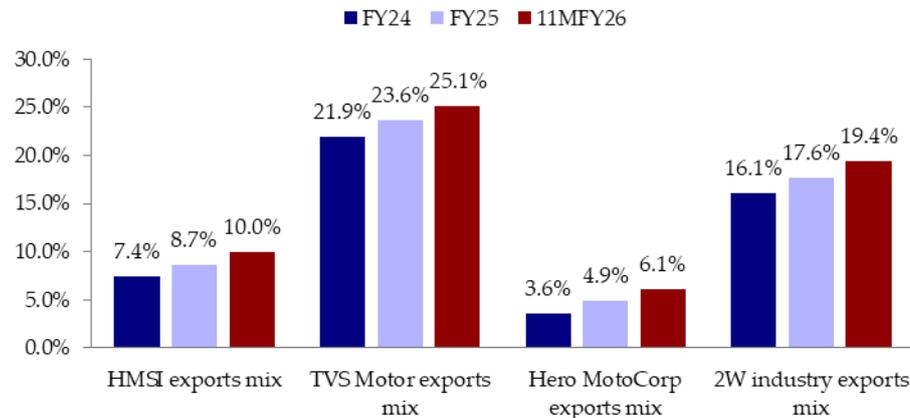
Exhibit 6: Domestic 2W industry wholesales



Source: SIAM, HSIE Research

Additionally, there is increasing focus on exports, with OEMs expanding their geographical presence and expanding the portfolio.

Exhibit 7: Improving exports mix of key customers augurs well for the company

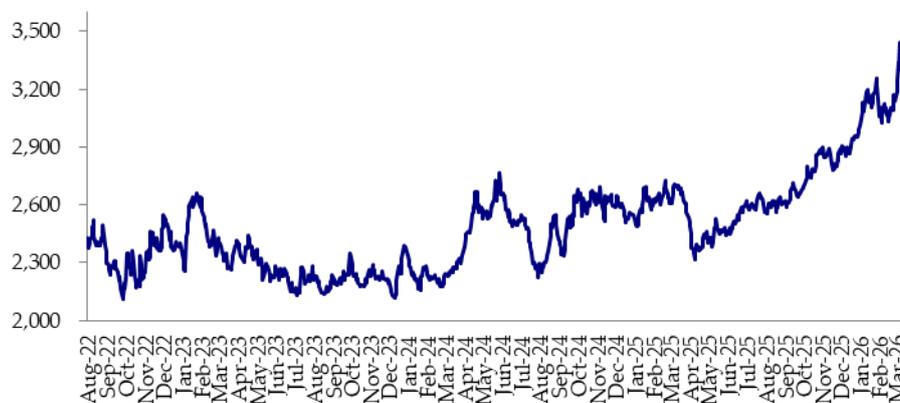


Source: SIAM, HSIE Research

Sharp and large increase in aluminium price to impact margin in the near term

While the overall revenue growth is seeing an impact from the exit of the wheel assembly business, it is also getting an uplift from rising aluminium alloy prices, which is a key raw material for the ALP division (almost half the revenue mix).

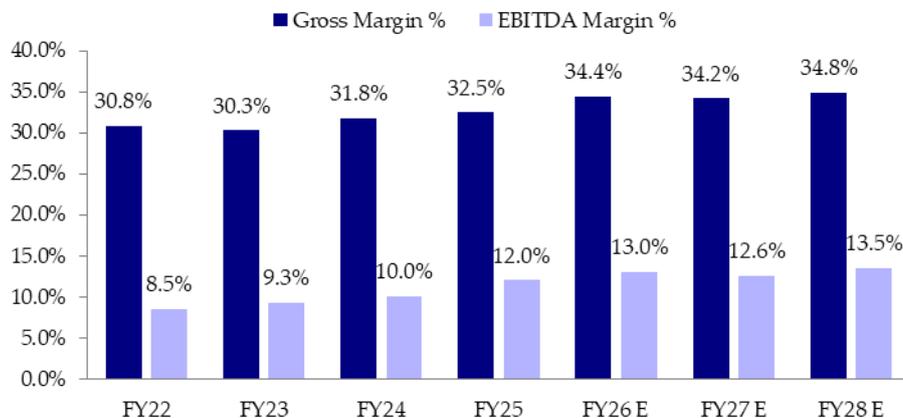
Exhibit 8: Aluminum prices (USD per ton)



Source: LME, Bloomberg, HSIE Research

However, margins are likely to get impacted due to rising commodity costs, especially aluminium and steel. We expect the reduction of the low-margin wheel assembly business to only partially negate the higher raw material cost-led margin contraction in FY27.

Exhibit 9: Margins to expand in FY28 post the RM cost-led dip in FY27



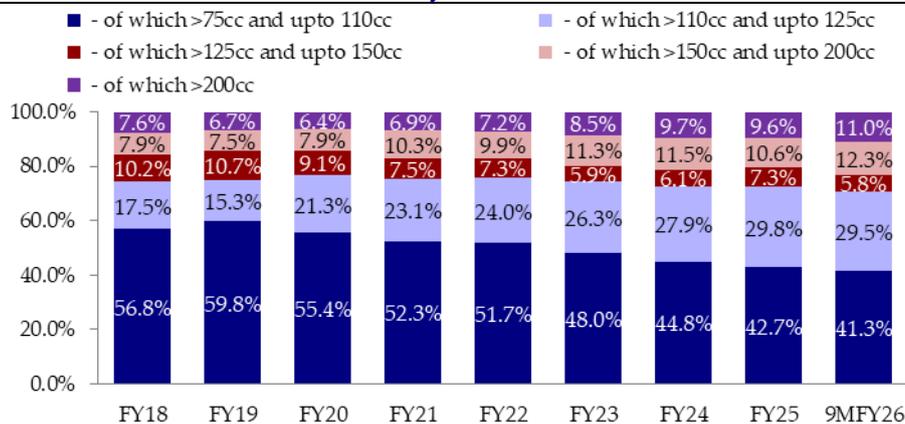
Source: Company, HSIE Research

Continuing premiumization and electrification of 2W

The company's content value in a 2W goes up on the premiumization and electrification trend.

As per the chart below, we see that the industry production mix of 2W continues to improve. This, we believe, will also improve the mix within the aftermarket segment in the coming years, auguring well for margins.

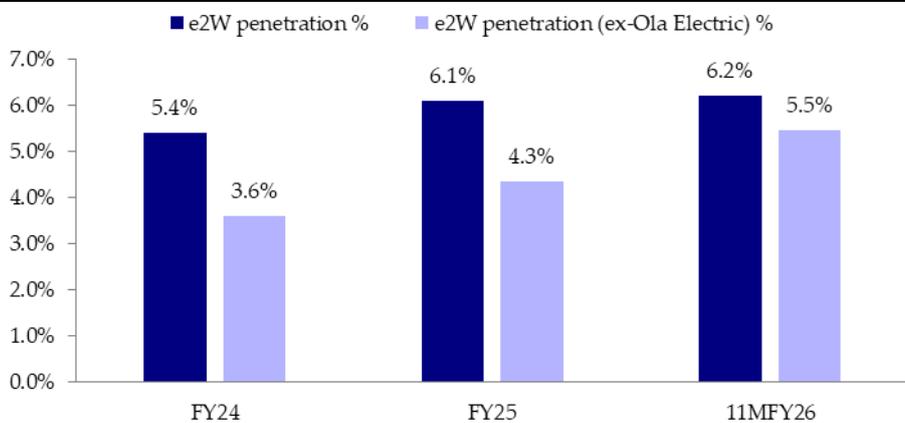
Exhibit 10: Premiumization of motorcycles continue



Source: SIAM, HSIE Research

In an e2W, the content value is 30 to 40% more than an ICE 2W. While it may look like the e2W penetration has stagnated lately, it is largely on account of major fall in sales volume of erstwhile market leader Ola Electric. Ex of Ola Electric, e2W penetration continues to improve.

Exhibit 11: e2W penetration sees good improvement (ex-Ola Electric)

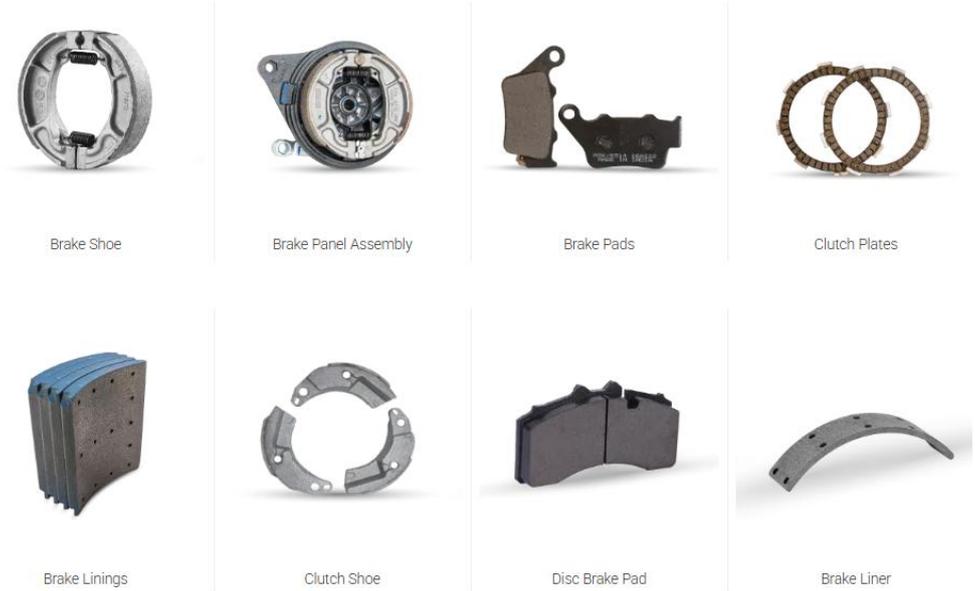


Source: Vahan, HSIE Research

Advanced Braking Systems

ASK Automotive is India's largest manufacturer of 2W advanced braking systems, with close to 50% market share (as per management) of the Indian 2W market for advanced braking systems, including brake shoes, disc brake pads, and brake panel assemblies. Key competitors in the braking solutions market are Allied Nippon, Endurance Technologies, and Brembo Brake India.

Exhibit 12: Advanced braking systems product portfolio



Source: Company, HSIE Research

Increasing opportunity due to changing industry dynamics

- Continuing premiumization of vehicles and improving road infrastructure is leading to higher importance and complexity of braking solutions, which is also gaining significance via government safety regulations. Key changes in requirement over the years has been to improve the ability of the braking solution to stop vehicles at higher speeds while also focussing to ensure higher life and lower noise of the braking solution.

Higher entry barriers in the braking segment

- The segment has high entry barriers, considering the safety aspect of the components. Due to the requirement of high level of accuracy and adherence to high safety standards, the braking components and solutions require higher technology capability and are developed using proprietary material formulations. As at the end of FY25, the company had a portfolio of 52 proprietary solutions. Additionally, there is a greater degree of collaboration with OEMs throughout the product cycle.

Comparison vs peers in the braking segment

- Key competitors for the company in the braking segment are Allied Nippon, Brembo Brake India, and Endurance Technologies.

Exhibit 13: Key peers in the braking segment

Revenue (Rs mn)	FY22	FY23	FY24	FY25
ASK Auto - Braking Revenue	9,287	10,672	11,379	13,215
Allied Nippon	3,259	3,168	3,686	4,048
Brembo Brake India	12,423	13,987	15,426	N/A
Endurance Technologies - Braking Revenue	5,925	8,324	11,570	13,535

YoY %	FY22	FY23	FY24	FY25
ASK Auto - Braking Revenue		14.9%	6.6%	16.1%
Allied Nippon		-2.8%	16.3%	9.8%
Brembo Brake India		12.6%	10.3%	N/A
Endurance Technologies - Braking Revenue		40.5%	39.0%	17.0%

Source: Company, VCC Edge, HSIE Research

Endurance Technologies has grown faster than the company as it is also present in the disc brake segment, and the ABS segment, both of which are growing well due to premiumization in 2W as well as mandated safety norms.

Aluminium light-weighting precision solutions

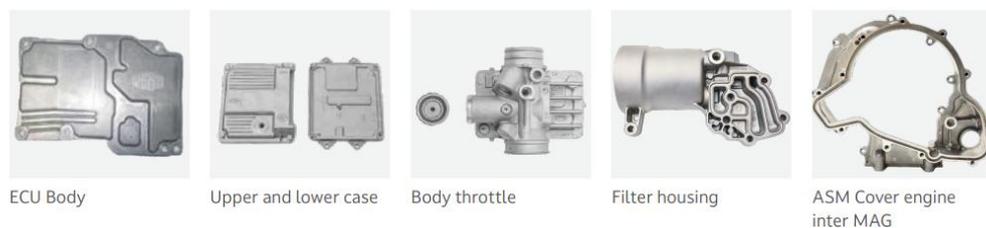
The company manufactures via aluminium die casting, various light-weight components, which include engine parts, body and chassis parts, transmission parts, electrical and electronic-and EV-specific components. Major players in the industry include Endurance Technologies, Craftsman Automation, Sundaram Clayton Ltd, Rico Auto Industries, Rockman Industries, Sunbeam Lightweighting, Sandhar Group, and Alicon Castalloy.

Exhibit 14: Aluminum light-weighting precision solutions – 2W product portfolio



Source: Company, HSIE Research

Exhibit 15: Aluminum light-weighting precision solutions – 4W product portfolio



Source: Company, HSIE Research

Exhibit 16: Aluminum light-weighting precision solutions – EV product portfolio



Source: Company, HSIE Research

Exhibit 17: Aluminum light-weighting precision solutions – Exports portfolio



Source: Company, HSIE Research

Safety control cables

The company's technical collaboration with HSH Safety Control Cable Ind. Co. Ltd has enabled it to develop an extensive portfolio of control cables.

Safety control cables are used to actuate, control and operate applications such as brake, accelerator, clutch, transmission gear, speedometer, fuel lid, seat lock, choke, and battery charging lid.

Exhibit 18: Safety control cables – offerings



Source: Company, HSIE Research

Alloy wheels

It is looking to enter the fast-growing alloy wheel segment for which it has a technical assistance and license agreement with LIOHO, Taiwan, as well as with Kyushu Yanagawa Seiki, Co. Ltd., Japan, and will look to produce alloy wheels via high pressure die casting (HPDC).

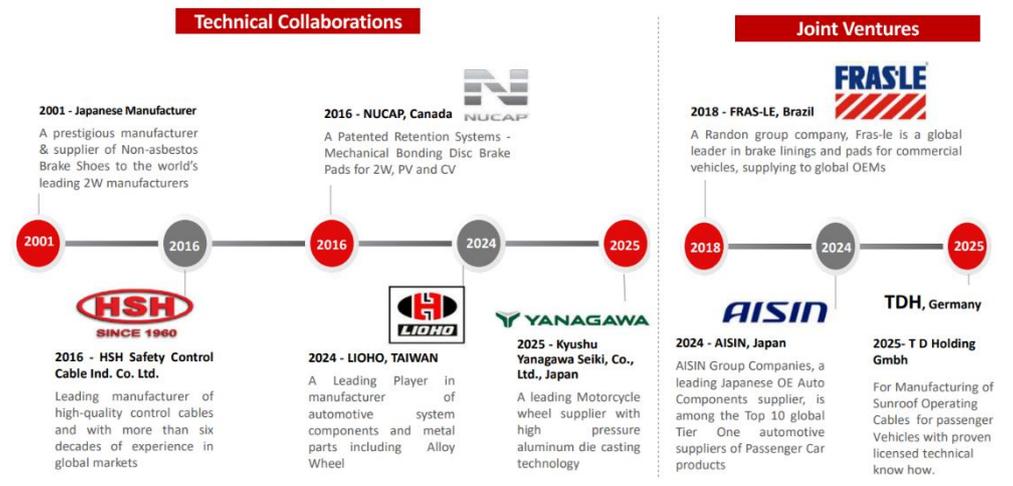
While the testing phase is going on with regards to the products made in collaboration with LIOHO, for the products that are to be made in collaboration with Kyushu Yanagawa Seiki, it has already started with capital expenditure, whereby it is expecting to receive the relevant machines in Q4FY26. It expects the first product (of the collaboration with Kyushu Yanagawa Seiki) to be ready by Apr-May'26 post which it will go through a testing and validation phase with a Japanese OEM.

However, since it's a relatively newer technology for Indian OEMs, we believe it may lead to an extensive validation period of the technology.

As per management, both the programs are expected to start execution at the start of H2FY27.

Technical collaboration and JVs

Exhibit 19: Technical collaboration and JVs



Source: Company, HSIE Research

Joint ventures

FRAS-LE JV (ASK = 49%, FRAS-LE = 51%)

- It is for manufacturing and selling of brake pads and brake lining for commercial vehicles, including exports through FRAS-LE's global network.

AISIN JV (ASK = 51%, AISIN = 49%)

- It is for catering to the passenger vehicle aftermarket segment across India, Nepal, Sri Lanka, and Bangladesh, with products launched on 30 April 2025. The company had been already selling AISIN group products in India as a distributor, though forming a JV increases the potential for the business.

TD Holding JV (ASK = 49%, TDH = 51%)

- It is for manufacturing of sunroof control cables for passenger vehicles, which are currently being imported in India, as per management. The company is setting up capacity for this, and is expecting to begin production in H2FY27.

Recent technical collaborations

Kyushu Yanagawa Seiki

- It entered into a strategic partnership with Kyushu Yanagawa Seiki Co. Ltd., Japan, in Mar'25 for high pressure die casted (HPDC) alloy wheels for two wheelers.

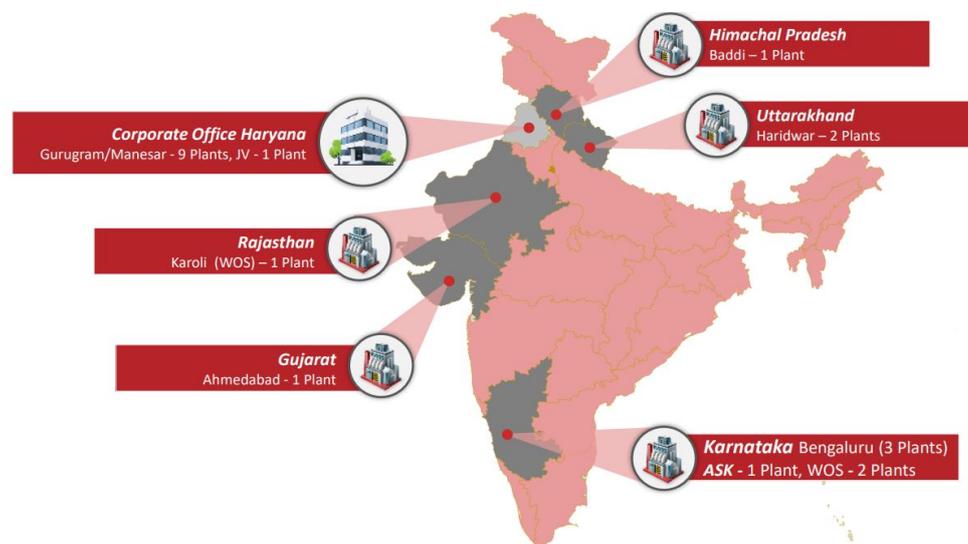
LIOHO, Taiwan

- It signed a Technical Collaboration Agreement in Feb'24 with LIOHO, Taiwan, to manufacture two wheeler HPDC alloy wheels.

Manufacturing presence

The company has 18 state-of-the-art manufacturing facilities in India, of which the two newer plants are in Karoli and Bengaluru.

Exhibit 20: Manufacturing presence

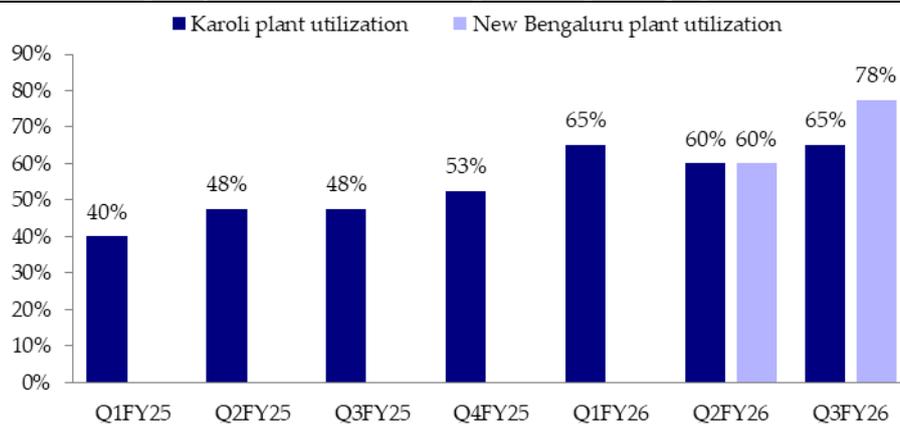


Source: Company, HSIE Research

Note: WOS = ASK Automobiles Private Limited, a wholly owned subsidiary of ASK Automotive and JV = ASK FRAS-LE Friction Private Limited

While the large plant at Karoli is seeing a gradual ramp-up, the new plant at Bengaluru has seen a quicker ramp-up, considering it commenced production on 14 Jan 2025 (Q4FY25). The dip in the utilization level at the Karoli plant in Q2FY26 was on account of further capacity expansion at the plant. For all the remaining plants, the capacity is almost fully utilized, as per management.

Exhibit 21: Capacity utilization of newer plants is picking up

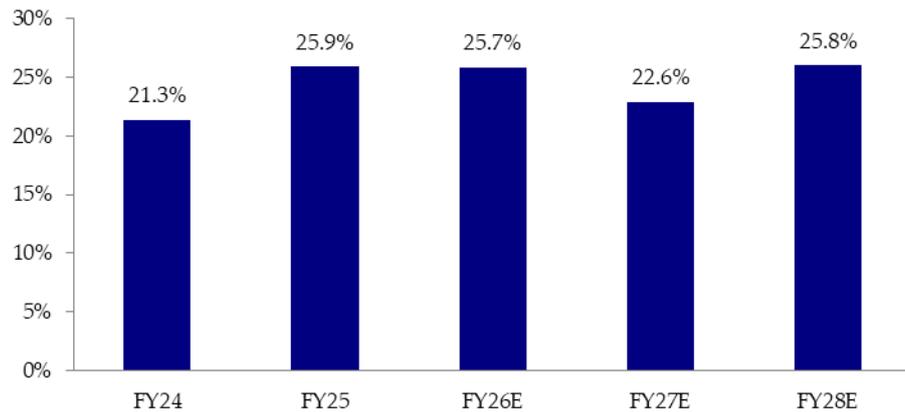


Source: Company, HSIE Research

Note: Management did not disclose the utilization of the new Bengaluru plant in Q4FY25 and Q1FY26

Considering that the management usually seeks to sweat assets and do smaller capacity expansions with a well thought-out ramp-up plan at newer plants, we usually do not see large fluctuations in RoCE, which is impressive in the mid-twenties.

Exhibit 22: RoCE in the mid-twenties is impressive

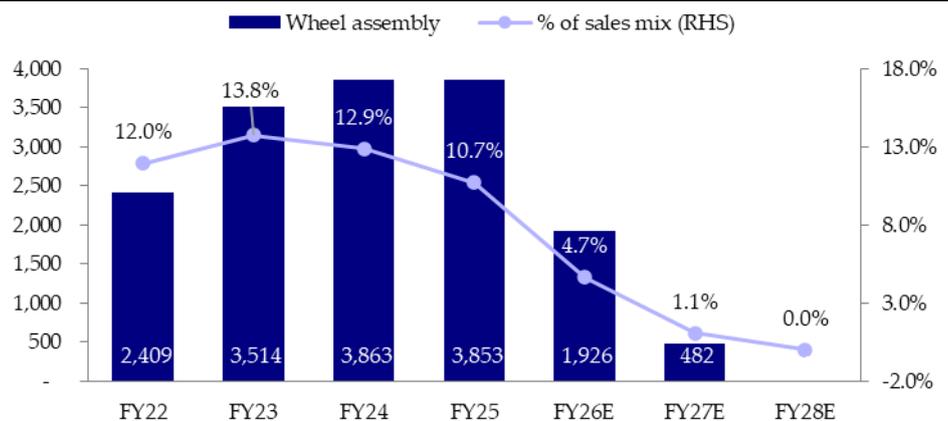


Source: Company, HSIE Research

Exit of wheel assembly business to aid margins

The company is rapidly ramping down the legacy wheel assembly business, with the target of completely exiting the business over the next year or so. The segment formed ~11% of the revenue mix in FY25, and is a low-margin business due to the low value addition nature, where the company assembles the components supplied by the customer/vendor as per the customer’s instructions and specifications.

Exhibit 23: Exiting wheel assembly business



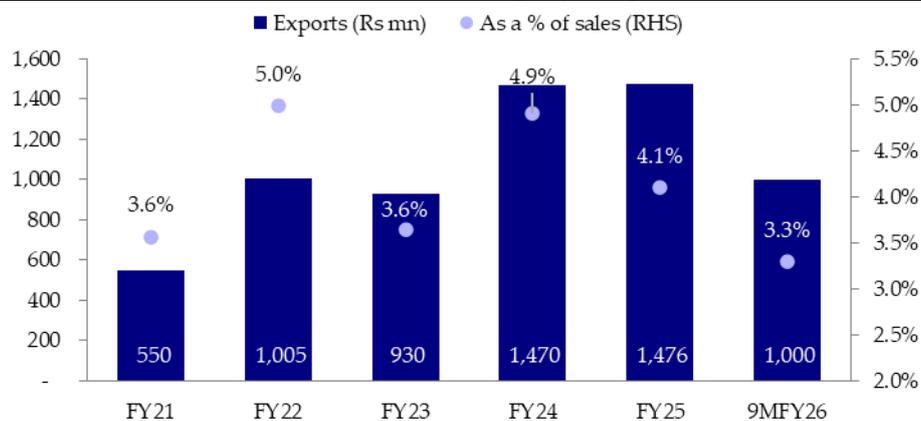
Source: Company, HSIE Research

Management had indicated a benefit of 80bps on the overall company’s EBITDA margin if the wheel assembly business were to be reduced by INR3.00bn from FY25 wheel assembly revenue (INR 3.96bn). Hence, we believe that a total exit from the wheel assembly business could lead to a positive and structural EBITDA margin impact of ~100bps.

Exports

While in the near term, exports could see some softening, considering global geopolitical risks, a ~INR 1bn order from Ford should positively drive the company's exports ambition in the medium term. Management had also mentioned that more than INR 0.75bn of the order is recurring in nature. We expect a meaningful increase in exports mix in the medium term which will also have a positive impact on margins.

Exhibit 24: Ford Motor's order to aid the company's exports ambition

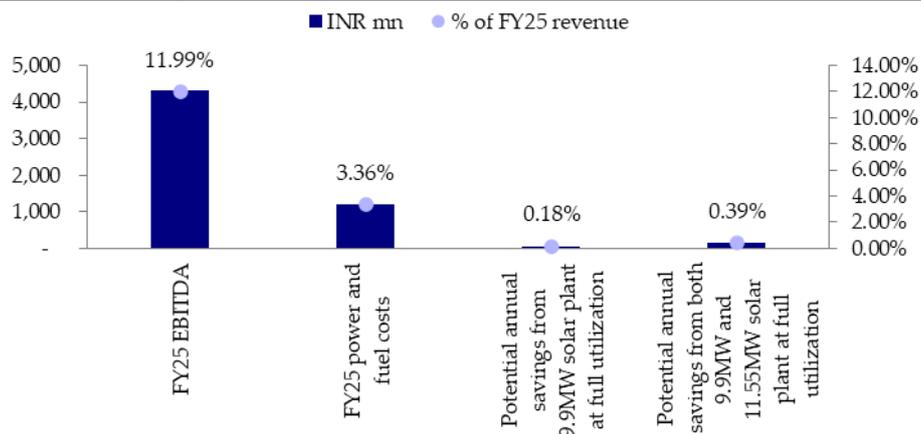


Source: Company, HSIE Research

Increase in solar power consumption to reduce costs

While the 9.9 megawatt solar plant has commenced operations from April 2025, management has guided for additional solar power of 11.55 megawatt to be added by Q1FY27. While the investment towards the 9.9-megawatt plant has been INR 480mn, it expects the payback in five years, thus implying a cost saving of ~INR 10mn per megawatt per year. On a conservative basis, if we were to assume a cost saving of INR6-7mn per year per megawatt. For the 9.9 megawatt source, it would amount to a total saving of ~INR 64mn per year and for the upcoming 11.55 megawatt source, the savings would amount to ~INR 75mn per year.

Exhibit 25: Solar power cost-saving benefit

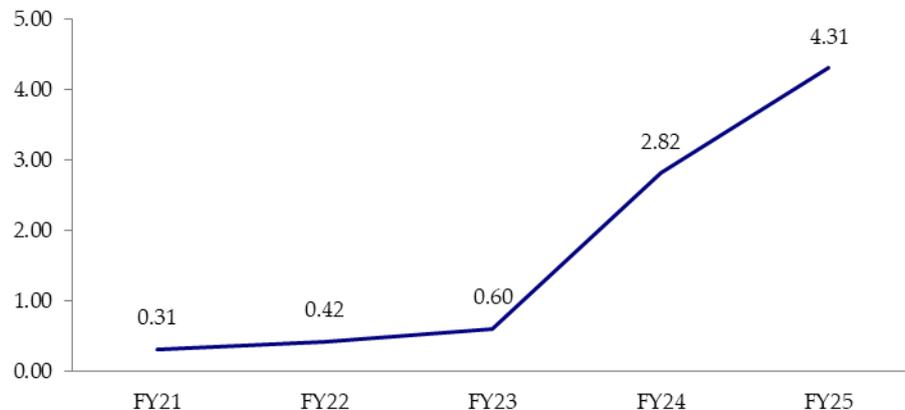


Source: Company, HSIE Research

Note: The chart is just for representational purposes. As revenues increase over FY26-FY28, these savings as a % of sales would be lower

The company is using PNG as well at its plants, and considering the geopolitical tensions which have created volatility in the sustained availability and pricing of PNG, we expect the ramping up of solar power usage to negate some of the volatility.

Exhibit 26: PNG usage (units in SCM millions)



Source: Company, HSIE Research

Impact from draft ABS norms, if implemented, to be limited

The draft notification

- The Ministry of Road Transport and Highways had issued a draft notification in June 2025 to mandate the Anti-lock Braking System (ABS) for all two wheelers manufactured from 1 Jan 2026. Since ABS is already mandatory for two wheelers in the above 125cc category, this draft notification, if implemented, would have been more relevant for two wheelers that are below 125cc (~83% of the domestic 2W ICE market in 10MFY26).
- However, it is past the proposed implementation date of 1 Jan 2026 and the final notification is not out yet.

If implemented, how would it impact ASK Automotive?

- Most of the 2Ws in the below 125cc category use drum brakes in both their wheels. The ABS norm implementation would mean replacement of one of the two drum brakes (considering single channel ABS) in the 2W to a disc brake. A sizeable portion of the company's braking revenues come from the sale of 2W brake shoes (for drum brakes). However, since the company is also manufacturing disc brake pads (market share of 10-12% vs market leadership in advanced braking systems), the increase in revenue from disc brake pads would only partially negate the loss in revenue from the brake shoe segment.
- Management has pegged the maximum possible impact to be INR 2,300mn.
- We have done a scenario analysis, and estimated an impact on financials and target price, if the norms were to be implemented from 1 April 2026.

Scenario analysis

Bear case: ABS norm implementation

- We expect the possible impacted revenue (INR 2,300mn), if sales had continued, to have grown more in line with the 2W market, considering the company's market leadership position in the segment.
- However, the other braking revenues would grow faster considering a faster growing aftermarket component, and additional revenue from the sale of disc brake pads.

Exhibit 27: Braking segment revenue break-up

	FY25	FY26 E	FY27 E	FY28 E
ABS Revenue Impact (INR mn)	2,300	2,473	2,606	2,777
YoY %		7.5%	5.4%	6.6%
Non-Impacted Braking Revenue (INR mn)	10,915	12,989	14,093	15,925
YoY %		19.0%	8.5%	13.0%
Total Braking Revenue - No Impact (INR mn)	13,215	15,462	16,699	18,702
YoY %		17.0%	8.0%	12.0%
Total Braking Revenue - with ABS Impact (INR mn)	13,215	15,462	14,093	15,925
YoY %		17.0%	-8.9%	13.0%

Source: Company, HSIE Research

ABS norm implementation could lead to a price hike of 5-10% in the price sensitive 2W categories, thus rescinding most of the GST rate cut benefits. This could slow down the 2W sales, and thus the company's revenue growth. Hence, we expect even the non-braking segment revenue of the company to be impacted.

Exhibit 28: Overall revenue impact

	FY25	FY26 E	FY27 E	FY28 E
Non-Braking Revenue - No Impact (INR mn)	22,793	25,919	27,860	33,899
YoY %		13.7%	7.5%	21.7%
Non-Braking Revenue - with ABS Impact (INR mn)	22,793	25,919	27,603	33,124
YoY %		13.7%	6.5%	20.0%
Overall Revenue - No Impact (INR mn)	36,008	41,380	44,558	52,601
YoY %		14.9%	7.7%	18.1%
Overall Revenue - with ABS Impact (INR mn)	36,008	41,380	41,696	49,049
YoY %		14.9%	0.8%	17.6%

Source: Company, HSIE Research

We expect the slowdown in revenue growth to have a negative operating leverage impact on the company, leading to a bigger impact on EPS vs revenue.

Exhibit 29: Overall EPS impact

	FY25	FY26 E	FY27 E	FY28 E
EPS - No Impact (INR)	12.56	15.30	16.30	21.80
EPS - with ABS Impact (INR)	12.56	15.30	14.35	19.73

Source: Company, HSIE Research

We also expect the slower revenue growth, slower margin expansion, and shrinkage in total size of the 2W drum brake market to also de-rate the company.

Exhibit 30: De-rating possibility

Target P/E Multiple - No Impact	22.0
Target P/E Multiple - with ABS Impact	20.0

Source: Company, HSIE Research

Exhibit 31: Base case vs Bear case

Target Price - No Impact	480
Target Price - with ABS Impact	395

Source: Company, HSIE Research

Our view on the ABS implementation

As per management commentary, the current ABS capacity in India has the potential to cater to only 10-15% of the requirement if the norms were to be implemented. The cost of the vehicle could go up 5-10%, which could impact the 2W sales in the price sensitive segment, and take away most of the GST rate cut benefit. Additionally, sustained higher commodity costs is likely to lead to price hikes of the 2W over the near term anyways, which could make the government delay the ABS norm implementation so as to keep vehicle inflation in check. And finally, as per media articles, 2W OEMs have raised doubts on the effectiveness of ABS in preventing accidents. We believe these lobbying efforts could again lead to reconsideration or delay in the implementation.

Considering the challenges in implementation, we expect the ABS norms to be delayed to a date further in the future, which will allow the company more time to further diversify its revenue mix.

Key management personnel

Kuldip Singh Rathee - Chairman & MD

- He is also one of the promoters and a founder of the company. He holds a Bachelor's degree in Arts (Economics Honours) from St. Stephens' College, University of Delhi, Delhi. He has previously served in the Central Reserve Police Force where he was directly recruited for the post of deputy superintendent of police in 1974 and served till 1978. 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 more than 36 years of vast experience in the manufacturing sector.

Prashant Rathee – Joint Managing Director

- He is the elder son of Kuldip Singh Rathee. He holds a Bachelor's Degree in Commerce from University of Delhi, Delhi. He was previously a director on the board of A.A. Autotech Private Limited from 2008 till it merged with the company, where he gained experience in the manufacturing sector. He has more than 25 years of rich experience in the manufacturing sector.

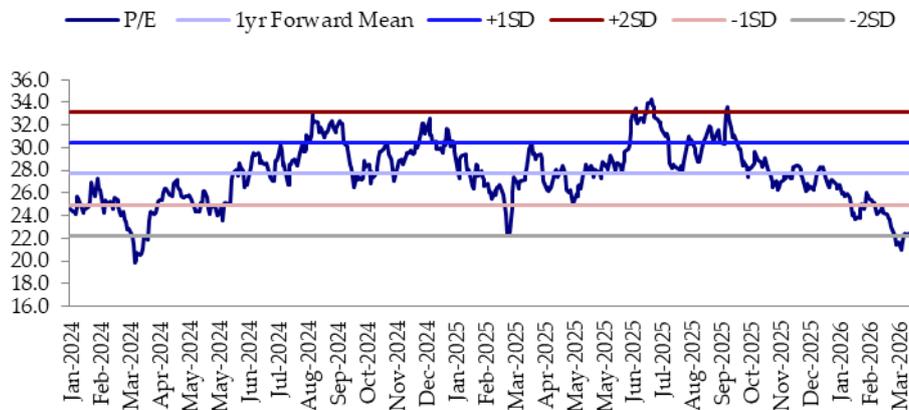
Aman Rathee – Joint Managing Director

- He is the younger son of Kuldip Singh Rathee. He holds a Bachelor's degree in Science (Engineering) and a Master's Degree in Business Administration from Purdue University, Hammond, Indiana, United States of America ("USA") and holds a certification in mergers and acquisitions from Harvard Business School, Boston, Massachusetts (USA). He was previously a director on the board of A.A. Autotech Private Limited from 2012 till it merged with the company, where he gained experience in the manufacturing sector. He has more than 23 years of experience in the manufacturing sector.

Valuation

Despite the business’s attractive long-term potential, considering the near-term volatility of higher raw material costs and increasing uncertainty due to geopolitical tensions, we value the company at 22x Mar’28 EPS, which is near -2SD of the 1-yr forward mean.

Exhibit 32: 1yr Forward P/E Band



Source: Company, HSIE Research

Financials

Standalone P&L

Year End (March) - INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	15,440	20,131	25,552	29,945	36,008	41,380	44,558	52,601
<i>Growth (%)</i>		30.4	26.9	48.8	20.2	14.9	7.7	18.1
Material Expenses	9,982	13,935	17,818	20,426	24,321	27,146	29,342	34,296
Employee Expense	1,023	1,227	1,394	1,705	1,904	2,200	2,398	2,757
Other Expenses	2,572	3,258	3,976	4,808	5,464	6,671	7,200	8,445
EBITDA	1,863	1,711	2,364	3,006	4,319	5,364	5,619	7,103
<i>EBITDA Growth (%)</i>		(8.2)	38.2	75.7	43.7	24.2	4.7	26.4
EBITDA Margin (%)	12.1	8.5	9.3	10.0	12.0	13.0	12.6	13.5
Depreciation	519	559	607	690	890	1,157	1,237	1,359
EBIT	1,344	1,152	1,757	2,316	3,429	4,207	4,381	5,744
Other Income (Including EO Items)	238	112	111	104	119	178	192	208
Interest	109	81	112	286	337	441	398	372
PBT before extraordinary items	1,474	1,183	1,757	2,135	3,211	3,944	4,176	5,580
Extraordinary items	-	-	-	-	-	-	-	-
Share of profit/(loss) of JV	(44)	(53)	(59)	165	63	50	80	112
Total Tax	368	303	468	562	798	979	1,043	1,395
RPAT after MI	1,062	827	1,230	1,738	2,476	3,016	3,213	4,297
Adjusted PAT	1,062	827	1,230	1,738	2,476	3,016	3,213	4,297
APAT Growth (%)		(22.2)	48.7	110.2	42.5	21.8	6.5	33.8
No of shares (mn)	203	201	197	197	197	197	197	197
EPS	5.2	4.1	6.2	8.8	12.6	15.3	16.3	21.8
<i>EPS Growth (%)</i>		(21.2)	51.6	114.2	42.5	21.8	6.5	33.8

Source: Company, HSIE Research

Standalone Balance Sheet

Year End (March) - INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS								
Share Capital - Equity	407	402	394	394	394	394	394	394
Other Equity	5,815	5,917	6,043	7,773	10,037	12,641	15,344	19,033
Total Shareholders' Funds	6,222	6,319	6,438	8,167	10,431	13,035	15,738	19,427
Total Debt	799	1,598	3,180	3,431	3,935	4,830	4,542	4,294
Deferred tax liability	306	297	280	229	285	285	285	285
TOTAL CAPITAL EMPLOYED	7,327	8,214	9,897	11,827	14,651	18,150	20,566	24,007
APPLICATION OF FUNDS								
Tangible Assets	4,081	4,630	4,565	7,137	9,721	12,942	14,788	16,517
Intangible Assets	56	42	31	38	44	49	56	66
Goodwill	1,819	1,819	1,819	1,819	1,819	1,819	1,819	1,819
CWIP	98	29	1,182	642	646	697	753	813
Right of Use Assets	78	885	843	929	1,090	1,077	1,061	1,043
Investments	34	-	40	205	372	402	434	468
Other Non Current Assets	298	267	326	332	516	547	591	639
Total Non-current Assets	6,464	7,671	8,807	11,101	14,207	17,532	19,502	21,365
Current Investments	-	-	-	-	-	-	-	-
Inventories	1,127	1,244	1,536	1,768	2,299	2,642	2,845	3,459
Debtors	1,586	2,012	2,104	2,140	1,950	2,241	2,413	3,170
Cash & Equivalents	187	16	24	127	201	244	639	1,709
Other Current Assets	77	103	341	514	582	617	666	719
Total Current Assets	2,976	3,374	4,005	4,548	5,031	5,744	6,563	9,057
Creditors	1,494	1,788	1,699	2,477	2,858	3,284	3,536	4,323
Other Current Liabilities & Provns	662	1,053	1,216	1,345	1,730	1,842	1,962	2,092
Total Current Liabilities	2,155	2,841	2,915	3,822	4,588	5,126	5,499	6,415
Net Current Assets	821	533	1,090	726	444	618	1,064	2,642
Assets held for sale	42	11	-	-	-	-	-	-
TOTAL APPLICATION OF FUNDS	7,327	8,214	9,897	11,827	14,651	18,150	20,566	24,007

Source: Company, HSIE Research

ASK Automotive: Initiating Coverage

Standalone Cash Flow

Year End (March) - INR mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	1,430	1,130	1,698	2,300	3,274	3,971	4,233	5,670
Depreciation	519	559	607	690	890	1,157	1,237	1,359
Working Capital Change	(280)	10	(584)	605	(34)	(167)	(101)	(561)
Tax Paid	(335)	(302)	(444)	(629)	(738)	(973)	(1,037)	(1,389)
Interest/Dividend received	(22)	(16)	(20)	(17)	(17)	-	-	-
Other items	(32)	61	130	85	227	464	421	394
Extraordinary items								
OPERATING CASH FLOW (a)	1,280	1,442	1,386	3,033	3,602	4,453	4,753	5,473
Capex	(462)	(849)	(1,499)	(2,798)	(3,301)	(4,370)	(3,075)	(3,080)
Free Cash Flow (FCF)	818	593	(113)	235	301	83	1,678	2,393
Others	401	49	(110)	21	(90)	(3)	(5)	(8)
INVESTING CASH FLOW (b)	(60)	(800)	(1,609)	(2,777)	(3,390)	(4,373)	(3,080)	(3,088)
Debt Issuance/(Repaid)	(869)	799	1,582	251	502	895	(287)	(249)
Interest Expenses	(107)	(67)	(143)	(329)	(360)	(464)	(421)	(394)
FCFE	56	1,460	1,612	815	1,164	1,441	1,812	2,538
Change in net worth								
Dividend	(20)	-	-	-	(197)	(394)	(493)	(591)
Others	(71)	(1,546)	(1,207)	(77)	(81)	-	-	-
FINANCING CASH FLOW (c)	(1,068)	(815)	232	(155)	(136)	37	(1,201)	(1,234)
NET CASH FLOW (a+b+c)	152	(172)	9	100	76	116	472	1,151
Add: Beginning balance	34	185	13	22	122	198	314	786
EO Items, Others								
Closing Cash & Equivalents	185	13	22	122	198	314	786	1,937

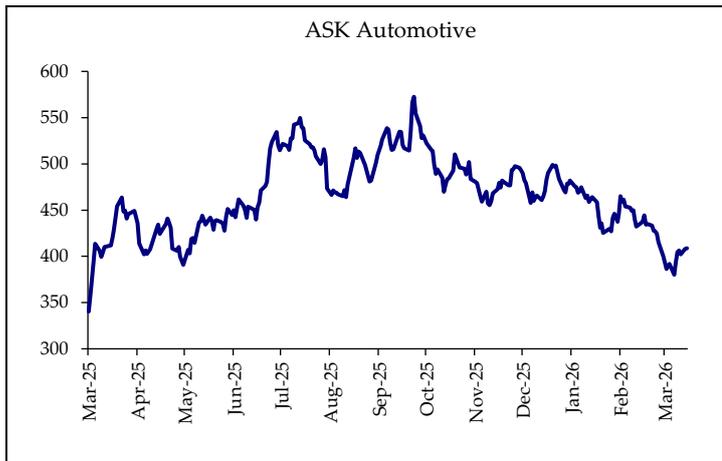
Source: Company, HSIE Research

Ratios

Year End (March)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
PROFITABILITY (%)								
GPM	35.4	30.8	30.3	31.8	32.5	34.4	34.2	34.8
EBITDA Margin (%)	12.1	8.5	9.3	10.0	12.0	13.0	12.6	13.5
EBIT Margin	8.7	5.7	6.9	7.7	9.5	10.2	9.8	10.9
PBT Margin	9.5	5.9	6.9	7.1	8.9	9.5	9.3	10.6
APAT Margin	6.9	4.1	4.8	5.8	6.9	7.2	7.2	8.1
RoE	17.1	13.2	19.3	23.8	26.6	25.6	22.2	24.3
RoIC (or Core RoCE)	14.1	11.2	14.3	15.8	19.7	19.6	17.4	20.4
RoCE	18.3	14.8	19.4	21.3	25.9	25.7	22.6	25.8
EFFICIENCY								
Tax Rate (%)	24.9	25.6	26.6	26.3	24.8	24.8	25.0	25.0
Fixed Asset Turnover (x)	2.5	2.5	3.0	2.6	2.4	2.1	2.0	2.1
Inventory (days)	27	23	22	22	23	23	23	24
Debtors (days)	37	36	30	26	20	20	20	22
Other Current Assets (days)	2	2	5	6	6	5	5	5
Payables (days)	35	32	24	30	29	29	29	30
Other Current Liab & Provns (days)	16	19	17	16	18	16	16	15
Cash Conversion Cycle (days)	15	9	15	7	2	3	3	6
Net D/E (x)	0.1	0.3	0.5	0.4	0.4	0.4	0.2	0.1
Interest Coverage (x)	12.4	14.3	15.7	8.1	10.2	9.1	10.4	14.6
PER SHARE DATA (Rs)								
EPS	5.2	4.1	6.2	8.8	12.6	15.2	16.2	21.7
CEPS	7.8	6.9	9.3	12.3	17.1	21.1	22.5	28.6
Dividend	-	-	-	1.0	1.5	2.0	2.5	3.0
Book Value	30.6	31.5	32.7	41.4	52.9	66.1	79.8	98.5
VALUATION								
P/E (x)	78.4	99.4	65.6	46.4	32.6	26.9	25.2	18.8
P/BV (x)	13.4	13.0	12.5	9.9	7.7	6.2	5.1	4.2
EV/EBITDA (x)	45.0	49.0	35.4	27.9	19.5	15.9	15.0	11.7
EV/Revenues (x)	5.4	4.2	3.3	2.8	2.3	2.1	1.9	1.6
OCF/EV (%)	1.5	1.7	1.7	3.6	4.3	5.2	5.6	6.6
FCF/EV (%)	1.0	0.7	(0.1)	0.3	0.4	0.1	2.0	2.9
FCFE/Mkt Cap (%)	0.1	1.8	2.0	1.0	1.4	1.8	2.2	3.1
Dividend Yield (%)	-	-	-	0.2	0.4	0.5	0.6	0.7

Source: Company, HSIE Research

Price history



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: >10% Downside return potential

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