INITIATING COVERAGE

ASK AUTOMOTIVE LTD

JUNE 2025

ANALYSTS

Smit Shah (NISM - 202300068297)

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ASK Automotive I BUY I Target Price: Rs 550 | Upside: 17%

No brakes on growth

We initiate coverage on ASK Automotive Ltd with a BUY and a TP of Rs550. ASK's promising outlook is underpinned by its ability to (i) outpace industry growth, (ii) expand wallet share with OEMs, (iii) increase its export footprint and (iv) huge growth potential of the ALPS business, aided by foray into differentiated alloy wheels business. With its market leadership position in the ABS segment offering stability, ASK has shown strong technical expertise by achieving a 35% CAGR in fast-growing ALPS business over FY21-25. The company is strategically well-placed to benefit from the electrification wave, supported by higher content per EV compared to ICE vehicles and marquee EV clientele. ASK has the potential to get rerated as scale expands, margins improve meaningfully, exports pick up, high return ratios and best in class cash conversion cycle sustains along with impressive CFO/EBITDA conversion.

- **Sticky and stable braking business:** ASK holds a leading 50% market share in India's 2W brake-shoe and advanced braking segment (ABS), covering both OEM and branded IAM segments. *It has established enduring relationships with the top 2W OEMs, spanning over two decades, underscoring its strong customer stickiness and strategic relevance in the value chain as a critical safety component*. With nearly 75% of the 2W industry still dependent on drum brake systems, we believe the significant cost differential between drum and disc brakes will continue to favor drum brake adoption, an area where ASK maintains clear leadership. This well-established and mature business line is slated to witness 8-9% CAGR - in line with the underlying 2W industry.
- **Riding the lightweighting wave:** ASK has strategically capitalized on the industry-wide lightweighting trend, leveraging its in-house design capabilities and tooling expertise. It has benefited from multi-vendor sourcing strategies adopted by major Indian OEMs, enabling it to expand wallet share within key accounts. ASK's timely diversification into EV-specific parts and higher content per vehicle mitigates the risk from EV transition faced by certain engine components. Further, ASK's entry into alloy wheels backed by HPDC technology offers a potential first-mover advantage. This initiative is supported by strategic collaborations which we expect to unlock a new growth area.
- **Robust earnings growth, solid financials:** We build in revenue/ EBITDA/ PAT growth of 15%/ 20%/ 22% over FY25-28E on the back of (i) wallet share gains with non-Honda OEMs, (ii) improvement in exports, (iii) contribution from new alloy wheels business and (iv) gradual increase in industry EV penetration. *ASK should achieve a 170bps margin expansion by FY28E, driven by the ramp-down of its wheel assembly business and higher capacity utilization at new plants*. With a presence in ~80% of the organized 2W EV market comprising clients such as TVS, Ola, and Ather, ASK can effectively capitalize on rising EV penetration and new model launches. Financials are robust and are expected to further improve with growth consistently outpacing the industry, margins > 13.5%, return ratios > 20%, CFO/EBITDA conversion > 70%, and one of the industry's best cash conversion cycles at just 14 days by FY28E.
- **Valuation, view & risks:** ASKs positioning in the ABS segment and steadfast growth in ALPS segment has attributed to a superior 24% CAGR in revenue over FY21-25, also outpacing 2W industry growth at 7-8%. Favorable sectoral tailwinds in the two-wheeler industry coupled with increasing emphasis around lightweighting of vehicles and EVs bodes well for ASK. We have valued at 27x 1QFY28E earnings (in-line with its 1-yr forward avg. PE since listing) to arrive at a TP of Rs550. Operational catalysts (pick up in margins, commencement of alloy-wheel business and gradual client diversification) could well see valuation multiple expand further. **Key Risks:** High client concentration, failure to ramp up exports and delay in contribution from the alloy wheels business.

Target Price			550
CMP*			471
Upside			17%
Price Performance (%)			
	1M	**6M**	**1Yr**
ASK	8.3	0.8	31.0
Nifty	1.7	6.4	6.5

Key Data	
Bloomberg Code	ASKAUTOL :IN
Curr Shares O/S (mn)	197.2
Diluted Shares O/S(mn)	197.2
Mkt Cap (Rsbn/USDmn)	92.8/1080
52 Wk H / L (Rs)	508/333
3M Average Vol.	189507

Source: Bloomberg, ACE Equity, MNCL Research

Shareholding pattern (%)

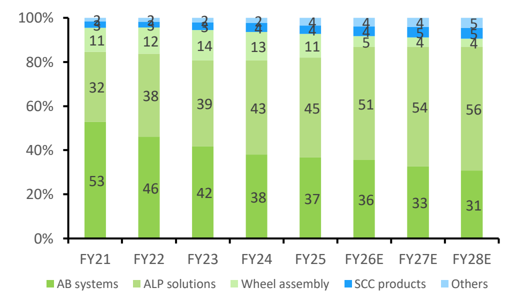
	Mar-25	Dec-24	Sept-24	Jun-24
Promoter	78.9	78.9	78.9	85.0
FIIs	9.9	9.9	9.2	4.9
DIIs	4.9	4.6	4.5	4.2
Others	6.3	6.6	7.4	5.9

Source: BSE

Why should you read this report?

- Understand how ASK is placed in the ABS segment that is anticipated to be drum brakes dominant
- Reasons for scale up of the ALPS segment and the expectations ahead
- How is ASK is equipping itself to be EV ready

Revenue mix to become fast growing ALPS segment dominant by FY28E



Source: Company, MNCL Research Estimates

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Y/E Mar (Rs mn)	Revenue	*YoY (%)*	EBITDA	*EBITDA (%)*	Adj PAT	*YoY (%)*	Adj EPS	RoE (%)	*RoCE (%)*	P/E (x)	EV/EBITDA (x)
FY23	25,552	26.9	2,364	9.3	1,230	48.7	6.2	19.3	15.4	NM	NM
FY24	29,945	17.2	3,006	10.0	1,738	41.3	8.8	23.8	17.2	32.8	20.1
FY25	36,008	20.2	4,319	12.0	2,476	42.5	12.6	26.6	20.7	32.1	19.3
FY26E	40,330	12.0	5,203	12.9	3,073	24.1	15.6	25.7	20.0	30.2	18.7
FY27E	47,546	17.9	6,466	13.6	3,815	24.2	19.4	24.8	20.3	24.3	14.9
FY28E	54,293	14.2	7,438	13.7	4,518	18.4	22.9	23.1	20.5	20.5	12.5

Source: Company, MNCL Research estimates, Consolidated Financials.

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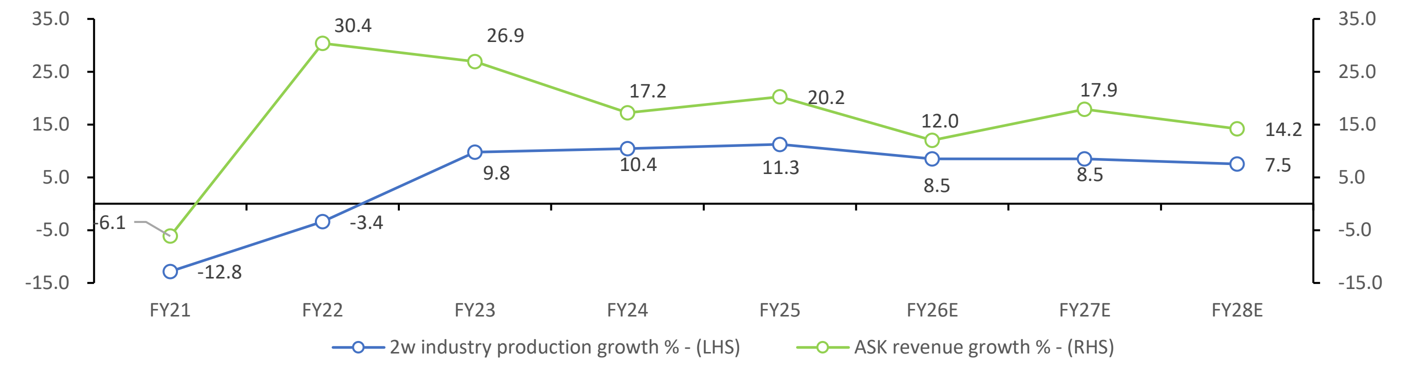
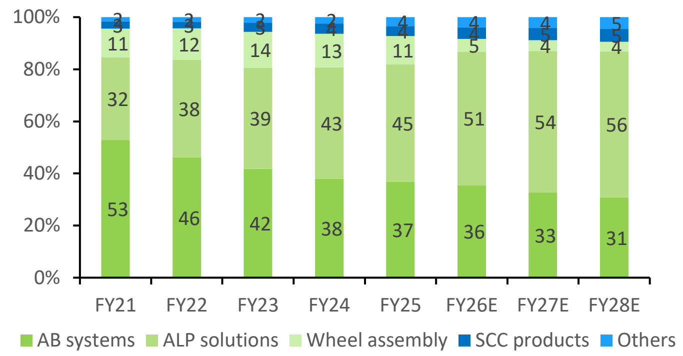
Investment Thesis in Charts

Exhibit 1: Expect the consistent industry outperformance to continue, courtesy non-ABS segments



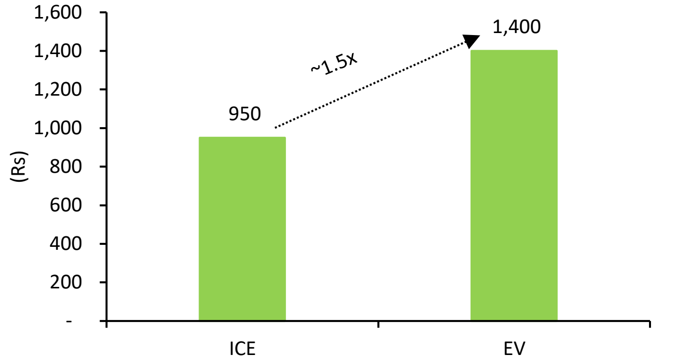
Source: SIAM, Company, MNCL Research estimates

Exhibit 2: Rapidly growing ALPS segment to reach 56% revenue contribution by FY28E



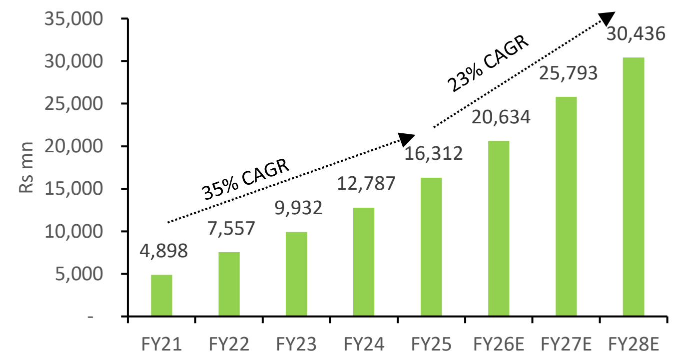
Source: Company, MNCL Research estimates

Exhibit 3: Content per vehicle - EV stands higher by ~1.5x versus ICE counterpart



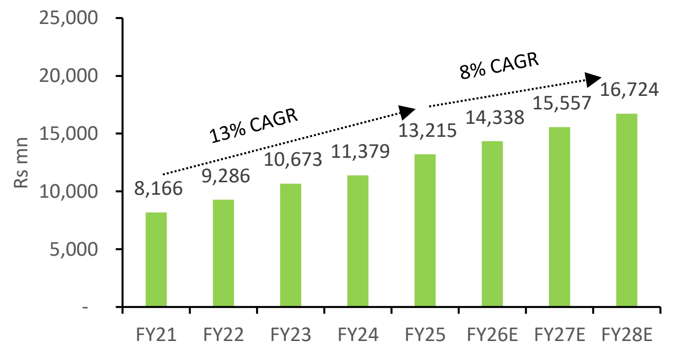
Source: Company, MNCL Research Estimates

Exhibit 4: ALPS segment poised for 23% CAGR over FY25-28E driven by wallet share gains and alloy wheels foray



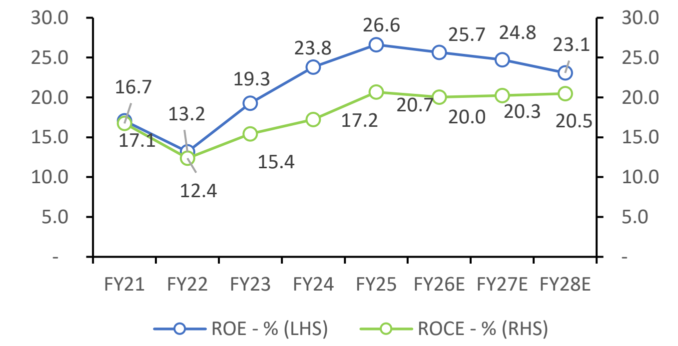
Source: Company, MNCL Research estimates

Exhibit 5: Market leadership position in ABS segment to provide stability, set to grow largely with the 2w industry



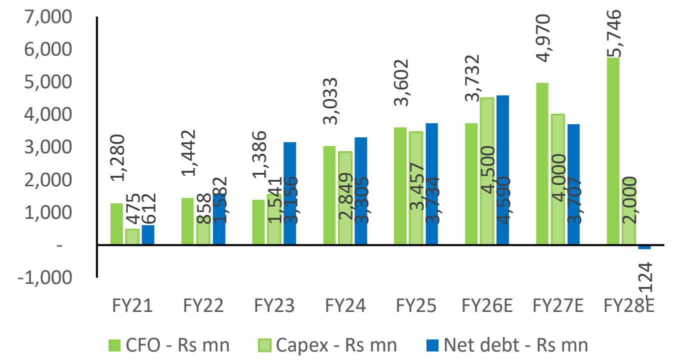
Source: Company, MNCL Research estimates

Exhibit 6: Highest return ratios amongst peers, to marginally moderate until capacity utilization ramps up



Source: Company, MNCL Research estimates

Exhibit 7: Capex to be largely funded internally due to robust CFO/ EBITDA conversion, expect net cash status by FY28E



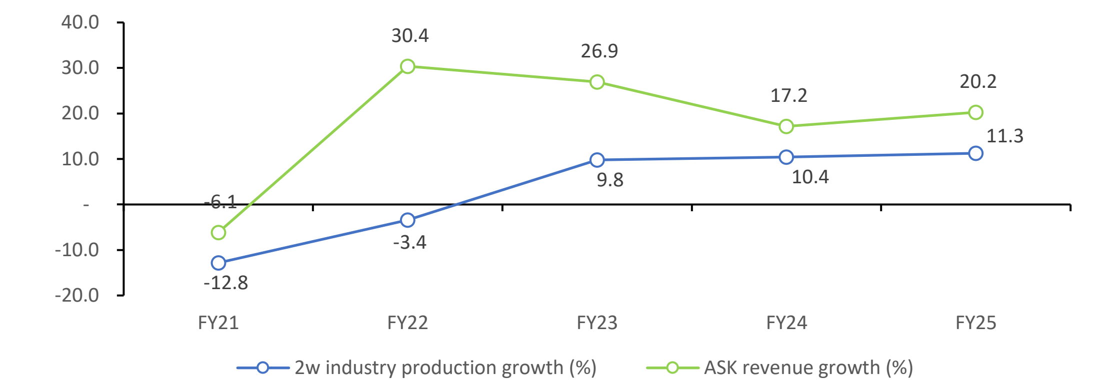
Source: Company, MNCL Research estimates

Play on lightweighting + mature ABS business

ASK Automotive Limited holds a leading position in India's brake-shoe and advanced braking solutions market for two-wheeler OEMs, with ~50% market share in terms of production volume (including OEM and branded independent aftermarket segments). With a legacy of over three decades, ASK has been delivering safety systems and critical engineering solutions, supported by robust in-house capabilities in design, development, and manufacturing. ASK's product portfolio is powertrain-agnostic, serving both EV and ICE OEMs.

ASK's operations include a range of offerings across several verticals such as: (i) advanced braking systems (ABS); (ii) aluminum lightweighting precision solutions (ALPS), (iii) wheel assembly, and (iv) safety control cables (SCC) products.

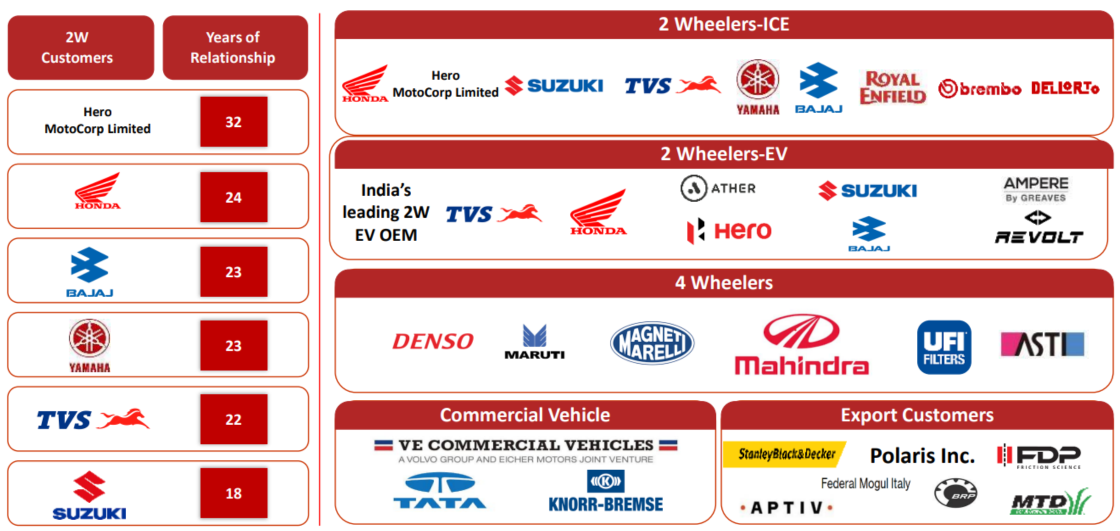
Exhibit 8: Consistent track record of industry outperformance



Source: Company, MNCL Research

ASK has consistently outperformed the broader two-wheeler components industry, supported by its deep-rooted relationships with top OEMs, expanding wallet share, and strategic alignment with the ongoing shift toward aluminum-based products. The OEM relationships range from 18 to 32 years as shown in Exhibit 9 below. Key customers in this segment include Honda, Hero, Yamaha and Suzuki.

Exhibit 9: Long standing relationships with leading OEMs



Source: Company presentation, MNCL Research

Investment thesis

A. ABS driven stability + ALPS expansion: dual drivers for growth

Advanced braking systems (ABS): market leader, enduring stability

The braking system remains a fundamental component in vehicle safety and performance. The industry primarily utilizes disc and drum brake technologies, either independently or in hybrid configurations. 2Ws primarily use drum brakes due to lower cost. *The cost of disc brakes is typically 2-3 times higher than that of drum brakes, making drum brakes an economical choice.* ***Nearly 75% of 2Ws continue to have drum brakes while the disc brakes are predominantly found in higher-end motorcycles (200cc and above).*** In the disc brake category, ASK Automotive supplies only disc pads and has no plans to venture into disc brake assemblies.

Exhibit 10: ABS segment – product profile

Source: Company presentation, MNCL Research

ASK Automotive Limited holds a leading position in India's brake-shoe and advanced braking solutions market for two-wheeler OEMs, with ~50% market share in terms of production volume (including OEM and branded independent aftermarket segments). This market leadership is driven by cutting-edge technology, which has consistently strengthened its share among OEMs. ASK boasts a portfolio of 52 proprietary formulations in the ABS segment, supported by advanced R&D centers. While Honda remains a key customer, ASK continues to expand its wallet share with other OEMs. ***Key competitors in the segment include Allied Nippon, Endurance Technologies, and Brembo.***

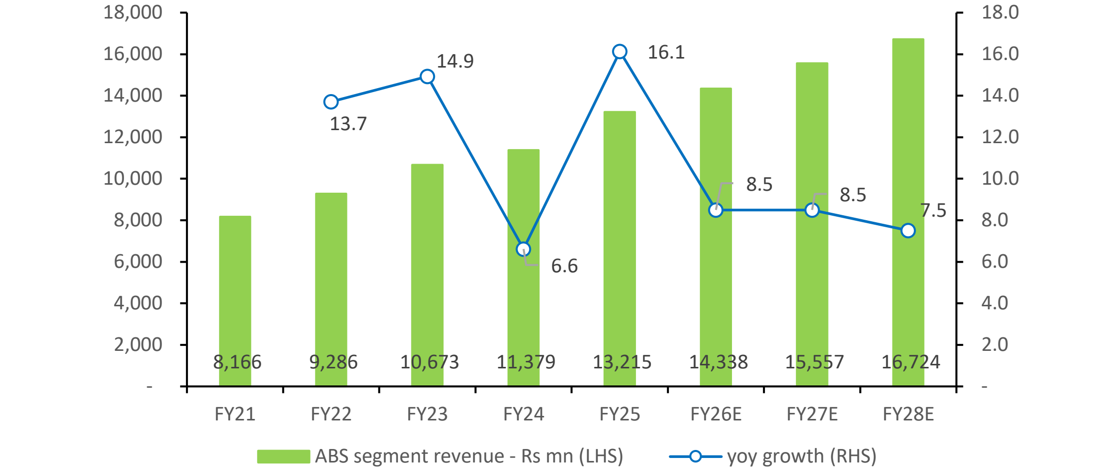
Exhibit 11: 2w braking system segment revenue performance of peer set

	Revenue - Rs mn				Revenue growth - %			
Company	**FY22**	**FY23**	**FY24**	**FY25**	**FY22**	**FY23**	**FY24**	**FY25**
ASK Automotive	9,286	10,673	11,379	13,215	14%	15%	7%	16%
Brembo	10,222	12,423	13,987	NA	43%	22%	13%	NM
Allied Nippon	4,514	4,819	5,742	NA	15%	7%	19%	NM
Endurance	5,712	7,717	11,248	13,526	22%	35%	46%	20%

Source: Private circle, MNCL Research. Note: ASK Auto and Endurance revenue figures belong to braking division. For Brembo and Allied Nippon, the revenue is at entity level.

ASK has established a strong presence across nearly 80% of 2w EV OEMs, positioning the company well to capitalize on the growth of the EV market. With cost efficiency remaining a priority for EV manufacturers, drum brakes/ hybrid setup is likely to become a preferred choice, which in turn supports volume growth for ASK's braking products.

Exhibit 12: Expect ABS segment to grow at 8.2% CAGR over FY25-28E



Source: Company, MNCL Research estimates

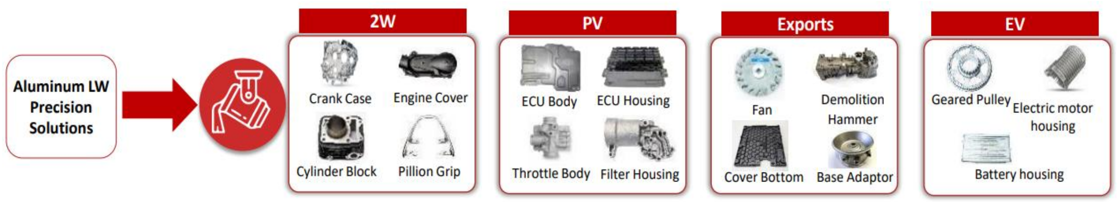
The ABS segment contributes 37% of consol. revenues as per FY25 financials. This segment has grown at a CAGR of 12.8% over FY21-25. As a mature business line, the ABS segment is expected to provide stability to the overall operations. Braking systems are a critical safety component in vehicles, and ASK's market leadership underscores its superior product quality and precision relative to competitors. This leadership position is supported by a strong track record of technical expertise and positions the company well to improve its wallet share. Going forward, we expect the ABS segment to grow broadly in line with the two-wheeler industry, and we are building in 8.2% CAGR growth over FY25-28E.

Aluminum Lightweighting Precision Solutions (ALPS): Key growth catalyst

About the ALPS segment

The automotive sector's shift toward lightweighting has led to a growing preference for aluminum, despite its higher cost per kilogram compared to conventional steel. Aluminum's substantial weight advantage plays a pivotal role in reducing vehicle mass, which directly contributes to improved fuel economy and lower emissions. Moreover, its high strength-to-weight ratio makes it well-suited for structural and load-bearing components. OEMs are integrating lightweight materials to boost vehicle performance, regardless of whether the drivetrain is ICE or electric. Products in this segment include crank case, engine cover, cylinder block, pillion grip, ECU body, EV housing and others (refer exhibit 13).

Exhibit 13: ALPS segment – product profile



Source: Company presentation, MNCL Research

ASK has offerings for both 2w as well as PV industry, however 2w contributes the dominant share. In this segment, ASK serves prominent automotive OEMs including Honda, Hero, TVS, Yamaha, Suzuki, Royal Enfield, Polaris, and Denso. *Key competitors in this segment include Endurance Technologies, Craftsman Auto, Sundaram Clayton Limited, Rico Auto Industries, Rockman Industries, Sunbeam Lightweighting, Sandhar Group and Alicon Castalloy.*

Exhibit 14: Competitive landscape in the ALPS segment

Company – Rs mn	FY21	FY22	FY23	FY24	FY25	FY21-25 CAGR	Industry catered
ASK Automotive	4,898	7,557	9,932	12,787	16,312	35%	Majorly 2w
Endurance Technologies	32,072	37,001	44,282	49,339	57,804	16%	65%/ 26%/ 8%/ 1% exposure to 2w/ 4w 3w/ other segments
Craftsman Automation	3,298	5,520	9,346	21,536	30,330	74%	34%/ 60%/ 6% exposure to 2w/ 4w/ Other segments
UNO Minda	7,648	13,301	21,349	28,062	31,872	43%	45%/ 47%/ 3%/ 4%/ 1% exposure to 2w/ 4w/ 3w/ CV/ OR segments
TVS Holdings	2,02,987	2,55,907	3,36,615	4,02,476	4,49,932	22%	2w/ PV/ CV exposure

Source: Company, MNCL Research. For Endurance technologies, the revenue represents revenue from aluminium die casted parts as well as alloy wheels. For ASK Automotive, it represents revenue from ALPS segment. For craftsman and UNO Minda, revenue pertains to aluminium products and castings segment resp. For TVS holdings, the revenue is entity level.

Behind the surge: What's powering the ALPS's rise

1. The design and tooling edge

ASK adopted a strategic approach to this segment by first establishing a state of the art design centre, equipped with best-in-class software and skilled personnel, to efficiently address complex RFQs.

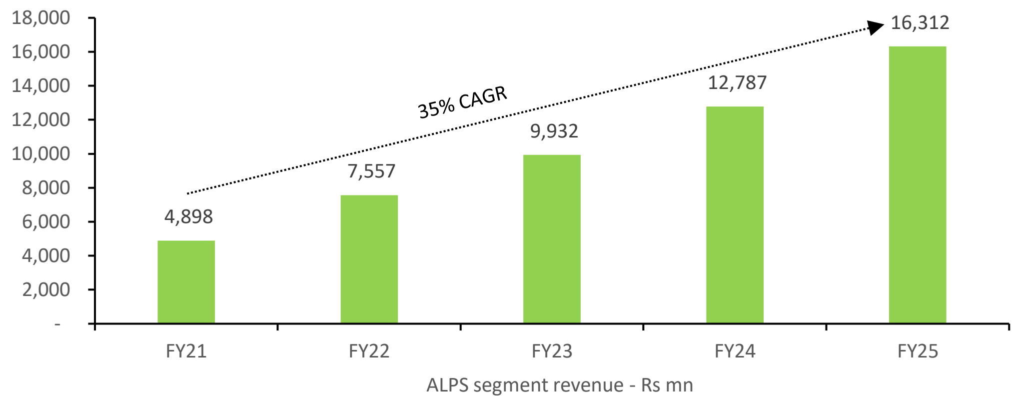
Recognizing the critical importance of speed and precision, ASK also set up an in-house tool room even before commencing commercial production. This move has significantly reduced lead times, with in-house tooling typically completed within 2 months, compared to 6-9 months when outsourced to external vendors. This early investment in design and tooling infrastructure, combined with a consistent focus on QCDM parameters has been pivotal in the segment's sustained growth.

R&D competencies include in-house tool design, design simulation, and prototyping, enabling faster development cycles. Further, ASK's fungible production lines further enhance operational flexibility, allowing for seamless interchange of capacity and product mix across different segments.

2. Key beneficiary of multi-sourcing strategies adopted by major OEMs

ASK's strategic focus on the ALPS segment coincided with a pivotal shift by two major OEMs toward multi-sourcing contracts. Leveraging its established relationships and robust product development capabilities, ASK successfully made inroads with these OEMs, positioning itself to gradually improve its wallet share. Honda has historically been a significant customer and revenue contributor for ASK; however, ASK has successfully expanded its wallet share among non-Honda OEMs as well.

Exhibit 15: ALPS segment expansion backed by inhouse design, tooling and multi-supplier arrangements



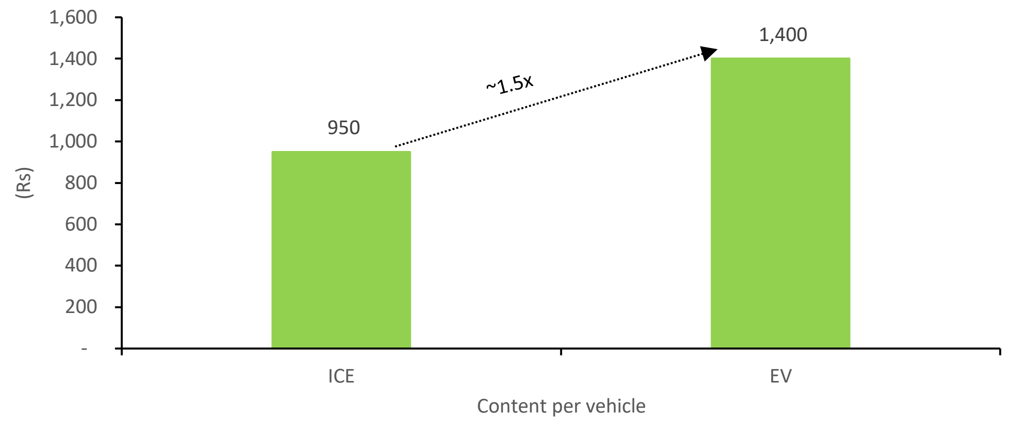
Source: Company, MNCL Research

The ALPS segment has been one of the fastest growing segments for ASK, clocking a CAGR of 35% over FY21-25. The share in revenue mix has improved from 32% in FY21 to 45% in FY25. *The growth has been driven by increased wallet share with OEMs and the advantage gained from OEMs' multi-sourcing strategies in the aluminum segment.*

EV playbook to unlock higher value for ALPS

The case for aluminum in EVs is even more compelling, as lightweighting benefits are complemented by aluminum's superior thermal conductivity, which aids in battery and thermal management. **ASK's per-vehicle content value for EVs, (incl. drum brakes and additional segments), stands at Rs 1,400 which is ~50% higher than the Rs 950 for ICE vehicles.**

Exhibit 16: Content per vehicle - EV stands higher by ~1.5x versus ICE counterpart



Source: Company, MNCL Research

ASK has been supplying 80% of the 2w EV market and its existing relationships with major e2W players like Ola, TVS, and Ather position it to benefit from the ongoing shift to electric two-wheelers. ASK has demonstrated strong execution capabilities in the fast-growing EV segment by supplying critical components with faster turnaround times than its peers. **ASK has successfully developed EV-specific components including battery housing, motor housing, wheel pulley, and intermediate pulley. While ASK's traditional engine components such as crankcase, crankcase cover, filter housing, cylinder block, throttle body, and engine cover face headwinds from electrification, ASK has proactively mitigated this risk by developing EV specific products. As EV adoption increases, ASK is well-placed to scale its revenues.**

Exhibit 17: Impact of transition from ICE to EV on ASK's product portfolio

Segment	Category	Product	Vehicle Segment	
			ICE	EV (HEV, BEV)
Advanced Automotive Braking Solutions	Braking	Brake panel assembly, brake shoe, disc brake pad (DBP), brake lining, mission case	No transition impact	No transition impact
Aluminium Light weighting Precision Solutions	EV Specific	Motor housing	No transition impact	Significant improved realizations
		Battery housing	No transition impact	Significant improved realizations
		Wheel pulley	No transition impact	Significant improved realizations
	Electrical/Electronics	ECU housing/ECU heat sink	No transition impact	Significant improved realizations
	Transmission parts	Flange final driven	No transition impact	Improved realizations
	Body/Chassis Parts	Pillion grip, footrest assembly, speedometer cable housing, wiper housing, hub	No transition impact	No transition impact
	Engine Parts	Crankcase, crankcase cover, filter housing, cylinder block, throttle body, engine cover	No transition impact	Significant reduced realizations
Safety Control Cable Solutions	Cables	Choke cable, clutch cable, brake cable (front & rear), speedometer cable, throttle cable, seat lock cable, fuel cable	No transition impact	Reduced realizations

Improved realizations; Significant improved realizations; No transition impact; Reduced realizations; Significant reduced realizations

Source: Company prospectus, MNCL Research

ASK's revenue contribution from 2W EVs currently stands at 4.2%, slightly below the industry penetration level of ~5%. However, we believe this share in revenue mix is poised to increase, supported by rising EV adoption, upcoming model launches, and a higher content per vehicle compared to ICE counterparts.

Alloy wheels: banking on partnerships to gain first mover advantage

The Indian 2w alloy wheels market is estimated at Rs50bn, with the scooter segment contributing Rs20bn of the total market. ASK's entry into the alloy wheels segment is backed by technical collaborations. Unlike conventional alloy wheels produced using gravity die-casting, ASK is targeting a first-mover advantage in high-pressure die-casting (HPDC) technology. HPDC alloy wheels offer superior heat dissipation, enhanced structural strength, faster production cycle and lower rejections making them increasingly attractive for both ICE and electric scooters. This initiative marks ASK's entry into the ~Rs 20bn scooter alloy wheels market.

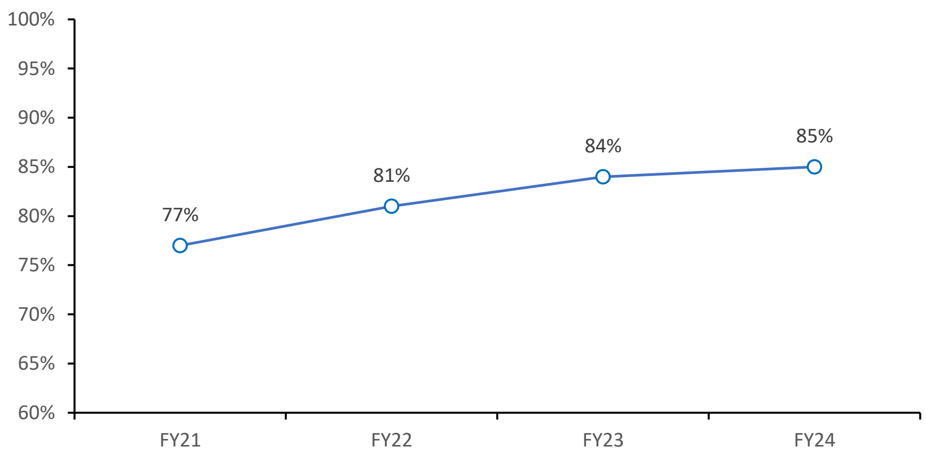
Collaboration 1: Taiwan based LIOHO

In Feb'24, ASK signed a Technical Collaboration Agreement with LIOHO, Taiwan, to manufacture high-pressure die cast (HPDC) alloy wheels for two-wheelers. The Taiwanese company is already supplying alloy wheels to one of the leading players in Taiwan and possesses relevant expertise. The capacity has already been commissioned, and the product is currently undergoing testing. *ASK is expecting clearance for the same by Jul'25 and supplies to commence from H2FY26.*

Collaboration 2: Japan based Kyushu Yanagawa Seiki Co. Ltd

In Mar'25, ASK entered a strategic partnership with Kyushu Yanagawa Seiki Co., Ltd. (Japan) for HPDC alloy wheels for 2Ws. This second collaboration in alloy wheels was driven by a specific requirement from a Japanese OEM supplying two-wheelers in the Indian market. ASK is going to incur Rs2bn capex in FY26 in order to set up capacity based on this collaboration. *We believe that the supplies related to this collaboration should commence from FY27E onwards.*

Exhibit 18: Surge in alloy wheels penetration in the 2w industry is tied to the lightweighting trend



Source: Endurance Technologies presentation, MNCL Research

The industry wide shift toward lightweighting has played a pivotal role in boosting the adoption of alloy wheels. This structural trend has not only increased penetration across vehicle platforms but also acted as a catalyst for localizing alloy wheel production. We note that meaningful localization has already taken place, and key component manufacturers are actively expanding capacity to cater to growing demand from OEMs.

Exhibit 19: Competition to continue to invest in 2w alloy wheels capacity

Company	Current capacity (mn tonnes pa)	Post expansion (mn tonnes pa)	Timeline
Endurance technologies	5.5	9.1	FY26
UNO Minda	8.0	9.5	FY27
Klassic Wheels	1.2	2.4	NA

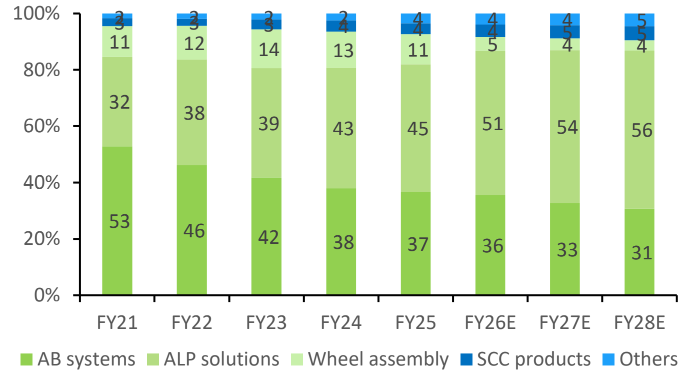
Source: Respective company's filings, MNCL Research, *Klassic Wheels current capacity data is as of Mar'24

While ASK is a relatively late entrant in the alloy wheels segment, we believe its entry strategy of differentiated technology and strategic partnerships is a prudent move. Backed by a strong track record in product development and longstanding OEM partnerships, ASK is well-placed to establish itself as a significant player in the two-wheeler alloy wheel segment.

ALPS segment: factoring 23% CAGR over FY25-28E

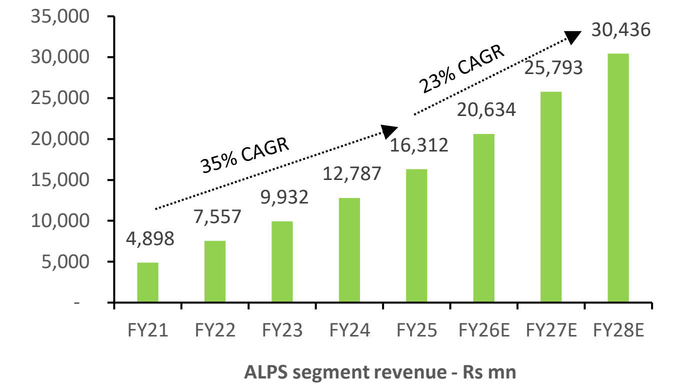
The share in the revenue mix from aluminium precision components has improved by 13% over the past 4 years and is projected to increase by an additional 10% over the next two years, from 45% currently to 56% by FY28E. This growth is underpinned by stronger prospects in the aluminum lightweighting precision segment relative to the braking systems business which is set to grow largely in-line with the industry. **The ALPS segment's expected growth of 23% over FY25-28E is on (i) account of contribution from alloy wheels, (ii) increasing EV penetration where ASK has superior kit value and (iii) improvement in wallet share with non-Honda OEMs.**

Exhibit 20: ALPS to contribute 56% of revenues by FY28E



Source: Company, MNCL Research estimates

Exhibit 21: Factoring 23% CAGR over FY25-28E



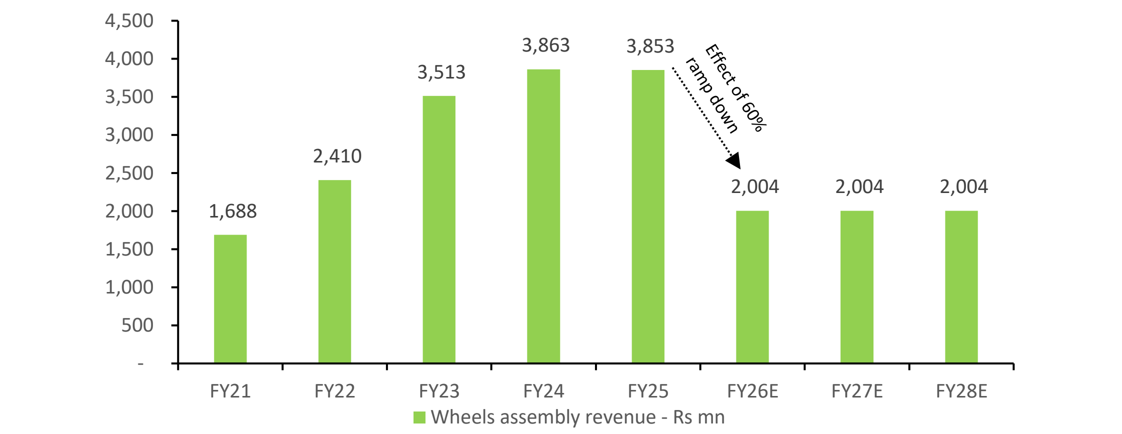
Source: Company, MNCL Research estimates

B. Other segments: Some chasing growth, some ramping down for profitability

Wheels assembly: ramping down to improve profitability

The wheels assembly segment has been on a ramp-down trajectory, with ~60% ramp down already achieved in 4QFY25. Wheel assembly business is characterized by low value addition and thin margins, involved ASK performing job work for an Indian OEM. **The segment's revenue remained largely flat in FY25. We forecast a 48% decline in revenues from this segment in FY26E, owing to the ramp down. Further ramp-down discussions with the OEM remain a key monitorable.** We have factored in a margin expansion of approximately 80 basis points in our estimates, driven by this ramp-down.

Exhibit 22: Ramp down of wheel assembly revenue to improve margins by 80 basis points

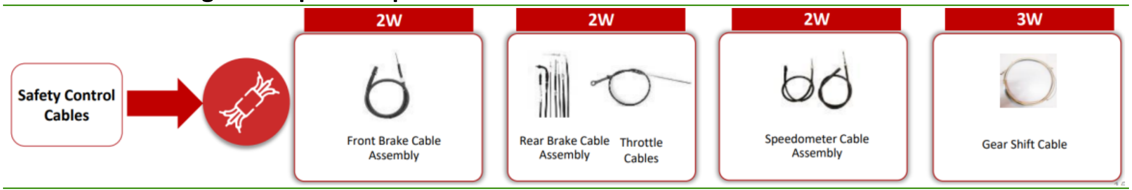


Source: Company, MNCL Research estimates

Safety control cables: expanding presence

The Safety control cables (SCC) segment contributes ~4% to total revenue. This segment grew by 14.2% yoy in FY25. ASK has been expanding its presence amongst automotive OEMs and the aftermarket. ASK's growth in this segment is further supported by its strategic partnership with HSH Safety Control Cable Ind. Co. Ltd., a leading global manufacturer with over six decades of expertise in high-quality control cables.

Exhibit 23: SCC segment – product profile

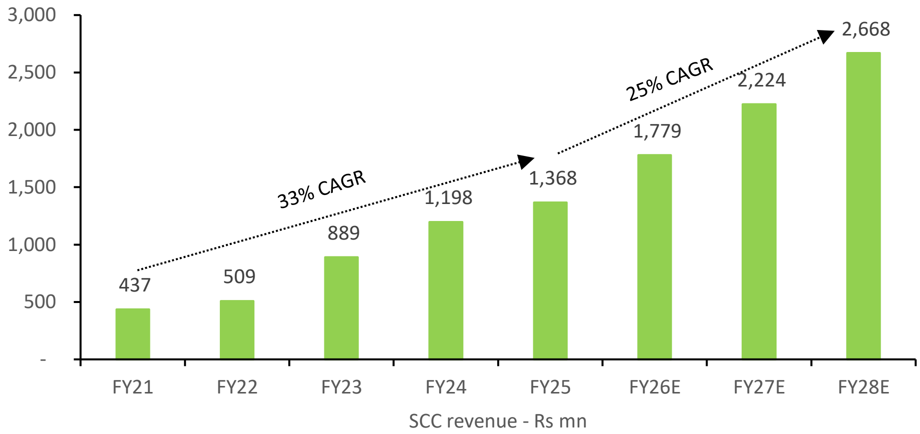


Source: Company presentation, MNCL Research

The market for safety control cable solutions is projected to reach Rs29.5bn by FY28E. While the aftermarket currently represents the largest market share, the OEM segment is expected to grow at a faster pace. *Key competitors in this segment include Suprajit Engineering Limited, Ramson Industries and Hi-LEX.*

ASK has recently secured approvals from three OEMs to supply components in the Safety Control Cables segment. We factor in a strong CAGR of 25% over FY25-28E, driven by these new business wins and growing presence in aftermarket segment on a relatively smaller base.

Exhibit 24: SCC segment to grow at 25% CAGR over FY25-28E, backed by growing presence in OEM and aftermarket segment



Source: Company, MNCL Research estimates

Exports lagging, foresee gradual improvement

ASK exports products to 12 countries. **Key export customers include Aptiv, Stanley Black & Decker, Polaris, MTD, and Knorr-Bremse.** ASK majorly exports PV aluminum products and 2W disc brake pads. Additionally, through its joint venture with ASK Fras-Le (where 49% is ASK's share), the company supplies advanced braking products to the global commercial vehicle aftermarket. The JV supplies brake pads and linings for CVs, catering to both global and Indian aftermarket as well as OEMs.

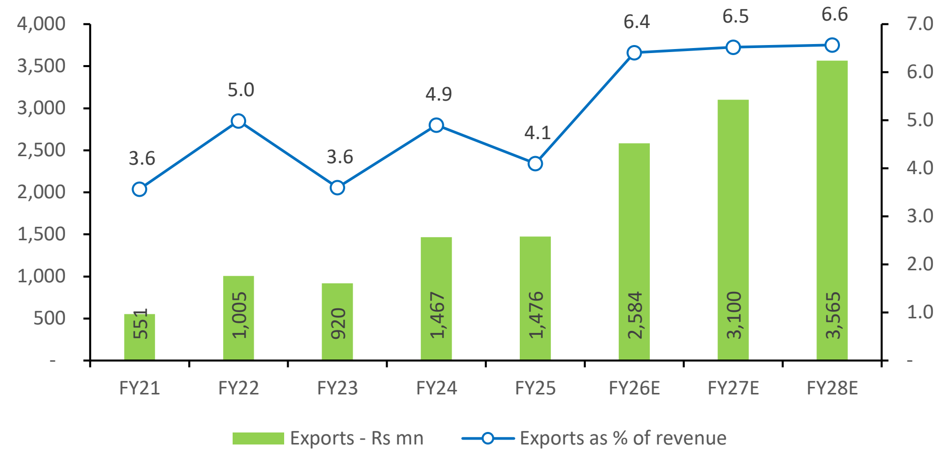
Exhibit 25: Portfolio of select export products

Source: Annual report, MNCL Research

Exports grew at a robust 39% CAGR over FY21-24, driven by ASK's strategic advantage from the China+1 supply chain diversification theme. However, exports remained largely flat in FY25 compared to FY24 on account of buildup of inventories at the customers' end**. The export share of overall revenues is expected to increase from 4.1% in FY25 to 6.6% by FY28E.**

Exports usually yield 150-200 basis points higher margins over domestic dispatches. While exports remain an underpenetrated area for ASK, we expect gradual improvement, recognizing that onboarding overseas OEMs typically take around two years before meaningful supplies commence. Additionally, there is significant scope for ASK to increase wallet share with existing export customers.

Exhibit 26: Exports to grow by 34% CAGR in FY25-28E, share in revenue mix to touch 6.6% by FY28E



Source: Company, MNCL Research estimates

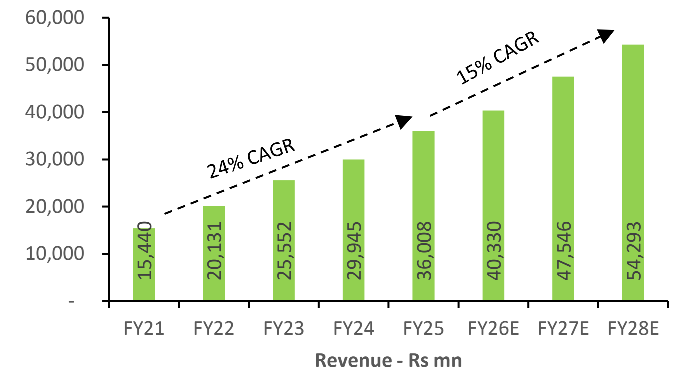
Financial Analysis

A. ASK to grow faster than industry growth:

B. We expect ASK's revenue and earnings to grow faster than the underlying 2w OEM industry. We anticipate 2w industry to grow at ~8% CAGR over FY25-28E, whereas ASK's revenue/ earnings to grow at 15%/22% resp. for the same period. The major reasons for the robust growth are:

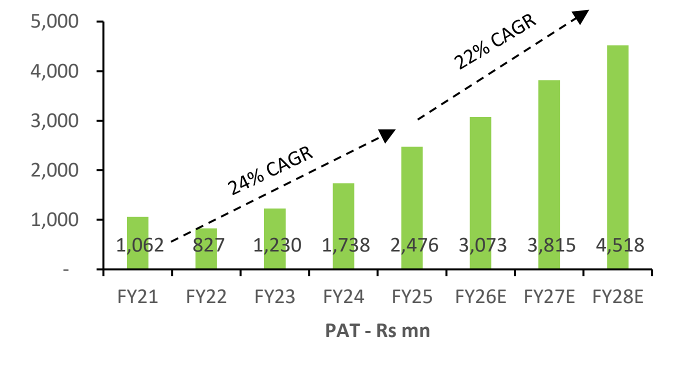
- Increase in wallet share from non-Honda OEMs in the ALPS segment.
- Ramp up of new capacities.
- Improvement in exports.
- Contribution from alloy wheels.
- Improvement in margins.

Exhibit 27: Factoring 15% revenue CAGR over FY25-28E



Source: Company, MNCL Research estimates

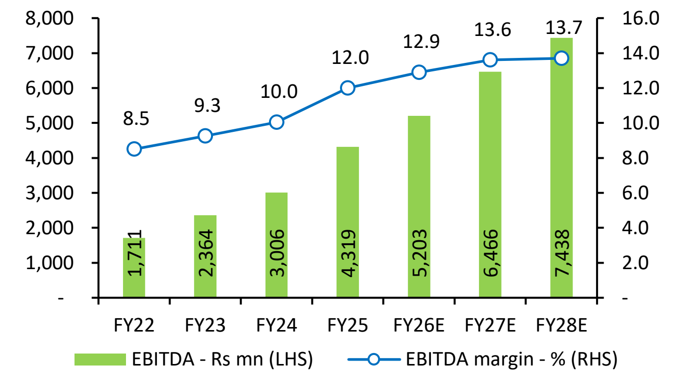
Exhibit 28: … and a healthy 22% CAGR in PAT over FY25-28E



Source: Company, MNCL Research estimates

C. EBITDA margins to touch 13.7% level in FY28E: Margins touched 8.5%/ 9.3% In FY22/23 respectively, impacted by increase in cost of aluminum and limited RM cost pass on in customer contracts. However, ASK was successful in re-negotiating pass on with most of the customers thereafter and margins have recovered since then to 10%/12% in FY24/25 respectively. **Going forward, margins are set to improve by 80bps in FY26E on account of ramp down of margin dilutive wheels assembly business. Moreover, we expect the ramp up of new capacities to positively contribute to margins as capacity utilization improves. We are factoring margin expansion of 170bps by FY28E. Further, ASK has been able to maintain an impressive CFO/ EBITDA ratio in excess of 70% on average primarily due to efficient cash conversion cycle. Going forward, this phenomenon is expected to continue.**

Exhibit 29: EBITDA margins to touch 13.7% in FY28E



Source: Company, MNCL Research estimates

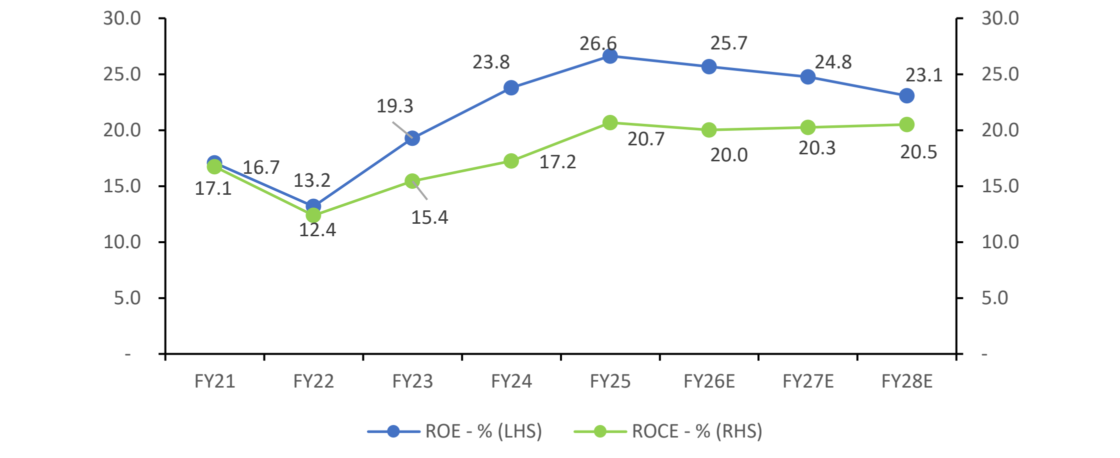
Exhibit 30: CFO/ EBITDA to stay in robust above 70%

Source: Company, MNCL Research estimates

D. Return ratios to slightly moderate, yet remain healthy at 20%+ in FY28E:

- Historically, return ratios at ASK have remained robust on account of improved profitability.
- ASK is planning a capital expenditure of Rs4.5/4.0/2.0 bn in FY26/27/28E respectively, which is anticipated to slightly moderate return ratios. However, the same is going to be partially offset by improved profitability on account of improving margins. We expect ROE/ ROCE to eventually touch 23.1%/ 20.5% respectively in FY28E.

Exhibit 31: Expect return ratios to slightly moderate on account of capex

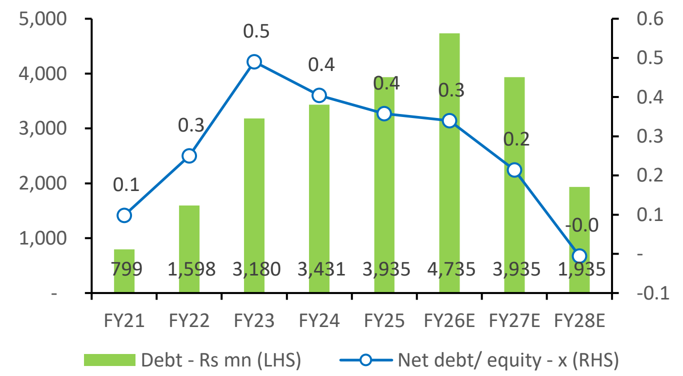


Source: Company, MNCL Research estimates

E. Expect capex to be funded by internal accruals, debt to gradually come down: Over the years, the value of total borrowings has increased to fund capex plans, however the net debt/ equity ratio remained low on account of efficient cash flow generation. We expect partial repayment of debt in over the next 3 years. This repayment of loan is despite the expected capex of Rs10.5bn over the next 3 years. CFO/ EBITDA conversion of 70%+ is set to facilitate this requirement. Going forward, the net debt/ equity ratio is expected to improve as ASK achieves net cash status.

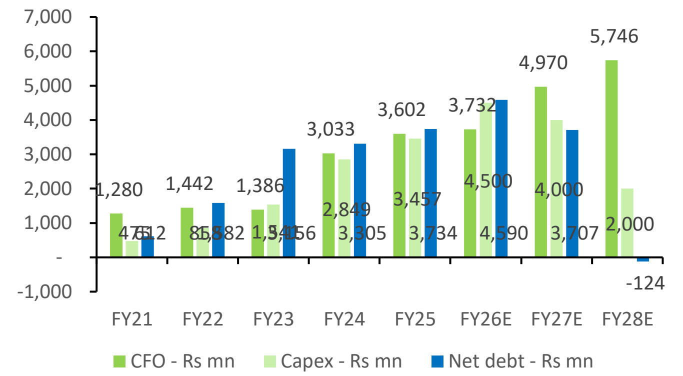
Exhibit 33 highlights that internal accruals are largely expected to be sufficient to fund capex requirements, and the balance would be used for partial repayment of debt. Of the total planned capex of Rs4.5bn for FY26E, ~Rs2bn is earmarked for Japanese alloy wheels collaborations and balance to be invested in erstwhile business segments. ASK has also acquired land parcel for greenfield expansion at Gujrat. We have factored in total capex of Rs10.5bn over the next 3 years.

Exhibit 32: Net debt/ equity to improve on achieving net cash status



Source: Company, MNCL Research estimates

Exhibit 33: Capex to be funded by internal accruals, balance to be utilized for debt repayment



Source: Company, MNCL Research estimates

Valuation – Deserves premium multiple

ASK has demonstrated resilience in navigating challenges such as pandemic-related disruptions and significant rise in RM cost. Further, we believe ASK is well-positioned for strong growth driven by sectoral tailwinds in the two-wheeler industry, bolstered by the theme of lightweighting of vehicles and EVs. ASK has demonstrated significant growth over the past 5 years, growing the earnings at a CAGR of 24% over FY21-25. The exhibit below demonstrates how ASK is positioned versus its peers in terms of growth and other financial parameters.

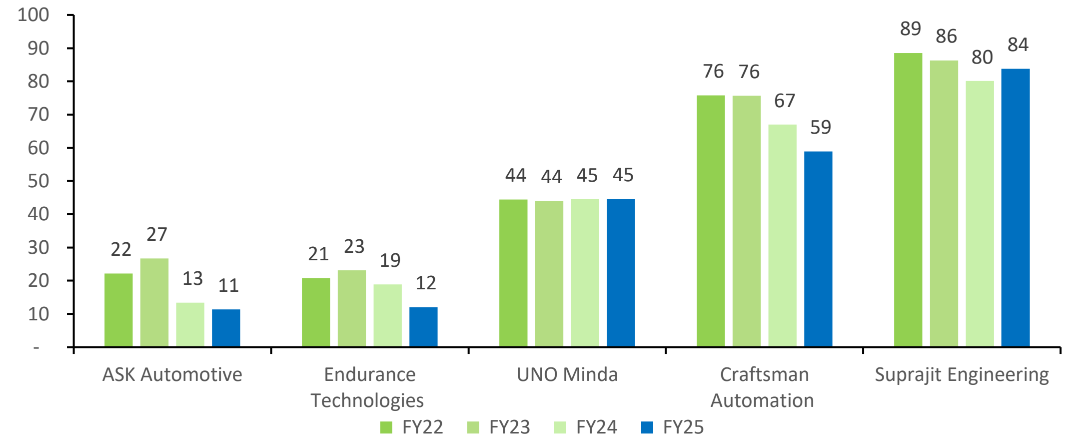
Exhibit 34: Financial comparison - Industry leading ROE and cash conversion cycle, foresee steady growth with margin expansion, yet undervalued

Company	Mkt Cap - Rs mn	CAGR (FY25-FY27E)			EBITDA margins - %			ROE - %			PE Ratio		
		Revenue	EBITDA	PAT	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
ASK Automotive	92,854	15%	20%	23%	12.0	12.9	13.6	26.6	25.9	24.9	32.1	30.0	24.1
Endurance Technologies	3,60,800	15%	18%	20%	13.4	14.0	14.3	15.6	16.5	17.1	42.5	35.2	29.4
UNO Minda	6,08,423	18%	21%	27%	11.2	11.5	11.8	17.7	18.6	19.7	63.9	50.4	39.8
Craftsman Automation	1,23,834	19%	28%	70%	14.6	15.3	16.8	8.6	12.8	15.9	63.6	32.5	21.9
Suprajit Engineering	60,906	14%	28%	72%	10.2	12.0	12.9	7.5	16.5	18.9	61.4	26.3	20.9

Source: Bloomberg, ASK Automotive numbers are MNCL Research estimates, data as on 20th June 2025

We believe that Endurance Technologies, UNO Minda and Craftsman Automation are the most relevant peer set for ASK. The projected earnings growth of ASK remains above Endurance Technologies, however lags UNO Minda, Craftsman Automation and Suprajit Engineering who are expected to in-turn lag in return ratios to ASK. The cash conversion cycle of ASK is one of the best in the industry (refer exhibit 35). Despite expectation of robust financials, ratios, industry tailwinds and operational triggers, ASK is trading at a 18%/39% discount to Endurance/ UNO Minda respectively. We expect the valuation gap between ASK and Endurance to narrow as the company delivers on the key points and triggers explained in this report, thereby making a case for re-rating.

Exhibit 35: Cash conversion cycle (days) is one of the best in the industry



Source: Company, MNCL Research

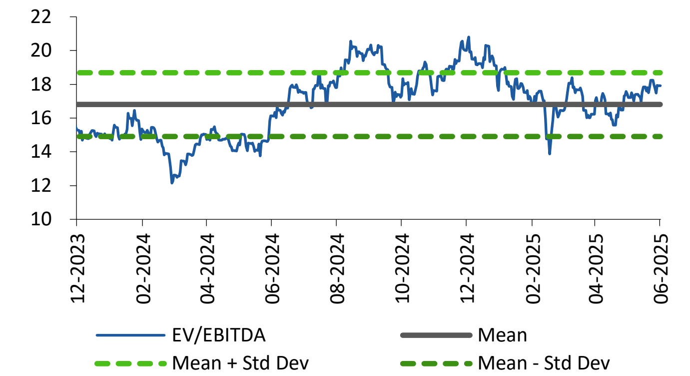
We value ASK at 27x 1QFY28E earnings (in-line with average 1 year forward PE multiple since listing, however, still discount of ~10% to Endurance Technologies) to arrive at a target price of Rs550/share and initiate coverage with a *Buy* rating. At the CMP of Rs471, the stock trades at 23.3x 1QFY28E P/E ratio. We believe ASK possesses the key operational catalysts and financial strength to warrant this premium multiple. We believe that the potential for re-rating remains strong, supported by ASK's continued strong outperformance relative to the industry, meaningful pick up in exports and reduction in dependence over top 3 clients (currently, top 3 clients contribute 70% of revenues).

Exhibit 36: Valuation

Valuation	1QFY28E
PER Valuation	
EPS - Rs/sh	20.2
Attributed PE Ratio - x	27
TP - Rs/sh	550
CMP	**471**
Upside	**17%**

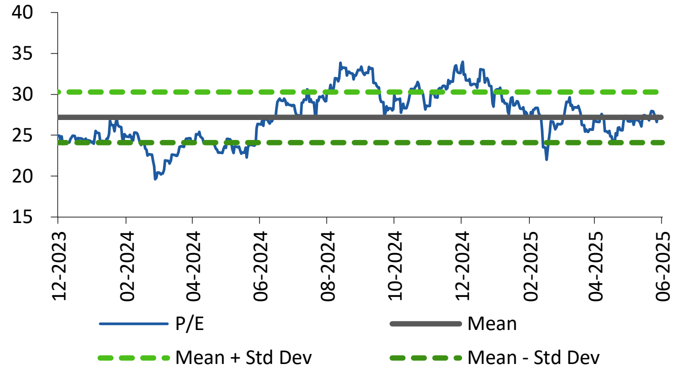
Source: Company, MNCL Research estimates

Exhibit 37: 1-year forward EV/EBITDA chart



Source: Company, Bloomberg, MNCL Research estimates

Exhibit 38: 1-year forward P/E chart



Source: Company, Bloomberg, MNCL Research estimates

Key risks to our thesis

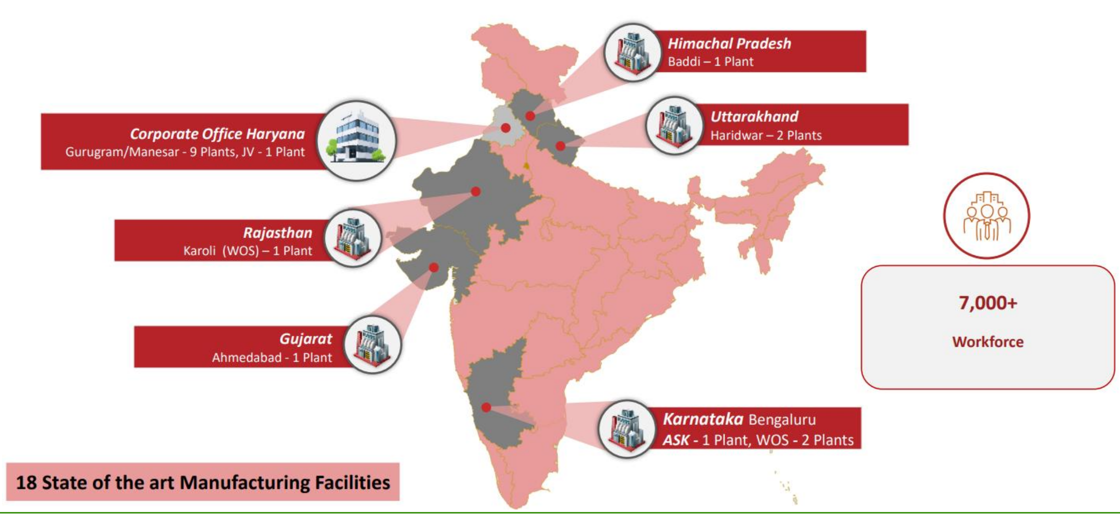
- **Client concentration risk:** ASK has been able to improve its wallet share meaningfully in select OEMS like TVS and Hero, yet Honda remains the topmost client with ~35% revenue contribution. Top 3 clients currently contribute 70% to revenues. Underperformance by these clients versus industry or decrease in wallet share amongst these clients would impact financial performance.
- **Slowdown in base industries:** ASK majorly supplies to 2w industry (including EVs). 2Ws and aftermarket contributes 85%+ of revenues. The slowdown in base industries is likely to impact the volumes and exert downward pressure on revenue of the company.
- **Slower recovery in exports than expected:** The slower than expected recovery in exports would adversely impact on the company's performance, potentially hindering its growth trajectory. Improvement in exports amidst uncertain global environment remains monitorable.
- **Delay in spending the committed capex and ramping up the capacities commissioned:** Delay in spending of the Rs7.5bn capex over the next 2 years and ramping up of the capacities represents a key risk to the topline and bottom-line.
- **Delay in receiving approvals for alloy wheels dispatches:** Delay in receiving approvals from OEMs for alloy wheels dispatches represents a risk as the company has no prior experience in this particular product.

About The Company

ASK Automotive Limited is a market leader in India’s brake shoe and advanced braking solutions segment for two-wheeler OEMs, commanding ~50% market share. With a legacy spanning over 30 years, ASK has established itself as a trusted provider of critical safety systems and engineering solutions, on the back of strong in-house capabilities in design, development, and manufacturing.

The company’s powertrain-agnostic product portfolio caters to both electric and ICE 2Ws. ASK’s operations are diversified across key verticals, including: (i) advanced braking systems; (ii) aluminium lightweight precision solutions; (iii) wheel assembly, and (iv) safety control cables.

Exhibit 39: Strategically located plants across India



Source: Company presentation, MNCL Research

Exhibit 40: Timeline of significant events in ASK’s history

Year	Particulars
1989	~ Commenced manufacturing activities at our manufacturing facility, ASK-1 situated in Gurugram, Haryana, India ~ Entered into the OEM market with 2W Brake Shoes as a safety product
2001	Entered into a Technical Collaboration with a prestigious manufacturer & supplier of Non-asbestos Brake Shoes to the world’s leading 2W manufacturers from Japan
2006	Commenced State of the Art In House Tool Room
2007	Commenced State of the Art In House Design Centre
2016	~ Entered into a Technical Collaboration with HSH Safety Control Cable Ind. Co. Ltd., Taiwan, a Safety Control Cable manufacturer serving automobile OEMs globally ~ Entered into a Technical Collaboration with NUCAP, Canada, a global player in patented retention systems (mechanical bonding) for disc brake pads in the two-wheeler, passenger vehicle and commercial vehicle sectors
2017	Entered into a joint venture with Fras-Le S.A., Brazil, for manufacturing and selling of Brake Pads and Brake Lining for Commercial Vehicles, through a joint venture company ASK FRAS-LE FRICTIONS PRIVATE LIMITED
2023	Commenced Mega Manufacturing facility at Karoli, Rajasthan
2024	~ Entered into a Technical Collaboration with LIOHO, TAIWAN, a leading player in HPDC Alloy Wheel ~ Entered a joint venture with AISIN Asia (Thailand) Company Limited, Thailand and AISIN Automotive Haryana Private Limited, India, for marketing and selling in Independent After Market (“IAM”) parts for passenger cars products through a joint venture company, which is yet to be incorporated.

Source: Company, MNCL Research

Exhibit 41: List of technical collaborations

Year	Entity	Comment
2001	Japanese Manufacturer	A prestigious manufacturer & supplier of Non-asbestos Brake Shoes to the world's leading 2W manufacturers
2016	HSH Safety Control Cable Ind. Co. Ltd.	Leading manufacturer of high-quality safety control cables and with more than six decades of experience in global markets
2016	NUCAP, Canada	A Patented Retention Systems - Mechanical Bonding Disc Brake Pads for 2W, PV and CV
2024	LIOHO, TAIWAN	A Leading Player in manufacturer of automotive system components and metal parts including HPDC Alloy Wheel signed in Feb'24
2025	Kyushu Yanagawa Seiki, Co., Ltd., Japan	A leading Motorcycle wheel supplier with high pressure aluminum die casting technology

Source: Company, MNCL Research

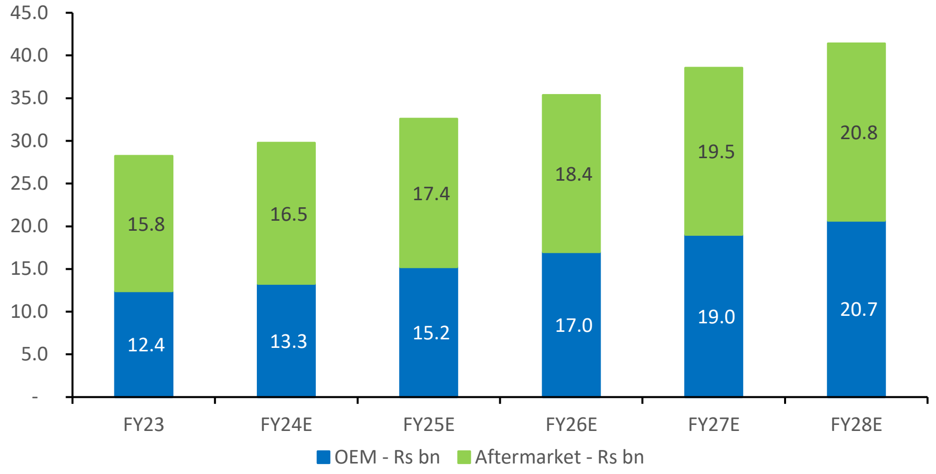
Exhibit 42: List of joint ventures

Year	Entity	Comment
2018	FRAS-LE, Brazil	A Randon group company, Fras-le is a global leader in brake linings and pads for commercial vehicles, supplying to global OEMs
2024	AISIN, Japan	AISIN Group Companies, a leading Japanese OE Auto Components supplier, is among the Top 10 global Tier One automotive suppliers of Passenger Car products

Source: Company, MNCL Research

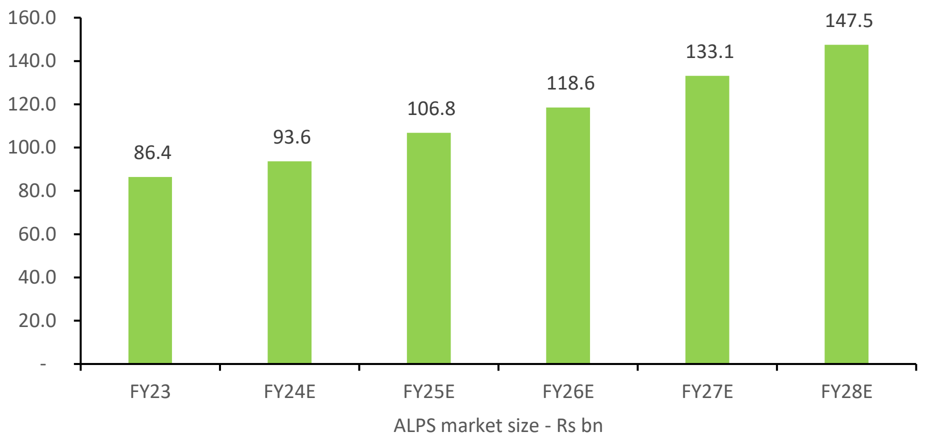
Relevant market size of ASK's products

Exhibit 43: Market size of ABS segment in 2w/ 3w - industry dominated by aftermarket sales



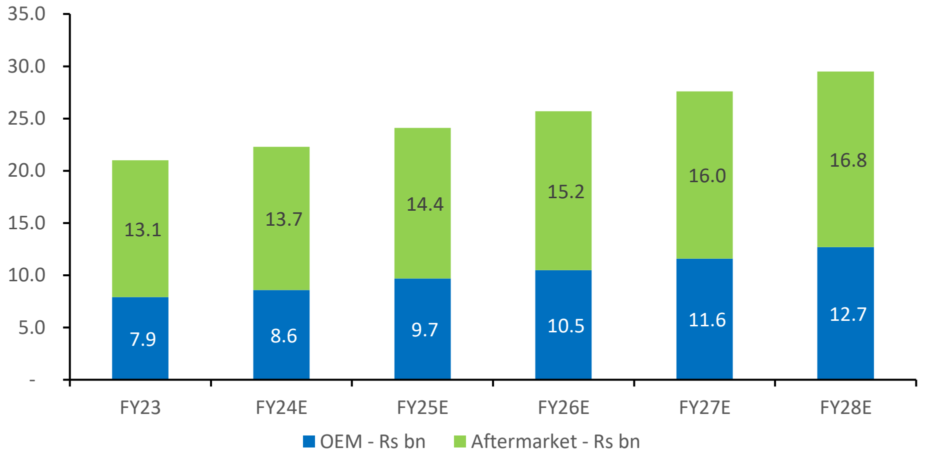
Source: Company prospectus, MNCL Research

Exhibit 44: 2w market size of ALPS segment, poised to grow at ~11% CAGR over FY23-28E



Source: Company prospectus, MNCL Research

Exhibit 45: Market size of SCC segment, OEM segment to grow faster than aftermarket



Source: Company prospectus, MNCL Research

Financials (Consolidated)

Exhibit 46: Income Statement

Y/E March - Rs mn	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	**15,440**	**20,131**	**25,552**	**29,945**	**36,008**	**40,330**	**47,546**	**54,293**
Materials cost	9,982	13,935	17,818	20,426	24,321	27,223	32,094	36,648
% of revenues	**64.6**	**69.2**	**69.7**	**68.2**	**67.5**	**67.5**	**67.5**	**67.5**
Employee cost	1,023	1,227	1,394	1,705	1,904	2,097	2,282	2,606
% of revenues	**6.6**	**6.1**	**5.5**	**5.7**	**5.3**	**5.2**	**4.8**	**4.8**
Others	2,572	3,258	3,976	4,808	5,464	5,808	6,704	7,601
% of revenues	**16.7**	**16.2**	**15.6**	**16.1**	**15.2**	**14.4**	**14.1**	**14.0**
EBITDA	**1,863**	**1,711**	**2,364**	**3,006**	**4,319**	**5,203**	**6,466**	**7,438**
EBITDA margin	**12.1**	**8.5**	**9.3**	**10.0**	**12.0**	**12.9**	**13.6**	**13.7**
Depreciation & Amortization	519	559	607	690	890	1,122	1,415	1,637
EBIT	**1,344**	**1,152**	**1,757**	**2,316**	**3,429**	**4,081**	**5,051**	**5,801**
Interest expenses	109	81	112	286	337	325	325	220
PBT from operations	**1,236**	**1,071**	**1,645**	**2,031**	**3,092**	**3,756**	**4,726**	**5,581**
Other income	238	112	111	104	119	237	238	305
Exceptional items	0	0	0	0	0	0	0	0
Share of net profit/(loss) of joint venture	-44	-53	-59	165	63	72	83	91
PBT	**1,430**	**1,130**	**1,698**	**2,300**	**3,274**	**4,065**	**5,047**	**5,977**
Taxes	368	303	468	562	798	992	1,231	1,458
Effective tax rate	**25.7%**	**26.8%**	**27.6%**	**24.4%**	**24.4%**	**24.4%**	**24.4%**	**24.4%**
Reported PAT	**1,062**	**827**	**1,230**	**1,738**	**2,476**	**3,073**	**3,815**	**4,518**
Adj. Consol. PAT	**1,062**	**827**	**1,230**	**1,738**	**2,476**	**3,073**	**3,815**	**4,518**

Exhibit 47: Key Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratio (%)								
Revenue		30.4	26.9	17.2	20.2	12.0	17.9	14.2
EBITDA		(8.2)	38.2	27.1	43.7	20.5	24.3	15.0
Adjusted PAT		(22.2)	48.7	41.3	42.5	24.1	24.2	18.4
Margin Ratios								
EBITDA	12.1	8.5	9.3	10.0	12.0	12.9	13.6	13.7
PBT from operations	8.0	5.3	6.4	6.8	8.6	9.3	9.9	10.3
Adjusted PAT	6.9	4.1	4.8	5.8	6.9	7.6	8.0	8.3
Return Ratios								
ROE	17.1	13.2	19.3	23.8	26.6	25.7	24.8	23.1
ROCE	16.7	12.4	15.4	17.2	20.7	20.0	20.3	20.5
ROIC	17.2	12.5	15.5	17.4	20.9	20.2	20.4	21.6
Turnover Ratios								
Gross block turnover ratio	2.6	3.1	3.6	3.4	3.0	2.5	2.4	2.3
Debtors	37	36	30	26	20	25	25	25
Inventory	41	33	31	32	35	33	33	33
Creditors	55	47	35	44	43	44	44	44
Cash conversion cycle	**24**	**22**	**27**	**13**	**11**	**14**	**14**	**14**
Solvency Ratio								
Net debt-equity	0.1	0.3	0.5	0.4	0.4	0.3	0.2	(0.0)
Debt-equity	0.1	0.3	0.5	0.4	0.4	0.4	0.2	0.1
Interest coverage ratio	12.4	14.3	15.7	8.1	10.2	12.6	15.5	26.4
Gross debt/EBITDA	0.4	0.9	1.3	1.1	0.9	0.9	0.6	0.3
Current Ratio	1.3	1.1	1.1	1.1	1.0	1.1	1.2	1.5
Per share Ratios								
Adjusted EPS	5.2	4.1	6.2	8.8	12.6	15.6	19.4	22.9
BVPS	30.6	31.5	32.7	41.4	52.9	68.5	87.9	110.8
CEPS	7.8	6.9	9.3	12.3	17.1	21.3	26.5	31.2
DPS	-	-	-	-	-	-	-	-
Dividend payout	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)*								
P/E (adjusted)	NM	NM	NM	32.8	32.1	30.2	24.3	20.5
P/BV	NM	NM	NM	7.0	7.6	6.9	5.4	4.3
EV/EBITDA	NM	NM	NM	20.1	19.3	18.7	14.9	12.5
Dividend yield	NM	NM	NM	0%	0%	0%	0%	0%

Source: Company, MNCL Research Estimates

MONARCH NETWORTH CAPITAL

Exhibit 48: Balance Sheet

Y/E March (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds								
Equity Share Capital	407	402	394	394	394	394	394	394
Reserves & surplus	5,815	5,917	6,043	7,773	10,037	13,110	16,925	21,444
Total Equity	**6,222**	**6,319**	**6,438**	**8,167**	**10,431**	**13,504**	**17,320**	**21,838**
Total Debt	799	1,598	3,180	3,431	3,935	4,735	3,935	1,935
Lease Liabilities (current + non current)	43	156	99	28	185	185	185	185
Def tax liab	306	297	280	264	285	285	285	285
Other non current liabilities	0	0	0	0	89	89	89	89
Total Liabilities	**7,370**	**8,370**	**9,996**	**11,890**	**14,925**	**18,798**	**21,814**	**24,332**
Gross Block	5,910	6,928	7,266	10,378	13,852	18,193	22,237	24,545
Less: Acc. Depreciation	1,829	2,297	2,701	3,241	4,131	5,253	6,668	8,305
Net Block	4,081	4,630	4,565	7,137	9,721	12,941	15,569	16,240
Capital WIP	98	29	1,182	642	646	804	761	452
ROU Assets - Net	78	885	843	929	1,090	1,090	1,090	1,090
Intangible Assets	56	42	31	38	44	44	44	44
Goodwill	1,819	1,819	1,819	1,819	1,819	1,819	1,819	1,819
Net Fixed Assets	**6,132**	**7,404**	**8,441**	**10,564**	**13,319**	**16,697**	**19,282**	**19,645**
Investments - Non current	34	0	40	205	372	372	372	372
Other non current assets	298	267	326	332	516	516	516	516
Inventories	1,127	1,244	1,536	1,768	2,299	2,461	2,902	3,313
Sundry debtors	1,586	2,012	2,104	2,140	1,950	2,762	3,257	3,719
Cash & Bank	187	16	24	127	201	145	228	2,059
Other current assets	119	114	341	549	582	582	582	582
Total Current Asset	**3,018**	**3,385**	**4,005**	**4,583**	**5,031**	**5,950**	**6,968**	**9,672**
Trade payables	1,494	1,788	1,699	2,477	2,858	3,282	3,869	4,418
Other current Liab.	338	602	789	941	1,018	1,018	1,018	1,018
Provisions	280	296	329	376	438	438	438	438
Net Current Assets	**906**	**699**	**1,189**	**788**	**718**	**1,213**	**1,643**	**3,799**
Total Assets	**7,370**	**8,370**	**9,996**	**11,890**	**14,925**	**18,798**	**21,814**	**24,332**

Source: Company, MNCL Research Estimates

Exhibit 49: Cash Flow

Y/E March (Rs mn)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Operating profit bef working capital changes	1,895	1,734	2,414	3,057	4,374	5,274	6,549	7,529
Changes in working capital	(280)	10	(584)	605	(34)	(551)	(347)	(325)
Cash flow from operations	**1,280**	**1,442**	**1,386**	**3,033**	**3,602**	**3,732**	**4,970**	**5,746**
Net Capex	(475)	(858)	(1,541)	(2,849)	(3,457)	(4,500)	(4,000)	(2,000)
FCF	**805**	**585**	**(155)**	**184**	**145**	**(768)**	**970**	**3,746**
Cash flow from investments	**(60)**	**(800)**	**(1,609)**	**(2,777)**	**(3,390)**	**(4,263)**	**(3,762)**	**(1,695)**
Cash flow from financing	**(1,068)**	**(815)**	**232**	**(155)**	**(136)**	**475**	**(1,125)**	**(2,220)**
Net change in cash	**152**	**(172)**	**9**	**100**	**76**	**(56)**	**83**	**1,831**

Source: Company, MNCL Research Estimates

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