

ASK Automotive

No Brakes on growth; Play on EV light-weighting Opportunity



Leader in 2W braking; diverse product portfolio; long-standing customer relationships

Rising electrification in domestic automotive industry to drive kit value and growth

Initiate BUY with TP INR 375, implying 23% upside from CMP

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ASK is the largest manufacturer of Brake-shoe and Advanced AB systems for 2W OEMs in India with a market share of c.50% in FY23 by production volume. The company has also emerged as a sizeable player in Aluminum Light-weighting products and 2W Safety Control Cables where it is gaining market share. The company supplies to automotive OEMs (2W, 3W, PV and CV) and non-automotive OEMs (ATV, power tools and outdoor equipment). ASK's product offerings are powertrain agnostic, catering to EV as well as internal combustion engine OEMs.

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ASK Automotive

No Brakes on growth; Play on EV light-weighting Opportunity

ASK Automotive (ASK) is the leading manufacturer of 2W brake shoe and drum braking systems with a combined ~50% market share. Despite being a late entrant, the company has emerged as a sizeable player in aluminium light-weighting components (ALP) and safety control cables (SCC) for the 2W segment, where it is gaining market share. This has been led by ASK's a) in-house technical, design and engineering capabilities (using proprietary formulations) to develop new and customised solutions for its customers, and b) quality, cost and delivery focus given its close proximity to its customers.

ASK has been consistently outperforming growth of the underlying 2W industry (by 10% CAGR over FY13-23) led by expansion in product portfolio, addition of new customers and increase in wallet share with existing customers. Backed by a) rising kit value in the ALP segment as the 2W/3W industry transitions to EVs, b) ramp-up of the 2W SCC business and c) expansion into PV and non-automotive segments by leveraging its capabilities, we believe ASK is well positioned to continue its healthy growth momentum.

We expect ASK's revenue / EPS to grow at 14% / 29% CAGR over FY24-26E primarily driven by increase in kit value from rising 2W/3W electrification further aided by strong momentum in non-auto exports and expansion into the PV segment. Healthy return ratios (Post-tax RoCE: ~20%) and strong FCF generation (INR 2.9bn during FY25-26E) provide comfort.

We initiate coverage on ASK Automotive with a BUY rating and a TP of INR 375 (25x Mar'26E EPS), implying 23% upside. Any slowdown in electrification of domestic 2W/3W remains a key monitorable. High dependence on HMSI is a key risk.

Leading supplier in 2W segment with a track record of outperformance: Over the years, ASK has successfully demonstrated its technical, designing, and engineering capabilities to develop new and customised solutions with an astute focus on QCD. This is a testament to the fact that all the leading 2W OEMs in India are its longstanding customers. Despite being a late entrant, ASK has emerged as a sizeable player in ALP components and SCC for the 2W segment, where it is gaining market share. By leveraging these capabilities, leadership position in the braking segment and strong customer relationships, the company has, over the last few years, successfully expanded its offerings and kit value, driving strong growth outperformance (by 10% CAGR) vs. the 2W industry.

Rising electrification / exports to drive growth: ASK's product portfolio is largely powertrain agnostic. Being a later entrant in the 2W ALP segment, ASK's market presence was limited so far. However, it has been an early mover in the E2W segment, having successfully developed multiple EV-specific ALP components. ASK's E2W kit value is 2x that of an ICE 2W and it supplies to all the leading E2W players (incumbents+pure-play EV OEMs) Thus, rising electrification in the domestic 2Ws (25-30% by FY28E) is expected to drive strong growth going ahead. Its expansion into the electric PV segment (won multiple programmes from PV OEMs) by leveraging its capabilities is expected to aid growth and diversification. Additionally, China+1 led exports in the non-auto segment is another area where ASK is witnessing strong growth momentum (~35% revenue CAGR over FY20-24E).

Multiple levers to drive ~20% post-tax RoCE; FCF to remain robust: We expect ASK's operating profit to grow by 26% CAGR over FY24-26E led by strong revenue growth momentum (14% CAGR), favourable mix (higher revenue share from EVs and exports) and higher operating leverage. Efficient capital allocation (asset turns at ~2.5x) and lean balance sheet are expected to drive RoCE from 15% in FY24E to 20% in FY26E.

| Recommendation and Price Target | | Financial Summary | | | | | (INR mn) |
|---------------------------------|------------------|------------------------|--------------|--------------|--------------|--------------|--------------|
| Current Reco. | BUY | Y/E March | FY22A | FY23A | FY24E | FY25E | FY26E |
| Current Price Target (12M) | 375 | Net Sales | 20,131 | 25,552 | 29,208 | 33,715 | 38,139 |
| Upside/(Downside) | 23% | Sales Growth (%) | 30.4 | 26.9 | 14.3 | 15.4 | 13.1 |
| Key Data – ASKAUTOL IN | | EBITDA | 1,740 | 2,414 | 2,910 | 3,784 | 4,605 |
| Current Market Price | INR306 | EBITDA Margin (%) | 8.6 | 9.4 | 10.0 | 11.2 | 12.1 |
| Market cap (bn) | INR60.4/US\$0.7 | Adjusted Net Profit | 855 | 1,280 | 1,756 | 2,328 | 2,924 |
| Free Float | 15% | Diluted EPS (INR) | 4.3 | 6.5 | 8.9 | 11.8 | 14.8 |
| Shares in issue (mn) | 0.0 | Diluted EPS Growth (%) | -19.8 | 52.4 | 37.2 | 32.5 | 25.6 |
| Diluted share (mn) | 197.1 | ROIC (%) | 12.0 | 15.3 | 15.5 | 17.7 | 19.8 |
| 3-mon avg daily val (mn) | INR146.9/US\$1.8 | ROE (%) | 13.6 | 20.1 | 24.7 | 26.7 | 27.1 |
| 52-week range | 335/240 | P/E (x) | 71.9 | 47.1 | 34.4 | 25.9 | 20.6 |
| Sensex/Nifty | 73,400/22,273 | P/B (x) | 9.7 | 9.4 | 7.7 | 6.3 | 5.0 |
| INR/US\$ | 83.5 | EV/EBITDA (x) | 35.7 | 26.3 | 22.2 | 16.9 | 13.7 |
| | | Dividend Yield (%) | 0.0 | 0.0 | 0.7 | 0.8 | 1.0 |

Source: Company data, JM Financial. Note: Valuations as of 15/Apr/2024

| Price Performance | | | |
|-------------------|------|-----|-----|
| % | 1M | 6M | 12M |
| Absolute | 20.4 | 0.0 | 0.0 |
| Relative* | 19.2 | 0.0 | 0.0 |

*To the BSE Sensex

JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet & Visible Alpha
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Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.


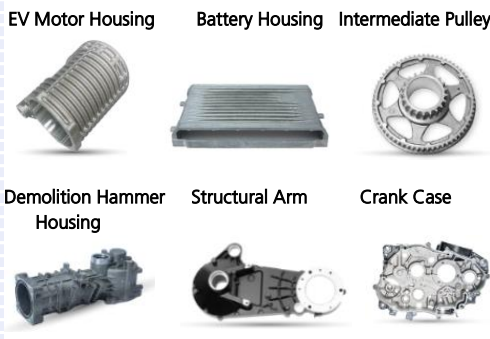
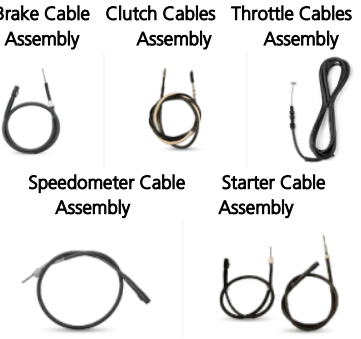
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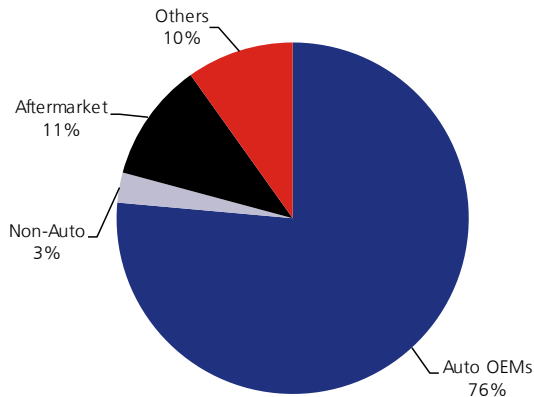
Focus Charts

Exhibit 1. Key business segments

| | Automotive Braking (AB) Systems | Aluminium Light Weighting (ALP) solutions | Safety Control Cables (SCC) |
|--------------------------|---|--|---|
| |  |  |  |
| Industry size (FY28E) | INR 83 bn (2W, 3W, PV, CV) | INR 161 bn (2W, PV, CV) | INR 30 bn (2W) |
| Industry CAGR (FY23-28E) | 8-10% | 11-14% | 7% |
| Revenue (FY23) | INR 10.7 bn | INR 9.9 bn | INR 0.9 bn |
| Revenue Mix | 41.8% | 38.9% | 3.5% |
| EBITDA Margin (%) | ~14-15% | ~8-10% | NA |
| Market Share | 50% in 2W | 9% in 2W | NA |
| Key Customers | HMSI, HMCL, BJAUT, TVS, Yamaha, Suzuki + EV OEMs, etc | HMSI, HMCL, BJAUT, Yamaha, TVS, Suzuki, Polaris, Denso, Ola Electric Ather, MTD, Stanley Black etc. | HMSI, HMCL, Suzuki |
| Key Competitors | <p>2W and 3W - Allied Nippon, Endurance Technologies, Brembo</p> <p>PV and CV - Brakes India, Rane Holdings, Bosch, Allied Nippon, Sundaram Brake Linings, Hindustan Composites and Masu Brake Pads</p> | Endurance Technologies, Craftsman Auto, Sundaram Clayton Limited, Rico Auto Industries, Rockman Industries, Sunbeam Lightweighting, Sandhar Group and Alicon Castalloy | Suprajit Engineering Limited, Ramson Industries and Hi-LEX |

Source: Company RHP, JM Financial

Exhibit 2. Revenue mix by segments (FY23)



Source: Company RHP, JM Financial

Exhibit 3. Longstanding customer relations

| Sr. No. | Name or description of the customer | No. of years of relationship |
|---------|---|------------------------------|
| 1 | Hero MotoCorp Limited | 30 |
| 2 | Honda Motorcycle and Scooter India | 22 |
| 3 | Bajaj Auto Ltd | 21 |
| 4 | India Yamaha Motor Private Limited | 21 |
| 5 | TVS Motor Company | 20 |
| 6 | Suzuki Motorcycle India Private Limited | 16 |

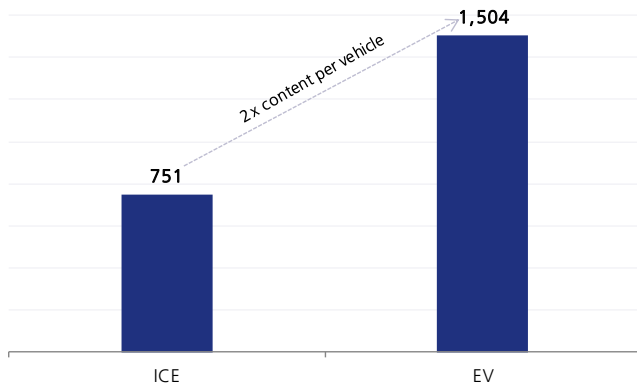
Source: Company RHP, JM Financial

Exhibit 4. Impact of the transition from ICE to EV for products in the AB, ALP and SCC categories in the 2W market

| Segment | Category | Product | Vehicle Segment | |
|---------------------------------------|---|---|-----------------|----|
| | | | ICE | EV |
| Advanced Automotive Braking Solutions | Braking | Brake panel assembly, brake shoe, disc brake pad (DBP), brake lining, mission case | ↔ | ↔ |
| Aluminium Light Weighting Solutions | EV Specific | Motor housing | ↔ | ↑↑ |
| | | Battery housing | ↔ | ↑↑ |
| | | Wheel pulley | ↔ | ↑↑ |
| | Electrical / Electronics | ECU housing/ ECU heat sink | ↔ | ↑↑ |
| | Transmission parts | Flange final driven | ↔ | ↑ |
| Body / Chassis Parts | Pillion grip, footrest assembly, speedometer cable housing, wiper housing hub | | ↔ | ↔ |
| | Engine Parts | Crankcase, crankcase cover, filter housing, cylinder block, throttle body, etc | ↔ | ↓↓ |
| Safety Control Cable Solutions | Cables | Choke cable, clutch cable, brake cable (front & rear), speedometer cable, throttle cable, seat lock cable, fuel cable | ↔ | ↓ |

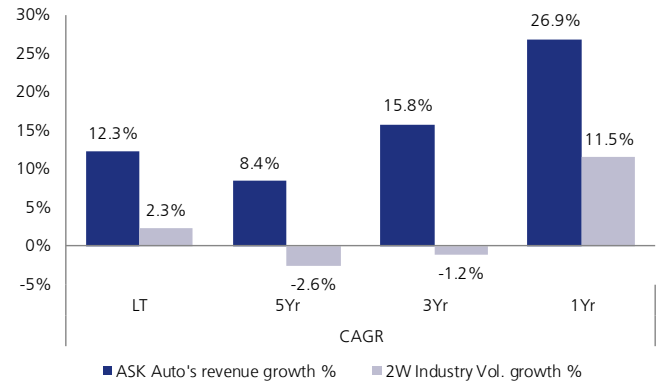
Source: Company RHP, JM Financial, ↑ - Improved realisations, ↑↑ - Significant improved realisations, ↔ - No transition impact, ↓ - Reduced realisations, ↓↓ - Significant reduced realisations

Exhibit 5. ASK's E2W content is 2x that of an ICE 2W



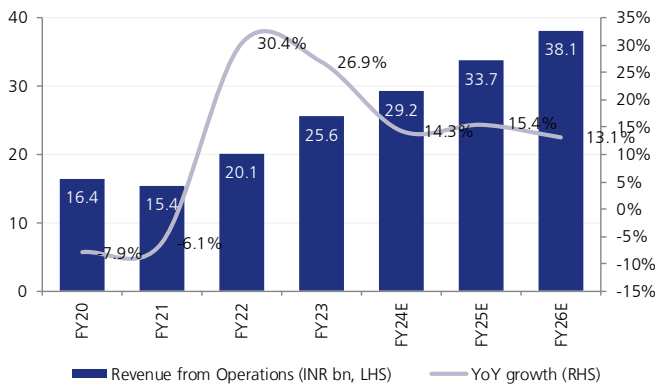
Source: Company RHP, JM Financial

Exhibit 6. Strong track record of outperformance vs. 2W industry



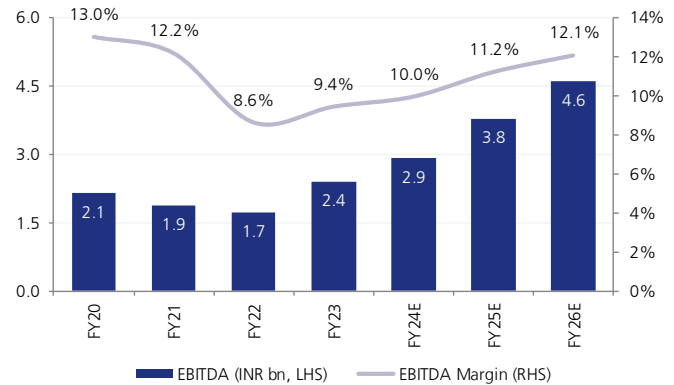
Source: Company, JM Financial

Exhibit 7. Expect revenue to grow at CAGR of 14% over FY24-26E



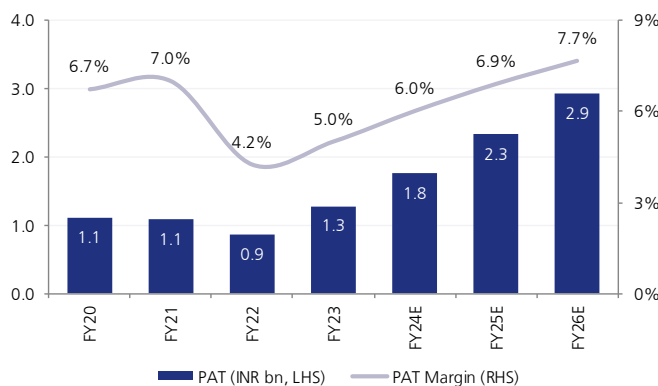
Source: Company RHP, JM Financial

Exhibit 8. Expect EBITDAM to expand by c.200bps over FY24-26E



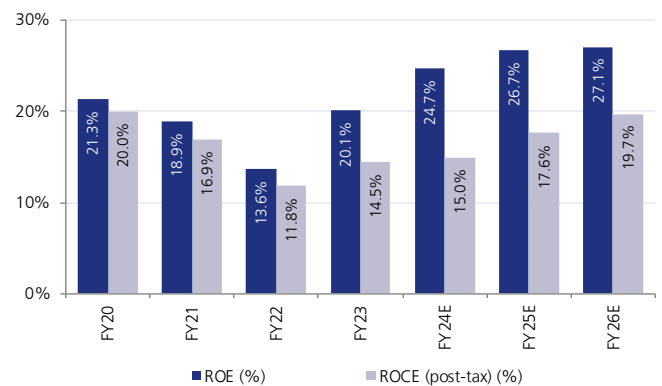
Source: Company RHP, JM Financial

Exhibit 9. Expect PAT to grow at c.29% CAGR over FY24-26E



Source: Company, JM Financial

Exhibit 10. ROCE (post-tax) is expected to be at ~20% by FY26E



Source: Company, JM Financial

Investment thesis

Leading supplier in its segment with higher entry-barriers

- ASK is the largest manufacturer of Brake-shoe and Automotive Braking (AB) systems (primarily Drum Braking systems) for 2Ws (two-wheelers) in India with a share of ~50% in terms of production volume for original equipment manufacturers (OEMs) + branded independent aftermarket segment.
- The company is also prominent in Safety Control Cable (SCC) products and Aluminium Light-Weighting Precision (ALP) solutions. Despite being a late entrant, its market share in ALP for 2Ws stands at c.9% by production volume in FY23 (8% in FY22).
- ASK's in-house R&D (uses proprietary formulations for AB Systems), designing and engineering capabilities to develop and manufacture customised solutions for its customers drives competitive advantage in terms of quality, cost and delivery parameters. Its leadership position in AB systems, and market share gains in ALP solutions and SCC is a testament of this its competitive advantage. This along with safety critical nature of Braking segment creates significant entry barriers for new entrants.

Drum brake penetration in the Indian motorcycle segment is 80-85%. Disc brakes are used primarily on premium motorcycles (200cc+). Even in 125-180cc motorcycle segment, only one disc brake is used as its cost is higher (2-3x that of a drum brake).

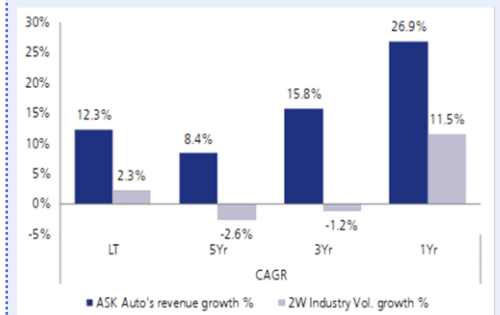
Post reductions in EV subsidies, E2W OEMs are looking to reduce cost. This is driving shift to drum brakes even in E2W segment.

ASK being one of the leading suppliers of drum braking systems stands to benefit from

Track record of outperforming the 2W industry

- ASK Auto has a robust track record of consistently outperforming the underlying 2W industry growth over the last few years. Against 2W industry (Domestic + Exports) CAGR of c.2% over LT (FY13-23), ASK's revenue CAGR has been c.12%. This has been led by 1) expansion in content per vehicle by adding ALP components and safety control cables, 2) addition of new customers, and 3) increase in the wallet share of existing customers. In the last 2-3 years, ASK's outperformance vis-à-vis industry has been significant (18% outperformance over FY21-24) owing to 1) focus on ALP components for E2Ws / E3Ws where the content per vehicle is 2x that for ICE 2Ws, 2) ramp-up of SCC segment led by increase in wallet share with its customer, and 3) China+1 led growth in exports of ALP components for non-automotive customers.

Consistently outperformed 2W industry over years



Source: Company RHP, JM Financial

Electrification to strengthen ASK's position and drive higher content per vehicle

- EV penetration in the 2W market in India is expected to reach 25-30% by FY28, growing at a CAGR of 50+% during FY23-28E, and the demand for E3Ws is also expected to grow at a CAGR of approximately 50+% during the same period (CRISIL estimates). With the increasing adoption of electrification, there's a heightened focus on light-weighting, driving higher aluminium content in a vehicle.
- ASK's product offerings are largely powertrain-agnostic (catering to EV as well as ICE - 2Ws, 3Ws, PVs and CVs). In the last few years, the company has successfully demonstrated its capabilities by adding new ALP components specifically for EV programs. This includes components such as e-powertrain pulleys, battery pack housing, electric motor housing, ECU heat sink, etc. This has expanded its ALP kit value for E2W by 2x vs. that of an ICE 2Ws. Further the company is working on ~20 new programmes for E2W OEMs, which is expected to further increase its content per vehicle.
- While the company currently offers its products to pure-play E2W OEMs in India such as Ather, Ola Electric, Revolt, etc., it also supplies products to existing customers such as TVS, HMCL and Bajaj for their recently launched range of E2Ws.
- Current revenue share from E2Ws/E3Ws stand at c.2% (FY23) and is expected to increase to c.10% by FY26E led by rising electrification and content per vehicle.

ASK aims to leverage its capability to expand into the electric PV segment. The company has developed new products and added multiple domestic PV OEMs to supply ALP components and is looking to add both new products and customers.

Exhibit 11. Impact of the transition from ICE to EV for products in the AB, ALP and SCC categories in the 2W market

| Segment | Category | Product | Vehicle Segment | |
|--|---|---|---|---------------|
| | | | ICE | EV (HEV, BEV) |
| Advanced Automotive Braking (AB) Solutions | Braking | Brake panel assembly, brake shoe, disc brake pad (DBP), brake lining, mission case | ↔ | ↔ |
| Aluminium Light Weighting (ALP) Solutions | EV Specific | Motor housing | ↔ | ↑↑ |
| | | Battery housing | ↔ | ↑↑ |
| | | Wheel pulley | ↔ | ↑↑ |
| | Electrical/ Electronics | ECU housing/ ECU heat sink | ↔ | ↑↑ |
| | Transmission parts | Flange final driven | ↔ | ↑ |
| Body / Chassis Parts | Pillion grip, footrest assembly, speedometer cable housing, wiper housing hub | | ↔ | ↔ |
| | | Engine Parts | Crankcase, crankcase cover, filter housing, cylinder block, throttle body, engine cover | ↔ |
| Safety Control Cable (SCC) Solutions | Cables | Choke cable, clutch cable, brake cable (front & rear), speedometer cable, throttle cable, seat lock cable, fuel cable | ↔ | ↓ |

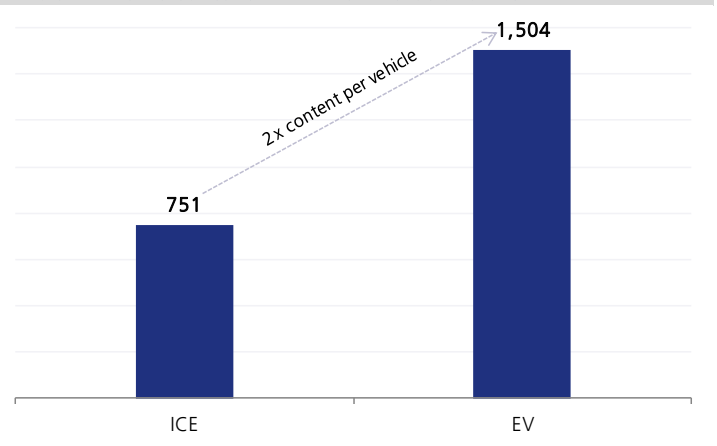
Source: Company RHP, JM Financial, ↑ - Improved realisations, ↑↑ - Significant improved realisations, ↔ - No transition impact, ↓ - Reduced realisations, ↓↓ - Significant reduced realisations

Exhibit 12. Products under development for E2W OEMs

| Part Name | Nos. |
|----------------------|------|
| ABS | |
| Supplying | 9 |
| Under Development | 4 |
| ALP Solutions | |
| Supplying | 30 |
| Under Development | 16 |
| SCC Products | |
| Supplying | 2 |
| Under Development | 0 |
| Total | |
| Supplying | 41 |
| Under Development | 20 |

Source: Company RHP, JM Financial

Exhibit 13. ASK's content in E2W is 2x that of an ICE 2W



Source: Company, JM Financial

New programmes/products likely to drive strong medium-term growth

- ASK has a track record of consistently adding new products (for example: safety control cables, and now alloy wheels) and customised solutions (especially in ALP solutions). This has driven significant outperformance (c.10% CAGR over FY14-23) vs. underlying industry (c.2% CAGR over FY14-23).
- During the last 6 months, the company has likely rolled out products and solutions for 45 programmes for the automotive industry and nine programmes for the non-automotive industry. Ramp-up of these programmes is expected to drive strong growth in the medium term.
- Further, the company has recently entered into a strategic partnership with LIOHO Machine Works, Taiwan, for technical assistance to design, develop and manufacture high-pressure die-casted 2W alloy wheels to cater to both its existing and new customers. The production of alloy wheels is targeted to begin in Q4FY25. This is expected to further expand ASK's kit value in 2Ws and drive healthy growth going ahead.

| New programmes rolled out in the last 6 months | | |
|--|----------------|-------------------------------|
| SOP | No.of programs | Segment |
| Automotive Industry | | |
| 2QFY24 | 19 | 2W, 3W, PV, CV |
| 2HFY24 | 26 | 2W, PV, CV |
| Non-Automotive Industry | | |
| 2QFY24 | 4 | Outdoor equipment, power tool |
| 2H 2024 | 5 | Power tools |

Source: Company RHP, JM Financial

Leverage export opportunities and enter new markets

- ASK exports aluminium light-weighting products in automotive and non-automotive segments across 12+ countries.
- Its key export customers include Stanley Black & Decker, Polaris, MTD, Knorr-Bremse, etc.
- Further, through its joint venture with ASK Fras-Le (49% share held by ASK), it supplies advanced braking products to the global aftermarket segment for CVs. FRAS-LE is a global producer of brake pads and brake linings for CVs. ASK has granted exclusive licence to ASK Fras-Le to use formulations for CV products including trademarks, intellectual property, technical knowledge, technology, engineering data, blueprints, etc. JV ASK FRAS-LE supplies AB products like brake pads and brake linings from 3.5 tonnes and above to global and Indian aftermarket for CVs, and to Indian CV OEMs.
- ASK’s focus is on expanding its global presence (enter new markets) by leveraging its existing relationships with customers outside India. During FY20-24E, ASK’s exports (excluding from JV) have grown at a CAGR of 35+% led by global OEMs’ strategy to de-risk their supply chain (China+1). The company seeks to capitalise further on this trend and plans to enter new markets outside India.

ASK directly exports to 12+ countries and is focused on increasing global presence

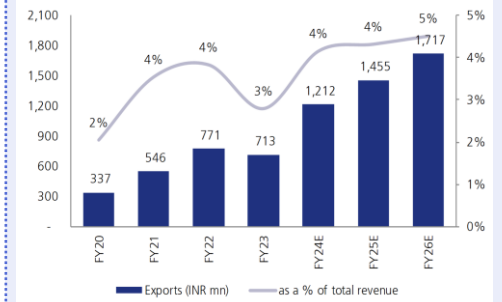


Source: Company RHP, JM Financial

Long-term relationships with all key customers; well-diversified customer base

- ASK supplies its products to all of the top six 2W OEMs in India. ASK Automotive has longstanding relationships of more than 16 years with each of them.
- The company has also successfully added E2W business from pure-play as well as traditional OEMs such as Ola Electric, Ather, TVSL, Bajaj Auto, Hero MotoCorp, Greaves Cotton, Revolt, etc.
- ASK’s ability to meet QCD parameters, designing and R&D capabilities, ability to work closely with customers, providing them with customised solutions, and extensive experience and know-how in manufacturing precision and light-weighting products have helped it develop longstanding relationships with key 2W OEMs in India
- Additionally, the company increasingly caters to customers overseas, both in the automotive and non-automotive sectors through export of AB systems and ALP solutions. Automotive customers outside India include UFI Filters, Federal-Mogul, and FDP Virginia Inc. etc. and non-automotive customers outside India include Stanley Black & Decker, Polaris Industries Inc. MTD Products.

Exports* expected to grow at 20% CAGR over FY24-26E



Source: Company, JM Financial * does not include export from ASK

Longstanding relationship with key customers

| Sr. No. | Customer | No. of years of relationship |
|---------|------------------------------|------------------------------|
| 1 | Hero MotoCorp | 30 |
| 2 | Honda Motorcycle and Scooter | 22 |
| 3 | Bajaj Auto | 21 |
| 4 | Yamaha Motor India | 21 |
| 5 | TVS Motor Company | 20 |
| 6 | Suzuki Motorcycle | 16 |

Source: Company RHP, JM Financial

Exhibit 14. Key customers across segments

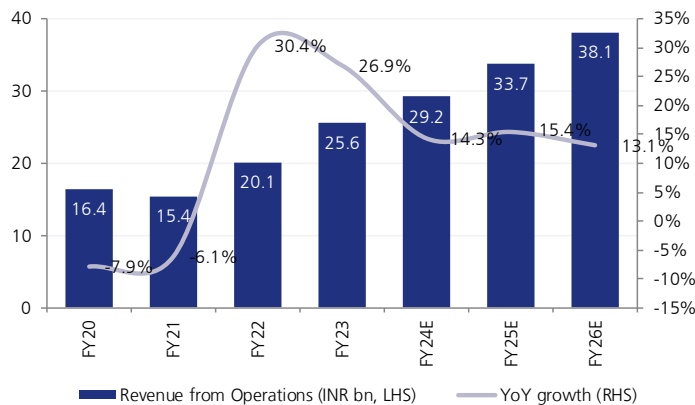
| | |
|-------------------------------|--|
| <p>Two-Wheelers</p> | |
| <p>Three-Wheelers</p> | |
| <p>AutoComp Manufacturers</p> | |
| <p>Non-Auto OEMs</p> | |

Source: Company, JM Financial

Financial analysis

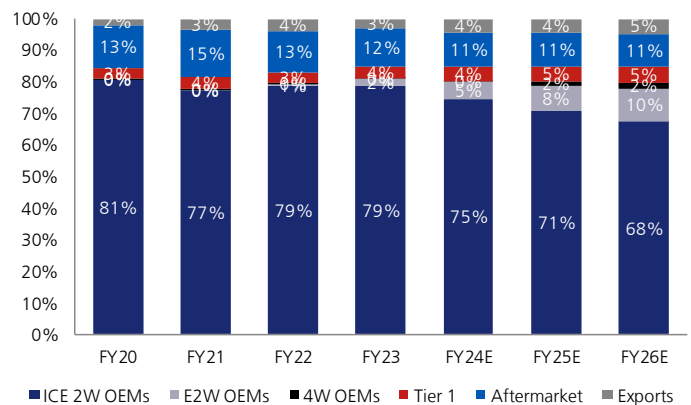
- During FY21-24, ASK’s revenue grew at 24% CAGR, significantly ahead of the underlying industry (5% vol. CAGR). Going ahead, recovery in the underlying 2W industry is expected to continue with 7-8% volume CAGR over FY24-26E. We expect ASK to continue its outperformance with FY24-26E revenue growth CAGR of c.14%. This will be led by 1) ramp-up of new/recently started programme orders for existing products. ASK has high market share in the braking business and, thus, we expect revenue growth to be driven by ALP / SCC segments. 1) New product addition (like alloy wheels), 2) cross-selling product portfolio with existing and new customers and 3) adding newer segment (like PV business) is expected to drive ASK’s performance in the medium term.
- During FY21-24E, ASK’s EBITDA grew at 16% CAGR. However, its margin declined from 12.2% in FY21 to c.10% in FY24 owing to 1) significant growth (32% CAGR) in wheel assembly business (job work with low single-digit margin) and 2) increase in RM cost. Going ahead, we estimate ASK’s EBITDA to grow by c.26% CAGR over FY24-26E and EBITDA margin to improve from c.10% in FY24 to 12.1% in FY26 led by 1) moderation in RM inflation (Aluminium alloy), 2) better mix (rising revenue share from EVs), and 3) higher operating leverage (especially ramp-up of new plant in Rajasthan).
- Ramp-up of recently commissioned Rajasthan plant (total capex of INR 3bn) is expected to happen over FY25-26E. Additionally, ASK has recently announced investment of INR 2.19bn to set up a new manufacturing facility in Karnataka. This facility is expected to be operationalized in 4QFY25. The company has also invested INR 0.5bn in setting up a solar plant that is expected to be operationalized by 2QFY25. Overall, we estimate a capex of INR 4bn over FY25-26E.
- Healthy profitability along with higher capacity utilisation is expected to drive strong FCF (INR ~2.9bn over FY25-26E) and healthy return ratio (FY26E post-tax ROCE: 20%)

Exhibit 15. Expect revenue to grow at CAGR of 14% over FY24-26E



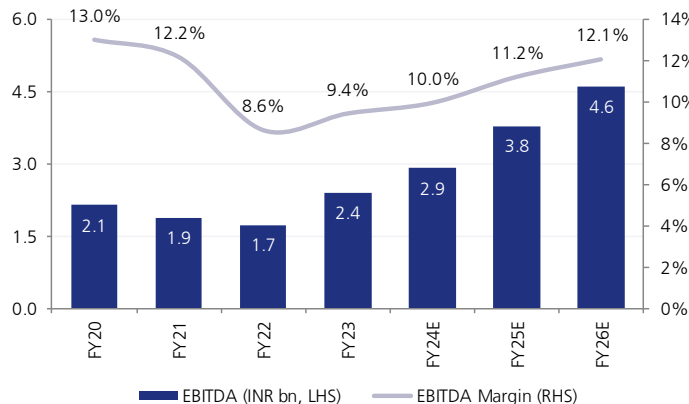
Source: Company RHP, JM Financial

Exhibit 16. Mix of E2Ws, PVs & Exports is expected to increase



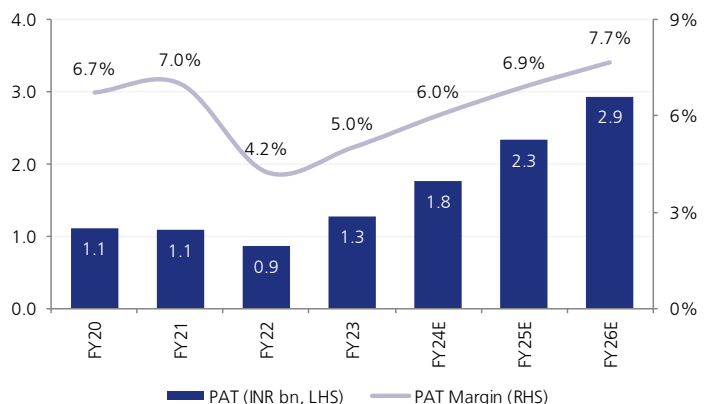
Source: Company RHP, JM Financial

Exhibit 17. Expect EBITDAM to expand by c.200bps over FY24-26E



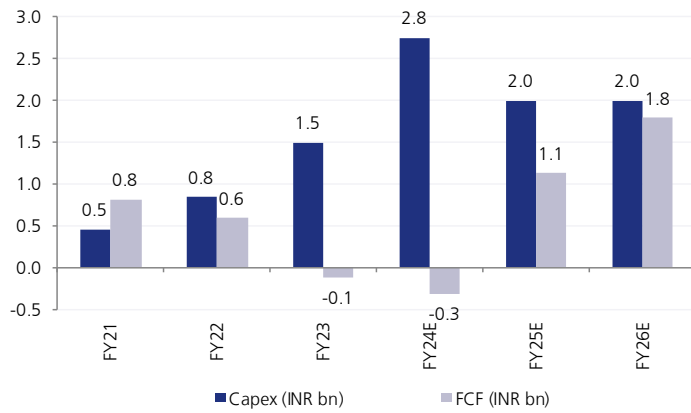
Source: Company, JM Financial

Exhibit 18. PAT to grow at 29% CAGR over FY24-26E



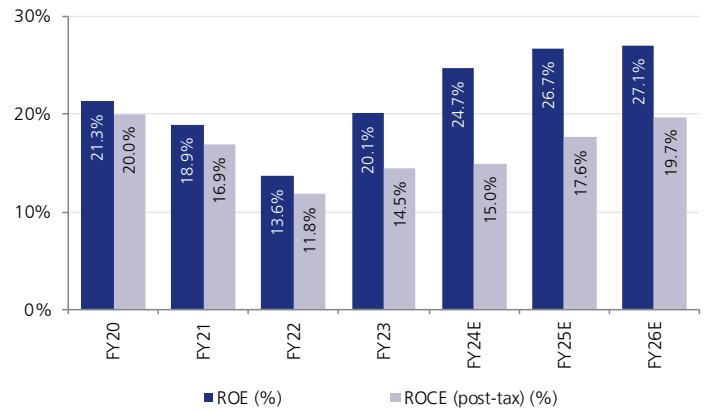
Source: Company, JM Financial

Exhibit 19. Expected healthy FCF of INR 2.9bn during FY25-26E



Source: Company, JM Financial

Exhibit 20. ROCE (post-tax) is expected to be at ~20% by FY26E



Source: Company, JM Financial

Valuation and peer comparison

- Large addressable opportunity esp. in ALP segment (INR 161bn market and growing double-digits) and b) the shift in the global supply landscape, we believe the company has long headroom for growth. ASK has consistently outperformed the underlying industry / peers led by increasing its kit value and wallet share with its customers. With 29% earnings CAGR (over FY24-26E), 20% post-tax ROCE led by efficient capital management and rising market share (in ALP segment), we believe, the company should be valued in-line with quality auto component peers. The company is currently trading at ~21x FY26E EPS. We value the company at 25x FY26E EPS. We initiate coverage with a BUY rating and a Mar'25 TP of INR 375 implying a c.23% upside from CMP.

Exhibit 21. Peer comparison

| Company | Mkt cap (bn) | CAGR (FY23-26E) | | | ROE | | | P/E | | | EV/EBITDA | | |
|------------------------|--------------|-----------------|--------|-------|-------|-------|-------|-------|-------|-------|-----------|-------|-------|
| | | Revenue | EBITDA | PAT | FY24E | FY25E | FY26E | FY24E | FY25E | FY26E | FY24E | FY25E | FY26E |
| ASK Automotive | 62 | 14.3% | 25.8% | 29.0% | 24.7% | 26.7% | 27.1% | 35.1 | 26.5 | 21.1 | 22.6 | 17.3 | 14.0 |
| Endurance Technologies | 264 | 13.8% | 20.7% | 27.0% | 13.6% | 16.3% | 17.2% | 41.2 | 30.6 | 25.5 | 20.3 | 16.3 | 13.9 |
| Craftsman Automation | 94 | 13.0% | 15.1% | 24.7% | 21.9% | 22.5% | 22.5% | 22.4 | 17.9 | 17.9 | 11.9 | 10.4 | 9.0 |
| Suprajit Engineering | 125 | 7.9% | 14.0% | 24.3% | 12.3% | 16.3% | 17.3% | 33.5 | 22.6 | 18.3 | 16.3 | 12.9 | 10.7 |

Source: Company, Bloomberg, JM Financial; Note: Valuations as of 12/Apr/2024

Key risks

- High dependence upon 2W segment:** ASK's business is heavily dependent on the performance of the 2W segment in India. More than c.80% of revenue from operations is dependent on the Indian 2W segment. Any slowdown in the 2W segment could adversely impact business, results of operations and financial condition.
- High dependence on HMSI:** Revenue contribution from HMSI is ~35%. Any loss in market share for HMSI vs. other 2W OEMs may impact ASK's outperformance vis-à-vis industry. However, with increase in wallet share with existing customers and addition of new customers, dependence on HMSI is gradually reducing.
- Risks associated with evolving electric vehicle market:** The dynamic nature of the EV market, characterised by changing technologies, price competition, and evolving regulations, poses uncertainties. ASK's has won new orders from EV OEMs (both 2Ws and PVs) and its kit value growth is expected to be led by rising electrification. Any shift in consumer preference or government policies reducing support for EVs could impact ASK's performance.

Industry Overview

Relevant auto component segment overview

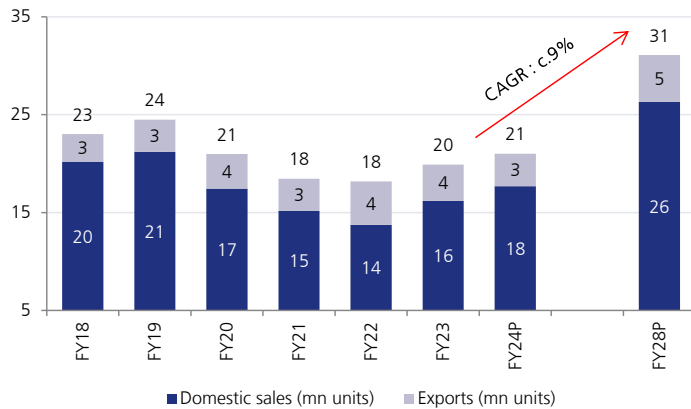
- Auto components industry:** Auto component production (which includes sales to OEMs, exports, and the replacement market) has increased at a CAGR of c.8% to INR 4,831bn between FY18 and FY23 from INR 3,281bn compared with a decline in production across vehicle segments. While domestic sales are more 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. CRISIL expects the auto component market size to grow at a CAGR of 12-14% between FY23 and FY28, comparable to c.8% CAGR between FY18 to FY23.

Exhibit 22. Segment-wise CAGR for underlying domestic industry

| Automobile segments | Production (mn units) FY23 | CAGR% FY18-FY23 | Domestic volume FY28P (mn units) | CAGR% FY23-FY28P |
|---------------------|----------------------------|-----------------|----------------------------------|------------------|
| 2Ws | 19.9 | -2.9% | 31.1 | 9-10% |
| 3Ws | 0.85 | -3.4% | 0.92 | 9-10% |
| PVs | 4.6 | 2.4% | 6.3 | 6-7% |
| CVs | 1.04 | 1.8% | 1.35 | 4-6% |

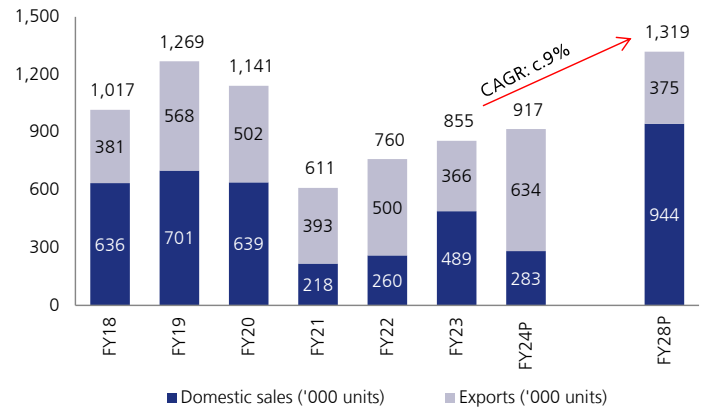
Source: SIAM, CRISIL, Company RHP, JM Financial

Exhibit 23. Review and outlook of 2W industry during FY18-28P



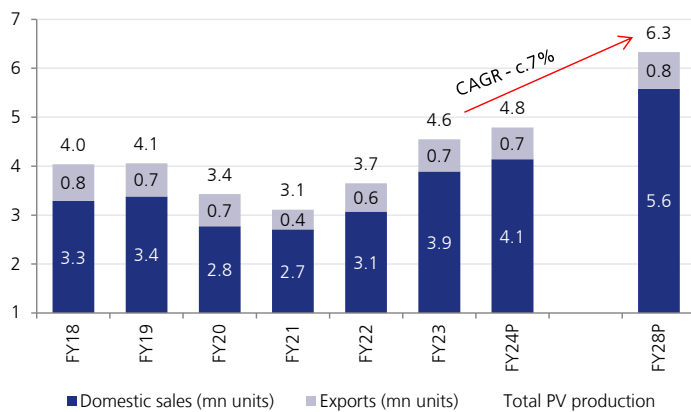
Source: SIAM, CRISIL, Company RHP, JM Financial

Exhibit 24. Review and outlook of 3W industry during FY18-28P



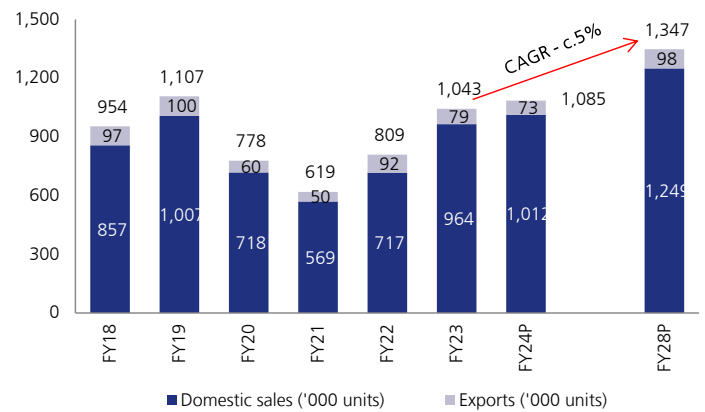
Source: SIAM, CRISIL, Company RHP, JM Financial

Exhibit 25. Review and outlook of PV industry during FY18-28P



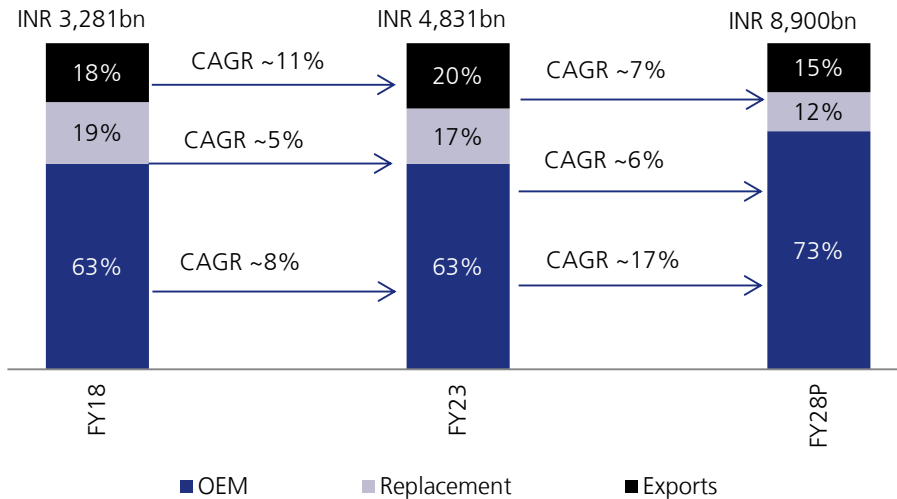
Source: SIAM, CRISIL, Company RHP, JM Financial

Exhibit 26. Review and outlook of CV industry during FY18-28P



Source: CRISIL, Company RHP, JM Financial

Exhibit 27. Review and outlook of Indian auto component industry during FY18-28P



Source: CRISIL MI&A, Company RHP, JM Financial

Advanced Automotive Braking systems (AB systems)

- Product description:** The braking system is one of the most critical parts in a vehicle considering the safety involved. Braking solutions are increasing in importance and complexity with vehicle speed increasing, given the introduction of more powerful vehicles along with development in road infrastructure. An effective braking system is needed to stop the vehicles at higher speeds while also ensuring higher life and lower noise. Current generation vehicles use disc brakes and drum brakes or a combination of the two to accomplish this task. In the case of 2Ws and CVs, drum brakes constitute the majority of the application whereas disc brakes are prevailing in PVs. The growing need of safety systems in automotive will increase demand for efficient automotive brake components such as, brake shoes, brake pads, brake liners, brake calipers and brake panel assembly.

Exhibit 28. Products applicable to each vehicle category

| Segment | Component | Market | Channel |
|---------|--|---------------------|-----------|
| 2W | Brake panel assembly, brake shoe, DBP, mission case | Domestic | OE and AM |
| 3W | Brake shoe | Domestic | OE and AM |
| PV | Disc brake pads | Domestic | OE and AM |
| CV | Disc brake pads, brake lining, body (modulator and park relay) | Domestic and Export | OE |

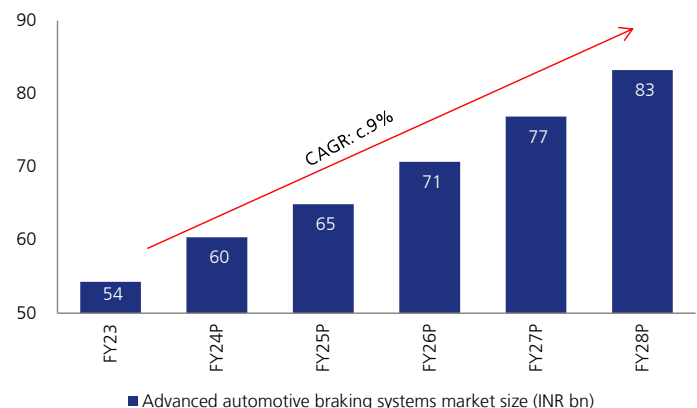
Source: Company RHP, JM Financial

Exhibit 29. Advanced braking system products



Source: Company, JM Financial

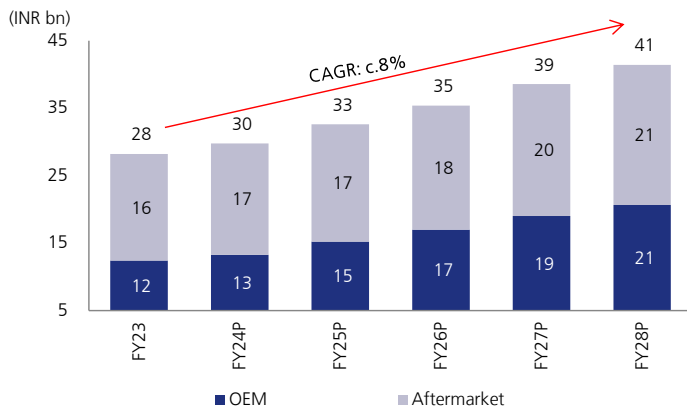
Exhibit 30. Outlook for advanced automotive braking systems market



Source: CRISIL, Company RHP, JM Financial

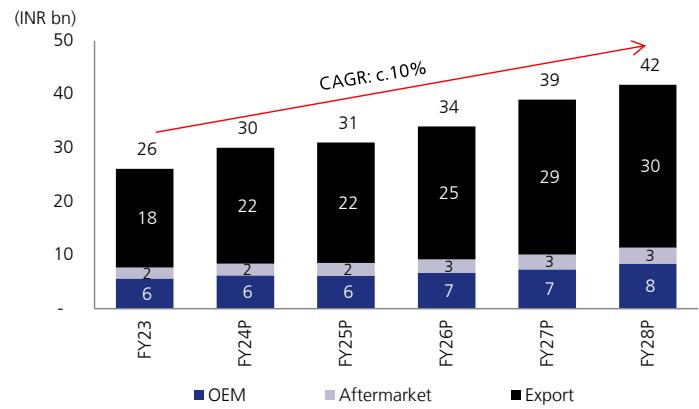
- Size and outlook for advanced automotive braking systems:** The advanced braking systems market - including the sale to domestic OEMs, aftermarket, and export - is estimated at INR c.54bn in FY22. Advanced braking systems are expected to grow at c.9% CAGR over the next five years though FY28 to reach INR c.83bn. The market would be majorly driven by the fast-growing passenger vehicle segment, followed by 2W and CVs. For 2Ws and 3Ws, the market for advanced braking systems is estimated to have stood at INR c.28bn in 2023 and is projected to clock a CAGR of c.8% between 2023 and 2028 to reach INR c.41bn. For PVs and CVs, the market for advanced braking systems stood at an estimated INR 26bn in 2023. The market is projected to grow at CAGR of c.10% between 2023 and 2028 to reach INR c.41bn.

Exhibit 31. Outlook for AB systems for 2Ws & 3Ws



Source: CRISIL, Company RHP, JM Financial

Exhibit 32. Outlook for AB systems for PVs & CVs

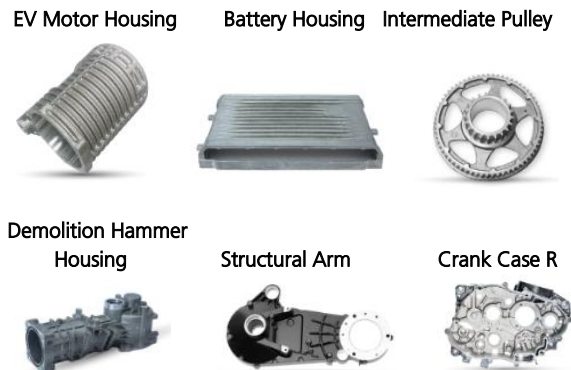


Source: CRISIL, Company RHP, JM Financial

Aluminium light-weighting precision solutions (ALP solutions)

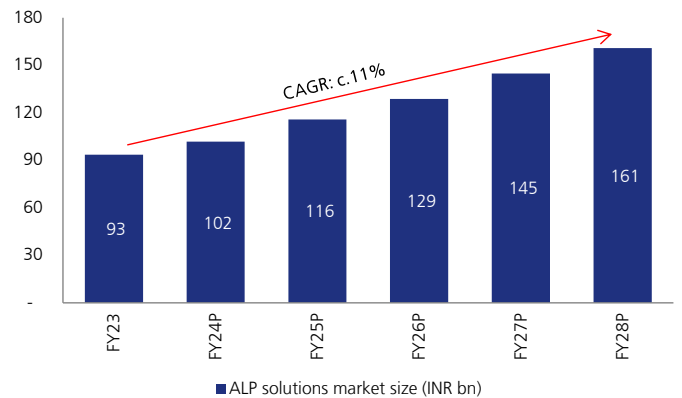
- Product description:** Light-weighting is a crucial aspect for the transport sector in improving vehicle performance, energy efficiency and emissions, and making safer vehicles. Aluminium is the most used metal by automakers for light-weighting while improving performance standards, safety, and corrosion. According to the European Aluminium Association, aluminium is can be 40% lighter than steel and is used to build lighter and stronger vehicles. Aluminium is also finding growing application in EVs. With EV penetration increasing, application of aluminium in automobiles is expected to grow as the use of this metal would improve the performance of EVs due to lighter weight the efficiency of the vehicle can increase, translating to higher range for a given size of battery, lowering the range anxiety expressed by customers.

Exhibit 33. ALP solutions



Source: Company, JM Financial

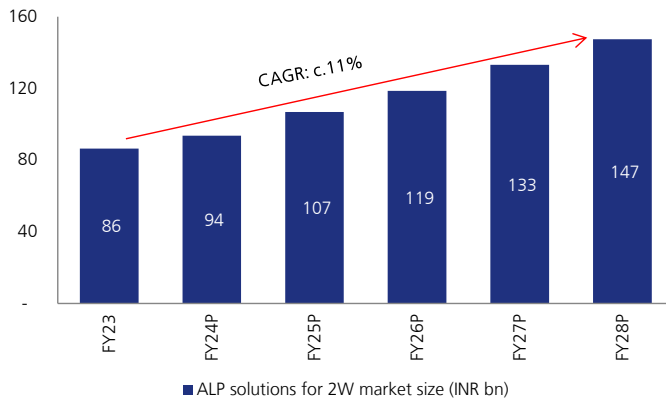
Exhibit 34. Outlook for ALP solutions market



Source: CRISIL, Company RHP, JM Financial

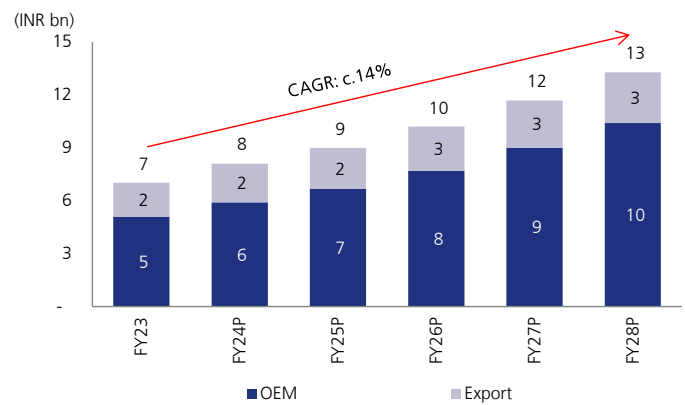
- Size and outlook for ALP solutions market:** The domestic market size of ALP solutions is estimated at INR c.86bn as of FY23 and is expected to grow at c.11% CAGR between 2023 and 2028 to INR c.147bn. The engine parts are the largest contributing category, followed by body and chassis parts. The market for electrical and electronic components and body and chassis parts is expected to grow; however, owing to the transition to EVs, the market for engine parts is expected to be negatively impacted and witness slow growth. Engine parts including crankcase, crankcase cover, cylinder component, throttle body, engine cover and hub wouldn't be a part of e-2Ws. However, new components like wheel pulley, battery housing, battery cover, motor housing, motor cover, gear housing and gear housing cover will be added to E2Ws and could increase the overall aluminium content by 30-50% compared to an ICE 2W. The aluminium content per vehicle is expected to increase with the penetration of EVs.

Exhibit 35. Outlook for ALP solutions for 2Ws



Source: CRISIL, Company RHP, JM Financial

Exhibit 36. Outlook for ALP solutions for PVs and CVs

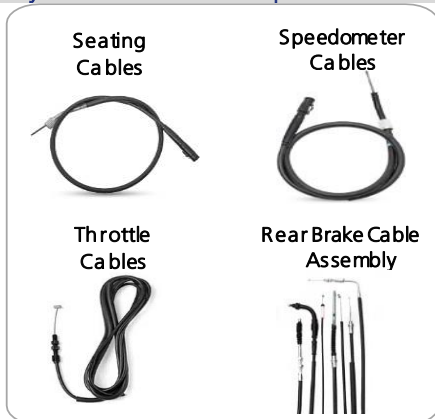


Source: CRISIL, Company RHP, JM Financial

Safety control cable solutions (SCC)

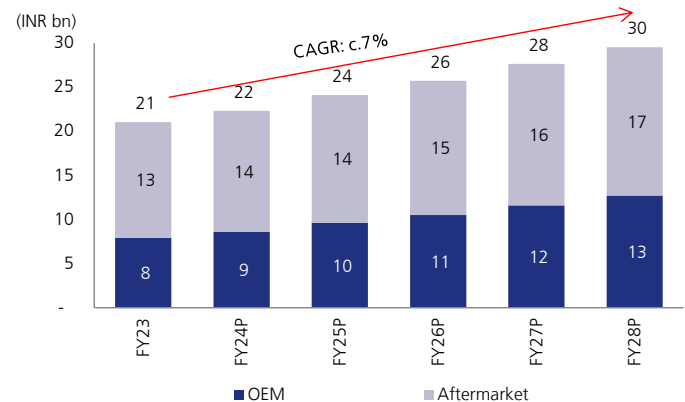
- Product description:** Safety control cables (SCC) are important parts used in motorcycles, scooters, mopeds, and E2W to actuate, control and operate applications such as brake, accelerator, clutch, transmission gear, speedometer, fuel lid, seat lock, choke, battery charging lid. The safety control cable solutions market includes choke, clutch, brake (front and rear), speedo, throttle, seat lock, and fuel cables catering to the motorcycle, scooter, and EVs in the 2W industry. The usage of each of these cables is one unit per vehicle.
- Size and outlook for SCC market:** The market size for safety control cable solutions is calculated considering the usage of each of these cables in multiple vehicle segments. It is estimated at INR 21bn in 2023 and is expected at INR 29.5bn by 2028, growing at a CAGR of c.7%. The aftermarket is the largest market for this segment; however, the OEM segment is expected to grow at a higher CAGR. Moreover, with increasing EV penetration, the content of cables used in two-wheelers for engine operations is declining. In this light, the larger fleet of vehicles will be the key driver for the cables market in the medium to long term.

Exhibit 37. Safety control cable solution products



Source: Company, JM Financial

Exhibit 38. Outlook for safety control cables solutions market



Source: Company, JM Financial

Company overview

- Company background – leading supplier of advanced braking for 2Ws:** ASK is the largest manufacturer of Brake-shoe and Advanced AB systems for 2W OEMs in India with a market share of c.50% in FY23 by production volume. It manufactures and supplies products such as (i) AB systems; (ii) ALP solutions, where ASK is a prominent player for 2W OEMs in India with a market share of c.9% in FY23 by production volume; (iii) wheel assembly to 2W OEMs; and (iv) safety control cables (“SCC”) products. The company supplies to automotive OEMs (2W, 3W, PV and CV) and non-automotive OEMs (ATV, power tools and outdoor equipment). ASK’s product offerings are powertrain agnostic, catering to EV as well as internal combustion engine (ICE) OEMs.

Exhibit 39. Key segments overview

| | Automotive Braking (AB) Systems | | Aluminium Light Weighting (ALP) solutions | | | Safety Control Cables (SCC) | | |
|--------------------------|--|---------------|--|-----------------|---------------------|--|------------------------|--------------------------|
| | Brake Panel Assembly | Brake Shoe | EV Motor Housing | Battery Housing | Intermediate Pulley | Brake Cable Assembly | Clutch Cables Assembly | Throttle Cables Assembly |
| | Brake Pads | Brake Linings | Demolition Hammer Housing | Structural Arm | Crank Case | Speedometer Cable Assembly | Starter Cable Assembly | |
| Industry size (FY28E) | INR 83 bn (2W, 3W, PV, CV) | | INR 161 bn (2W, PV, CV) | | | INR 30 bn (2W) | | |
| Industry CAGR (FY23-28E) | 8-10% | | 11-14% | | | 7% | | |
| Revenue (FY23) | INR 10.7 bn | | INR 9.9 bn | | | INR 0.9 bn | | |
| Revenue Mix | 41.8% | | 38.9% | | | 3.5% | | |
| EBITDA Margin (%) | ~14-15% | | ~8-10% | | | NA | | |
| Market Share | 50% in 2W | | 9% in 2W | | | NA | | |
| Key Customers | HMSI, HMCL, BJAUT, TVS, Yamaha, Suzuki + EV OEMs, etc | | HMSI, HMCL, BJAUT, Yamaha, TVS, Suzuki, Polaris, Denso, Ola Electric Ather, MTD, Stanley Black etc. | | | HMSI, HMCL, Suzuki | | |
| Key Competitors | 2W and 3W - Allied Nippon, Endurance Technologies, Brembo PV and CV - Brakes India, Rane Holdings, Bosch, Allied Nippon, Sundaram Brake Linings, Hindustan Composites and Masu Brake Pads | | Endurance Technologies, Craftsman Auto, Sundaram Clayton Limited, Rico Auto Industries, Rockman Industries, Sunbeam Lightweighting, Sandhar Group and Alicon Castalloy | | | Suprajit Engineering Limited, Ramson Industries and Hi-LEX | | |

Source: Company RHP, JM Financial

- In-house product design & development capability backed by R&D:** ASK has over 30 years of experience in developing customised products to meet evolving customer needs. Its R&D capabilities encompass advanced material engineering, featuring a portfolio of 52 proprietary formulations (7 of which are licensed to ASK). These formulations are utilised in producing AB systems for 2Ws, 3Ws, PVs, and CVs, tailored to the safety, durability, and performance specifications of both EV and ICE OEMs. Additionally, the company possesses precision engineering, in-house tool designing, design simulation, prototyping, and manufacturing abilities, providing it with a competitive advantage in quality, cost, and delivery parameters. Further, to maintain its competitive advantage, ASK has entered into technical collaborations with various entities as below:

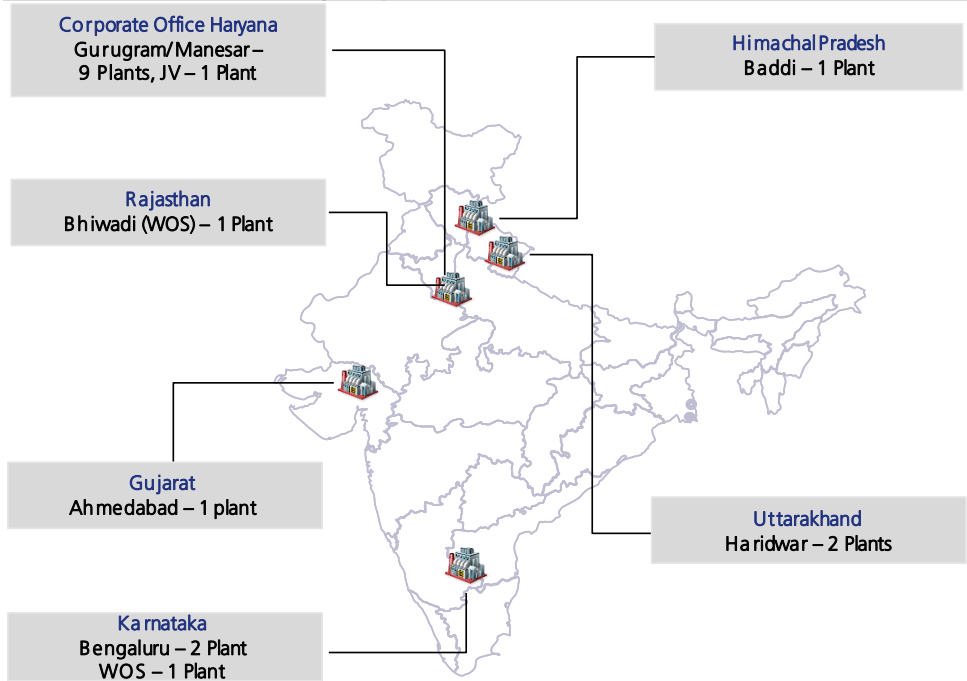
Exhibit 40. Details of technical collaborations

| Licensor | Relevant Products | Market |
|---|--|--|
| Japanese supplier of asbestos-free brake shoes to 2W manufacturers globally | Asbestos free brake shoes for 2Ws | OEMs and OES in India |
| HSH | Control cables of 2Ws and PVs (including PVs and CVs) | OEMs and OES in the domestic IAM, Bangladesh, UAE, Egypt, Turkey, Africa and Indonesia |
| NUCAP | Steel disc brake plates with Nucap Retention System ("NRS") technology for use in 2Ws (exclusive right), PVs and CVs (non-exclusive right) | OEMs and OES in India |
| Research organisation in the defence sector | Semi-solid metal processing technology for aluminium alloy casting | In India and, subject to prior approval, overseas |

Source: Company RHP, JM Financial

- Raw material and components used across products:** For AB, ALP and SCC systems and solutions, the principal RM used for manufacturing products include aluminium, steel, bought-out parts, packing material, paint and wires. The company sources these raw materials and components predominantly in India, and engages with suppliers in China and Japan. For FY23, FY22 and FY21, raw material cost was INR c.18bn, INR c.14bn and INR c.10bn, respectively, which accounted for c.70.4%, 69.7% and 65.8%, respectively, of total revenue.
- Manufacturing locations:** ASK operates 17 manufacturing facilities across five states in India. It recently commenced operations in Bhiwadi (Rajasthan). In addition, its JV operates one manufacturing facility in Haryana. These facilities are equipped with advanced machinery and a majority of them are located close to the company's key customers, which enables the company to better meet customers' just-in-time delivery schedules. Additionally, ASK has recently announced investment of INR 2.19bn to set up a new manufacturing facility in Karnataka. This facility is expected to be operationalized in 4QFY25. This will be its 18th facility in India.

Exhibit 41. ASKs manufacturing footprint; most facilities are located close to customers



Source: Company RHP, JM Financial

Brief biographies of directors

Exhibit 42. Directors

| Name of the Director | Biography |
|-------------------------------|---|
| Kuldip Singh Rathee | <ul style="list-style-type: none"> - Chairman and Managing Director of the Company since incorporation. - He is also one of the Promoters and a founder of the Company and holds bachelor's degree in arts from University of Delhi. - He has previously served in the Central Reserve Police Force for 4 years 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 an experience in the real estate sector and in the manufacturing sector. |
| Vijay Rathee | <ul style="list-style-type: none"> - Non-Executive Director of the Company since October 26, 1995. - She holds a bachelor's degree in science from Guru Nanak University, Amritsar, Punjab and a master's degree in science (Zoology) from Birendra Narayan Chakravarty University, Haryana. - She has experience in banking and manufacturing sector. She was previously associated as an officer with Punjab & Sind Bank. |
| Prashant Rathee | <ul style="list-style-type: none"> - Whole-Time Director of the Company since April 27, 2018 - He holds a bachelor's degree in commerce from University of Delhi, New 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 is currently responsible for the operations vertical of the Company. |
| Aman Rathee | <ul style="list-style-type: none"> - Whole-Time Director of the Company since April 27, 2018 - He holds a bachelor's degree in science (engineering) and a master's degree in business administration from Purdue University, West Lafayette, Indiana (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 is currently leading the R&D and marketing verticals of the Company. |
| Rajesh Kataria | <ul style="list-style-type: none"> - Whole-Time Director of the Company since September 7, 2019. - He holds a bachelor's degree in business administration from Chaudhary Charan Singh University Meerut, Uttar Pradesh, and has also completed a master's course in business administration (HR) from Eastern Institute for Integrated Learning in Management University, Jorethang, Sikkim. He is currently responsible for human resource management of the Company. |
| Arun Duggal | <ul style="list-style-type: none"> - Independent Director of the Company with effect from May 1, 2023. - He holds a bachelor's degree in technology (mechanical engineering) from Indian Institute of Technology, Delhi, and a postgraduate diploma in business administration from IIM-Ahmedabad. - He was previously associated with Bank of America as country chief executive India and is currently the chairman of the board of directors of ICRA Limited and on the board of directors of ITC Limited and Dr. Lal Pathlabs Limited, among others. |
| Kumaresh Chandra Misra | <ul style="list-style-type: none"> - Independent Director of the Company with effect from April 1, 2023. - He holds a bachelor's degree in arts from University of Delhi, a bachelor's degree in law from Chaudhary Charan Singh University, Meerut, UP, a postgraduate diploma in business administration from IIM-Ahmedabad and a master's degree in arts (political economy) from Boston University, Boston, Massachusetts (USA). - He is a retired Indian Administrative Services officer and was previously associated with the Ministry of Chemicals and Fertilizers, Government of India as joint secretary, the Ministry of Power, Government of India as secretary and is currently the director of the northern region at Indian Chemical Council. |
| Deepti Sehgal | <ul style="list-style-type: none"> - Independent Director of the Company with effect from April 1, 2023. - She holds a bachelor's degree in commerce from the University of Delhi and a postgraduate diploma in business administration from IIM-Ahmedabad. She has an experience in the consultancy sector. - She was previously associated with Infogain Corporation and Infogain India Private Limited as a vice president, Deloitte Touche Tohmatsu India LLP as a director in the consulting department, GE Capital International Services as an assistant vice president and IBM India Private Limited as an industry consultant. |
| Yogesh Kapur | <ul style="list-style-type: none"> - Independent Director of the Company with effect from May 1, 2023. - He holds a bachelor's degree in commerce (honors) from University of Delhi and is a fellow of the Institute of Chartered Accountants of India. - He has an experience in investment banking and was previously associated with Axis Capital Limited and was also the managing director at Enam Securities Private Limited. |
| Vinay Kumar Piparsania | <ul style="list-style-type: none"> - Independent Director of the Company with effect from May 1, 2023. - He holds a bachelor's degree in technology (mechanical engineering) from IIT-Delhi and a master's degree in business administration from Tulane University, New Orleans, Louisiana (USA) and has completed an executive program in "Building a Global Enterprise – India" from Harvard Business School, Boston, Massachusetts (USA). - He was previously associated with Ford Motor Private Limited, Ford India, BMW Oman, Hero Corporate Service, TVS Automobile Solutions and IIT Delhi Endowment Management Foundation as the chief executive officer, and is currently the principal at MillenStrat Advisory & Research. |

Source: Company RHP, JM Financial

Annexures

Manufacturing facilities

Exhibit 43. Details with respect to manufacturing capacity and capacity utilisation - product-wise

| Product Category | Products Manufactured | Unit of Measurement | FY21 | | FY22 | | FY23 | |
|------------------|-----------------------|---------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------|--------------------------|
| | | | Installed capacity | Capacity Utilisation (%) | Installed capacity | Capacity Utilisation (%) | Installed capacity | Capacity Utilisation (%) |
| AB | Brake Shoe | Pieces in million | 192 | 74.30% | 192 | 74.85% | 205 | 79.30% |
| AB | Brake Panel Assembly | Pieces in million | 19 | 53.55% | 19 | 51.03% | 19 | 56.88% |
| AB | Disc Brake Pad | Pieces in million | 17 | 54.35% | 17 | 55.51% | 17 | 57.08% |
| ALP | Pressure Die Castings | Tonnes | 49,311 | 60.61% | 50,787 | 62.54% | 51,807 | 76.02% |
| SCC | Cables | Pieces in million | 21 | 58.88% | 24 | 44.88% | 43 | 39.59% |

Source: Company RHP, JM Financial

Subsidiaries and joint ventures

Exhibit 44. List of subsidiaries

| Name | Stake(%) |
|--------------------------------------|----------|
| Direct subsidiaries | |
| ASK Automobiles Private Limited | 100% |
| Joint Venture | |
| ASK Fras-Le Friction Private Limited | 49% |

Source: Company RHP, JM Financial

Financial Tables (Consolidated)

| Income Statement | | (INR mn) | | | |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March | FY22A | FY23A | FY24E | FY25E | FY26E |
| Net Sales | 20,131 | 25,552 | 29,208 | 33,715 | 38,139 |
| Sales Growth | 30.4% | 26.9% | 14.3% | 15.4% | 13.1% |
| Other Operating Income | 0 | 0 | 0 | 0 | 0 |
| Total Revenue | 20,131 | 25,552 | 29,208 | 33,715 | 38,139 |
| Cost of Goods Sold/Op. Exp | 13,935 | 17,818 | 20,037 | 22,960 | 25,782 |
| Personnel Cost | 1,227 | 1,394 | 1,575 | 1,733 | 1,940 |
| Other Expenses | 3,229 | 3,926 | 4,687 | 5,239 | 5,812 |
| EBITDA | 1,740 | 2,414 | 2,910 | 3,784 | 4,605 |
| EBITDA Margin | 8.6% | 9.4% | 10.0% | 11.2% | 12.1% |
| EBITDA Growth | -7.5% | 38.8% | 20.5% | 30.0% | 21.7% |
| Depn. & Amort. | 559 | 607 | 683 | 801 | 905 |
| EBIT | 1,181 | 1,807 | 2,226 | 2,983 | 3,700 |
| Other Income | 112 | 111 | 118 | 125 | 132 |
| Finance Cost | 81 | 112 | 265 | 286 | 237 |
| PBT before Excep. & Forex | 1,211 | 1,807 | 2,080 | 2,822 | 3,596 |
| Excep. & Forex Inc./Loss(-) | 0 | 0 | 0 | 0 | 0 |
| PBT | 1,211 | 1,807 | 2,080 | 2,822 | 3,596 |
| Taxes | 303 | 468 | 523 | 710 | 905 |
| Extraordinary Inc./Loss(-) | 0 | 0 | 0 | 0 | 0 |
| Assoc. Profit/Min. Int.(-) | -53 | -59 | 200 | 216 | 233 |
| Reported Net Profit | 855 | 1,280 | 1,756 | 2,328 | 2,924 |
| Adjusted Net Profit | 855 | 1,280 | 1,756 | 2,328 | 2,924 |
| Net Margin | 4.2% | 5.0% | 6.0% | 6.9% | 7.7% |
| Diluted Share Cap. (mn) | 200.9 | 197.1 | 197.1 | 197.1 | 197.1 |
| Diluted EPS (INR) | 4.3 | 6.5 | 8.9 | 11.8 | 14.8 |
| Diluted EPS Growth | -19.8% | 52.4% | 37.2% | 32.5% | 25.6% |
| Total Dividend + Tax | 0 | 0 | 394 | 493 | 591 |
| Dividend Per Share (INR) | 0.0 | 0.0 | 2.0 | 2.5 | 3.0 |

Source: Company, JM Financial

| Cash Flow Statement | | (INR mn) | | | |
|------------------------------|--------------|---------------|---------------|---------------|---------------|
| Y/E March | FY22A | FY23A | FY24E | FY25E | FY26E |
| Profit before Tax | 1,130 | 1,698 | 2,280 | 3,038 | 3,830 |
| Depn. & Amort. | 559 | 607 | 683 | 801 | 905 |
| Net Interest Exp. / Inc. (-) | 79 | 111 | 265 | 286 | 237 |
| Inc (-) / Dec in WCcap. | 10 | -584 | -263 | -287 | -272 |
| Others | -34 | -2 | 0 | 0 | 0 |
| Taxes Paid | -302 | -444 | -523 | -710 | -905 |
| Operating Cash Flow | 1,442 | 1,386 | 2,441 | 3,128 | 3,793 |
| Capex | -849 | -1,499 | -2,750 | -2,000 | -2,000 |
| Free Cash Flow | 593 | -113 | -309 | 1,128 | 1,793 |
| Inc (-) / Dec in Investments | 0 | 0 | 0 | 0 | 0 |
| Others | 49 | -110 | -17 | -7 | -8 |
| Investing Cash Flow | -800 | -1,609 | -2,767 | -2,007 | -2,008 |
| Inc / Dec (-) in Capital | -739 | -1,110 | 26 | 28 | 31 |
| Dividend + Tax thereon | 0 | 0 | -394 | -493 | -591 |
| Inc / Dec (-) in Loans | 5 | 1,493 | 1,000 | -400 | -1,000 |
| Others | -80 | -152 | -265 | -286 | -237 |
| Financing Cash Flow | -815 | 232 | 367 | -1,150 | -1,797 |
| Inc / Dec (-) in Cash | -172 | 9 | 41 | -30 | -12 |
| Opening Cash Balance | 185 | 13 | 24 | 64 | 34 |
| Closing Cash Balance | 13 | 22 | 64 | 34 | 23 |

Source: Company, JM Financial

| Balance Sheet | | (INR mn) | | | |
|-----------------------------------|--------------|--------------|---------------|---------------|---------------|
| Y/E March | FY22A | FY23A | FY24E | FY25E | FY26E |
| Shareholders' Fund | 6,319 | 6,438 | 7,800 | 9,635 | 11,968 |
| Share Capital | 402 | 394 | 394 | 394 | 394 |
| Reserves & Surplus | 5,917 | 6,043 | 7,405 | 9,240 | 11,573 |
| Preference Share Capital | 0 | 0 | 0 | 0 | 0 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 |
| Total Loans | 1,753 | 3,279 | 4,279 | 3,879 | 2,879 |
| Def. Tax Liab. / Assets (-) | 248 | 273 | 273 | 273 | 273 |
| Total - Equity & Liab. | 8,320 | 9,989 | 12,351 | 13,786 | 15,119 |
| Net Fixed Assets | 7,405 | 8,441 | 10,508 | 11,707 | 12,802 |
| Gross Fixed Assets | 8,022 | 8,384 | 11,134 | 13,134 | 15,134 |
| Intangible Assets | 1,819 | 1,819 | 1,819 | 1,819 | 1,819 |
| Less: Depn. & Amort. | 2,465 | 2,945 | 3,628 | 4,429 | 5,333 |
| Capital WIP | 29 | 1,182 | 1,182 | 1,182 | 1,182 |
| Investments | 88 | 120 | 135 | 140 | 146 |
| Current Assets | 3,514 | 4,244 | 4,863 | 5,501 | 6,145 |
| Inventories | 1,244 | 1,536 | 1,702 | 1,950 | 2,190 |
| Sundry Debtors | 2,012 | 2,104 | 2,481 | 2,863 | 3,239 |
| Cash & Bank Balances | 16 | 24 | 65 | 35 | 23 |
| Loans & Advances | 0 | 27 | 29 | 31 | 34 |
| Other Current Assets | 243 | 554 | 587 | 622 | 659 |
| Current Liab. & Prov. | 2,686 | 2,816 | 3,154 | 3,562 | 3,973 |
| Current Liabilities | 1,788 | 1,699 | 1,921 | 2,202 | 2,472 |
| Provisions & Others | 898 | 1,117 | 1,233 | 1,360 | 1,501 |
| Net Current Assets | 828 | 1,428 | 1,708 | 1,939 | 2,171 |
| Total - Assets | 8,320 | 9,989 | 12,351 | 13,786 | 15,119 |

Source: Company, JM Financial

| Dupont Analysis | | | | | |
|---------------------|-------|-------|-------|-------|-------|
| Y/E March | FY22A | FY23A | FY24E | FY25E | FY26E |
| Net Margin | 4.2% | 5.0% | 6.0% | 6.9% | 7.7% |
| Asset Turnover (x) | 2.5 | 2.7 | 2.6 | 2.5 | 2.6 |
| Leverage Factor (x) | 1.3 | 1.5 | 1.6 | 1.5 | 1.4 |
| RoE | 13.6% | 20.1% | 24.7% | 26.7% | 27.1% |

| Key Ratios | | | | | |
|---------------------|-------|-------|-------|-------|-------|
| Y/E March | FY22A | FY23A | FY24E | FY25E | FY26E |
| BV/Share (INR) | 31.5 | 32.7 | 39.6 | 48.9 | 60.7 |
| ROIC | 12.0% | 15.3% | 15.5% | 17.7% | 19.8% |
| ROE | 13.6% | 20.1% | 24.7% | 26.7% | 27.1% |
| Net Debt/Equity (x) | 0.3 | 0.5 | 0.5 | 0.4 | 0.2 |
| P/E (x) | 71.9 | 47.1 | 34.4 | 25.9 | 20.6 |
| P/B (x) | 9.7 | 9.4 | 7.7 | 6.3 | 5.0 |
| EV/EBITDA (x) | 35.7 | 26.3 | 22.2 | 16.9 | 13.7 |
| EV/Sales (x) | 3.1 | 2.5 | 2.2 | 1.9 | 1.7 |
| Debtor days | 36 | 30 | 31 | 31 | 31 |
| Inventory days | 23 | 22 | 21 | 21 | 21 |
| Creditor days | 35 | 27 | 27 | 27 | 27 |

Source: Company, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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| Definition of ratings | |
|-----------------------|---|
| Rating | Meaning |
| Buy | Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields. |
| Hold | Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months. |
| Sell | Price expected to move downwards by more than 10% from the current market price over the next twelve months. |

* REITs refers to Real Estate Investment Trusts.

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