

15 May 2025

India | Equity Research | Results Update

ASK Automotive

Auto Ancillaries

Steady performance; growth drivers intact

ASK Automotive's (ASK) consolidated revenue at INR 8.5bn was up 9% YoY, in line with I-Sec estimate. EBITDA margin at 12.2% was also largely in line with I-Sec estimate of 12.1%. Margin improvement of +170bps YoY was led by operating leverage and cost optimisation initiatives. ASK has been consistently outperforming growth of the underlying 2W industry led by i) rising kit value in ALP segment as 2W/3W industry transitions to EVs, ii) ramp up of 2W SCC business and iii) expansion into PV and non-automotive segments. We believe ASK is well positioned to continue its healthy growth momentum. We expect ASK to post 14%/27% revenue / EPS CAGR over FY24-27E. Maintain **BUY** with an unchanged TP of INR 535, based on 30x FY27E EPS.

Takeaways from Q4FY25 result conference call

- Q4FY25 – in-line performance: ASK reported revenue of INR 8.5bn (+9% YoY, -7% QoQ), in line with I-Sec estimate of INR 8.5bn. EBITDA margin stood at 12.2% (+170bps YoY, +10bps QoQ), broadly in line with I-Sec estimate. YoY margin improvement was led by favourable mix, positive operating leverage and cost optimisation efforts. EBITDA came in at INR 1.04bn (+26%YoY, -6%QoQ). Income from Fras-le JV stood at INR 28mn (+137% QoQ). Adj. PAT stood at INR 576mn (+21% YoY, -13% QoQ), largely in line with I-Sec estimate of INR 585mn.
- Operational update: During Q4FY25, revenue from Advanced Braking Solutions (ABS) / Aluminium Light-Weighting (ALP) / Safety Control Cables (SCC) grew by 9% / +21% / 1% YoY, ahead of 2W production industry growth (~6% YoY). This was led by ramp up of new businesses from existing and new customers. For exports, while geopolitical situation remains uncertain due to tariff concerns, the company expects growth in exports led by an additional order worth INR 0.75bn in FY26. ASK expects its export mix to gradually increase to ~10% of sales over the next five years. Share of EV revenue is gradually increasing (4.2% in FY25 vs 3.4% in FY24) led by increase in volumes and higher content per vehicle (higher by 30-50% in E2Ws).
- Demand outlook: Revival in government infra spends, low interest rates and forecast of good monsoon are expected to boost 2W sales. The management expects demand momentum to continue, and is guiding for mid-teens revenue growth in FY26, ahead of 2W production growth outlook of 6-8% YoY.

Financial Summary

Y/E March 31 (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	29,945	36,135	39,570	44,440
EBITDA	3,006	4,445	5,186	6,000
EBITDA %	10.0	12.3	13.1	13.5
Net Profit	1,738	2,603	2,994	3,539
EPS (INR)	8.8	13.2	15.2	17.9
EPS % Chg YoY	35.8	49.8	15.1	18.2
P/E (x)	50.4	33.6	29.2	24.7
EV/EBITDA (x)	30.6	20.8	17.7	15.0
RoCE (%)	16.7	21.5	20.6	21.0
RoE (%)	23.8	28.0	25.7	24.8

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Market Data

Market Cap (INR)	88bn
Market Cap (USD)	1,026mn
Bloomberg Code	ASKAUTOL IN
Reuters Code	ASKA.BO
52-week Range (INR)	509 /284
Free Float (%)	21.0
ADTV-3M (mn) (USD)	0.9

Price Performance (%)	3m	6m	12m
Absolute	7.0	6.8	46.3
Relative to Sensex	(0.1)	2.0	35.0

ESG Score	2023	2024	Change
ESG score	NA	60.5	NA
Environment	NA	42.8	NA
Social	NA	54.7	NA
Governance	NA	79.5	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E
Revenue	(6.7)	(6.3)
EBITDA	(2.4)	(0.5)
EPS	(3.0)	0.5)

Previous Reports

03-03-2025: [Company update](#)

31-01-2025: [Q3FY25 results review](#)

- **Margin outlook:** Rajasthan plant is currently operating at ~50% capacity utilisation and the company plans to further ramp up the plant to over 70-75% utilisation during FY26. This is expected to further drive positive operating leverage. Additionally, increasing exports mix and state subsidy for Rajasthan plant (INR 70mn per quarter) are expected to support margin performance. Overall, the company remains confident of gradual improvement in EBITDA margin to ~14% levels over near-to-medium term.
- **Other highlights:** The company is guiding for capex of INR 4.5bn in FY26, largely funded through internal accruals. It expects to start supplies for HPDC alloy wheel business by H2FY26. The company is phasing out its low margin Wheel Assembly business and expects revenue to decrease from ~INR 4bn in FY25 to INR 1.6bn in FY26. The company expects this to have a positive impact of ~80bps on the EBITDA margin. It is guiding for ~150bps improvement in EBITDA margin in FY26 – led by 80bps from Wheel Assembly hive-off and 70bps from operating efficiencies and ramp up of Karoli and Bengaluru facilities.

Exhibit 1: Q4FY25 result summary

Consolidated (INR mn)	Q4FY25	Q4FY24	% YoY	Q3FY25	% QoQ
Sales	8,497	7,825	8.6	9,151	(7.2)
RM	5,600	5,350	4.7	6,176	(9.3)
as a % of sales	65.9	68.4	-250bps	67.5	-160bps
Employee Exp	468	435	7.7	478	(2.0)
as a % of sales	5.5	5.6	0bps	5.2	30bps
Other Costs	1,391	1,217	14.3	1,390	0.0
as a % of sales	16.4	15.6	80bps	15.2	120bps
Expenditure	7,459	7,002	6.5	8,044	(7.3)
EBITDA	1,038	823	26.1	1,107	(6.2)
EBITDA Margin (%)	12.2	10.5	170bps	12.1	10bps
Other Income	30	33	(9.7)	42	(27)
Interest	90	79	14.1	75	19
Depreciation	246	190	29.9	226	9
PBT	733	589	24.5	848	(14)
Tax	184	122	51.3	200	(8)
Tax rate (%)	25.1	20.65		23.6	
Share of profit / (loss) of JV	28	11	159.8	12	137
Adjusted PAT	576	478	20.6	659	(12.6)
EPS (INR)	2.9	2.4	20.6	3.3	(12.6)

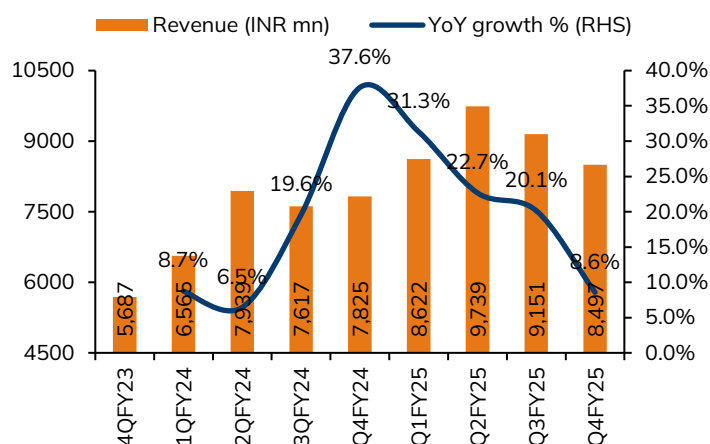
Source: I-Sec research, Company data

Exhibit 2: Estimates revision

	FY26E			FY27E		
	Old	Revised	% change	Old	Revised	% change
Revenue (INR mn)	42,424	39,570	-6.7%	47,452	44,440	-6.3%
EBITDA (INR mn)	5,314	5,186	-2.4%	6,028	6,000	-0.5%
EBITDA margin (%)	12.5%	13.1%	58 bps	12.7%	13.5%	80 bps
PAT (INR mn)	3,088	2,994	-3.0%	3,558	3,539	-0.5%
EPS (INR)	15.7	15.2	-3.0%	18.0	17.9	-0.5%

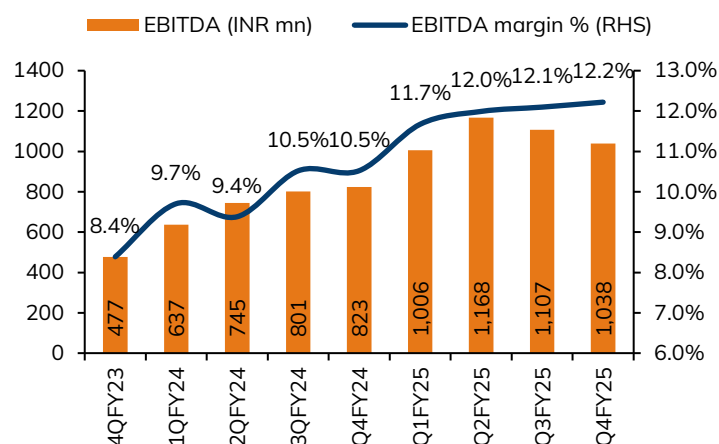
Source: I-Sec research

Exhibit 3: Consolidated revenue vs growth trend



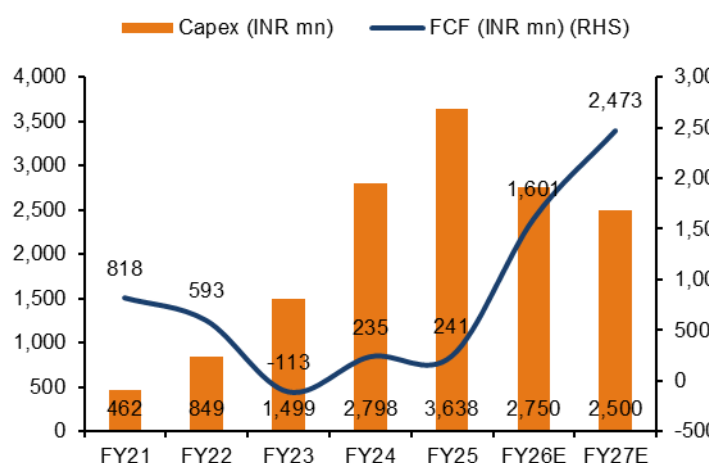
Source: I-Sec research, Company data

Exhibit 4: EBITDA vs EBITDA margin trend



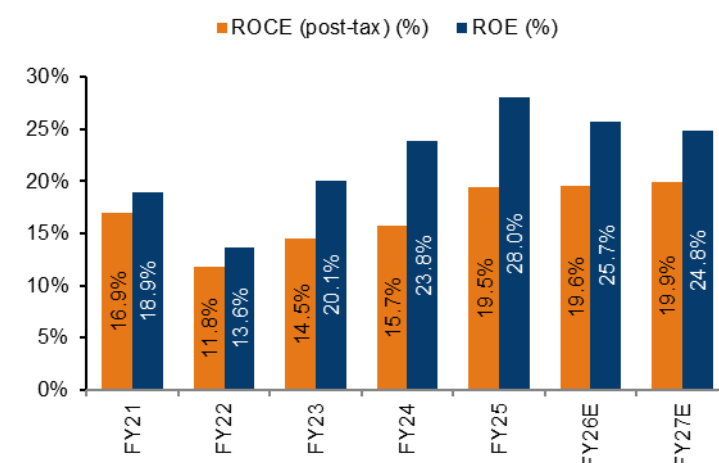
Source: I-Sec research, Company data

Exhibit 5: Capex vs FCF trend



Source: I-Sec research, Company data

Exhibit 6: RoE and RoCE trend



Source: I-Sec research, Company data

Downside risks

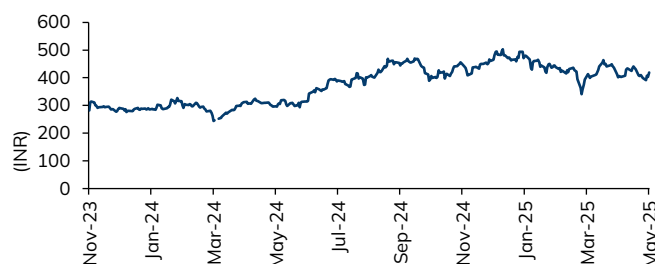
- With concentration of revenue from 2W segment, slower-than-expected domestic and export 2W volume growth could adversely impact ASK.
- Production loss of any of ASK's top customers, or a reduction in wallet share from any of them could adversely impact profitability.
- Competition in aluminum casting is higher vs 2W braking solutions. Thus, inability to improve margins in aluminum segment can be a hurdle to overall EBITDAM, improving from its present ~10% to the targeted ~14% levels.

Exhibit 7: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	79.0	79.0	79.0
Institutional investors	13.8	14.6	14.9
MFs and others	1.9	2.0	2.2
FIs/Banks	0.1	0.6	0.6
Insurance	2.0	2.1	2.2
FIIIs	9.8	9.9	9.9
Others	7.2	6.5	6.1

Source: Bloomberg, I-Sec research

Exhibit 8: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 9: Profit & Loss

(INR mn, year ending March 31)

	FY24A	FY25A	FY26E	FY27E
Net Sales	29,945	36,135	39,570	44,440
Operating Expenses	4,808	5,464	5,872	6,577
EBITDA	3,006	4,445	5,186	6,000
EBITDA Margin (%)	10.0	12.3	13.1	13.5
Depreciation & Amortization	690	890	1,106	1,279
EBIT	2,316	3,555	4,080	4,721
Interest expenditure	286	337	315	264
Other Non-operating Income	104	119	137	157
Recurring PBT	2,135	3,338	3,902	4,614
Profit / Loss from Associates	165	63	72	83
Less: Taxes	562	798	979	1,158
PAT	1,573	2,540	2,922	3,456
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	1,738	2,603	2,994	3,539
Net Income (Adjusted)	1,738	2,603	2,994	3,539

Source Company data, I-Sec research

Exhibit 10: Balance sheet

(INR mn, year ending March 31)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	4,548	5,031	5,582	7,134
of which cash & cash eqv.	127	201	327	1,281
Total Current Liabilities & Provisions	3,493	4,162	4,550	5,068
Net Current Assets	1,055	869	1,032	2,066
Investments	258	399	400	402
Net Fixed Assets	8,103	10,854	12,499	13,720
ROU Assets	-	-	-	-
Capital Work-in-Progress	642	646	646	646
Total Intangible Assets	1,819	1,819	1,819	1,819
Other assets	279	490	519	550
Deferred Tax assets	-	-	-	-
Total Assets	12,157	15,076	16,915	19,202
Liabilities				
Borrowings	3,459	4,004	3,404	2,804
Deferred Tax Liability	229	285	285	285
Provisions	302	356	392	431
Other Liabilities	-	-	-	-
Equity Share Capital	394	394	394	394
Reserves & Surplus	7,773	10,037	12,440	15,288
Total Net Worth	8,167	10,431	12,834	15,683
Minority Interest	-	-	-	-
Total Liabilities	12,157	15,076	16,915	19,202

Source Company data, I-Sec research

Exhibit 11: Quarterly trend

(INR mn, ending March 31)

	Jun-24	Sep-24	Dec-24	Mar-25
Revenue	8,622	9,739	9,151	8,497
Revenue growth (YoY)	31.3	22.7	20.1	8.6
EBITDA	1,006	1,168	1,107	1,038
EBITDA margin	11.7%	12.0%	12.1%	12.2%
PBT	746	885	848	733
PAT	568	673	659	576

Source Company data, I-Sec research

Exhibit 12: Cashflow statement

(INR mn, year ending March 31)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	3,033	3,879	4,351	4,973
Working Capital Changes	605	50	(64)	(108)
Capital Commitments	(2,798)	(3,638)	(2,750)	(2,500)
Free Cashflow	235	241	1,601	2,473
Other investing cashflow	21	(140)	(4)	(4)
Cashflow from Investing Activities	(2,777)	(3,778)	(2,754)	(2,504)
Issue of Share Capital	-	-	-	-
Interest Cost	(334)	(150)	(279)	(225)
Inc (Dec) in Borrowings	179	545	(600)	(600)
Dividend paid	-	(296)	(591)	(690)
Others	-	-	-	-
Cash flow from Financing Activities	(155)	100	(1,471)	(1,515)
Chg. in Cash & Bank balance	100	201	126	954
Closing cash & balance	122	323	449	1,404

Source Company data, I-Sec research

Exhibit 13: Key ratios

(Year ending March 31)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	8.8	13.2	15.2	17.9
Adjusted EPS (Diluted)	8.8	13.2	15.2	17.9
Cash EPS	12.3	17.7	20.8	24.4
Dividend per share (DPS)	2.0	1.5	3.0	3.5
Book Value per share (BV)	41.4	52.9	65.1	79.5
Dividend Payout (%)	22.7	11.4	19.8	19.5
Growth (%)				
Net Sales	17.2	20.7	9.5	12.3
EBITDA	24.5	47.9	16.7	15.7
EPS (INR)	35.8	49.8	15.1	18.2
Valuation Ratios (x)				
P/E	50.4	33.6	29.2	24.7
P/CEPS	36.1	25.1	21.3	18.2
P/BV	10.7	8.4	6.8	5.6
EV / EBITDA	30.6	20.8	17.7	15.0
EV / Sales	3.1	2.6	2.3	2.0
Profitability Ratios				
Gross Profit Margins (%)	26.1	27.4	27.9	28.3
EBITDA Margins (%)	10.0	12.3	13.1	13.5
EBIT Margins (%)	7.7	9.8	10.3	10.6
Net Profit Margins (%)	5.8	7.2	7.6	8.0
RoCE (%)	16.7	21.5	20.6	21.0
RoE (%)	23.8	28.0	25.7	24.8
Dividend Yield (%)	0.5	0.3	0.7	0.8
Operating Ratios				
Fixed Asset Turnover (x)	3.4	3.1	3.0	3.1
Inventory Turnover Days	22	23	23	23
Receivables Days	26	20	20	20
Payables Days	34	33	33	33
Effective Tax Rate (%)	26.3	23.9	25.1	25.1
Net Debt / Equity (x)	0.4	0.4	0.2	0.1
Net Debt / EBITDA (x)	1.1	0.9	0.6	0.3

Source Company data, I-Sec research

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