ASK AUTOMOTIVE LIMITED

RISKS TO INVESTORS

1. Dependence on Indian Two-Wheeler ("2W") OEMs: Our business primarily serves the 2W OEMs and the independent ‘ake-up’ segment. Our sales are largely dependent on the 2W automotive sector. The 2W automotive sector constituted 82.99%, 91.48%, 94.80%, 93.02% and 93.30% of our total revenue from operations for the years ended June 30, 2023, June 30, 2022 and June 30, 2021, respectively.

2. Customer Concentration: We are dependent on our top three customers who contribute more than 50.90% of our revenue from operations with our single largest customer constituting approximately 38.92% of our revenue from operations in each of the years ended June 30, 2023, June 30, 2022 and June 30, 2021.

3. Dependence on Aluminum as Raw Material: The majority of the raw material that we consume comprises Aluminum which is a specialized material subject to fluctuation in commodity prices. The cost incurred towards Aluminum consumptions, in the stated periods, is not elaborated.

4. Losses incurred by our Joint Ventures: Ask Fine Friction Limited in the past and our Joint Venture APFL, in which we hold 95% equity in the manufacturing share capital, has incurred losses in each of the last three financial years and has not been profitable. The total losses incurred by APFL, as per the IFRS, has substantially and adversely affected APFL’s current cumulative losses at Rs. 58.79 million, Rs. 40.94 million, Rs. 37.25 million, and Rs. 30.57 million as at June 30, 2023, June 30, 2022, and June 30, 2021, respectively. The said losses incurred have resulted in the lower of cost or net realizable value of the investments in APFL being written off as an extraordinary item in the Profit and Loss Account for the year ended June 30, 2023.

5. Loss of Major Customers: Our major customers, who together account for approximately 70% of our consolidated revenue, may not place orders with us in the future. If we lose any of our major customers or if the demand for our products from our existing customers decreases, such losses could have a material adverse effect on our results of operations.

6. Negative Net Worth Status: As on June 30, 2023, our net worth is negative. We have not made a profit in any of our financial years since our inception. The net worth status is a material adverse factor since it may affect our ability to raise additional capital.

7. Association of our Promoters with a Suspended/Disqualified Company: Our Promoters and current directors, Kuldeep Singh Rathie and Pradeep Khurana, were directors in a company that was suspended under the provisions of Section 164 of the Companies Act, 2013. The said company was suspended under the scheme of arrangement due to non-payment of dues to Bank of Baroda, which is now in the process of liquidating the said company.

8. Volatile Economic Conditions: The global automotive industry is affected by various economic conditions such as the 2008 financial crisis which led to a recession in the global economy. This crisis had a significant impact on the industry, leading to a decrease in demand for automotive components.

9. Changes in Government Regulations: Changes in laws and regulations could lead to new compliance requirements that are consistent such as initiative introduced in the past like the National Electric Mobility Mission Plan 2020, the NITI Aayog’s Pradhan Mantri Yojana on electric vehicles and the draft rules of the Ministry of Road Transport and Highways, Ministry of Road Transport and Highways, which are expected to have a significant impact on the automotive sector. The enhancement of thefähigkeit vehicle "B" (25-49 %)"s" compliance standards from 31st December 2023 onwards may impose stricter norms on OEM customers. These regulatory changes could impact our operational costs and demand significant management resources. Non-compliance may adversely affect our business operations and future prospects.

10. Competition: The two-wheeler industry has also been affected across various categories over the past few years due to capacity expansion, addition of dealer networks, and launches at competitive price points. We compete with different companies under each of our business categories. Our key competitors include Triumph Motorcycles Limited, Triumph Motorcycle Engineering Limited and Bharat Forge Limited, details of which are set out below.


12. Offer for Sale: Offer for Sale: The offer (the “Offer”) shall constitute an offer of the shares by the Selling Shareholders to the Eligible Investors for Sale. The Selling Shareholders shall have the right to redeem their shares in the offer within two (2) years from the date of the Prospectus.

13. Terms of the Offer: The Offer shall be made pursuant to, and in accordance with, the provisions of the Securities and Exchange Commission (India) Act, 1992 (SEBI Act), as amended from time to time, read with the Securities and Exchange Board of India (Prohibitions on Corporate Insolvency) Regulations, 2020, as amended (SEBI Corporate Insolvency Resolution Regulations, 2020), and any other applicable laws and the rules and regulations thereunder.

14. Investors: The Offer is made to the investors in India who are eligible to purchase the shares as per the provisions of the SEBI Act, as amended from time to time, read with the SEBI Corporate Insolvency Resolution Regulations, 2020, as amended (SEBI Corporate Insolvency Resolution Regulations, 2020), and any other applicable laws and the rules and regulations thereunder.

15. Bidding Period: The bid offer closes on *THURSDAY, 19 NOVEMBER 2023*.

16. For further details, please refer to the “Capital Structure” section of our Promoters’ statement to shareholders in our offer document.
India’s largest manufacturer of brake-shoe and advanced braking systems’ for two-wheelers with approx. 50% market share.

- **Market Leader:** ASK Automotive has a market share of approximately 45% in the brake-shoe and advanced braking systems' markets, making it the leader in two-wheelers in India. It also dominates the largest two-wheeler market segment.

- **Innovation:** ASK Automotive focuses on R&D, with a strong emphasis on technology and innovation-driven manufacturing processes, offering a wide range of advanced braking solutions.

- **Extensive Product Portfolio:** The company offers a comprehensive suite of powertrain, brakes, and electric vehicle solutions, providing a complete range of components to meet the evolving needs of the automotive industry.

- **Long-standing Relationships with OEMs:** ASK Automotive maintains strong relationships with leading OEMs and has been a trusted supplier for several market-leading vehicles.

- **Manufacturing Capabilities:** The company operates 16 strategically located manufacturing facilities, majority of which are in close proximity to OEMs' five major hubs in India, ensuring efficient and timely delivery of products.

ASK Automotive Limited
On behalf of the Board of Directors

ASK Automotive Limited

www.askbrake.com