

**HOLD**  
**TP: Rs 199 | ▼ 4%**
**ASHOK LEYLAND**

| Automobiles

| 12 February 2026

## Healthy show, healthier valuations; downgrade to HOLD

- Strong volume-led performance; MHCV up 23% YoY & LCV by 20% YoY, raising revenue by 22% YoY, realisations muted down by 2% YoY
- EBITDA margin expanded to 13.3% (+50 bps YoY) and APAT up 45% YoY, despite commodity headwinds; price increase aid ~60bps respite
- Revise FY27E/FY28E EBITDA up by 6%/8%; SOTP value at 24x (22x) for Dec'27 TP of Rs199 vs Rs164. Valuations steep; downgrade to HOLD

**Milind Raginwar**  
 Research Analyst  
 research@bobcaps.in

**Robust volume growth on all fronts:** Strong AL show in Q3FY26 with net revenue rising ~22%/21% YoY/QoQ to Rs115.3bn, aided by robust volume expansion across segments. Total volumes strength was across, with MHCV volumes adding ~23% YoY while LCV volumes surging ~30% YoY, outperforming industry growth. Export volumes rose ~20% YoY to ~5k units, supported by GCC, Africa and SAARC. ASPs were reduced by 2%, due to unfavourable product mix (trucks revenue at 55%).

**Cost pressure weighs on gross margin:** Inventory adjusted raw material cost spiked by ~23% YoY, adding ~70bps to 72.2% of net sales (Rs80.3bn), impacted by commodity cost pressures (50bps). Effectively, gross margins fell to 27.8% vs 28.5% YoY, despite pricing action (~60bps help). Staff costs rose to ~Rs6.3bn (+3% YoY), while other expenses jumped sharply by ~18%/10% YoY/QoQ to ~Rs10.5bn.

**Leverage drives EBITDA:** Despite the cost hike, higher volumes aided EBITDA growth of 27% YoY to Rs15.4bn with EBITDA margin expanding to 13.3% vs 12.8% YoY. Adjusted PAT (APAT) rose sharply by ~45% YoY (~36% QoQ) to Rs11bn.

**Expansion on track:** Non-MHCV segments continue to scale strongly, with Defence (+84% YoY), Power solutions (+45% YoY) and Aftermarket Service (+10% YoY) reducing cyclicalities. AL entered four new overseas markets while positioning ASEAN as its 4th home market; alongside multiple product launches including Hippo, Taurus and Bada Dost, with a strong pipeline over the next six months.

**Revise estimates:** We revise FY27E/FY28E EBITDA upwards by 6%/8% to factor in the momentum in all business segments, recovery in MHCV, non-cyclical business gaining traction and focus on premiumisation. Our EBITDA/PAT CAGR is 12% each over FY25-FY28. Further, timely new launches, industry beat growth in MHCVs, and leadership in buses augur well. LCV market share target of 20% and in-roads into EVs will broaden the portfolio. Improved balance sheet with net cash of ~Rs 26.2bn (vs Rs 16.6bn YoY) despite capex add comfort. To factor this, we assign 24x P/E (vs 22x) to the SA business and value the vehicle finance arm at Rs 14/sh, to arrive TP of Rs 199 (vs Rs 164). Downgrade to HOLD on pricey valuations.

### Key changes

	Target	Rating
	▲	▼

Ticker/Price	AL IN/Rs 206
Market cap	US\$ 6.7bn
Free float	49%
3M ADV	US\$ 35.8mn
52wk high/low	Rs 215/Rs 96
Promoter/FPI/DII	52%/17%/15%

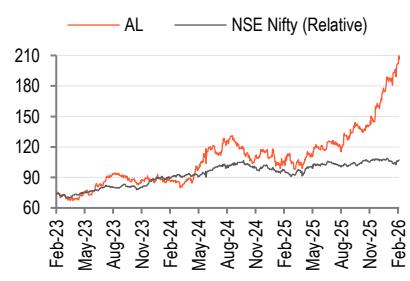
Source: NSE | Price as of 11 Feb 2026

### Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	3,87,527	4,34,855	4,82,891
EBITDA (Rs mn)	49,306	56,318	62,734
Adj. net profit (Rs mn)	31,996	36,542	41,850
Adj. EPS (Rs)	11.3	6.2	7.1
Consensus EPS (Rs)	11.3	6.0	6.7
Adj. ROAE (%)	27.8	24.7	22.8
Adj. P/E (x)	18.3	33.2	28.9
EV/EBITDA (x)	13.0	11.5	10.9
Adj. EPS growth (%)	18.0	(42.9)	14.5

Source: Company, Bloomberg, BOBCAPS Research

### Stock performance



Source: NSE



**Fig 1 – Earnings Call Highlights**

Parameter	Q3FY26	Q2FY26	Our view
Industry growth	<p>Domestic CV industry remained strong with MHCV industry growth of ~21% YoY, truck growth at 24% YoY and LCV ~23% YoY, supported by improving freight demand, GST-led price cut and early signs of replacement demand.</p> <p>Management indicated that fleet utilisation and freight rates are improving with bulk buyers returning. Replacement cycle gaining traction with ageing fleet (~10–10.5 yrs). Demand broad-based across infrastructure, construction and consumption-led segments.</p> <p>Demand momentum stronger in core haulage, tippers and bus segments. Industry growth is supported by GST rationalisation benefits and improved TCO economics.</p>	<p>Domestic MHCV industry grew 4% YoY. LCV (2-4 ton) traction is strong at 13% YoY. Q# momentum has been even stronger with MHCV up 7% YoY, LCV up 15% YoY. GST 2.0 has reduced ownership costs by ~10% and boosted consumption-led freight demand. H2FY26 is expected to be better over H1FY25 on volume &amp; growth rates.</p> <p>LCV domestic volume jumped 6.4% YoY to 17.7k units. For FY26, AL expects domestic CV market to grow by mid-single digit.</p> <p>GST rate rationalisation tailwinds, infrastructure push and consumption boost will drive H2FY26 recovery. LCV will outpace MHCV. Average vehicle age has gone up to 9.5–10.5 yrs, many are BS3/BS4 fleet and hence, replacement cycle likely to accelerate given the better TCO and freight rates.</p>	<p>GST rate rationalisation has been favourable with the overall prices softening, leading to revival in all segments. AL will focus on expanding LCV portfolio. The 20% market share target is a positive. Similarly, focus will be on selling high-end products and recovering the lost MS in the MHCV segment. Additionally, AL will focus on consolidating MS in the Bus segment.</p> <p>Switch Mobility India is gaining traction (For 9MFY26 sold 850 buses and 1.2k ELCV. Order book at 1.35k units. EBITDA and PAT positive).</p>
Market share	<p>Domestic MHCV market share improved to ~30.9% YTDFY26 (+60 bps YoY), led by strong performance in multi-axle and heavy truck segments, excl. Defense and EV buses. LCV growth at 30% YoY outpaced the industry with strong traction in Dost and Bada Dost platforms. LCV Vahan market share at 12.1% (+70bps) in Q3FY26 and 12.7% (+40bps) 9MFY26.</p> <p>Distribution network expanded to ~2,041 (75 MHCV and 77 LCV) touchpoints with focus on North and Northeast markets. Premiumisation and product refresh driving competitive positioning.</p>	<p>Domestic MHCV share was at 31% for H1FY26 (+50 bps YoY). LCV Vahan share was 13.2% for H1FY26 (+90 bps YoY).</p> <p>In Q2, 27 MHCV and 26 LCV touch points were added, taking total count to 1100 MHCV and 876 LCV touch points with focus of expanding in international markets as well.</p> <p>The new Lucknow bus plant is likely to be onstream in Q3FY26, raising total fully-built bus annual capacity from 12k to 20k units.</p> <p>AL also announced entry into battery manufacturing, aligning with its long-term EV roadmap.</p>	<p>Revival in the LCV segment and focus on premiumisation will help guard margins. Healthy order book of e-buses from various states, only helps add market share. Defense order book as well as tender gains reassurance medium-term growth; augur well for AL alongside market share of ~31% in YTDFY26 for the core MHCV segment.</p>
Exports	<p>Export volumes ~5k units (+20% YoY) in Q3FY26 and 30% YoY in 9MFY26. Export growth was supported by GCC, Africa and SAARC markets with localisation strategy, product customisation and dealer ecosystem strengthening. AL has entered into 4 new international markets. Distributor partnerships are lined up to establish ASEAN as the 4th home market outside India.</p> <p>Entered MoU with PT Pindad Indonesia for e-buses &amp; Defence..</p>	<p>Export volumes in Q2FY26 were 4.8k units (+45% YoY); Growth broad-based across GCC, Africa, SAARC on localised assembly, tailored specs and strong dealer ecosystems. H1FY26 exports were up 38% YoY. All key overseas subsidiaries are profitable; GCC is expected to deliver double-digit IRR. Export volumes for FY26 targeted at ~18k.</p>	<p>Expansion via penetrating into newer regions domestically and globally, has helped AL improve its space and beat to the industry's pace. The newer ASEAN region will only aid additional regional penetration and diversify revenue stream.</p>
Margins	<p>EBITDA margin expanded to ~13.3% despite commodity pressures. Gross margin impacted by non-ferrous cost inflation (50bps) and mix shift (truck revenue at 55% vs 50%) but offset by price hikes (60bps).</p>	<p>Raw Material cost was stable at 71.2% of revenue, despite tariff volatility and AC-cabin rollout costs. Working capital reduced ~50% YoY, resulting in net cash of Rs10bn (vs Rs5bn debt in H1FY25), a positive improvement of Rs 15bn YoY.</p>	<p>AL is looking at steady margin expansion; we remain conservative and project EBITDA margin of ~13% for FY27E/ FY28E. This is largely to factor in the</p>

Parameter	Q3FY26	Q2FY26	Our view
	<p>Aftermarket, Defence and Power solutions continued being the strong margin contributors. Aftermarket grew by 10% YoY, Power solutions by 45% YoY and Defense 84% YoY.</p>	<p>Spare revenue up 11% YoY, Power Solutions increased by 14% YoY and revenue from Defense was up by 25% YoY.</p> <p>Non-truck businesses now contribute ~50% (vs 40% in FY24) of revenues, including LCVs (~12%), Buses (~13%), Spares (~10%), Defence and Exports (~8%). These segments carry higher margins than core truck operations, reducing cyclical and improving breakeven levels. The company's breakeven truck volume has dropped from 6–7 k to ~1.2 k units/month, due to fixed-cost optimisation and strong non-truck growth.</p> <p>There were no price hikes in Q2FY26 and unlikely in Q3FY26 as well.</p>	<p>commodity price reversal, statutory pricing impact and EV business gaining traction</p> <p>Non-MHCV revenue has gained healthy traction at ~45% and being relatively high-margin segments are key for margin expansion.</p> <p>Rate rationalisation will only help cut discounts in the medium term.</p>
Launch pipeline	<p>Launch of new HIPPO and TAURUS product range in tipper and tractor segments. In LCV new 4.1ton Bada Dost and Bada Dost Tor Pheonix was launched. Plans to enter the bio-fuel segment are finalised. Product pipeline is well calibrated with a continued rollout of high-horsepower trucks, modular AVTR platform expansion and alternative fuel offerings over the next six months.</p>	<p>AL gearing up for several strategic launches: new 320 HP and 360 HP trucks/tippers with in-house 6-cylinder engines delivering 20–30% higher torque, upgraded 13.5 m and all-new 15 m buses, bi-fuel LCVs (launch in next 1-2 quarters), and alternative-fuel models (CNG, LNG, hydrogen). Multiple e-truck and e-LCV variants, too, are at the advanced stages of the launch. AL is working on the in-house program for improving R&amp;D throughput to shorten time-to-market and enhance responsiveness to regulatory changes.</p>	<p>Launch pipeline stays strong. This will help AL improve product mix and further add margins.</p>
Other key points	<p>Capex spend in Q3FY26 was ~Rs 1.9bn and ~Rs 8.4bn for 9MFY26. Net cash improved significantly to ~Rs 26.2bn (up by Rs 16.6bn YoY).</p> <p>For 9MFY26, Switch India sold 850 buses and 1.2k ELCV. Order book stands at 1.35k units. It has also forayed into exports with the delivery of its first batch to Mauritius and received order of 45 buses from Bhutan. EBITDA and PAT positive for 9MFY26.</p> <p>OHM mobility now operates 1.4k buses with project at double-digit IRR.</p> <p>Hinduja Leyland Finance (HLF) AUM was Rs 524.7bn (+18% YoY); Hinduja Housing Finance (HHF) AUM was Rs 154.5bn (+16% YoY). Consolidated PAT for finance subsidiaries was Rs 2.2bn.</p> <p>Reverse merger of HLF with NDL ventures is on final closure</p>	<p>Capex for Q2FY26 was Rs 4.2bn, cumulative H1FY26 was at Rs 6.6bn; FY26 capex guidance is Rs 8–10bn. Investment is focused on premium truck programs, R&amp;D centres, and capacity expansion in buses.</p> <p>Switch India sold ~600 e-buses and 600 e-ELCVs in H1FY26, achieving both EBITDA and PAT positivity in H1FY26; targeting free-cash-flow positive by FY27. Order book at the end of H1FY26 was at ~1.7k units</p> <p>OHM mobility operates &gt; 1.1k buses (98% uptime) and plans to expand fleet to 2,500 in 12 months. Hinduja Leyland Finance (HLF) AUM was Rs 526bn (+26% YoY); Hinduja Housing Finance (HHF) AUM was Rs 149bn (+20% YoY); NNPA improved to 1.59% (1.635 in Q1FY26). RBI approved the HLF–NXTDigital merger, enabling the listing by FY27. Both subsidiaries remain well-capitalised and profitable.</p>	<p>Improvement in balance sheet augurs well, aiding further organic and inorganic growth.</p> <p>Profitability of AL's non-core businesses has kept the overall margin profile healthy.</p>

Source: Company, BOBCAPS Research | eLCV: Electric Light Commercial Vehicle, OBD: On-board diagnostics, MHCV: Medium and heavy commercial vehicles, LCV: Light Commercial Vehicle, AUM: Assets under management, SAARC: South Asian Association for Regional Cooperation

**Fig 2 – Quarterly performance (Standalone)**

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Deviation (%)
Volume (nos)	57,625	46,404	24.2	49,116	17.3	49,116	17.3
Avg. Realisation per Vehicle (Rs)	20,01,536	20,42,641	(2.0)	19,52,150	2.5	19,71,672	1.5
Net Revenues	1,15,339	94,787	21.7	95,882	20.3	1,13,618	1.5
<b>Total Income (A)</b>	<b>1,15,339</b>	<b>94,787</b>	<b>21.7</b>	<b>95,882</b>	<b>20.3</b>	<b>1,13,618</b>	<b>1.5</b>
<b>Operating Expenses</b>							
Raw materials consumed	83,253	67,743	22.9	68,237	22.0	81,392	2.3
Employee Expenses	6,252	6,064	3.1	6,478	(3.5)	7,044	(11.3)
Other Expenses	10,484	8,866	18.2	9,546	9.8	11,025	(4.9)
<b>Total Expenditure (B)</b>	<b>99,988</b>	<b>82,672</b>	<b>20.9</b>	<b>84,260</b>	<b>18.7</b>	<b>99,461</b>	<b>0.5</b>
<b>EBITDA (A-B)</b>	<b>15,350</b>	<b>12,114</b>	<b>26.7</b>	<b>11,622</b>	<b>32.1</b>	<b>14,157</b>	<b>8.4</b>
Other Income	593	247	139.8	848	(30.1)	355	66.9
Depreciation	1,775	1,923	(7.7)	1,723	3.0	1,811	(2.0)
EBIT	14,168	10,438	35.7	10,746	31.8	12,701	11.6
Finance Costs	438	501	(12.4)	420	4.4	455	(3.7)
PBT after excep items	16,815	9,938	69.2	10,427	61.3	12,246	37.3
Tax expense	2,685	2,320	15.7	2,716	(1.1)	2,817	(4.7)
<b>Reported PAT</b>	<b>7,960</b>	<b>7,617</b>	<b>4.5</b>	<b>7,711</b>	<b>3.2</b>	<b>9,429</b>	<b>(15.6)</b>
<b>Adjusted PAT</b>	<b>11,045</b>	<b>7,617</b>	<b>45.0</b>	<b>7,611</b>	<b>45.1</b>	<b>9,429</b>	<b>17.1</b>
<b>EPS (Rs)</b>	<b>3.8</b>	<b>2.6</b>	<b>45.0</b>	<b>2.6</b>	<b>45.1</b>	<b>3.2</b>	<b>17.1</b>
<b>Key Ratios (%)</b>							
			(bps)		(bps)		(bps)
Gross Margin	27.8	28.5	(71.3)	28.8	(101.4)	28.4	54.5
EBITDA Margin	13.3	12.8	52.8	12.1	118.8	12.5	(84.9)
EBIT Margin	12.3	11.0	127.2	11.2	107.6	11.2	(110.5)
PBT Margin	11.9	10.5	142.0	10.8	113.4	10.8	(112.6)
Tax Rate	16.0	23.3	(738.0)	26.0	(1008.2)	23.0	703.3
Adj PAT Margin	9.6	8.0	154.0	7.9	163.9	8.3	(127.7)

Source: Company, BOBCAPS Research

## Valuation Methodology

We revise FY27E/FY28E EBITDA up by 6%/8% to factor in the momentum in all the business segments, recovery in MHCV, non-cyclical business gaining traction and a focus on premiumisation. Our Revenue/EBITDA/PAT CAGR is 11%/12%/12% over FY25-FY28. Additionally, timely new launches, industry beat growth in MHCVs, and leadership in buses augur well. LCV market share target of 20% and in-roads into EVs will broaden the portfolio. The improved balance sheet with a net cash of ~Rs 26.2bn (up by Rs 16.6bn YoY) despite the capex — adds comfort

Optimal fleet utilisation rates leading to better replacement demand, are key to the revival of the MHCV segment. Further, revival in infrastructure capex by the government will help revive the mining segment, helping the related (Cement and Metals) segment revival. Better cost controls and healthy balance sheet offer further comfort.

To factor this, we assign 24x P/E (vs 22x) to the SA business, and value the vehicle finance arm at Rs 14/sh, to arrive TP of Rs 199 (vs Rs 164). However, almost all the positives are factored into the sharp run-up in valuations; hence, we downgrade to HOLD on pricey valuations. However, we will keenly watch the company's performance and revisit our earnings and rating with intervention if the situation warrants.

**Fig 3 – Revised estimates**

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E*	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	4,34,855	4,82,891	5,32,077	4,29,347	4,72,375	5,18,834	1.3	2.2	2.6
EBITDA	56,318	62,734	69,428	54,230	59,189	64,466	3.9	6.0	7.7
Adj PAT	36,542	41,850	46,538	35,033	38,157	41,835	4.3	9.7	11.2
Adj EPS (Rs)	6.2	7.1	7.9	6.0	6.5	7.1	3.7	9.7	11.6

Source: BOBCAPS Research, \* FY28 earnings newly introduced

**Fig 4 – Key assumptions**

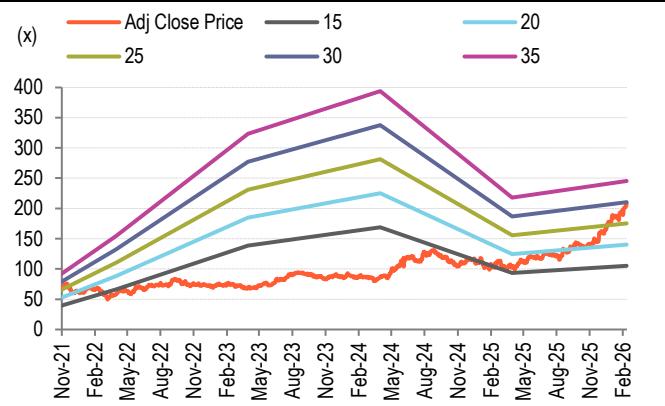
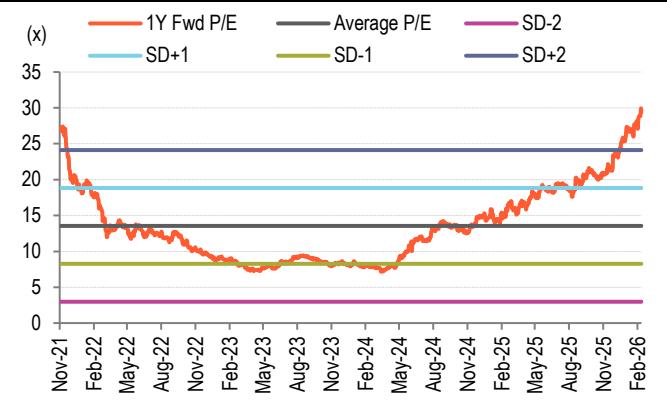
	FY26E	FY27E	FY28E
M&HCV volumes (nos)	1,33,627	1,44,317	1,54,419
LCV volumes (nos)	77,646	83,469	89,312
<b>Total volumes sold (nos)</b>	<b>2,11,272</b>	<b>2,27,786</b>	<b>2,43,731</b>
M&HCV volume share (%)	63.2	63.4	63.4
LCV volume share (%)	36.8	36.6	36.6
Revenue per vehicle (Rs)	20,50,144	21,11,648	21,74,997
Raw material cost per vehicle (Rs)	14,70,978	15,20,387	15,68,173
As a % of revenue	71.8	72.0	72.1
Gross margin per vehicle (Rs)	5,79,166	5,91,261	6,06,824
<b>As a % of revenue</b>	<b>28.3</b>	<b>28.0</b>	<b>27.9</b>
Staff cost per vehicle (Rs)	1,21,234	1,18,911	1,17,355
As a % of revenue	5.9	5.6	5.4
Other expense per vehicle (Rs)	1,99,889	2,10,109	2,16,412
As a % of revenue	9.8	10.0	10.0
EBITDA per vehicle (Rs)	2,58,043	2,62,242	2,73,057
<b>As a % of revenue</b>	<b>12.6</b>	<b>12.4</b>	<b>12.6</b>
Other Income (Rs mn)	3,101	2,673	2,985
Depreciation (Rs mn)	7,399	7,549	8,009
Interest (Rs mn)	1,443	1,683	1,937
PAT per vehicle (Rs)	1,72,961	1,83,726	1,90,940
<b>As a % of revenue</b>	<b>8.4</b>	<b>8.7</b>	<b>8.8</b>

Source: BOBCAPS Research

**Fig 5 – Valuation summary**

Business	Dec-2027 EPS (Rs)	Target P/E (x)	Value (Rs)
Standalone Business	7.7	24	185
Hinduja Leyland Finance	-	-	14
<b>Total</b>	-	-	<b>199</b>

Source: BOBCAPS Research | Note: Valuation is 1-year forward based on June 2027

**Fig 6 – P/E band: We value AL at 24x Dec 2027 core business EPS****Fig 7 – P/E 1YF: AL growth traction getting reflected in the forward valuations**

## Key Risks:

- The faster-than-expected continued demand revival effectively impacting volume growth, poses upside risk to our earnings
- Delays in planned launches in the M&HCV and Bus segments
- The faster reversal in the commodity cycle unfavourably hitting costs, is a downside risk

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Total revenue</b>	<b>3,83,670</b>	<b>3,87,527</b>	<b>4,34,855</b>	<b>4,82,891</b>	<b>5,32,077</b>
EBITDA	46,066	49,306	56,318	62,734	69,428
Depreciation	7,178	7,193	7,399	7,549	8,009
EBIT	41,353	44,615	52,020	57,858	64,404
Net interest inc./exp.)	(2,494)	(2,169)	(1,443)	(1,683)	(1,937)
Other inc./exp.)	2,466	2,503	3,101	2,673	2,985
Exceptional items	(937)	1,037	0	0	0
EBT	37,922	43,483	50,577	56,175	62,467
Income taxes	11,743	10,450	14,035	14,325	15,929
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>26,179</b>	<b>33,033</b>	<b>36,542</b>	<b>41,850</b>	<b>46,538</b>
Adjustments	937	(1,037)	0	0	0
<b>Adjusted net profit</b>	<b>27,116</b>	<b>31,996</b>	<b>36,542</b>	<b>41,850</b>	<b>46,538</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	63,727	74,225	78,792	88,951	98,029
Other current liabilities	42,431	30,671	17,872	19,308	21,635
Provisions	13,748	15,341	16,404	17,544	18,769
Debt funds	22,545	14,354	19,596	20,002	22,102
Other liabilities	0	0	0	0	0
Equity capital	2,936	2,936	5,871	5,871	5,871
Reserves & surplus	85,168	1,12,252	1,42,087	1,77,462	2,17,202
Shareholders' fund	88,103	1,15,187	1,47,958	1,83,333	2,23,073
<b>Total liab. and equities</b>	<b>2,30,554</b>	<b>2,49,779</b>	<b>2,80,622</b>	<b>3,29,140</b>	<b>3,83,608</b>
Cash and cash eq.	34,382	27,060	50,919	68,876	95,924
Accounts receivables	35,699	28,873	43,907	50,077	55,190
Inventories	31,907	29,573	36,194	41,511	45,387
Other current assets	16,999	20,320	23,734	26,356	29,047
Investments	55,598	86,730	64,543	72,543	80,543
Net fixed assets	56,079	55,435	56,804	65,255	72,997
CWIP	955	2,769	10,000	10,000	10,000
Intangible assets	4,499	4,499	0	0	0
Deferred tax assets, net	(5,563)	(5,479)	(5,479)	(5,479)	(5,479)
Other assets	0	0	0	0	0
<b>Total assets</b>	<b>2,30,554</b>	<b>2,49,779</b>	<b>2,80,622</b>	<b>3,29,140</b>	<b>3,83,608</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Cash flow from operations</b>	<b>41,973</b>	<b>49,433</b>	<b>15,671</b>	<b>51,872</b>	<b>58,455</b>
Capital expenditures	(4,345)	(8,363)	(11,501)	(16,000)	(15,750)
Change in investments	11,029	(31,132)	22,187	(8,000)	(8,000)
Other investing cash flows	2,466	2,503	3,101	2,673	2,985
<b>Cash flow from investing</b>	<b>9,150</b>	<b>(36,992)</b>	<b>13,787</b>	<b>(21,327)</b>	<b>(20,765)</b>
Equities issued/Others	17	16	2,854	0	0
Debt raised/repaid	(9,256)	(8,191)	5,241	407	2,099
Interest expenses	(2,494)	(2,169)	(1,443)	(1,683)	(1,937)
Dividends paid	(14,531)	(14,678)	(14,678)	(14,678)	(14,678)
Other financing cash flows	459	(118)	(458)	0	0
<b>Cash flow from financing</b>	<b>(25,806)</b>	<b>(25,139)</b>	<b>(8,484)</b>	<b>(15,954)</b>	<b>(14,515)</b>
Chg in cash & cash eq.	25,318	(12,698)	20,974	14,591	23,175
<b>Closing cash &amp; cash eq.</b>	<b>34,382</b>	<b>27,060</b>	<b>50,919</b>	<b>68,876</b>	<b>95,924</b>

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	9.2	10.9	6.2	7.1	7.9
Adjusted EPS	8.9	11.3	6.2	7.1	7.9
Dividend per share	5.0	5.0	2.5	2.5	2.5
Book value per share	30.0	39.2	25.2	31.2	38.0

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	1.6	1.7	1.5	1.4	1.3
EV/EBITDA	13.7	13.0	11.5	10.9	10.2
Adjusted P/E	23.1	18.3	33.2	28.9	26.0
P/BV	6.9	5.3	8.2	6.6	5.4

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	71.5	73.6	72.3	74.5	74.5
Interest burden (PBT/EBIT)	91.7	97.5	97.2	97.1	97.0
EBIT margin (EBIT/Revenue)	10.8	11.5	12.0	12.0	12.1
Asset turnover (Rev./Avg TA)	338.5	322.7	292.7	260.4	237.3
Leverage (Avg TA/Avg Equity)	1.3	1.2	1.1	1.1	1.1
Adjusted ROAE	31.5	31.5	27.8	25.3	22.9

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	6.2	1.0	12.2	11.0	10.2
EBITDA	57.2	7.0	14.2	11.4	10.7
Adjusted EPS	109.3	18.0	(42.9)	14.5	11.2
Profitability & Return ratios (%)					
EBITDA margin	12.0	12.7	13.0	13.0	13.0
EBIT margin	10.8	11.5	12.0	12.0	12.1
Adjusted profit margin	7.1	8.3	8.4	8.7	8.7
Adjusted ROAE	30.8	27.8	24.7	22.8	20.9
ROCE	25.2	28.2	25.3	23.2	21.4
Working capital days (days)					
Receivables	36	30	31	36	36
Inventory	28	29	28	29	30
Payables	89	91	90	89	89
Ratios (x)					
Gross asset turnover	0.3	0.3	0.3	0.3	0.3
Current ratio	1.0	0.9	1.4	1.5	1.6
Net interest coverage ratio	(16.6)	(20.6)	(36.1)	(34.4)	(33.3)
Adjusted debt/equity	0.3	0.1	0.1	0.1	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA ("US") OR IN OR INTO ANY OTHER JURISDICTION IF SUCH AN ACTION IS PROHIBITED BY APPLICABLE LAW.

## Disclaimer

Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: 1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051

SEBI Research Analyst Registration No: INH000000040 valid till 01 February 2030

Brand Name: **BOBCAPS**

Trade Name: [www.barodaetrade.com](http://www.barodaetrade.com)

CIN: U65999MH1996GOI098009



Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

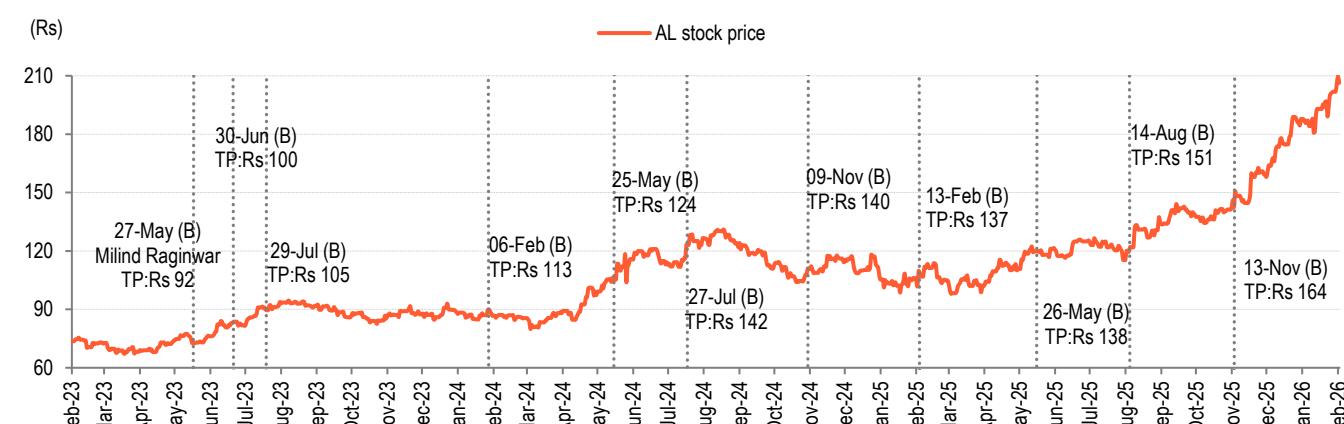
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): ASHOK LEYLAND (AL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

### Analyst certification

The research analyst(s) authoring this report hereby certifies that (1) all of the views expressed in this research report accurately reflect his/her personal views about the subject company or companies and its or their securities, and (2) no part of his/her compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of BOB Capital Markets Limited (BOBCAPS).

### General disclaimers

BOBCAPS is engaged in the business of Stock Broking and Investment Banking. BOBCAPS is a member of the National Stock Exchange of India Limited and BSE Limited and is also a SEBI-registered Category I Merchant Banker. BOBCAPS is a wholly owned subsidiary of Bank of Baroda which has its various subsidiaries engaged in the businesses of stock broking, lending, asset management, life insurance, health insurance and wealth management, among others.

BOBCAPS's activities have neither been suspended nor has it defaulted with any stock exchange authority with whom it has been registered in the last five years. BOBCAPS has not been debarred from doing business by any stock exchange or SEBI or any other authority. No disciplinary action has been taken by any regulatory authority against BOBCAPS affecting its equity research analysis activities.

BOBCAPS is also a SEBI-registered intermediary for the broking business having SEBI Single Registration Certificate No.: INZ000159332 dated 20 November 2017.

BOBCAPS prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, BOBCAPS prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction. We are not soliciting any action based on this material. It is for the general information of BOBCAPS's clients. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. BOBCAPS research reports follow rules laid down by Securities and Exchange Board of India and individuals employed as research analysts are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research reports.

The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. BOBCAPS does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment in certain transactions — including those involving futures, options, and other derivatives as well as non-investment-grade securities — that give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavour to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein and may from time to time add to or dispose of any such securities (or investment). We and our affiliates may assume an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis, and may also perform or seek to perform investment banking or advisory services for or relating to these companies and may also be represented in the supervisory board or any other committee of these companies.

For the purpose of calculating whether BOBCAPS and its affiliates hold, beneficially own, or control, including the right to vote for directors, one per cent or more of the equity shares of the subject company, the holdings of the issuer of the research report is also included.

BOBCAPS and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, effectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the Risk disclosure document before entering into any derivative transactions.

No part of this material may be (1) copied, photocopied, or duplicated in any form by any means or (2) redistributed without BOBCAPS's prior written consent.

#### **Company-specific disclosures under SEBI (Research Analysts) Regulations, 2014**

The research analyst(s) or his/her relatives do not have any material conflict of interest at the time of publication of this research report.

BOBCAPS or its research analyst(s) or his/her relatives do not have any financial interest in the subject company. BOBCAPS or its research analyst(s) or his/her relatives do not have actual/beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

The research analyst(s) has not received any compensation from the subject company or third party in the past 12 months in connection with research report/activities. Compensation of the research analyst(s) is not based on any specific merchant banking, investment banking or brokerage service transactions.

BOBCAPS or its research analyst(s) is not engaged in any market making activities for the subject company.

The research analyst(s) has not served as an officer, director or employee of the subject company.

BOBCAPS or its associates may have material conflict of interest at the time of publication of this research report.

BOBCAPS's associates may have financial interest in the subject company. BOBCAPS's associates may hold actual / beneficial ownership of one per cent or more securities in the subject company at the end of the month immediately preceding the date of publication of this report.

BOBCAPS or its associates may have managed or co-managed a public offering of securities for the subject company or may have been mandated by the subject company for any other assignment in the past 12 months.

BOBCAPS may have received compensation from the subject company in the past 12 months. BOBCAPS may from time to time solicit or perform investment banking services for the subject company. BOBCAPS or its associates may have received compensation from the subject company in the past 12 months for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. BOBCAPS or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

#### **Other disclaimers**

BOBCAPS and MAYBANK (as defined below) make no representation or warranty, express or implied, as to the accuracy or completeness of any information obtained from third parties and expressly disclaim the merchantability, suitability, quality and fitness of this report. The information in this report has not been independently verified, is provided on an "as is" basis, should not be relied on by you in connection with any contract or commitment, and should not be used as a substitute for enquiries, procedures and advice which ought to be undertaken by you. This report also does not constitute an offer or solicitation to buy or sell any securities referred to herein and you should not construe this report as investment advice. All opinions and estimates contained in this report constitute BOBCAPS's judgment as of the date of this report and are subject to change without notice, and there is no obligation on BOBCAPS or MAYBANK to update this report upon issuance. This report and the information contained herein may not be reproduced, redistributed, disseminated or copied by any means without the prior consent of BOBCAPS and MAYBANK.

To the full extent permitted by law neither BOBCAPS, MAYBANK nor any of their respective affiliates, nor any other person, accepts any liability howsoever arising, whether in contract, tort, negligence, strict liability or any other basis, including without limitation, direct or indirect, special, incidental, consequential or punitive damages arising from any use of this report or the information contained herein. By accepting this report, you agree and undertake to fully indemnify and hold harmless BOBCAPS and MAYBANK from and against claims, charges, actions, proceedings, losses, liabilities, damages, expenses and demands (collectively, the "Losses") which BOBCAPS and/or MAYBANK may incur or suffer in any jurisdiction including but not limited to those Losses incurred by BOBCAPS and/or MAYBANK as a result of any proceedings or actions brought against them by any regulators and/or authorities, and which in any case are directly or indirectly occasioned by or result from or are attributable to anything done or omitted in relation to or arising from or in connection with this report.

#### **Distribution into the United Kingdom ("UK"):**

This research report will only be distributed in the United Kingdom, in accordance with the applicable laws and regulations of the UK, by Maybank Securities (London) Ltd ("MSL") who is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom (MSL and its affiliates are collectively referred to as "MAYBANK"). BOBCAPS is not authorized to directly distribute this research report in the UK.

This report has not been prepared by BOBCAPS in accordance with the UK's legal and regulatory requirements.

This research report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of MAYBANK as selected by MAYBANK solely at its discretion; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order"), or (c) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc. as mentioned in the stated Article) of the Order; (all such persons together being referred to as "relevant persons").

This research report is directed only at relevant persons and must not be acted on or relied on by any persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

The relevant person as recipient of this research report is not permitted to reproduce, change, remove, pass on, distribute or disseminate the data or make it available to third parties without the written permission of BOBCAPS or MAYBANK. Any decision taken by the relevant person(s) pursuant to the research report shall be solely at their costs and consequences and BOBCAPS and MAYBANK shall not have any liability of whatsoever nature in this regard.

#### **No distribution into the US:**

This report will not be distributed in the US and no US person may rely on this communication.

#### **Other jurisdictions:**

This report has been prepared in accordance with SEBI (Research Analysts) Regulations and not in accordance with local regulatory requirements of any other jurisdiction. In any other jurisdictions, this report is only for distribution (subject to applicable legal or regulatory restrictions) to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions by Maybank Securities Pte Ltd. (Singapore) and / or by any broker-dealer affiliate or such other affiliate as determined by Malayan Banking Berhad.

If the recipient of this report is not as specified above, then it should not act upon this report and return the same to the sender.

By accepting this report, you agree to be bound by the foregoing limitations.