

HOLD

TP: Rs 186 | ▲ 14%

ASHOK LEYLAND

| Automobiles

| 28 May 2026

Steady Q4; muted growth, cost inflation to impact show; HOLD

- Strong Q4FY26 Volume/Revenue growth of ~19% YoY, supported by replacement demand and ~1% price hike, keeping realisations stable
- EBITDA margin strong at 14.6%, despite commodity inflation offset by pricing and cost savings; cost escalation impact to reflect from Q1FY27
- Cut FY27E/FY28E EBITDA by 7%/5 and PAT by 7%/3%; SOTP value at 23x (24x) for March'28; TP of Rs186 vs Rs199 earlier. Maintain HOLD

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Healthy volume-led growth sustains momentum: Ashok Leyland (AL) delivered a healthy show in Q4FY26 with net revenue rising ~19%/23% YoY/QoQ to Rs141.6bn, aided by strong volume expansion across segments. Volumes of MHCV segment grew in line with the industry, however, LCV volumes added ~23% YoY. Export volumes stayed healthy at ~5.3k units, despite interim logistics disruptions. ASPs were stable (+0.7% YoY/~2% QoQ), aided by the ~1% price hike taken in Q3FY26.

Commodity inflation and provisions weigh on cost structure: Inventory-adjusted raw material cost jumped ~20% YoY with RM cost to sales rising ~80bps YoY to ~71.4%, impacted by broader commodity inflation, despite the pricing action and sourcing savings. Gross margins compressed to ~28.6% vs ~29.4% YoY. Staff cost rose ~10% YoY, due to higher performance-linked provisions. Other expenses jumped sharply by ~20% YoY, on account of freight, logistics and operating overhead inflation linked to fuel price hikes

Operating leverage partly offsets inflationary pressures: Despite the elevated cost pressures, operating leverage helped EBITDA growth of ~15% YoY to Rs20.7bn, with EBITDA margin at ~14.6%. APAT grew ~13% YoY to Rs14.1bn, despite commodity headwinds and higher operating provisions. AL indicated that the commodity pressures Will likely persist into Q1FY27, though the price hikes (~1.5% Apr'26) as well as internal cost optimisation are expected to protect margins.

Revise estimates: We cut FY27E/FY28E EBITDA by 7%/5% to factor in the woes in all business segments, due to weak sentiments, despite the current recovery in MHCV and traction in the non-cyclical business. We introduce FY29 earnings estimates and our Revenue/EBITDA CAGR is 11% each over FY25-FY29. New launches, industry-beat growth in MHCVs and the leadership in buses augur well. The improving LCV market share and in-roads into EVs will broaden the portfolio. The improved balance sheet with net cash of ~Rs 18bn (~vs Rs 13bn YoY), will be impacted due to capex and stress on working capital (weak earnings). To factor this, we assign 23x P/E (vs 24x) to the SA business and value the vehicle finance arm at Rs 14/sh, to arrive TP of Rs 186 (vs Rs 199). Retain HOLD with watch on earnings.

Key changes

| Target | Rating |
|--------|--------|
| ▼ | ◀ ▶ |

| | |
|------------------|---------------|
| Ticker/Price | AL IN/Rs 164 |
| Market cap | US\$ 5.0bn |
| Free float | 49% |
| 3M ADV | US\$ 44.9mn |
| 52wk high/low | Rs 215/Rs 115 |
| Promoter/FPI/DII | 52%/17%/15% |

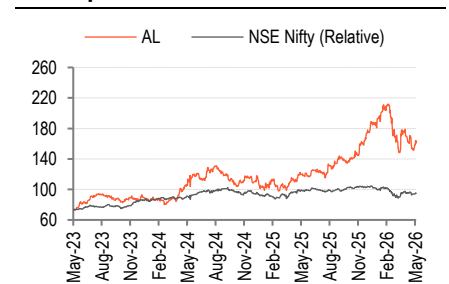
Source: NSE | Price as of 27 May 2026

Key financials

| Y/E 31 Mar | FY25P | FY26E | FY27E |
|-------------------------|----------|----------|----------|
| Total revenue (Rs mn) | 3,87,527 | 4,40,070 | 4,83,849 |
| EBITDA (Rs mn) | 49,306 | 57,322 | 58,183 |
| Adj. net profit (Rs mn) | 31,996 | 39,140 | 38,989 |
| Adj. EPS (Rs) | 11.3 | 6.1 | 6.6 |
| Consensus EPS (Rs) | 11.3 | 6.1 | 7.5 |
| Adj. ROAE (%) | 27.8 | 29.8 | 26.0 |
| Adj. P/E (x) | 14.5 | 27.0 | 24.7 |
| EV/EBITDA (x) | 10.5 | 8.8 | 8.5 |
| Adj. EPS growth (%) | 18.0 | (38.9) | (0.4) |

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Earnings Call Highlights

| Parameter | Q4FY26 | Q3FY26 | Our view |
|-----------------|---|---|--|
| Industry growth | <p>Volumes of Domestic MHCV industry grew ~22% YoY in Q4FY26 and ~12% YoY for FY26. This was aided by GST 2.0-led price cut, replacement demand and improving freight utilisation. AL grew in line with the industry. Management highlighted that fleet replacement cycle is accelerating as average fleet age remains elevated at ~10 years. Demand remained resilient, despite the diesel price hikes, with fleet operators largely sticking to expansion plans.</p> <p>Management indicated stronger traction in tippers, MAVs and mining-linked applications, while ICV/LCV growth may moderate from the elevated Q3/Q4 levels. Infrastructure and construction-led demand remains healthy, especially across the eastern and mining-heavy regions.</p> | <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>GST rate rationalisation has been favourable with the overall prices softening, leading to revival in all segments. AL will focus on LCV portfolio expansion. 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 PAT at ~Rs1bn+ in FY26. Switch delivered 1,530 e-buses (+238% YoY) and ~1.6k e-LCVs (+56% YoY) during FY26, order book is ~1.6k units.</p> |
| Market share | <p>AL domestic MHCV market share came at ~30.8% in Q4FY26. FY26 MHCV truck volumes reached 105.9k units, while MHCV bus volumes stood at 20.8k units with ~34.1% bus market share. LCV volumes grew ~23% YoY in Q4FY26 to 21.8k units, ahead of industry growth. LCV Vahan market share improved to ~12.8% (+90bps YoY) in Q4FY26 and ~12.7% for FY26 (+80bps YoY).</p> <p>AL added >100 touchpoint additions each in MHCV and LCV during FY26, taking total network to 2,104 touchpoints (1,159 MHCV and 945 LCV). ~45% of additions were focused on North and Northeast markets.</p> | <p>Domestic MHCV market share improved to ~30.9% YTD FY26 (+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>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 in the segment. Defense order book of Rs12bn reassure medium-term growth; augur well for AL alongside market share of ~30% in FY26 for the core MHCV segment.</p> |
| Exports | <p>FY26 export volumes were ~18.1k units (+18.5% YoY), Q4FY26 export volumes at ~5.3k units were marginally lower YoY due to temporary logistics disruptions in March. Growth remained healthy across GCC, Africa and SAARC markets. Management indicated export demand remains healthy despite global macro concerns, although logistics bottlenecks may continue to impact near-term dispatches in Q1FY27.</p> <p>AL expanded into four new international markets during FY26 and continues to strengthen localisation strategy and dealer ecosystem. New LCV Phoenix was launched specially in export markets</p> | <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 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 & Defence.</p> | <p>Expansion via penetrating into newer regions domestically and globally has helped AL improve its space and beat the industry's pace. The newer ASEAN region will only aid additional regional penetration and diversify revenue stream.</p> |
| Margins | <p>Q4FY26 EBITDA stood at Rs20.7bn (+15% YoY) with EBITDA margin at ~14.6%. FY26 EBITDA margin improved to ~13% (+30bps YoY). Management iterated that EBITDA margin entered</p> | <p>EBITDA margin expanded to ~13.3%, despite commodity pressures. Gross margin impacted by non-ferrous cost inflation (50bps) and mix</p> | <p>We remain conservative and project EBITDA margin of ~12% for FY27E/ FY28E. This is largely to factor in the</p> |

| Parameter | Q4FY26 | Q3FY26 | Our view |
|------------------|--|---|--|
| | <p>sustainably in the teen band, gross margins improved despite commodity inflation through price hikes, sourcing savings and cost optimisation.</p> <p>RM cost stood at ~71.4% of revenue (+80bps YoY). AL implemented ~1% price hike effective Jan'26, and another ~1-1.5% hike from Apr'26 to offset rising steel and commodity costs.</p> <p>Non-vehicle businesses continued to support profitability strongly after the market revenue grew ~11% YoY in Q4FY26; power solutions +16% YoY and Defence revenue +20% YoY. Management also initiated aggressive cost-control programs across controllable operating expenses.</p> | <p>shift (truck revenue at 55% vs 50%) but offset by price hikes (60bps).</p> <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>commodity price reversal, statutory pricing impact and overall sentiment impact across the business segments. Non-MHCV revenue has gained healthy traction at ~45% and being relatively high-margin segments will aid margin expansion.</p> |
| Launch pipeline | <p>AL strengthened its premium portfolio with launch of HIPPO tractors and TAURUS tippers featuring higher power/torque and improved TCO. New 280HP heavy trucks and upgraded Bada Dost 4.1ton platform were also launched during FY26. Export-focused Phoenix LCV was also launched.</p> <p>Battery pack manufacturing facility near Chennai was announced during Q4FY26. Initial phase will focus on captive EV demand followed by broader automotive and ESS opportunities.</p> | <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 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>Launch pipeline stays strong that will aid AL product mix and margins. EV penetration will also be keenly watched.</p> |
| Other key points | <p>Net cash position improved sharply to ~Rs18bn at FY26-end (+Rs14n YoY). FY26 capex stood at ~Rs10.5bn focused on future technologies, EVs and new products. Capex for FY27 has been guided ~Rs7.5bn</p> <p>Switch Mobility India achieved PAT profitability (~Rs1bn+) in FY26. Switch delivered 1,530 e-buses (+238% YoY) and ~1.6k e-LCVs (+56% YoY) during FY26, order book stood at ~1.6k units. Switch also became market leader in e-buses and 2-4T e-LCV segment.</p> <p>OHM Mobility operational fleet crossed ~1.4k e-buses. Management indicated that additional funds will be required in future and AL will invest to support future growth.</p> <p>Hinduja Leyland Finance (HLF) AUM grew ~24% YoY to ~Rs590bn with PAT of Rs4.9bn (+20% YoY), Hinduja Housing Finance (HHF) AUM grew ~15% YoY to ~Rs160bn with PAT of Rs3.9bn (+4% YoY). Consolidated NPA remained healthy at ~1.4%. Reverse merger of HLF with NDV is progressing and expected closure by H1FY27.</p> | <p>Capex spend in Q3FY26 was ~Rs1.9bn 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 NDV ventures is on final closure</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) | Q4FY26 | Q4FY25 | YoY (%) | Q3FY26 | QoQ (%) | Q4FY26E | Deviation (%) |
|-----------------------------------|-----------------|-----------------|---------------|-----------------|--------------|-----------------|---------------|
| Volume (nos) | 69,458 | 58,823 | 18.1 | 57,625 | 20.5 | 69,458 | 0.0 |
| Avg. Realisation per Vehicle (Rs) | 20,38,713 | 20,24,159 | 0.7 | 20,01,536 | 1.9 | 20,31,559 | 0.4 |
| Net Revenues | 1,41,605 | 1,19,067 | 18.9 | 1,15,339 | 22.8 | 1,41,108 | 0.4 |
| Total Income (A) | 1,41,605 | 1,19,067 | 18.9 | 1,15,339 | 22.8 | 1,41,108 | 0.4 |
| Operating Expenses | | | | | | | |
| Raw materials consumed | 1,01,053 | 84,028 | 20.3 | 83,253 | 21.4 | 1,02,719 | (1.6) |
| Employee Expenses | 7,216 | 6,515 | 10.8 | 6,252 | 15.4 | 6,551 | 10.1 |
| Other Expenses | 12,681 | 10,614 | 19.5 | 10,484 | 21.0 | 12,266 | 3.4 |
| Total Expenditure (B) | 1,20,950 | 1,01,158 | 19.6 | 99,988 | 21.0 | 1,21,536 | (0.5) |
| EBITDA (A-B) | 20,655 | 17,910 | 15.3 | 15,350 | 34.6 | 19,572 | 5.5 |
| Other Income | 683 | 1,059 | (35.5) | 593 | 15.3 | 355 | 92.3 |
| Depreciation | 1,826 | 1,789 | 2.1 | 1,775 | 2.9 | 1,791 | 2.0 |
| EBIT | 19,512 | 17,180 | 13.6 | 14,168 | 37.7 | 18,136 | 7.6 |
| Finance Costs | 421 | 471 | (10.7) | 438 | (4.0) | 451 | (6.7) |
| PBT after excep items | 19,091 | 16,573 | 15.2 | 10,645 | 79.3 | 17,685 | 7.9 |
| Tax expense | 5,044 | 4,114 | 22.6 | 2,685 | 87.9 | 4,068 | 24.0 |
| Reported PAT | 14,047 | 12,459 | 12.8 | 7,960 | 76.5 | 13,618 | 3.2 |
| Adjusted PAT | 14,047 | 12,595 | 11.5 | 11,045 | 27.2 | 13,618 | 3.2 |
| EPS (Rs) | 2.4 | 4.3 | (44.4) | 1.9 | 27.2 | 2.3 | 3.2 |
| Key Ratios (%) | | | (bps) | | (bps) | | (bps) |
| Gross Margin | 28.6 | 29.4 | (79) | 27.8 | 82 | 27.2 | 143 |
| EBITDA Margin | 14.6 | 15.0 | (46) | 13.3 | 128 | 13.9 | 72 |
| EBIT Margin | 13.8 | 14.4 | (65) | 12.3 | 150 | 12.9 | 93 |
| PBT Margin | 13.5 | 14.0 | (55) | 11.9 | 158 | 12.5 | 95 |
| Tax Rate | 26.4 | 24.8 | 160 | 25.2 | 120 | 23.0 | 342 |
| Adj PAT Margin | 9.9 | 10.6 | (66) | 9.6 | 34 | 9.7 | 27 |

Source: Company, BOBCAPS Research

Valuation Methodology

We cut FY27E/FY28E EBITDA by 7%/5% and PAT by 7%/3% to factor in the worries in all business segments, due to weak sentiments going forward. This is despite the current recovery in the MHCV segment as well as the increasing traction in the non-cyclical business. We introduce FY29 earnings estimates and our Revenue/EBITDA CAGR is 11% each over FY25-FY29.

New launches, an industry-beating growth in MHCVs, as also AL's leadership in buses augur well. The LCV market share improvement and in-roads into EVs will broaden the portfolio. The improved balance sheet with net cash of ~Rs 18bn (~vs Rs 13bn YoY) will mildly be impacted, due to capex and the stress on working capital because of earnings.

Optimal fleet utilisation rates leading to better replacement demand are key to the revival of the MHCV segment. Further, revival in infrastructure capex will help revive the mining segment. However, the medium-term impact due to geo-political situation impacting growth and hence revenues as well as cost escalation due to spiralled commodity cost inflation are worries. The recovery in the MHCV segment and the pace of it will be the key factors to watch under such impacted business sentiments.

To factor this, we assign 23x P/E (vs 24x) to the SA business and value the vehicle finance arm at Rs 14/sh, to arrive at TP of Rs 186 (vs Rs 199). Retain HOLD with a watch on margins/market share.

Fig 3 – Revised estimates

| (Rs mn) | New | | | Old | | | Change (%) | | |
|--------------|----------|----------|----------|----------|----------|--------|------------|-------|--------|
| | FY27E | FY28E | FY29E* | FY27E | FY28E | FY29E* | FY27E | FY28E | FY29E* |
| Revenue | 4,83,849 | 5,33,089 | 5,90,188 | 4,82,891 | 5,32,077 | | 1.3 | 2.2 | |
| EBITDA | 58,183 | 66,202 | 75,971 | 62,734 | 69,428 | | 3.9 | 6.0 | |
| Adj PAT | 38,989 | 44,827 | 52,134 | 41,850 | 46,538 | | 4.3 | 9.7 | |
| Adj EPS (Rs) | 6.6 | 7.6 | 8.9 | 7.1 | 7.9 | | 3.7 | 9.7 | |

Source: BOBCAPS Research, * FY29 earnings newly introduced

Fig 4 – Key assumptions

| | FY27E | FY28E | FY29E* |
|------------------------------------|-----------------|-----------------|-----------------|
| M&HCV volumes (nos) | 1,44,441 | 1,54,552 | 1,65,371 |
| LCV volumes (nos) | 83,469 | 89,311 | 95,563 |
| Total volumes sold (nos) | 2,27,910 | 2,43,863 | 2,60,934 |
| M&HCV volume share (%) | 63.4 | 63.4 | 63.4 |
| LCV volume share (%) | 36.6 | 36.6 | 36.6 |
| Revenue per vehicle (Rs) | 21,11,648 | 21,74,997 | 22,51,122 |
| Raw material cost per vehicle (Rs) | 15,41,503 | 15,75,786 | 16,23,059 |
| As a % of revenue | 73.0 | 72.5 | 72.1 |
| Gross margin per vehicle (Rs) | 5,70,145 | 5,99,212 | 6,28,063 |
| As a % of revenue | 27.0 | 27.6 | 27.9 |
| Staff cost per vehicle (Rs) | 1,18,846 | 1,17,735 | 1,15,810 |
| As a % of revenue | 5.6 | 5.4 | 5.1 |
| Other expense per vehicle (Rs) | 2,12,221 | 2,24,025 | 2,27,363 |
| As a % of revenue | 10.1 | 10.3 | 10.1 |
| EBITDA per vehicle (Rs) | 2,39,078 | 2,57,452 | 2,84,890 |
| As a % of revenue | 11.3 | 11.8 | 12.7 |

| | FY27E | FY28E | FY29E* |
|--------------------------|------------|------------|------------|
| Other Income (Rs mn) | 3,105 | 3,259 | 3,801 |
| Depreciation (Rs mn) | 7,317 | 7,522 | 7,953 |
| Interest (Rs mn) | 1,636 | 1,768 | 1,840 |
| PAT per vehicle (Rs) | 1,71,073 | 1,83,822 | 1,99,797 |
| As a % of revenue | 8.1 | 8.5 | 8.9 |

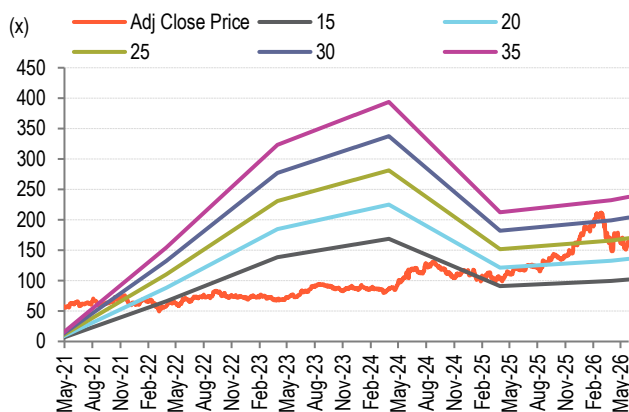
Source: BOBCAPS Research

Fig 5 – Valuation summary

| Business | March 2028 EPS (Rs) | Target P/E (x) | Value (Rs) |
|-------------------------|---------------------|----------------|------------|
| Standalone Business | 7.6 | 23 | 172 |
| Hinduja Leyland Finance | - | - | 14 |
| Total | - | - | 186 |

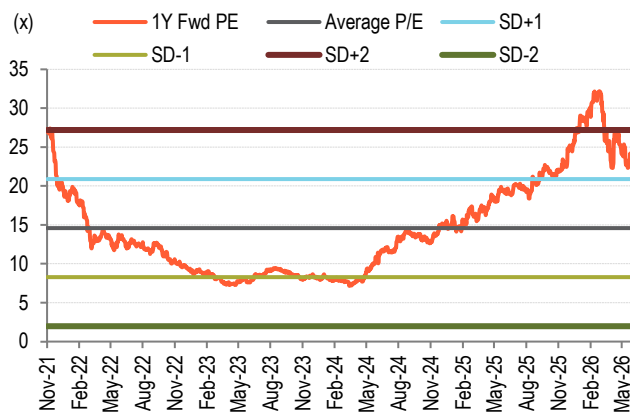
Source: BOBCAPS Research | Note: Valuation is 1-year forward based on June 2027

Fig 6 – P/E band: We value AL at 23x Mar’28 core business EPS to factor growth and cost inflation worries



Source: Bloomberg, Company, BOBCAPS Research

Fig 7 – P/E 1YF: AL growth traction beaten by valuation momentum



Source: Bloomberg, Company, BOBCAPS Research

Key Risks:

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

Financials

Income Statement

| Y/E 31 Mar (Rs mn) | FY25A | FY26P | FY27E | FY28E | FY29E |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total revenue | 3,87,527 | 4,40,070 | 4,83,849 | 5,33,089 | 5,90,188 |
| EBITDA | 49,306 | 57,322 | 58,183 | 66,202 | 75,971 |
| Depreciation | 7,193 | 7,152 | 7,317 | 7,522 | 7,953 |
| EBIT | 44,615 | 53,322 | 53,970 | 61,938 | 71,818 |
| Net interest inc./(exp.) | (2,169) | (1,697) | (1,636) | (1,768) | (1,840) |
| Other inc./(exp.) | 2,503 | 3,152 | 3,105 | 3,259 | 3,801 |
| Exceptional items | 1,037 | (3,485) | 0 | 0 | 0 |
| EBT | 43,483 | 48,140 | 52,334 | 60,171 | 69,978 |
| Income taxes | 10,450 | 12,485 | 13,345 | 15,344 | 17,844 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Min. int./Inc. from assoc. | 0 | 0 | 0 | 0 | 0 |
| Reported net profit | 33,033 | 35,655 | 38,989 | 44,827 | 52,134 |
| Adjustments | (1,037) | 3,485 | 0 | 0 | 0 |
| Adjusted net profit | 31,996 | 39,140 | 38,989 | 44,827 | 52,134 |

Balance Sheet

| Y/E 31 Mar (Rs mn) | FY25A | FY26P | FY27E | FY28E | FY29E |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Accounts payables | 74,225 | 72,570 | 82,138 | 91,217 | 1,00,750 |
| Other current liabilities | 30,671 | 45,500 | 51,151 | 56,563 | 63,303 |
| Provisions | 15,341 | 19,858 | 17,544 | 18,769 | 20,084 |
| Debt funds | 14,354 | 11,517 | 15,748 | 16,388 | 17,067 |
| Other liabilities | 0 | 0 | 0 | 0 | 0 |
| Equity capital | 2,936 | 5,874 | 5,874 | 5,874 | 5,874 |
| Reserves & surplus | 1,12,252 | 1,25,260 | 1,44,210 | 1,66,372 | 1,94,706 |
| Shareholders' fund | 1,15,187 | 1,31,134 | 1,50,084 | 1,72,246 | 2,00,580 |
| Total liab. and equities | 2,49,779 | 2,80,579 | 3,16,666 | 3,55,183 | 4,01,786 |
| Cash and cash eq. | 27,060 | 29,770 | 13,888 | 16,832 | 24,878 |
| Accounts receivables | 28,873 | 29,505 | 41,534 | 46,501 | 52,302 |
| Inventories | 29,573 | 34,860 | 41,534 | 45,411 | 50,291 |
| Other current assets | 20,320 | 16,330 | 27,689 | 32,042 | 37,259 |
| Investments | 86,730 | 1,06,790 | 1,19,014 | 1,31,661 | 1,44,773 |
| Net fixed assets | 55,435 | 57,052 | 62,866 | 72,094 | 81,390 |
| CWIP | 2,769 | 7,131 | 11,000 | 11,500 | 11,750 |
| Intangible assets | 4,499 | 4,499 | 4,499 | 4,499 | 4,499 |
| Deferred tax assets, net | (5,479) | (5,357) | (5,357) | (5,357) | (5,357) |
| Other assets | 0 | 0 | 0 | 0 | 0 |
| Total assets | 2,49,779 | 2,80,579 | 3,16,666 | 3,55,183 | 4,01,786 |

Cash Flows

| Y/E 31 Mar (Rs mn) | FY25A | FY26P | FY27E | FY28E | FY29E |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Cash flow from operations | 49,433 | 57,205 | 23,381 | 47,735 | 52,896 |
| Capital expenditures | (8,363) | (13,131) | (17,000) | (17,250) | (17,500) |
| Change in investments | (31,132) | (20,060) | (12,225) | (12,647) | (13,112) |
| Other investing cash flows | 2,503 | 3,152 | 3,105 | 3,259 | 3,801 |
| Cash flow from investing | (36,992) | (30,039) | (26,120) | (26,638) | (26,811) |
| Equities issued/Others | 16 | 2,856 | 0 | 0 | 0 |
| Debt raised/repaid | (8,191) | (2,837) | 4,231 | 640 | 679 |
| Interest expenses | (2,169) | (1,697) | (1,636) | (1,768) | (1,840) |
| Dividends paid | (14,678) | (20,559) | (20,559) | (20,559) | (20,559) |
| Other financing cash flows | (118) | (2,127) | 1,548 | 0 | 0 |
| Cash flow from financing | (25,139) | (24,364) | (16,416) | (21,686) | (21,720) |
| Chg in cash & cash eq. | (12,698) | 2,801 | (19,154) | (590) | 4,366 |
| Closing cash & cash eq. | 27,060 | 29,770 | 13,888 | 16,832 | 24,878 |

Per Share

| Y/E 31 Mar (Rs) | FY25A | FY26P | FY27E | FY28E | FY29E |
|----------------------|-------|-------|-------|-------|-------|
| Reported EPS | 10.9 | 6.7 | 6.6 | 7.6 | 8.9 |
| Adjusted EPS | 11.3 | 6.1 | 6.6 | 7.6 | 8.9 |
| Dividend per share | 5.0 | 3.5 | 3.5 | 3.5 | 3.5 |
| Book value per share | 39.2 | 22.3 | 25.6 | 29.3 | 34.1 |

Valuations Ratios

| Y/E 31 Mar (x) | FY25A | FY26P | FY27E | FY28E | FY29E |
|----------------|-------|-------|-------|-------|-------|
| EV/Sales | 1.3 | 1.1 | 1.0 | 0.9 | 0.9 |
| EV/EBITDA | 10.5 | 8.8 | 8.5 | 7.3 | 6.6 |
| Adjusted P/E | 14.5 | 27.0 | 24.7 | 21.4 | 18.4 |
| P/BV | 4.2 | 7.3 | 6.4 | 5.6 | 4.8 |

DuPont Analysis

| Y/E 31 Mar (%) | FY25A | FY26P | FY27E | FY28E | FY29E |
|------------------------------|-------|-------|-------|-------|-------|
| Tax burden (Net profit/PBT) | 73.6 | 81.3 | 74.5 | 74.5 | 74.5 |
| Interest burden (PBT/EBIT) | 97.5 | 90.3 | 97.0 | 97.1 | 97.4 |
| EBIT margin (EBIT/Revenue) | 11.5 | 12.1 | 11.2 | 11.6 | 12.2 |
| Asset turnover (Rev./Avg TA) | 322.7 | 323.4 | 313.7 | 300.8 | 290.5 |
| Leverage (Avg TA/Avg Equity) | 1.2 | 1.1 | 1.1 | 1.1 | 1.1 |
| Adjusted ROAE | 31.5 | 31.8 | 27.7 | 27.8 | 28.0 |

Ratio Analysis

| Y/E 31 Mar | FY25A | FY26P | FY27E | FY28E | FY29E |
|--|--------|--------|--------|--------|--------|
| YoY growth (%) | | | | | |
| Revenue | 1.0 | 13.6 | 9.9 | 10.2 | 10.7 |
| EBITDA | 7.0 | 16.3 | 1.5 | 13.8 | 14.8 |
| Adjusted EPS | 18.0 | (38.9) | (0.4) | 15.0 | 16.3 |
| Profitability & Return ratios (%) | | | | | |
| EBITDA margin | 12.7 | 13.0 | 12.0 | 12.4 | 12.9 |
| EBIT margin | 11.5 | 12.1 | 11.2 | 11.6 | 12.2 |
| Adjusted profit margin | 8.3 | 8.9 | 8.1 | 8.4 | 8.8 |
| Adjusted ROAE | 27.8 | 29.8 | 26.0 | 26.0 | 26.0 |
| ROCE | 28.2 | 29.0 | 26.1 | 26.0 | 26.3 |
| Working capital days (days) | | | | | |
| Receivables | 30 | 24 | 27 | 30 | 31 |
| Inventory | 29 | 27 | 29 | 30 | 30 |
| Payables | 91 | 85 | 81 | 82 | 82 |
| Ratios (x) | | | | | |
| Gross asset turnover | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Current ratio | 0.9 | 0.8 | 0.8 | 0.8 | 0.9 |
| Net interest coverage ratio | (20.6) | (31.4) | (33.0) | (35.0) | (39.0) |
| Adjusted debt/equity | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |

Source: Company, BOBCAPS Research | Note: TA = Total Assets | AL issued 1:1 bonus shares in FY25.

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BUY – Expected return >+15%

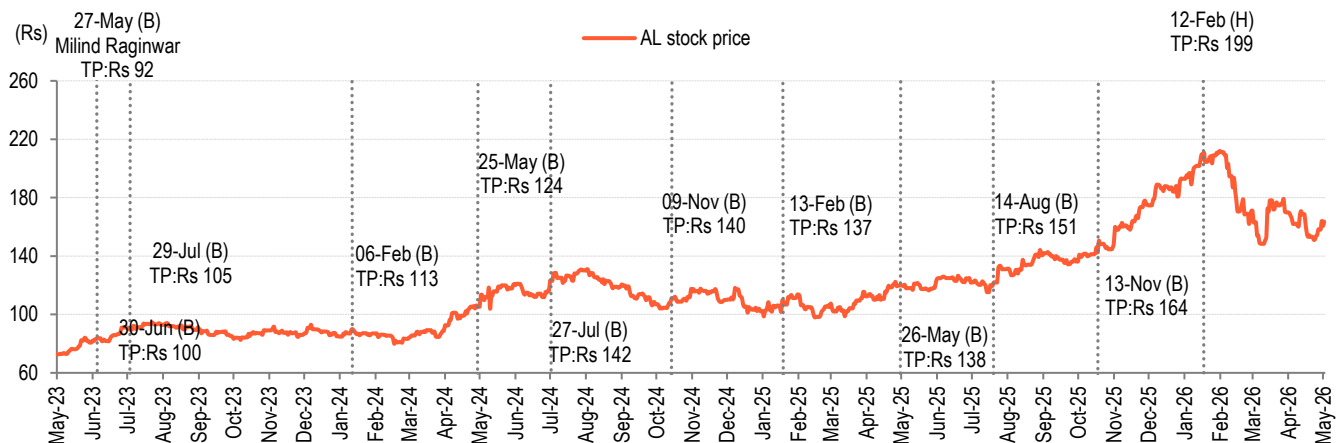
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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



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