

Market Cap.

Rs. 79,374 Cr.

52 Week H/L

Rs.138 / 95

CMP

Rs.135

Target Price

Rs.158

AUTO

STOCK DATA

BUY

Reuters Code ASHOKLEY.BO
Bloomberg Code AL IN

BSE Code 500477
NSE Symbol ASHOKLEY-

Face Value Rs.1

Shares Outstanding 588 Cr.

Avg. Daily Volume (6m) 93,00,976 Shares

Price Performance (%)

1M	3M	6M
19	13	31

200 days EMA Rs.117

SHARE HOLDING (%)

Promoters	51.10
FII	23.83
FI / MF	13.14
Govt. Holding	0.08
Bodies Corporate	0.28
Public & Others	11.57

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Ashok Leyland Ltd. recently announced its performance for the quarter ended June 30, 2025. Following are the key highlights.

Particulars (Rs.in cr)	Q1 FY26	Q1 FY25	YoY	Q4 FY25	QoQ
Net Sales	8,725	8,599	1.5%	11,907	(26.7%)
EBITDA	969	910	6.4%	1,791	(45.9%)
EBITDA Margin	11.1%	10.6%	50 bps	15.0%	(390 bps)
Profit before Tax	798	701	13.7%	1,671	(52.3%)
Profit after Tax	594	526	13.0%	1,259	(52.9%)
PAT Margin	6.8%	6.1%	70 bps	10.6%	(380 bps)
AEPS	1.0	0.9	13.5%	2.1	(52.4%)

Highlights from the Quarter (Q1 FY26)

Consolidated sales were at Rs.8,725 cr, recording a 1.5% yoy growth. Ashok Leyland's domestic MHCv volumes outperformed the industry growth, with a growth of 2.0% YoY to 25,641 units, compared to industry volumes. MHCv market share, excluding defence, in Q1 this year improved to 31.1%, vis-à-vis 29.8% during the same period last year. The exports volume was at 3,011 units, higher by 29% on YOY basis. Internationally, markets like UK, GCC, Africa and SAARC are doing well, despite all the geopolitical uncertainties. Ashok Leyland products are gaining increasing acceptance in these markets due to the approach of developing strong local presence and building products suiting the local requirements. The company will be launching a slew of new products in the balance of the year in MHCv segment. These include foray into 280, 320 and 360 HP tippers, tractor trailers and multi-axle vehicles with peak power and torque, heavy-duty aggregates and a host of other premium features. Total touch points for MHCv and LCV segments are at 1,073 and 851 respectively and the company aims to cross 2,000 touchpoints for both the product segments in this year.

EBITDA margins improved by 50 bps yoy to 11.1% in Q1FY26. This was mainly on account of the cost savings along with better realization and improvement in the product mix shifting towards medium and heavy vehicle.

Going forward, the management has indicated mid-single digit MHCv volume growth and slightly higher growth in the LCV segment for FY26, led by a stronger 2H FY26E driven by replacement demand, higher government capex and new launches.

OUTLOOK AND VALUATION

With the cost optimization measures by the company and higher realisations, we expect the bottomline to grow faster clip, at 9% CAGR, with FY27E EPS to be Rs. 6.0 and the PAT margin to be 8%. We arrive at a Target Price of Rs. 158, showcasing an upside potential of 17% from current levels with an investment horizon of 18-24 months, with a BUY rating on the stock.

Particulars	Revenue (Rs. Cr)	PAT (Rs. Cr)	NPM (%)	EPS (Rs.)	P/E (X)	ROE (%)
FY24	38,367	2,712	7.1%	4.6	14.6	31.5
FY25	38,753	3,200	8.3%	5.4	12.4	31.5
FY26E	43,277	3,270	7.6%	5.6	12.1	26.8
FY27E	45,714	3,503	7.7%	6.0	11.3	25.7



Earlier Recommendation

Date	Report Type	Reco	Price (Rs.)	Target (Rs.)
29-Jul-24	Initiating Coverage	Buy	128*	159*
*Adjusted for Bonus (1:1) at 16 July 2025				

Profit & Loss Statement

(Rs. Cr)

Particulars	FY24	FY25	FY26E	FY27E
Revenue	38,367.0	38,752.7	43,277.4	45,714.4
Cost of Raw Materials	27,912.0	27,622.7	31,272.2	32,974.4
Employee Cost	2,233.4	2,406.3	2,466.8	2,605.7
Other Expenses	3,615.1	3,793.1	4,068.1	4,297.2
EBITDA	4,606.6	4,930.6	5,470.3	5,837.2
Depreciation	717.8	719.3	779.0	822.9
Interest Cost	249.4	216.9	252.0	252.0
Other Income	246.6	250.3	259.7	274.3
PBT	3,792.2	4,348.3	4,609.0	4,946.6
Tax	1,174.3	1,045.0	1,428.8	1,533.4
APAT	2,711.6	3,199.6	3,270.2	3,503.1

Balance Sheet Statement

(Rs. Cr)

Particulars	FY24	FY25	FY26E	FY27E
Net block	4,502.2	4,406.6	4,233.5	4,050.7
Capital WIP	95.5	276.9	605.9	640.0
Intangible assets	1,555.6	1,586.7	1,766.6	1,920.8
Sundry debtors	3,569.7	2,887.3	3,229.7	3,411.5
Inventories	3,190.7	2,957.3	3,362.6	3,545.6
Cash and bank	3,438.2	2,706.0	2,589.7	3,284.3
Loans and advances	95.0	-	130.0	156.0
Others	1,488.5	1,974.0	2,680.0	3,194.0
Total Assets	23,611.8	25,525.8	27,857.9	29,744.9
Equity Share Capital	293.6	293.6	293.6	293.6
Reserves	8,516.7	11,225.1	12,587.3	14,123.6
Net worth	8,810.4	11,518.8	12,880.9	14,417.3
Total loans	1,131.6	902.2	971.5	1,087.4
Other Current Liabilities	13,669.7	13,104.8	14,005.5	14,240.2
Total Liabilities	23,611.8	25,525.8	27,857.9	29,744.9

Source: Company, Sushil Finance Research

Cash Flow Statement

(Rs. Cr)

Particulars	FY24	FY25	FY26E	FY27E
PAT	2711.6	3199.6	3270.2	3503.1
Depreciation	717.8	719.3	779.0	822.9
Finance Cost	249.4	216.9	252.0	252.0
Provision for Taxes	1174.3	1045.0	1428.8	1533.4
Changes in Working capital	1692.5	1064.2	(637.8)	(398.6)
Cash Flow from Operating	6545.6	6245.1	5092.2	5712.8
Changes in PP&E	(472.2)	(623.8)	(605.9)	(640.0)
Changes In Others	1215.7	(4110.3)	(1065.8)	(658.4)
Cash Flow from Investing	743.5	(4734.1)	(1671.7)	(1298.4)
Changes in Debt	(634.6)	(229.4)	69.3	115.9
Others	(3717.6)	(2013.8)	(3606.0)	(3835.8)
Cash Flow from Financing	(4352.2)	(2243.2)	(3536.7)	(3719.9)
Cash at the Start of the Year	501.3	3438.2	2706.0	2589.7
Changes in cash flow	2936.9	(732.3)	(116.2)	694.5
Total Cash & Cash Equivalents	3438.2	2705.9	2589.7	3284.3

Financial Ratio Statement

Particulars	FY24	FY25	FY26E	FY27E
<u>Growth (%)</u>				
Revenue	6.2%	1.0%	11.7%	5.6%
EBITDA	57.2%	7.0%	10.9%	6.7%
Net Profit	109.3%	18.0%	2.2%	7.1%
<u>Profitability (%)</u>				
EBITDA Margin	12.0%	12.7%	12.6%	12.8%
Net Profit Margin	7.1%	8.3%	7.6%	7.7%
ROCE	33.7%	32.8%	31.6%	30.7%
ROE	31.5%	31.5%	26.8%	25.7%
<u>Per Share Data (Rs.)</u>				
EPS	4.6	5.4	5.6	6.0
BVPS	15.0	19.6	21.9	24.6
<u>Valuation (x)</u>				
P/E	14.6	12.4	12.1	11.3
P/BV	4.5	3.4	3.1	2.7
P/SALES	1.0	1.0	0.9	0.9
EV/EBITDA	8.6	8.0	7.2	6.8
<u>Turnover</u>				
Debtor days	34	27	27	27
Inventory days	42	39	39	39
Creditor days	82	97	96	96

Source: Company, Sushil Finance Research

Rating Scale :

This is a guide to the rating system used by our Institutional Research Team. Our rating system comprises of three rating categories.

Total Expected Return Matrix (Rating and Return)	BUY : Over 12%	HOLD : -12% to 12%	SELL : Below -12%
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Analyst Stock Ownership	No
Stock Recommended to Clients	Yes
Remuneration/Benefits received from company in 12 months	No
Merchant Banking Market Making activities / projects	No
Sushil Financial Services Pvt. Ltd and Group Companies Holding	No
Sushil Financial Services Pvt. Ltd and Group Directors Holding	Yes
Broking Relationship with the company covered	No