BUY Ashok Leyland

Mixed 1Q; MHCV demand robust; margins to improve from 2H

Auto & Auto Ancillaries ▸ Result Update ▸ **August 16, 2026** | **CMP (Rs): 172 | TP (Rs): 240**

AL posted a mixed set of 1QFY27 results, with revenue growing 10% yoy, led by 10% yoy volume growth despite 3% qoq ASP decline. EBITDAM contracted 450bps qoq to 10.1%, impacted by higher staff costs/other expenses. 50% of the gross margin pressure was offset through price hikes (2.25%/3.5% cumulative price hikes in MHCV/LCV in FY27TD, including ~1%/2% in Jul-26), with the remaining 50% offset through cost savings and inventory benefits. The management expects stronger 2Q momentum, with FY27 MHCV industry growth expected in the high single digits (despite a higher base), while LCV growth is expected to be slightly higher. While near-term margins are likely to remain under pressure amid elevated commodity costs, strong CV demand momentum (~26% yoy growth in retail demand in Jul-26), market-share gains (AL expects further share gains led by the ramp up of newer products like HIPPO/TAURUS/air-suspension trucks from 2H), pricing actions, improving product mix, and continued traction in non-MHCV verticals provide comfort on the growth outlook. Commodity prices are expected to soften from 3Q, with meaningful benefits from 4Q. We believe AL remains an attractive play on domestic MHCV recovery and improving HCV retail share (Refer to: India CVs: Reacceleration in motion), providing incremental earnings optionality as the upcycle gathers pace. Retain BUY, with an unchanged TP of Rs240 (15x Jun-28E EV/EBITDA).

Healthy topline print; margins impacted by higher staff costs/other expenses

AL posted a mix set of results. Revenue grew 10% yoy to Rs96.3bn, led by 10% yoy volume growth to 48.8k units despite 3% fall in ASPs. EBITDA was flattish yoy at Rs9.7bn, with EBITDAM declining ~450bps qoq to 10.1% (our/street estimates at 11.7%/ 9.6%), driven by GM contraction and higher employee costs and other expenses. Overall, APAT stood at Rs6.1bn, largely in line with street estimates.

Earnings call KTAs

1) Overall CV volumes hit a 1Q record at 48.8k units. 2) EBITDA was flattish yoy, with EBITDAM declining due to lower GM and higher employee costs/other expenses; the management expects commodity pressure in 2Q, softening from 3Q. 3) AL has cumulatively taken price hikes of ~2.25%/3.5% in MHCV/LCV in FY27TD, including ~1%/2% increases in Jul-26; further pricing and discount optimization remain under consideration; cost saving initiatives, mix improvement, and premiumization should partly offset RM inflation. 4) MHCV industry growth accelerated in Jun/Jul-26 after a weak May, with the management expecting stronger 2Q momentum, with FY27 MHCV growth in the high-single-digits and LCV growth slightly higher. 5) AL expects further MHCV share gains, led by HIPPO, TAURUS, and new air-suspension trucks, with higher-horsepower products and Defence/Power Solutions supporting mix. 6) 1Q exports declined 18% yoy due to temporary RAK plant disruptions; GCC operations are recovering, while SAARC/Africa grew 40–60% yoy; the management is accelerating its Saudi plant given strong GCC demand. 7) 1Q capex was Rs1.5bn, with annual capex at ~Rs9bn–10bn from Rs4bn–5bn historically; capex is expected to increase further over the next 2–3Y toward EVs, alternate powertrains, new products, and white spaces; net cash stood at Rs22.5bn. 8) Defence/Power Solutions/aftermarket revenue grew ~64/51/13% yoy. 9) Switch mobility secured a 650 e-bus order, taking its order book to ~2,100 units; HLF AUM/PPOP/PAT grew 20/56/37% yoy. The reverse merger of HLF with NDL is progressing as planned.

Ashok Leyland: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	387,527	440,070	518,229	567,247	624,206
EBITDA	49,306	57,322	68,787	81,160	90,123
Adj. PAT	31,996	39,140	46,650	55,341	61,786
Adj. EPS (Rs)	5.4	6.7	7.9	9.4	10.5
EBITDA margin (%)	12.7	13.0	13.3	14.3	14.4
EBITDA growth (%)	7.0	16.3	20.0	18.0	11.0
Adj. EPS growth (%)	18.0	22.3	19.2	18.6	11.6
RoE (%)	31.5	31.8	31.7	30.7	29.4
RoIC (%)	150.8	310.1	1,101.1	(4,398.0)	(866.3)
P/E (x)	30.6	28.3	21.6	18.2	16.3
EV/EBITDA (x)	19.6	16.6	13.4	11.0	9.6
P/B (x)	8.8	7.7	6.2	5.1	4.5
FCFF yield (%)	7.2	4.0	5.6	6.3	6.2

Source: Company, Emkay Research

Target Price – 12M	Jun-27
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	39.5

Stock Data	**AL IN**
52-week High (Rs)	215
52-week Low (Rs)	119
Shares outstanding (mn)	5,873.9
Market-cap (Rs bn)	1,010
Market-cap (USD mn)	10,580
Net-debt, FY27E (Rs mn)	(90,673.9)
ADTV-3M (mn shares)	25.5
ADTV-3M (Rs mn)	4,214.4
ADTV-3M (USD mn)	44.2
Free float (%)	48.5
Nifty-50	24,366.0
INR/USD	95.4

Shareholding,Jun-26	
Promoters (%)	51.1
FPIs/MFs (%)	20.5/15.6

Price Performance

(%)	1M	3M	12M
Absolute	10.8	11.4	40.9
Rel. to Nifty	9.3	8.3	42.5

1-Year share price trend (Rs)

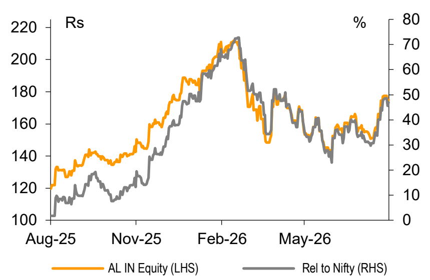

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Exhibit 1: Standalone – Revenue grew ~10% yoy; EBITDAM declined 105bps yoy on GM contraction and higher employee costs

Rs mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	yoy (%)	qoq (%)
Revenue	**85,985**	**87,688**	**94,787**	**119,067**	**87,245**	**95,882**	**115,339**	**141,605**	**96,344**	**10.4**	**(32.0)**
Growth yoy (%)	*5.0*	*(9.0)*	*2.2*	*5.7*	*1.5*	*9.3*	*21.7*	*18.9*	*10.4*		
Expenditure	**76,877**	**77,515**	**82,672**	**101,158**	**77,550**	**84,260**	**99,988**	**120,950**	**86,648**	**11.7**	**(28.4)**
as % of sales	*89.4*	*88.4*	*87.2*	*85.0*	*88.9*	*87.9*	*86.7*	*85.4*	*89.9*		
Consumption of RM	62,046	62,410	67,743	84,028	61,628	68,237	83,253	101,053	68,924	11.8	(31.8)
as % of sales	*72.2*	*71.2*	*71.5*	*70.6*	*70.6*	*71.2*	*72.2*	*71.4*	*71.5*		
Employee cost	5,498	5,987	6,064	6,515	6,122	6,478	6,252	7,216	6,927	13.2	(4.0)
as % of sales	*6.4*	*6.8*	*6.4*	*5.5*	*7.0*	*6.8*	*5.4*	*5.1*	*7.2*		
Other expenditure	9,333	9,118	8,866	10,614	9,799	9,546	10,484	12,681	10,797	10.2	(14.9)
as % of sales	*10.9*	*10.4*	*9.4*	*8.9*	*11.2*	*10.0*	*9.1*	*9.0*	*11.2*		
EBITDA	**9,109**	**10,173**	**12,114**	**17,910**	**9,696**	**11,622**	**15,350**	**20,655**	**9,695**	**(0.0)**	(53.1)
Growth yoy (%)	*11.0*	*-5.8*	*8.8*	*12.5*	*6.4*	*14.2*	*26.7*	*15.3*	*0.0*		
EBITDA margin (%)	***10.6***	***11.6***	***12.8***	***15.0***	***11.1***	***12.1***	***13.3***	***14.6***	***10.1***		
Depreciation	1,727	1,754	1,923	1,789	1,828	1,723	1,775	1,826	1,829	0.1	0.2
EBIT	**7,382**	**8,419**	**10,191**	**16,121**	**7,867**	**9,899**	**13,576**	**18,829**	**7,866**	**(0.0)**	**(58.2)**
Other income	223	973	247	1,059	529	1,348	593	683	851	61.0	24.6
Interest	591	607	501	471	419	420	438	421	415	(0.8)	(1.3)
PBT	**7,014**	**8,785**	**9,938**	**16,709**	**7,977**	**10,827**	**13,730**	**19,091**	**8,302**	4.1	**(56.5)**
Total tax	1,759	2,257	2,320	4,114	2,040	2,716	2,685	5,044	2,211	8.4	(56.2)
Adjusted PAT	**5,256**	**6,527**	**7,617**	**12,595**	**5,937**	**8,111**	**11,045**	**14,047**	**6,091**	2.6	(56.6)
Growth yoy (%)	*-8.9*	*11.8*	*31.2*	*29.8*	*13.0*	*24.3*	*45.0*	*11.5*	*2.6*		
Extraordinary items loss/(gain)	-	1,174	-	(137)	-	(400)	(3,085)	-	-	-	-
Reported PAT	5,256	7,701	7,617	12,459	5,937	7,711	7,960	14,047	6,091	2.6	(56.6)
Adjusted EPS	**0.9**	**1.1**	**1.3**	**2.1**	**1.0**	**1.4**	**1.9**	**2.4**	**1.0**		

Margins (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	1QFY27	YoY (bps)	QoQ (bps)
EBITDAM	10.6	11.6	12.8	15.0	11.1	12.1	13.3	14.6	10.1	(105)	(452)
EBITM	8.6	9.6	10.8	13.5	9.0	10.3	11.8	13.3	8.2	(85)	(513)
EBTM	8.2	10.0	10.5	14.0	9.1	11.3	11.9	13.5	8.6	(53)	(487)
PATM	6.1	7.4	8.0	10.6	6.8	8.5	9.6	9.9	6.3	(48)	(360)
Effective tax rate	25.1	25.7	23.3	24.6	25.6	25.1	19.6	26.4	26.6	106	21

Source: Company, Emkay Research

Exhibit 2: Volumes grew ~10% yoy; ASPs declined ~3% qoq

(no of units)	1QFY27	1QFY26	yoy (%)	4QFY26	qoq (%)
Volume	**48,763**	**44,238**	**10.2**	**69,458**	**(29.8)**
-- MHCVs	27,428	25,661	6.9	42,335	(35.2)
-- LCVs	18,874	15,566	21.3	21,801	(13.4)
-- Exports	2,461	3,011	(18.3)	5,322	(53.8)
ASP (Rs/unit)	1,965,176	1,962,446	0.1	2,026,409	(3.0)
Overall CV - Market share (%)	16.3	17.8	*(150) bps*	19.1	*(274) bps*

Source: Company, Emkay Research

Exhibit 3: Actuals vs Estimates

Standalone (Rs mn)	Actual	Emkay Est	% Variance	Consensus	% Variance
Net sales	96,344	101,402	(5.0)	97,796	(1.5)
EBITDA	9,695	11,902	(18.5)	9,354	3.7
EBITDA margin (%)	10.1	11.7	-167 bps	9.6	50 bps
Adj net income	6,091	7,790	(21.8)	6,085	0.1

Source: Company, Emkay Research

Exhibit 4: CV industry volumes – Industry volumes mix across categories

CV Industry Volumes (no of units)	FY21	FY22	FY23	FY24	1QFY25	2QFY25	Q3FY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Domestic MHCVs - goods	**153,366**	**228,773**	**320,593**	**320,058**	**68,567**	**69,604**	**76,615**	**92,635**	**65,405**	**74,195**	**95,505**	**120,095**	**78,161**
ICV	**52,907**	**77,377**	**76,574**	**56,457**	**12,073**	**12,223**	**12,495**	**14,498**	**11,245**	**14,153**	**17,929**	**21,250**	**14,972**
7.5 – up to 12 MT	*27,962*	*34,822*	*35,298*	*37,667*	*9,304*	*9,583*	*9,854*	*11,419*	*9,438*	*11,981*	*14,947*	*17,787*	*12,456*
>12- up to 14.5 MT	*9,369*	*5,086*	*5,425*	*4,985*	*1,054*	*1,226*	*1,586*	*1,684*	*1,033*	*1,360*	*1,846*	*2,163*	*1,454*
>14.5- up to 16.2 MT	*15,576*	*37,469*	*35,851*	*13,805*	*1,715*	*1,414*	*1,055*	*1,395*	*774*	*812*	*1,136*	*1,300*	*1,062*
HCV	**86,579**	**123,661**	**185,947**	**194,512**	**40,941**	**42,781**	**47,720**	**57,116**	**39,943**	**45,237**	**60,324**	**72,883**	**48,415**
>16.2 – up to 18 MT	*12,457*	*9,280*	*26,911*	*43,915*	*11,915*	*13,339*	*13,970*	*16,781*	*12,107*	*14,430*	*17,365*	*21,867*	*15,212*
>18 – up to 25 MT	*13,375*	*21,125*	*23,561*	*25,419*	*5,015*	*5,664*	*5,307*	*7,675*	*5,962*	*6,608*	*7,752*	*8,309*	*5,824*
>25 MT	*60,747*	*93,256*	*135,475*	*125,178*	*24,011*	*23,778*	*28,443*	*32,660*	*21,874*	*24,199*	*35,207*	*42,707*	*27,379*
Tractor trailers	**13,880**	**27,735**	**58,072**	**69,089**	**15,553**	**14,600**	**16,400**	**21,021**	**14,217**	**14,805**	**17,252**	**25,962**	**14,774**
Domestic MHCVs - passengers	**7,322**	**11,804**	**38,410**	**53,741**	**16,968**	**13,623**	**13,583**	**22,586**	**18,165**	**13,977**	**15,077**	**19,930**	**17,539**
7.5 - 14.5 MT	3,836	7,081	25,463	33,115	10,952	8,055	7,443	13,610	12,485	8,970	8,443	13,336	13,286
14.5 - 18.5 MT	3,473	4,723	12,825	20,499	6,016	5,340	5,815	8,451	5,347	4,536	5,701	5,055	3,416
> 18.5 MT	13	0	122	127	0	228	325	525	333	471	933	1,539	837
Domestic MHCVs	**160,688**	**240,577**	**359,003**	**373,799**	**85,535**	**83,227**	**90,198**	**115,221**	**83,570**	**88,172**	**110,582**	**140,025**	**95,700**
Domestic LCVs	**407,871**	**475,989**	**603,465**	**594,864**	**138,786**	**138,710**	**147,233**	**158,041**	**139,532**	**151,794**	**179,489**	**183,675**	**167,308**
Exports (MHCVs + LCVs)	**50,334**	**92,297**	**78,645**	**65,816**	**15,741**	**19,654**	**22,076**	**23,515**	**19,427**	**24,013**	**24,700**	**26,641**	**27,837**
Vans (Domestic +Exports)	**2,084**	**2,771**	**5,786**	**12,171**	**5,128**	**3,954**	**2,451**	**4,321**	**5,712**	**4,312**	**3,349**	**6,501**	**7,787**
Total CV volumes	**618,893**	**808,863**	**1,042,524**	**1,046,650**	**245,190**	**245,545**	**261,958**	**301,098**	**248,241**	**268,291**	**318,120**	**356,842**	**298,632**
Industry volume mix (%)	**FY21**	**FY22**	**FY23**	**FY24**	**1QFY25**	**2QFY25**	**Q3FY25**	**4QFY25**	**1QFY26**	**2QFY26**	**3QFY26**	**4QFY26**	**1QFY27**
Domestic MHCVs - goods	**24.8**	**28.3**	**30.8**	**30.6**	**28.0**	**28.3**	**29.2**	**30.8**	**26.3**	**27.7**	**30.0**	**33.7**	**26.2**
ICV	**8.5**	**9.6**	**7.3**	**5.4**	**4.9**	**5.0**	**4.8**	**4.8**	**4.5**	**5.3**	**5.6**	**6.0**	**5.0**
7.5 – up to 12 MT	4.5	4.3	3.4	3.6	3.8	3.9	3.8	3.8	3.8	4.5	4.7	5.0	4.2
>12- up to 14.5 MT	1.5	0.6	0.5	0.5	0.4	0.5	0.6	0.6	0.4	0.5	0.6	0.6	0.5
>14.5- up to 16.2 MT	2.5	4.6	3.4	1.3	0.7	0.6	0.4	0.5	0.3	0.3	0.4	0.4	0.4
HCV	**14.0**	**15.3**	**17.8**	**18.6**	**16.7**	**17.4**	**18.2**	**19.0**	**16.1**	**16.9**	**19.0**	**20.4**	**16.2**
>16.2 – up to 18 MT	2.0	1.1	2.6	4.2	4.9	5.4	5.3	5.6	4.9	5.4	5.5	6.1	5.1
>18 – up to 25 MT	2.2	2.6	2.3	2.4	2.0	2.3	2.0	2.5	2.4	2.5	2.4	2.3	2.0
>25 MT	9.8	11.5	13.0	12.0	9.8	9.7	10.9	10.8	8.8	9.0	11.1	12.0	9.2
Tractor trailers	**2.2**	**3.4**	**5.6**	**6.6**	**6.3**	**5.9**	**6.3**	**7.0**	**5.7**	**5.5**	**5.4**	**7.3**	**4.9**
Domestic MHCVs - passengers	**1.2**	**1.5**	**3.7**	**5.1**	**6.9**	**5.5**	**5.2**	**7.5**	**7.3**	**5.2**	**4.7**	**5.6**	**5.9**
7.5 - 14.5 MT	0.6	0.9	2.4	3.2	4.5	3.3	2.8	4.5	5.0	3.3	2.7	3.7	4.4
14.5 - 18.5 MT	0.6	0.6	1.2	2.0	2.5	2.2	2.2	2.8	2.2	1.7	1.8	1.4	1.1
> 18.5 MT	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.1	0.2	0.3	0.4	0.3
Domestic MHCVs	**26.0**	**29.7**	**34.4**	**35.7**	**34.9**	**33.9**	**34.4**	**38.3**	**33.7**	**32.9**	**34.8**	**39.2**	**32.0**
Domestic LCVs	**65.9**	**58.8**	**57.9**	**56.8**	**56.6**	**56.5**	**56.2**	**52.5**	**56.2**	**56.6**	**56.4**	**51.5**	**56.0**
Exports (MHCVs + LCVs)	**8.1**	**11.4**	**7.5**	**6.3**	**6.4**	**8.0**	**8.4**	**7.8**	**7.8**	**9.0**	**7.8**	**7.5**	**9.3**
Vans (Domestic + Exports)	**0.3**	**0.3**	**0.6**	**1.2**	**2.1**	**1.6**	**0.9**	**1.4**	**2.3**	**1.6**	**1.1**	**1.8**	**2.6**

Source: Company, SIAM, Emkay Research

Exhibit 5: AL has been consistently gaining market share in MHPVs/exports/LCVs; however, saw a dip in 1QFY27 due to lower volumes

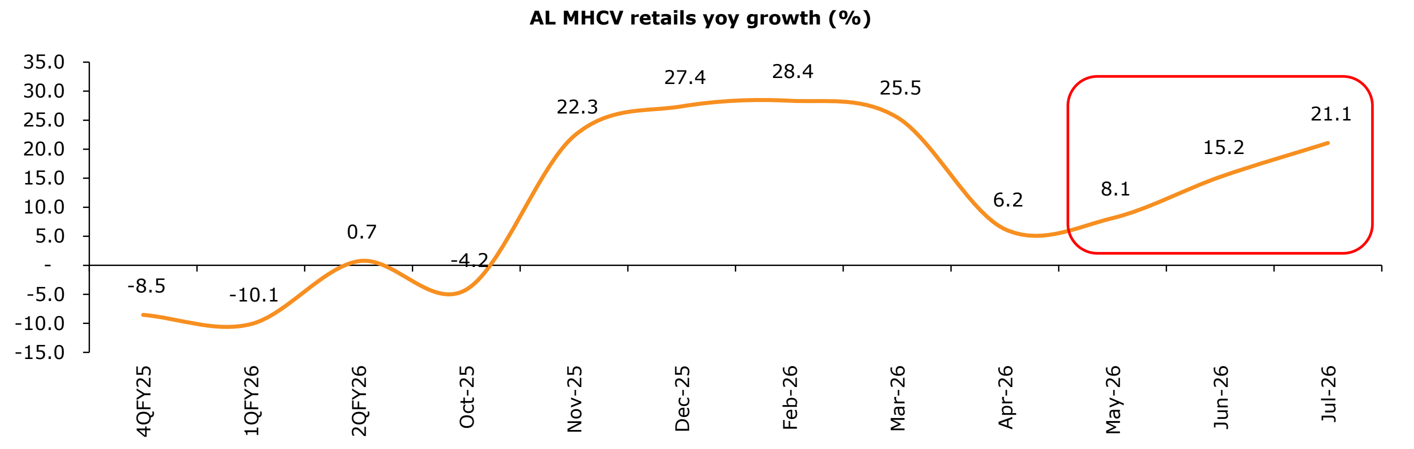
AL's volumes (no of units)	FY21	FY22	FY23	FY24	1QFY25	2QFY25	Q3FY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
MHCV goods	**43,210**	**61,301**	**103,480**	**98,113**	**20,602**	**21,053**	**22,796**	**29,089**	**19,935**	**21,896**	**27,935**	**37,096**	**23,337**
ICV	**12,228**	**14,140**	**15,722**	**12,893**	**3,650**	**3,026**	**3,257**	**3,824**	**2,606**	**3,523**	**4,493**	**5,099**	**3,701**
7.5 – up to 12 MT	*3,127*	*2,710*	*3,663*	*5,642*	*2,283*	*1,358*	*1,708*	*2,133*	*1,583*	*2,414*	*2,882*	*3,245*	*2,384*
>12- up to 14.5 MT	*2,561*	*1,552*	*2,260*	*2,338*	*414*	*397*	*624*	*551*	*351*	*436*	*557*	*645*	*461*
>14.5- up to 16.2 MT	*6,540*	*9,878*	*9,799*	*4,913*	*953*	*1,271*	*925*	*1,140*	*672*	*673*	*1,054*	*1,209*	*856*
HCV	**27,191**	**40,312**	**69,676**	**64,279**	**12,395**	**13,530**	**14,361**	**17,923**	**12,953**	**13,633**	**18,091**	**24,255**	**15,187**
>16.2 – up to 18.5 MT	*0*	*5*	*5,370*	*2,619*	*490*	*551*	*504*	*573*	*482*	*892*	*1,573*	*1,662*	*1,874*
>18.5 – up to 25 MT	*6,358*	*7,822*	*11,333*	*18,451*	*4,271*	*4,886*	*4,206*	*6,219*	*4,796*	*5,081*	*5,944*	*8,089*	*5,314*
>25 MT	*20,833*	*32,485*	*52,973*	*43,209*	*7,634*	*8,093*	*9,651*	*11,131*	*7,675*	*7,660*	*10,574*	*14,504*	*7,999*
Tractor trailers	**3,791**	**6,849**	**18,082**	**20,941**	**4,557**	**4,497**	**5,178**	**7,342**	**4,376**	**4,740**	**5,351**	**7,742**	**4,449**
MHCV passengers	**2,795**	**3,789**	**10,767**	**18,192**	**5,636**	**4,655**	**4,272**	**7,254**	**5,726**	**4,739**	**5,645**	**5,061**	**4,091**
7.5 - 14.5 MT	1,022	1,568	3,772	5,386	1,710	1,430	1,212	1,908	1,978	1,885	1,694	1,804	2,023
14.5 - 18.5 MT	1,773	2,221	6,973	12,745	3,926	3,223	2,830	5,059	3,748	2,854	3,948	2,690	1,578
> 18.5 MT	0	0	22	61	0	2	230	287	0	0	3	567	490
Domestic MHCVs	**46,005**	**65,090**	**114,247**	**116,305**	**26,238**	**25,708**	**27,068**	**36,343**	**25,661**	**26,635**	**33,580**	**42,157**	**27,428**
Domestic LCVs	**46,671**	**52,222**	**66,669**	**66,596**	**15,345**	**17,118**	**14,926**	**17,660**	**15,577**	**18,298**	**19,863**	**20,584**	**18,874**
Exports (MHCVs + LCVs)	**8,001**	**11,014**	**11,289**	**11,853**	**2,334**	**3,316**	**4,145**	**5,460**	**3,011**	**4,785**	**4,966**	**5,320**	**2,461**
Total CV volumes	**100,677**	**128,326**	**192,205**	**194,754**	**43,917**	**46,142**	**46,139**	**59,463**	**44,249**	**49,718**	**58,409**	**68,061**	**48,763**

AL's volumes mix (%)	FY21	FY22	FY23	FY24	1QFY25	2QFY25	Q3FY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
MHCV Goods	**42.9**	**47.8**	**53.8**	**50.4**	**46.9**	**45.6**	**49.4**	**48.9**	**45.1**	**44.0**	**47.8**	**54.5**	**47.9**
ICV	**12.1**	**11.0**	**8.2**	**6.6**	**8.3**	**6.6**	**7.1**	**6.4**	**5.9**	**7.1**	**7.7**	**7.5**	**7.6**
7.5 – up to 12 MT	3.1	2.1	1.9	2.9	5.2	2.9	3.7	3.6	3.6	4.9	4.9	4.8	4.9
>12- up to 14.5 MT	2.5	1.2	1.2	1.2	0.9	0.9	1.4	0.9	0.8	0.9	1.0	0.9	0.9
>14.5- up to 16.2 MT	6.5	7.7	5.1	2.5	2.2	2.8	2.0	1.9	1.5	1.4	1.8	1.8	1.8
HCV	**27.0**	**31.4**	**36.3**	**33.0**	**28.2**	**29.3**	**31.1**	**30.1**	**29.3**	**27.4**	**31.0**	**35.6**	**31.1**
>16.2 - up to 18.5 MT	0.0	0.0	2.8	1.3	1.1	1.2	1.1	1.0	1.1	1.8	2.7	2.4	3.8
>18.5 – up to 25 MT	6.3	6.1	5.9	9.5	9.7	10.6	9.1	10.5	10.8	10.2	10.2	11.9	10.9
>25 MT	*20.7*	*25.3*	*27.6*	*22.2*	*17.4*	*17.5*	*20.9*	*18.7*	*17.3*	*15.4*	*18.1*	*21.3*	*16.4*
Tractor trailers	**3.8**	**5.3**	**9.4**	**10.8**	**10.4**	**9.7**	**11.2**	**12.3**	**9.9**	**9.5**	**9.2**	**11.4**	**9.1**
MHCV passengers	**2.8**	**3.0**	**5.6**	**9.3**	**12.8**	**10.1**	**9.3**	**12.2**	**12.9**	**9.5**	**9.7**	**7.4**	**8.4**
Domestic MHCVs	**45.7**	**50.7**	**59.4**	**59.7**	**59.7**	**55.7**	**58.7**	**61.1**	**58.0**	**53.6**	**57.5**	**61.9**	**56.2**
Domestic LCVs	**46.4**	**40.7**	**34.7**	**34.2**	**34.9**	**37.1**	**32.4**	**29.7**	**35.2**	**36.8**	**34.0**	**30.2**	**38.7**
Exports (MHCVs + LCVs)	**7.9**	**8.6**	**5.9**	**6.1**	**5.3**	**7.2**	**9.0**	**9.2**	**6.8**	**9.6**	**8.5**	**7.8**	**5.0**

AL's CV market share (%)	FY21	FY22	FY23	FY24	1QFY25	2QFY25	Q3FY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
MHCV Goods	**28.2**	**26.8**	**32.3**	**30.7**	**30.0**	**30.2**	**29.8**	**31.4**	**30.5**	**29.5**	**29.2**	**30.9**	**29.9**
ICV	**23.1**	**18.3**	**20.5**	**22.8**	**30.2**	**24.8**	**26.1**	**26.4**	**23.2**	**24.9**	**25.1**	**24.0**	**24.7**
7.5 – up to 12 MT	*11.2*	*7.8*	*10.4*	*15.0*	*24.5*	*14.2*	*17.3*	*18.7*	*16.8*	*20.1*	*19.3*	*18.2*	*19.1*
>12- up to 14.5 MT	*27.3*	*30.5*	*41.7*	*46.9*	*39.3*	*32.4*	*39.3*	*32.7*	*34.0*	*32.1*	*30.2*	*29.8*	*31.7*
>14.5- up to 16.2 MT	*42.0*	*26.4*	*27.3*	*35.6*	*55.6*	*89.9*	*87.7*	*81.7*	*86.8*	*82.9*	*92.8*	*93.0*	*80.6*
HCV	***31.4***	***32.6***	***37.5***	***33.0***	***30.3***	***31.6***	***30.1***	***31.4***	***32.4***	***30.1***	***30.0***	***33.3***	***31.4***
>16.2 – up to 18.5 MT	*0.0*	*0.1*	*20.0*	*6.0*	*4.1*	*4.1*	*3.6*	*3.4*	*4.0*	*6.2*	*9.1*	*7.6*	*12.3*
>18.5 - up to 25 MT	*47.5*	*37.0*	*48.1*	*72.6*	*85.2*	*86.3*	*79.3*	*81.0*	*80.4*	*76.9*	*76.7*	*97.4*	*91.2*
>25 MT	*34.3*	*34.8*	*39.1*	*34.5*	*31.8*	*34.0*	*33.9*	*34.1*	*35.1*	*31.7*	*30.0*	*34.0*	*29.2*
Tractor trailers	**27.3**	**24.7**	**31.1**	**30.3**	**29.3**	**30.8**	**31.6**	**34.9**	**30.8**	**32.0**	**31.0**	**29.8**	**30.1**
MHCV passengers	**38.2**	**32.1**	**28.0**	**33.9**	**33.2**	**34.2**	**31.5**	**32.1**	**31.5**	**33.9**	**37.4**	**25.4**	**23.3**
Domestic MHCVs	**28.6**	**27.1**	**31.8**	**31.1**	**30.7**	**30.9**	**30.0**	**31.5**	**30.7**	**30.2**	**30.4**	**30.1**	**28.7**
Domestic LCVs	**11.4**	**11.0**	**11.0**	**11.2**	**11.1**	**12.3**	**10.1**	**11.2**	**11.2**	**12.1**	**11.1**	**11.2**	**11.3**
Exports (MHCVs + LCVs)	**15.9**	**11.9**	**14.4**	**18.0**	**14.8**	**16.9**	**18.8**	**23.2**	**15.5**	**19.9**	**20.1**	**20.0**	**8.8**
Overall CV market share	**16.3**	**15.9**	**18.4**	**18.6**	**17.9**	**18.8**	**17.6**	**19.7**	**17.8**	**18.5**	**18.4**	**19.1**	**16.3**

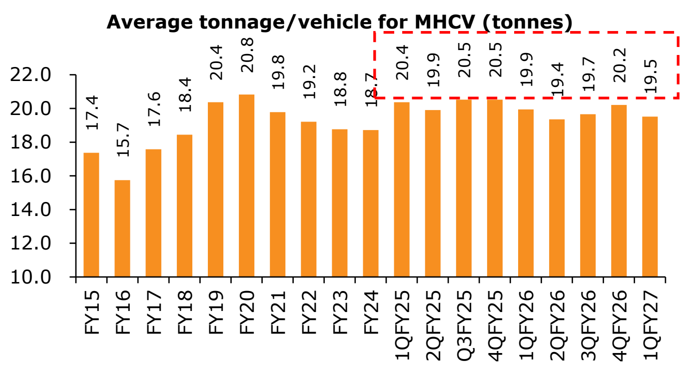
Source: Company, SIAM, Emkay Research

Exhibit 6: AL's MHCV retail momentum has started to increase, with MHCV (goods) retail growth seeing some growth in Jun/Jul-26



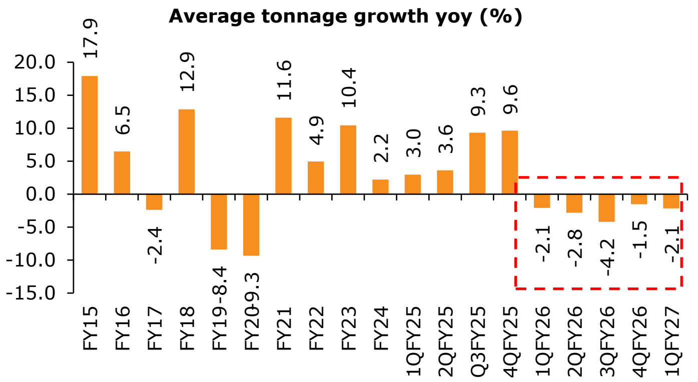
Source: Vahan, Emkay Research

Exhibit 7: After rising consistently over the last 2 decades, average tonnage per MHCVs has begun to stabilize over the last 2Y...



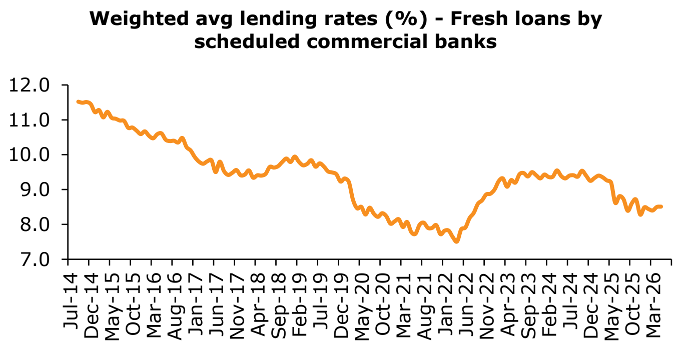
Source: SIAM, Emkay Research

Exhibit 8: ...and if sustained, this could mark a shift in the MHCV cycle, wherein higher freight demand will be met via higher CV sales



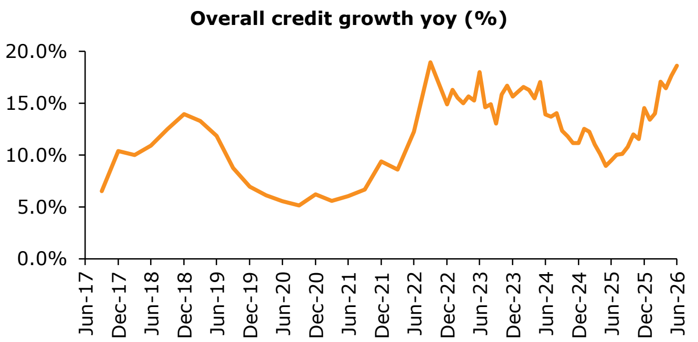
Source: SIAM, Emkay Research

Exhibit 9: Owing to consistent downward trajectory of the lending rates (WALR)...



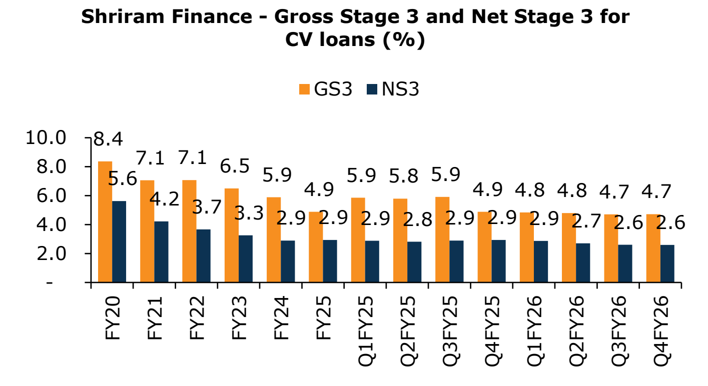
Source: RBI, CEIC, Emkay Research

Exhibit 10: ... the overall credit growth has been health in the 16-18% range in recent months



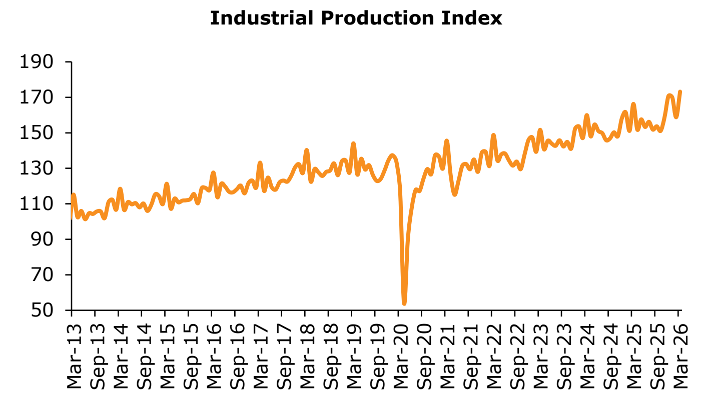
Source: RBI, CEIC, Emkay Research

Exhibit 11: This is also being supported by healthy asset quality (as reported by CV financiers such as Shriram Finance)



Source: Shriram Finance IP, Emkay Research

Exhibit 12: Overall IIP index has also consistently trended upward



Source: CEIC, Emkay Research

Exhibit 13: AL has taken price hikes across CY27TD

OEM	Jan–Mar 2026	Apr-26	Jul-26
Ashok Leyland	**Jan-26: 1%** price hike	**Apr-26:** Up to **2%**	**Jul-26:** Up to 1% for MHCV, 2% for LCV **FY27TD**: ~2.25% for MHCV, ~3.5% for LCV

Source: Company, Emkay Research

Exhibit 14: We build in 15% industry growth for FY27E (implying 13% growth for the remaining 9M)

Industry	Apr-June (Q1)			Jul-Mar (9M)			Total							
	FY26	FY27	yoy (%)	FY26	FY27E	yoy (%)	FY26	yoy (%)	FY27E	yoy (%)	FY28E	yoy (%)	FY29E	yoy (%)
Domestic MHCVs	83,570	95,700	14.5	339,428	375,527	10.6	422,998	12.9	471,227	11.4	501,720	6.5	533,722	6.4
Domestic trucks	65,405	78,161	19.5	290,444	321,915	10.8	355,849	15.8	400,076	12.4	425,588	6.4	452,260	6.3
- ICV	11,245	14,972	33.1	53,548	62,238	16.2	64,793	26.3	77,210	19.2	84,336	9.2	91,690	8.7
----7.5 - 12 MT	9,438	12,456	32.0	44,931	52,119	16.0	54,369	35.4	64,575	18.8	70,723	9.5	77,105	9.0
----12 - 16.2 MT	1,807	2,516	39.2	8,617	10,119	17.4	10,424	-6.3	12,635	21.2	13,613	7.7	14,584	7.1
-HCV	39,943	48,415	21.2	178,876	199,684	11.6	218,819	16.1	248,099	13.4	263,915	6.4	280,575	6.3
----16.2 - 25 MT	18,069	21,036	16.4	76,601	83,700	9.3	94,670	18.8	104,736	10.6	111,912	6.9	120,129	7.3
----25 MT	21,874	27,379	25.2	102,275	115,985	13.4	124,149	14.0	143,364	15.5	152,004	6.0	160,446	5.6
-Tractor trailers	14,217	14,774	3.9	58,020	59,993	3.4	72,237	6.9	74,767	3.5	77,337	3.4	79,996	3.4
-- Buses	18,165	17,539	-3.4	48,984	53,612	9.4	67,149	-0.2	71,151	6.0	76,132	7.0	81,461	7.0
Domestic LCVs	139,532	167,308	19.9	517,341	589,465	13.9	656,873	12.7	756,773	15.2	799,924	5.7	861,753	7.7
CV Exports	19,427	27,837	43.3	75,366	89,503	18.8	94,793	17.0	117,340	23.8	137,463	17.1	162,383	18.1
Vans (including exports)	5,712	7,787	36.3	14,312	17,243	20.5	20,024	25.1	25,030	25.0	28,785	15.0	32,239	12.0
Total	248,241	298,632	20.3	946,447	1,071,739	13.2	1,194,688	13.3	1,370,371	14.7	1,467,891	7.1	1,590,097	8.3

Source: SIAM, Emkay Research

Exhibit 15: We build in ~11% growth for FY27E (implying 12% growth for the remaining 9M)

Ashok Leyland	Apr-June (Q1)			Jul-Mar (9M)			Total							
	FY26	FY27	yoy (%)	FY26	FY27E	yoy (%)	FY26	yoy (%)	FY27E	yoy (%)	FY28E	yoy (%)	FY29E	yoy (%)
Domestic MHCVs	**25,661**	**27,428**	***6.9***	**102,372**	**113,888**	***11.2***	**128,033**	***11.0***	**141,316**	***10.4***	**150,034**	***6.2***	**159,499**	***6.3***
Domestic trucks	**19,935**	**23,337**	***17.1***	**86,927**	**95,961**	***10.4***	**106,862**	***14.2***	**119,298**	***11.6***	**126,475**	***6.0***	**134,290**	***6.2***
- ICV	***2,606***	***3,701***	***42.0***	**13,115**	**15,974**	***21.8***	**15,721**	***14.3***	**19,675**	***25.2***	**21,444**	***9.0***	**23,228**	***8.3***
----7.5 - 12 MT	*1,583*	*2,384*	*50.6*	8,541	10,575	*23.8*	10,124	*35.3*	12,959	*28.0*	14,190	*9.5*	15,467	*9.0*
----12 - 16.2 MT	1,023	1,317	*28.7*	4,574	5,399	*18.0*	5,597	*-10.8*	6,716	*20.0*	7,254	*8.0*	7,761	*7.0*
-HCV	***12,953***	***15,187***	***17.2***	**55,979**	**61,672**	***10.2***	**68,932**	***18.4***	**76,859**	***11.5***	**81,470**	***6.0***	**86,676**	***6.4***
----16.2 - 25 MT	*5,278*	*7,188*	*36.2*	23,241	27,035	*16.3*	28,519	*31.4*	34,223	*20.0*	36,276	*6.0*	38,997	*7.5*
----25 MT	7,675	7,999	*4.2*	32,738	34,637	*5.8*	40,413	*10.7*	42,636	*5.5*	45,194	*6.0*	47,680	*5.5*
-Tractor trailers	**4,376**	**4,449**	***1.7***	**17,833**	**18,315**	***2.7***	**22,209**	***2.9***	**22,764**	***2.5***	**23,561**	***3.5***	**24,386**	***3.5***
-- Buses	**5,726**	**4,091**	***-28.6***	**15,445**	**17,927**	***16.1***	**21,171**	***-3.0***	**22,018**	***4.0***	**23,559**	***7.0***	**25,208**	***7.0***
Domestic LCVs	**15,577**	**18,874**	***21.2***	**58,745**	**65,853**	***12.1***	**74,322**	***14.3***	**84,727**	***14.0***	**90,658**	***7.0***	**97,004**	***7.0***
CV exports	**3,011**	**2,461**	***-18.3***	**14,891**	**16,515**	***10.9***	**17,902**	***17.4***	**18,976**	***6.0***	**21,823**	***15.0***	**25,751**	***18.0***
Total	**44,249**	**48,763**	***10.2***	**176,008**	**196,256**	***11.5***	**220,257**	***12.6***	**245,019**	***11.2***	**262,514**	***7.1***	**282,253**	***7.5***

Source: SIAM, Emkay Research

Exhibit 16: We build in 9%/12%/16% volume/revenue/EPS CAGR over FY26-29E

Particulars (no of units)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Domestic MHCVs	**116,434**	**115,357**	**128,033**	**141,316**	**150,034**	**159,499**
Growth yoy (%)	*1.9*	*(0.9)*	*11.0*	*10.4*	*6.2*	*6.3*
-- Trucks	98,113	93,540	106,862	119,298	126,475	134,290
Growth yoy (%)	*(5.2)*	*(4.7)*	*14.2*	*11.6*	*6.0*	*6.2*
-- Buses	18,321	21,817	21,171	22,018	23,559	25,208
Growth yoy (%)	*70.2*	*19.1*	*(3.0)*	*4.0*	*7.0*	*7.0*
Domestic LCVs	**66,633**	**65,049**	**74,322**	**84,727**	**90,658**	**97,004**
Growth yoy (%)	*(0.1)*	*(2.4)*	*14.3*	*14.0*	*7.0*	*7.0*
Domestic CVs	**183,067**	**180,406**	**202,355**	**226,043**	**240,692**	**256,503**
Growth yoy (%)	*1.2*	*(1.5)*	*12.2*	*11.7*	*6.5*	*6.6*
Exports	**11,853**	**15,255**	**17,902**	**18,976**	**21,823**	**25,751**
Growth yoy (%)	*5.0*	*28.7*	*17.4*	*6.0*	*15.0*	*18.0*
Total volumes	194,920	195,661	220,257	245,019	262,514	282,253
Growth yoy (%)	*1.4*	*0.4*	*12.6*	*11.2*	*7.1*	*7.5*
Particulars (Rs mn)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenues	**383,670**	**387,527**	**440,070**	**518,229**	**567,247**	**624,206**
Growth yoy (%)	*6.2*	*1.0*	*13.6*	*17.8*	*9.5*	*10.0*
EBITDA	**46,066**	**49,306**	**57,322**	**68,787**	**81,160**	**90,123**
EBITDA margin (%)	*12.0*	*12.7*	*13.0*	*13.3*	*14.3*	*14.4*
EBITDA growth yoy (%)	*57.2*	*7.0*	*16.3*	*20.0*	*18.0*	*11.0*
EBITDA/unit (Rs)	*236,332*	*251,995*	*260,253*	*280,743*	*309,164*	*319,297*
EBIT	**39,385**	**42,528**	**50,964**	**61,977**	**73,709**	**81,177**
EBIT margin (%)	*10.3*	*11.0*	*11.6*	*12.0*	*13.0*	*13.0*
PBT	**38,859**	**42,446**	**51,625**	**63,040**	**74,785**	**83,292**
Tax	11,743	10,450	12,485	16,391	19,444	21,506
Tax rate (%)	*30*	*25*	*24*	*26*	*26*	*26*
PAT	**27,116**	**31,996**	**39,140**	**46,650**	**55,341**	**61,786**
EPS (Rs)	**4.6**	**5.4**	**6.7**	**7.9**	**9.4**	**10.5**
Net debt/(cash) (Rs mn)	**(13,878)**	**(42,429)**	**(59,017)**	**(90,674)**	**(120,084)**	**(141,465)**
ROE (%)	**31.5**	**31.5**	**31.8**	**31.7**	**30.7**	**29.4**
ROCE (%)	**24.9**	**26.5**	**28.2**	**29.4**	**28.8**	**27.8**

Source: Emkay Research

Exhibit 17: We keep our FY27E/FY28E/FY29E unchanged

Standalone	**FY26**		**FY27E**				**FY28E**				**FY29E**			
Rs mn	**Actuals**	**% yoy**	**Earlier**	**Revised**	**% Change**	**% yoy**	**Earlier**	**Revised**	**% Change**	**% yoy**	**Earlier**	**Revised**	**% Change**	**% yoy**
ASP (Rs)	**1,997,986**	**0.6**	**2,115,056**	**2,115,056**	**-**	**5.9**	**2,160,824**	**2,160,824**	**-**	**2.2**	**2,211,509**	**2,211,509**	**-**	**2.3**
Volumes (no of units)	**220,257**	**12.9**	**245,019**	**245,019**	**-**	**11.2**	**262,514**	**262,514**	**-**	**7.1**	**282,253**	**282,253**	**-**	**7.5**
- MHCV Trucks	106,862	14.2	119,298	119,298	-	11.6	126,475	126,475	-	6.0	134,290	134,290	-	6.2
- MHCV Buses	21,171	(3.0)	22,018	22,018	-	4.0	23,559	23,559	-	7.0	25,208	25,208	-	7.0
- LCVs	74,322	14.3	84,727	84,727	-	14.0	90,658	90,658	-	7.0	97,004	97,004	-	7.0
- Exports	17,902	17.4	18,976	18,976	-	6.0	21,823	21,823	-	15.0	25,751	25,751	-	18.0
Revenue	**440,070**	**13.6**	**518,229**	**518,229**	**-**	**17.8**	**567,247**	**567,247**	**-**	**9.5**	**624,206**	**624,206**	**-**	**10.0**
EBITDA	57,322	16.3	68,760	68,787	0.0	20.0	81,086	81,160	0.1	18.0	90,126	90,123	(0.0)	11.0
EBITDA %	13.0	*30 bps*	13.3	13.3	*1 bps*	*25 bps*	14.3	14.3	*1 bps*	*103 bps*	14.4	14.4	*(0) bps*	*13 bps*
Adj PAT	39,140	22.3	46,596	46,650	0.1	19.2	55,366	55,341	(0.0)	18.6	61,784	61,786	0.0	11.6
EPS (Rs)	6.7	144.6	7.9	7.9	0.1	19.2	9.4	9.4	(0.0)	18.6	10.5	10.5	0.0	11.6

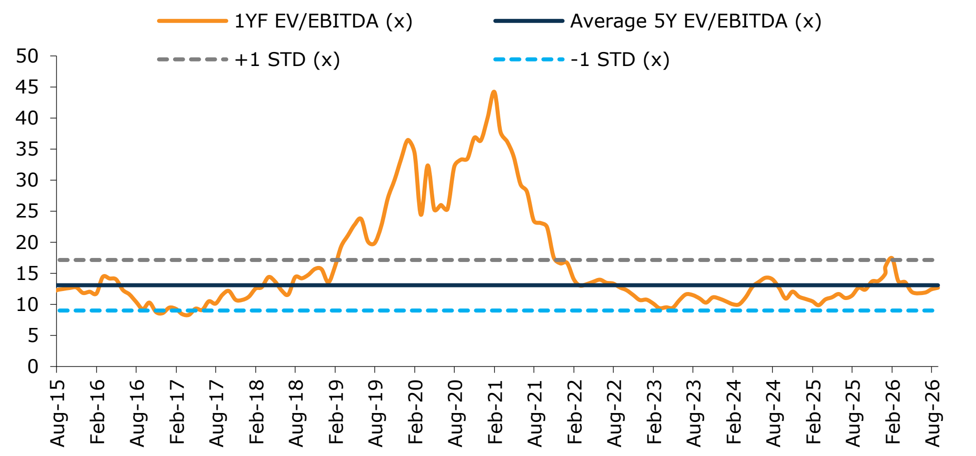
Source: Company, Emkay Research

Exhibit 18: We keep our SOTP-based TP unchanged at Rs240 basis S/A value at 15x Jun-28E and value HLF basis 2x PBV FY28E (~10% to SOTP)

(Rs mn)	**Basis of valuation**	**Equity value**	**Holding company discount**	**Jun-28E**
Standalone	15x Jun-28E EV/EBITDA	1,251,008		1,251,008
Hinduja Leyland Finance	2x P/B FY28E	169,823	20%	135,859
Total equity value				**1,386,867**
Total equity value/share Rs				
Rounded off				**240**
Upside (%)				**40**

Source: Company, Emkay Research

Exhibit 19: AL's 1YF EV/EBITDA trades at ~13x, near its 5Y LTA



Source: Bloomberg, Emkay Research

Exhibit 20: Valuation matrix for Emkay auto OEM universe

Company Name	Price (Rs)	Reco	Target price (Rs)	% Upside / (Downside)	FY26-28E revenue CAGR (%)	FY26-28E EPS CAGR (%)	PER (x)			P/B(x)			EV/EBITDA (x)			ROE (%)		
							FY26	FY27E	FY28E	FY26	FY27e	FY28e	FY26	FY27E	FY28E	FY26	FY27E	FY28E
OEMs																		
Ather Energy	1,516	Buy	1,600	5.5	59%	NA	(112.5)	(417.8)	141.3	22.4	12.6	11.6	(117.4)	(953.1)	85.7	(33.4)	(3.9)	8.6
TVS Motor	4,326	Buy	5,300	22.5	21%	30%	56.2	40.8	33.1	18.3	13.3	10.1	32.3	24.7	20.3	34.6	37.7	34.6
Bajaj Auto	11,700	Buy	13,700	17.1	18%	17%	33.2	26.8	24.2	9.4	9.0	7.9	24.0	18.9	16.6	29.3	33.9	34.7
Eicher Motors	8,125	Buy	9,100	12.0	21%	19%	40.0	33.3	28.1	8.9	7.6	6.6	34.3	26.8	22.1	24.0	24.6	25.1
Hero MotoCorp	5,795	Add	6,700	15.6	12%	8%	21.5	19.9	18.3	5.4	5.0	4.6	14.2	13.2	11.9	26.0	25.9	26.1
Ola Electric Mobility	39	Sell	30	-22.5	9%	-15%	-9.3	-13.3	-13.1	5.1	7.0	15.0	-19.6	-34.5	-42.2	-43.1	-45.1	-72.8
Maruti Suzuki India	13,865	Add	15,500	11.8	14%	14%	30.2	27.8	23.3	4.1	3.8	3.4	17.4	15.2	12.4	14.5	14.2	15.3
Hyundai Motor India	2,200	Buy	2,450	11.4	16%	19%	32.9	30.8	23.2	8.9	7.5	6.1	18.0	16.3	12.3	29.9	26.6	29.2
Mahindra & Mahindra	3,439	Buy	4,100	19.2	15%	9%	26.3	25.0	22.2	5.8	4.9	4.3	17.5	16.3	13.6	23.2	20.5	20.0
Tata Motors PV	334	Add	390	16.7	13%	156%	49.0	11.3	7.5	1.1	1.0	0.9	7.7	4.5	3.2	2.2	9.3	12.6
Tata Motors CV	474	Buy	700	47.7	16%	17%	24.7	20.5	18.2	13.0	8.0	5.5	16.4	12.7	10.7	64.6	48.2	35.9
Ashok Leyland	**172**	**Buy**	**240**	**39.6**	**14%**	**19%**	**25.8**	**21.6**	**18.2**	**7.7**	**6.2**	**5.1**	**16.6**	**13.4**	**11.0**	**31.8**	**31.7**	**30.7**
Escorts	3,111	Buy	4,000	28.6	10%	10%	25.6	23.0	21.3	2.8	2.6	2.4	18.5	17.5	15.0	11.9	11.7	11.7

Source: Company, Emkay Research

Ashok Leyland: Standalone Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**387,527**	**440,070**	**518,229**	**567,247**	**624,206**
Revenue growth (%)	1.0	13.6	17.8	9.5	10.0
EBITDA	**49,306**	**57,322**	**68,787**	**81,160**	**90,123**
EBITDA growth (%)	7.0	16.3	20.0	18.0	11.0
Depreciation & Amortization	7,193	7,152	7,667	8,376	8,946
EBIT	**42,112**	**50,171**	**61,121**	**72,784**	**81,177**
EBIT growth (%)	8.3	19.1	21.8	19.1	11.5
Other operating income	-	-	-	-	-
Other income	2,503	3,152	3,546	3,749	3,964
Financial expense	2,169	1,697	1,626	1,747	1,849
PBT	**42,446**	**51,625**	**63,040**	**74,785**	**83,292**
Extraordinary items	1,037	(3,485)	0	0	0
Taxes	10,450	12,485	16,391	19,444	21,506
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**33,033**	**35,655**	**46,650**	**55,341**	**61,786**
PAT growth (%)	26.2	7.9	30.8	18.6	11.6
Adjusted PAT	**31,996**	**39,140**	**46,650**	**55,341**	**61,786**
Diluted EPS (Rs)	**5.4**	**6.7**	**7.9**	**9.4**	**10.5**
Diluted EPS growth (%)	18.0	22.3	19.2	18.6	11.6
DPS (Rs)	**3.5**	**3.1**	**1.8**	**2.5**	**3.5**
Dividend payout (%)	**61.8**	**51.5**	**22.0**	**26.5**	**33.3**
EBITDA margin (%)	12.7	13.0	13.3	14.3	14.4
EBIT margin (%)	10.9	11.4	11.8	12.8	13.0
Effective tax rate (%)	24.6	24.2	26.0	26.0	25.8
NOPLAT (pre-IndAS)	**31,744**	**38,038**	**45,229**	**53,860**	**60,217**
Shares outstanding (mn)	5,872	5,874	5,874	5,874	5,874

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	2,937	5,874	5,874	5,874	5,874
Reserves & Surplus	112,251	125,260	157,226	192,008	216,722
Net worth	**115,188**	**131,134**	**163,099**	**197,882**	**222,596**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	5,479	5,357	5,294	5,219	5,136
Total debt	**14,817**	**11,950**	**13,100**	**13,822**	**14,660**
Total liabilities & equity	**135,484**	**148,442**	**181,494**	**216,923**	**242,392**
Net tangible fixed assets	42,892	48,326	52,452	54,076	55,130
Net intangible assets	8,694	8,694	8,694	8,694	8,694
Net ROU assets	-	-	-	-	-
Capital WIP	4,248	4,793	3,000	3,000	3,000
Goodwill	-	-	-	-	-
Investments [JV/Associates]	56,543	65,593	73,593	83,593	93,593
Cash & equivalents	**57,247**	**70,968**	**103,774**	**133,906**	**156,125**
Current assets (ex-cash)	78,530	80,695	95,026	104,014	114,459
Current Liab. & Prov.	119,538	137,495	161,915	177,230	195,478
NWC (ex-cash)	**(41,008)**	**(56,800)**	**(66,888)**	**(73,215)**	**(81,019)**
Total assets	**135,484**	**148,442**	**181,494**	**216,923**	**242,392**
Net debt	(42,429)	(59,017)	(90,674)	(120,084)	(141,465)
Capital employed	135,484	148,442	181,494	216,923	242,392
Invested capital	**17,447**	**7,088**	**1,127**	**(3,576)**	**(10,325)**
BVPS (Rs)	19.6	22.3	27.8	33.7	37.9
Net Debt/Equity (x)	(0.4)	(0.5)	(0.6)	(0.6)	(0.6)
Net Debt/EBITDA (x)	(0.9)	(1.0)	(1.3)	(1.5)	(1.6)
Interest coverage (x)	20.6	31.4	39.8	43.8	46.1
RoCE (%)	**37.0**	**39.1**	**40.5**	**39.5**	**37.9**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	43,483	48,140	63,040	74,785	83,292
Others (non-cash items)	(2,224)	(1,653)	(4,405)	(5,874)	(16,513)
Taxes paid	(9,407)	(10,883)	(16,454)	(19,519)	(21,589)
Change in NWC	37,615	4,136	10,088	6,327	7,804
Operating cash flow	**78,194**	**47,921**	**61,562**	**65,842**	**63,788**
Capital expenditure	(9,004)	(9,777)	(10,000)	(10,000)	(10,000)
Acquisition of business	(32,655)	(22,917)	(15,000)	(17,000)	(17,000)
Interest & dividend income	880	643	0	0	0
Investing cash flow	**(40,779)**	**(32,052)**	**(25,000)**	**(27,000)**	**(27,000)**
Equity raised/(repaid)	17	33	0	0	0
Debt raised/(repaid)	(7,760)	(2,766)	1,150	721	838
Payment of lease liabilities	-	-	-	-	-
Interest paid	(1,491)	(936)	(1,626)	(1,747)	(1,849)
Dividend paid (incl tax)	(20,408)	(18,354)	(10,279)	(14,685)	(20,559)
Others	(593)	(148)	0	0	0
Financing cash flow	**(30,235)**	**(22,171)**	**(10,755)**	**(15,711)**	**(21,569)**
Net chg in Cash	7,181	(6,302)	25,807	23,132	15,219
OCF	78,194	47,921	61,562	65,842	63,788
Adj. OCF (w/o NWC chg.)	40,580	43,785	51,474	59,516	55,984
FCFF	69,190	38,144	51,562	55,842	53,788
FCFE	67,901	37,089	49,936	54,095	51,939
OCF/EBITDA (%)	158.6	83.6	89.5	81.1	70.8
FCFE/PAT (%)	205.6	104.0	107.0	97.7	84.1
FCFF/NOPLAT (%)	**218.0**	**100.3**	**114.0**	**103.7**	**89.3**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	30.6	28.3	21.6	18.2	16.3
P/CE(x)	25.8	21.8	18.6	15.8	14.3
P/B (x)	8.8	7.7	6.2	5.1	4.5
EV/Sales (x)	2.5	2.2	1.8	1.6	1.4
EV/EBITDA (x)	19.6	16.6	13.4	11.0	9.6
EV/EBIT(x)	23.0	18.9	15.0	12.2	10.7
EV/IC (x)	55.4	134.1	815.7	(248.8)	(84.1)
FCFF yield (%)	7.2	4.0	5.6	6.3	6.2
FCFE yield (%)	6.7	3.7	4.9	5.4	5.1
Dividend yield (%)	2.0	1.8	1.0	1.5	2.0
DuPont-RoE split					
Net profit margin (%)	8.3	8.9	9.0	9.8	9.9
Total asset turnover (x)	3.1	3.1	3.1	2.8	2.7
Assets/Equity (x)	1.2	1.2	1.1	1.1	1.1
RoE (%)	**31.5**	**31.8**	**31.7**	**30.7**	**29.4**
DuPont-RoIC					
NOPLAT margin (%)	8.2	8.6	8.7	9.5	9.6
IC turnover (x)	18.4	35.9	126.2	(463.2)	(89.8)
RoIC (%)	**150.8**	**310.1**	**1,101.1**	**(4,398.0)**	**(866.3)**
Operating metrics					
Core NWC days	(38.6)	(47.1)	(47.1)	(47.1)	(47.4)
Total NWC days	**(38.6)**	**(47.1)**	**(47.1)**	**(47.1)**	**(47.4)**
Fixed asset turnover	3.3	3.5	3.7	3.8	3.9
Opex-to-revenue (%)	16.0	15.6	15.2	14.5	14.6

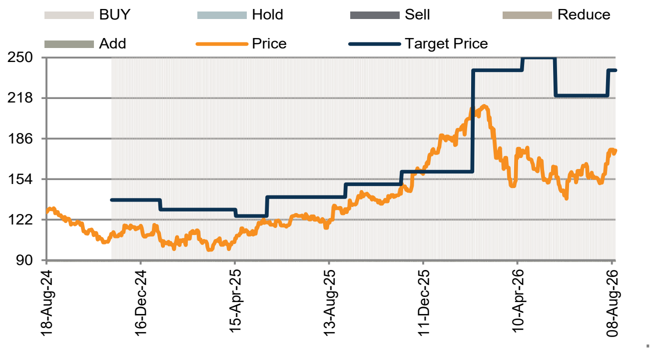
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
03-Aug-26	175	240	Buy	Chirag Jain
05-Jul-26	164	220	Buy	Chirag Jain
28-May-26	164	220	Buy	Chirag Jain
16-Apr-26	177	250	Buy	Chirag Jain
09-Mar-26	187	240	Buy	Chirag Jain
12-Feb-26	211	240	Buy	Chirag Jain
13-Nov-25	150	160	Buy	Chirag Jain
03-Sep-25	130	150	Buy	Chirag Jain
10-Jun-25	121	140	Buy	Chirag Jain
26-May-25	120	140	Buy	Chirag Jain
16-Apr-25	107	125	Buy	Chirag Jain
27-Feb-25	113	130	Buy	Chirag Jain
13-Feb-25	109	130	Buy	Chirag Jain
10-Jan-25	105	130	Buy	Chirag Jain
09-Nov-24	111	138	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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