

# Research Report

## Ashok Leyland Limited



Prepared By-

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# About

Ashok Leyland is the flagship Company of the Hinduja group, having a long-standing presence in the domestic medium and heavy commercial vehicle (M&HCV) segment. The company has a strong brand and well-diversified distribution and service network across the country and has a presence in 50 countries, it is one of the most fully-integrated manufacturing companies. Its headquarter is in Chennai.

## Key Business segments

- 1) Commercial Vehicles (89% in FY24 vs 88% in FY22)
- 2) Financial Services (11% in FY24 vs 12% in FY22)

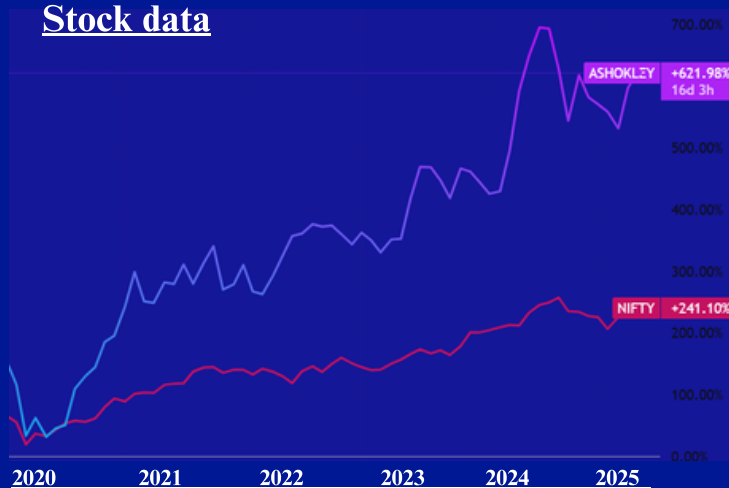
## Synopsis of Financials

- Q3 FY25 net profit increased by 31% YoY.
- EBITDA margin improved to 12.8% from 11.6% in Q2 FY25 and 12.0% in Q3 FY24.
- Revenues reached an all-time high of ₹9,479 crores in Q3 FY25 compared to ₹9,273 crores in Q3 FY24.
- Operating PBT stood at ₹994 crores, up 10% YoY.
- Reported PAT was ₹762 crores, a 31% increase YoY.
- Material cost as a percentage of revenue decreased to 71.5% from 72.2% YoY.

### Stock data (as 13th May 2025)

|                        |                   |
|------------------------|-------------------|
| Nifty Price            | : 24,776.35       |
| 52 week High (in Rs.)  | : 265             |
| 52 week Low (in Rs.)   | : 190             |
| Market Cap. (in Crore) | : 64,794          |
| NSE Code               | : <u>ASHOKLEY</u> |

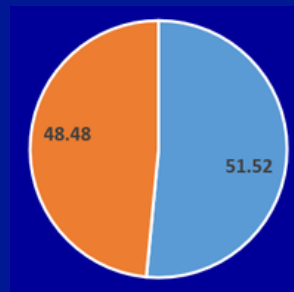
### Stock data



-NIFTY50

-Ashok Leyland Limited

### Shareholding Pattern (March 2025)



-PUBLIC GROUP

-PROMOTER GROUP

### Financial Summary

| Particulars      | March 2022 | March 2023 | March 2024 |
|------------------|------------|------------|------------|
| Sales            | 26,237     | 41,673     | 45,791     |
| Sales Growth %   | 34.87%     | 58.83%     | 9.88%      |
| Expenses         | 23,472     | 36,580     | 37,848     |
| Operating Profit | 2,765      | 5,093      | 7,943      |
| OPM %            | 11%        | 12%        | 17%        |
| Net Profit       | -285       | 1,359      | 2,696      |
| EPS in Rs        | -1.22      | 4.22       | 8.46       |

# Quarterly Results



| Particular        | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 |
|-------------------|--------|--------|--------|--------|--------|--------|--------|
| Sales             | 9,691  | 11,429 | 11,093 | 13,578 | 10,724 | 11,148 | 11,995 |
| Expenses          | 8,183  | 9,559  | 9,131  | 10,975 | 8,856  | 9,108  | 9,659  |
| Operating Profit  | 1,509  | 1,870  | 1,961  | 2,603  | 1,868  | 2,040  | 2,336  |
| OPM %             | 16%    | 16%    | 18%    | 19%    | 17%    | 18%    | 19%    |
| Other Income      | 53     | -1     | 46     | -25    | 36     | 245    | 75     |
| Interest          | 655    | 715    | 783    | 829    | 904    | 962    | 1,011  |
| Depreciation      | 227    | 227    | 241    | 233    | 235    | 244    | 268    |
| Profit before tax | 679    | 927    | 984    | 1,516  | 765    | 1,078  | 1,132  |
| Tax %             | 14%    | 39%    | 38%    | 38%    | 28%    | 29%    | 28%    |
| Net Profit        | 584    | 569    | 609    | 934    | 551    | 767    | 820    |
|                   | 1.85   | 1.79   | 1.91   | 2.91   | 1.73   | 2.4    | 2.59   |

Source: Screener

## Key Ratios

| Ratios                           | FY 2023-2024 | FY 2022-2023 | % of Change |
|----------------------------------|--------------|--------------|-------------|
| Debt equity ratio #              | 0.26         | 0.38         | -32%        |
| Debt service coverage ratio *    | 2.64         | 3.51         | -25%        |
| Current ratio                    | 0.96         | 1.05         | -8%         |
| Trade receivable turnover ratio  | 10.05        | 10.10        | 0%          |
| Inventory turnover ratio         | 9.36         | 11.48        | -18%        |
| Trade payable turnover ratio     | 4.82         | 4.65         | 4%          |
| Net capital turnover ratio *     | 597.29       | 151.30       | 295%        |
| Return on capital employed (%) * | 37.58%       | 20.45%       | 84%         |
| Return on equity (%) *           | 30.38%       | 17.51%       | 73%         |
| Net profit margin (%) *          | 6.82%        | 3.82%        | 79%         |

Source: Annual Report

# Yearly Results

| Particulars       | March 2022 | March 2023 | March2024 |
|-------------------|------------|------------|-----------|
| Equity Capital    | 294        | 294        | 294       |
| Reserves          | 7,010      | 8,258      | 8,711     |
| Borrowings        | 24,145     | 31,161     | 40,802    |
| Other Liabilities | 12,125     | 14,984     | 17,788    |
| Total Liabilities | 43,574     | 54,697     | 67,595    |
| Fixed Assets      | 7,895      | 8,146      | 8,157     |
| CWIP              | 240        | 268        | 415       |
| Investments       | 2,652      | 4,852      | 2,329     |
| Other Assets      | 32,787     | 41,430     | 56,695    |
| Total Assets      | 43,574     | 54,697     | 67,595    |

# Synopsis Quarter Results

## Concall Notes - Feb-2025: Key Highlights

### Market Dynamics:

- The domestic MHCV (Medium and Heavy Commercial Vehicle) market saw a sequential growth of 10% in Q3, with January recording positive growth.
- Domestic MHCV volume was 26,838 units, down 1% YoY, while truck volume decreased by 2% YoY and bus volume increased by 5% YoY.
- Ashok Leyland maintained a 30%+ market share in the domestic MHCV market, achieving a 30.4% market share for the nine months ending December 2024.
- LCV (Light Commercial Vehicle) domestic volume in Q3 FY25 was 15,415 units, down 9% YoY.

### Product Development:

- Launched the Saathi mini truck, targeting a market share of 20% in the short term and 25% in the medium term for the 2 to 4 ton segment.
- Achieved over 1,000 MHCV touchpoints and 800 LCV touchpoints.
- Export volumes grew by 33% YoY in Q3, with robust order book for Q4.
- Non-CV businesses, including engine volume and spare parts revenue, grew by 3.5% and 14% YoY, respectively.

### Strategic Initiatives:

- Ongoing reverse merger of Hinduja Leyland Finance with NDL Ventures expected to conclude by Q1 FY26.
- Investments of ₹200 crores approved for Hinduja Leyland Finance and ₹500 crores for Optare, supporting capital adequacy and CAPEX needs.
- Switch Mobility, the EV subsidiary, has an order book of over 1,800 buses, including a significant order from Mauritius.

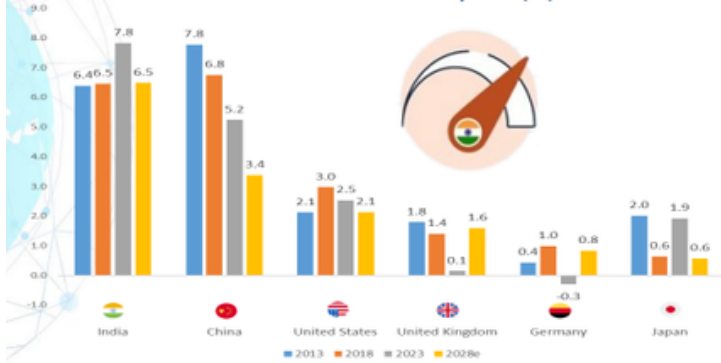
### ESG and Customer Service:

- Ashok Leyland ranked number one globally in the heavy machinery and trucks category by Sustainalytics.
- Launched multiple initiatives to enhance customer experience, backed by analytics and AI-led solutions.

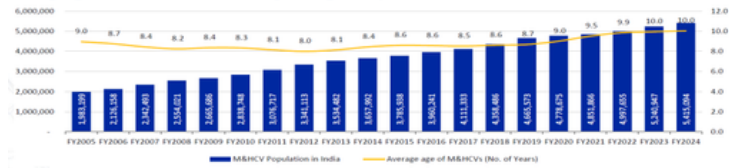
# Highlights

## India Set to Cement Role as New GDP Growth Champion

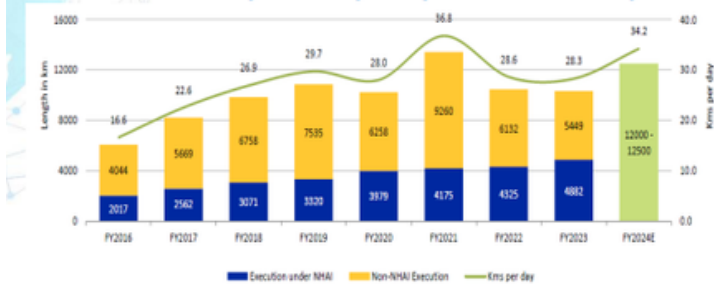
Estimated real GDP growth (YoY) of the world's largest economies in selected years (%)



Average age of M&HCVs increased to ~10 years, highest in past two decades



## Road construction expected to pick-up with new Govt in place



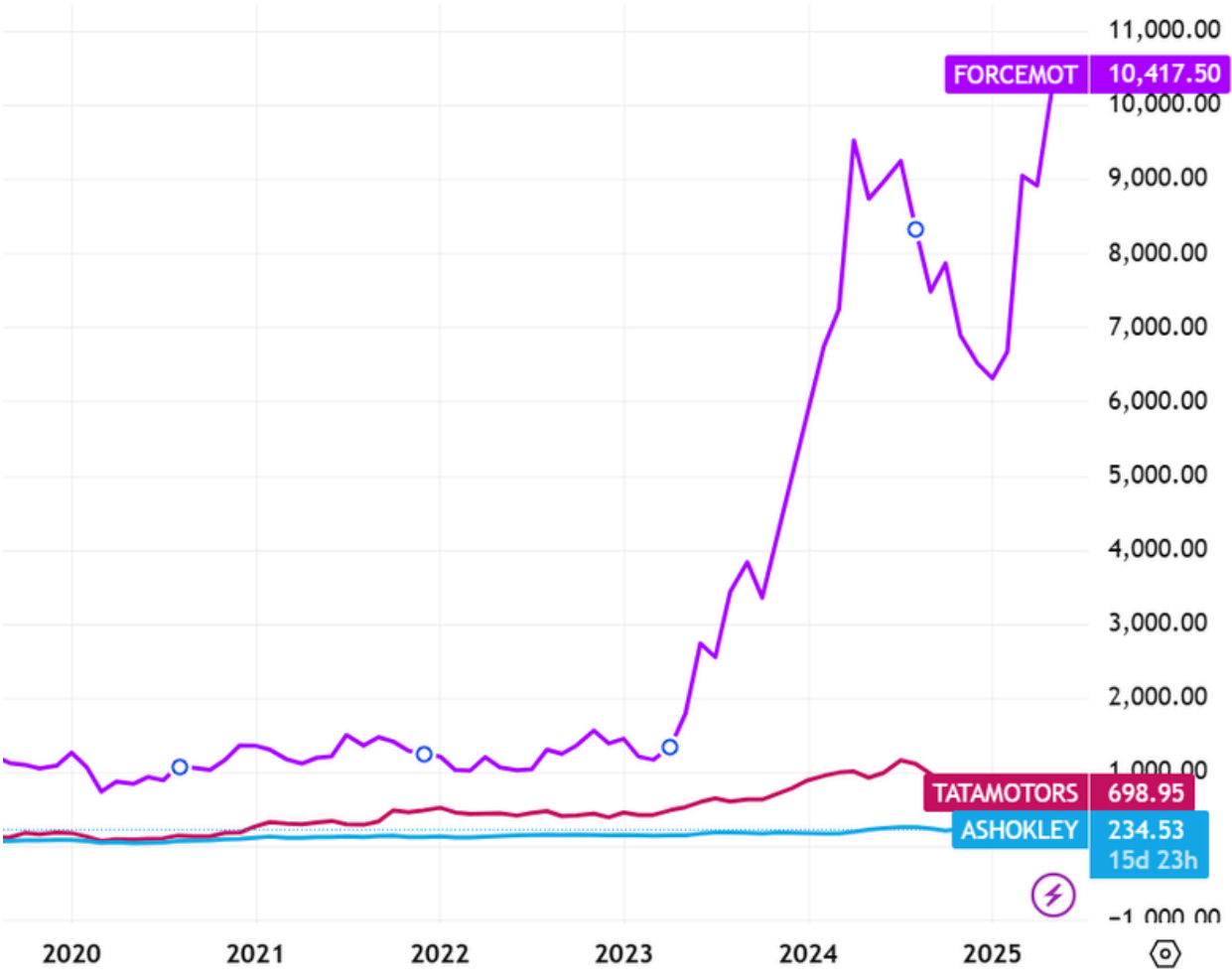
## Delinquency trends remained steady

| Period | Delinquency Levels in 90+ DPD for New CVs | Delinquency Levels in 90+ DPD for Used CVs |
|--------|---|--|
| Jun-20 | 4.6%                                      | 7.2%                                       |
| Sep-20 | 3.9%                                      | 6.5%                                       |
| Dec-20 | 4.8%                                      | 6.6%                                       |
| Mar-21 | 4.0%                                      | 6.6%                                       |
| Jun-21 | 8.4%                                      | 8.1%                                       |
| Sep-21 | 6.3%                                      | 7.5%                                       |
| Dec-21 | 7.2%                                      | 8.0%                                       |
| Mar-22 | 5.8%                                      | 7.1%                                       |
| Jun-22 | 5.6%                                      | 6.2%                                       |
| Sep-22 | 6.0%                                      | 6.2%                                       |
| Dec-22 | 6.6%                                      | 6.2%                                       |
| Mar-23 | 5.7%                                      | 6.1%                                       |
| Jun-23 | 5.1%                                      | 5.9%                                       |
| Sep-23 | 4.3%                                      | 6.0%                                       |
| Dec-23 | 3.9%                                      | 5.6%                                       |

Source: Investor Presentation

# Peer Comparison

## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

| S.No. | Name             | CMP Rs.  | P/E   | Mar Cap Rs.Cr. | Div Yld % | NP Qtr Rs.Cr. | Qtr Profit Var % | Sales Qtr Rs.Cr. | Qtr Sales Var % | ROCE % |
|-------|------------------|----------|-------|----------------|-----------|---------------|------------------|------------------|-----------------|--------|
| 1.    | Tata Motors      | 695.00   | 10.80 | 255853.75      | 0.42      | 8556.00       | -49.58           | 119503.00        | 0.39            | 19.97  |
| 2.    | Ashok Leyland    | 233.45   | 24.63 | 68553.26       | 2.15      | 819.67        | 37.61            | 11995.21         | 8.14            | 15.01  |
| 3.    | Force Motors     | 10614.00 | 25.62 | 13985.28       | 0.19      | 434.74        | 26.81            | 2356.01          | 17.14           | 29.80  |
| 4.    | Olectra Greentec | 1248.20  | 77.82 | 10245.28       | 0.03      | 46.62         | 71.66            | 515.37           | 50.63           | 14.79  |
| 5.    | SML ISUZU        | 1556.85  | 18.59 | 2252.78        | 1.02      | 0.53          | -80.22           | 331.80           | -14.07          | 23.62  |

Source: Screener

# Final Outlook



**ASHOKLEY: HOLD | LTP: 233**

Ashok Leyland has seen a consistent improvement in profitability and efficiency over the past few quarters. Its ROCE, while slightly down from last year, is still competitive at 15%. Operational efficiency remains strong with stable working capital days and a negative cash conversion cycle. This reflects solid vendor relations and cash flow management.

With improving operational metrics, robust demand, and consistent returns, Ashok Leyland is a good long-term play in the auto sector. Its performance outlook for the next 2–3 years remains optimistic with potential for capital appreciation.

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