



Company Details:

- Ashok Leyland Ltd (ALL), flagship company of Hinduja Group, is the 2nd largest manufacturer of commercial vehicles in India, 4th largest manufacturer of buses in the world and 19th largest manufacturer of trucks.
- Company operates 9 manufacturing plants which includes 7 in India, one bus manufacturing facility in Ras Al Khaimah in UAE and one facility at Leeds in UK.
- ALL manufactures wide range of products including, buses, trucks, light vehicles, defense vehicles, engines and gensets with vehicle weight ranging from 2 tonne to 55 tonne.
- Additionally, it has a JV with the Alteams Group for the manufacturing of high-press die casting extruded aluminium components for the automotive and telecommunication sectors.

Strength:

- Company has one of the largest and fastest growing distribution networks in the Indian CV industry which comprises 52,863 touchpoints including 1,748 exclusive touchpoints and 11,207 outlets for Leyparts.
- Company operates service centre every 75 kms on all major highways, allowing it to keep its "Ashok Leyland Quick Response" promise of reaching customers within 4 hours and getting them back on the road in 48 hours.
- Company's finance arm - Hinduja Leyland Finance Ltd (61.1% stake) plays a highly important strategic role as it plays an active role in financing MHCV segment of the Company. Approximately 23% of Hinduja Leyland Finance's AUM is towards financing the parent Ashok Leyland's vehicles as of FY25 end.
- In H1 FY26, ALL's domestic market share in MHCV segment inched up by 50 bps (YoY) to 31% while in LCV segment its market share inched up by 9 bps to 13.2%.

Growth Drivers:

- Company's product pipeline continues to remain strong with its non-diesel portfolio witnessing continuous expansion which includes 2 models of light electric trucks, 3 models of MHCV electric trucks and several models and variants of electric buses already available commercially.
- Foray into other greener technologies such as CNG, LNG and even hydrogen is also expected to help register growth going forward.



- GST rate rationalization announced in September' 2025 across various categories of goods has resulted in a consumption boost and the same is expected to continue going forward as well which in turn will lead to higher freight demand. This in-turn may lead to replacement cycle kicking in as older fleets will get replaced by new truck buying especially due to GST rate rationalization on Commercial Vehicles by 10%.
- Continued infrastructure spending by government is also expected to aid CV demand going forward.

Key Financial Highlights:

Ashok Leyland - Standalone			
Rs. Cr	FY23	FY24	FY25
Net Operating Revenues	36,144.14	38,367.03	38,752.74
Raw Material Cost	27,246.95	26,916.54	25,711.74
% to Revenue from Operations	75.4%	70.2%	66.3%
Purchase of Stock-in-trade	1,160.69	1,506.41	1,680.46
% to Revenue from Operations	3.2%	3.9%	4.3%
Changes in inventories	(558.49)	(510.94)	230.58
% to Revenue from Operations	-1.5%	-1.3%	0.6%
Employee Expenses	2,113.86	2,233.38	2,406.27
% to Revenue from Operations	5.8%	5.8%	6.2%
Other Expenses	3,250.43	3,615.06	3,793.13
% to Revenue from Operations	9.0%	9.4%	9.8%
Ebitda	2,930.70	4,606.58	4,930.56
Ebitda Margins	8.1%	12.0%	12.7%
Depreciation	731.96	717.81	719.34
Other Income	116.14	246.57	250.25
Share of Profits/(Loss) from JV/Associates	-	-	-
Exceptional Gain/(Loss)	84.61	(93.72)	103.73
Ebit	2,399.49	4,041.62	4,565.20
Finance Cost	289.09	249.44	216.91
PBT	2,110.40	3,792.18	4,348.29
Tax Expenses	730.29	1,174.31	1,045.00
Tax Rate	34.6%	31.0%	24.0%
PAT	1,380.11	2,617.87	3,303.29
EPS	4.70	8.90	11.23
O/s Shares	293.61	293.63	293.65



Cash Flow from Operations	2,136.01	2,503.12	7,819.42
Cash Flow from Investing	(1,734.53)	902.13	(4,077.86)
Cash Flow from Financing	(940.17)	(1,917.47)	(3,023.50)
Purchase of PPE	502.05	495.50	954.29
Capital WIP	48.95	95.53	276.87
Networth	8,425.80	8,810.37	11,518.79
LT Debt	1,766.23	1,131.64	902.23
ST Debt	1,413.87	1,122.89	533.21
Capital Employed	11,605.90	11,064.90	12,954.23
Cash & Cash Equivalents	3,272.71	3,687.24	5,724.65
RoCE	20.7%	36.5%	35.2%
RoE	16.4%	29.7%	28.7%

- Operating Revenues of the Company has grown from Rs. 36,144.14 cr in FY23 to Rs. 38,752.74 cr in FY25.
- Ebitda margins however, has improved from 8.1% in FY23 to 12.7% in FY25, primarily on the back of lower Raw Material cost.
- Profits after Tax has seen a strong growth from Rs. 1,380.11 cr in FY23 to Rs. 3,303.29 cr in FY25, which is on the back of improvement in operating margins and lower tax rates.
- Capital efficiency of the standalone business is very strong with Company reporting RoCE and RoE of 35.2% and 28.7% respectively.

Conclusion:

Investments can be made in Ashok Leyland Ltd considering –

- Expectation of revival in replacement demand on the back of healthy freight demand due to consumption boost.
- Leadership position of the Company in India's Commercial Vehicle industry.
- Strong product pipeline and foray into other greener technologies viz. CNG, LNG and hydrogen.
- Strategically important role played by subsidiary - Hinduja Leyland Finance.



- Strong capital efficiency and healthy operating cash-flow generation.
- At current market price of Rs. 174, Company is valued at Rs. 1,02,200 cr, translating into M-Cap/Operating Cash Flow of 13.07x its FY25 operating cash flow of Rs. 7,819 cr. Current valuation looks attractive considering the embedded value of Hinduja Leyland Finance into Company's overall valuation and high capital efficiency.

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*Long Term Investments could range from 3-5 years.