

BUY

TP: Rs 210 | ▲ 17%

ASHOK LEYLAND

| Automobiles

| 29 July 2023

Healthy growth trajectory; maintain BUY

- Q1 revenue up 13% YoY despite weak seasonality, led by a mix of volume growth (+5%) and realisation gains (+8%)
- Gross margin up 570bps YoY to 26.4%; EBITDA margin at ~10% and guided to hold at this level
- FY24/FY25 EPS estimates raised ~4% each for a revised SOTP-based TP of Rs 210 (vs. Rs 199); maintain BUY

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Healthy topline growth: AL's Q1FY24 revenue grew 13% YoY to Rs 81.9bn in a traditionally weak quarter, contributed by volume growth of 5% to 41.3k units. Net realisation per vehicle (NRPV) grew at a strong 8% YoY to Rs 1,981k on the back of price hikes (2-4% across CVs) and a richer product mix. The company raised prices in March which bolstered realisations in Q1FY24.

Margin expansion on track: Raw material cost improved to 73.6% of net sales vs. 79.3% in Q1FY23 (75.4% in Q4FY23). Gross margin at 26.4% thus expanded 570bps YoY. Other expenses rose 9% YoY to Rs 7.9bn. EBITDA more than doubled to Rs 8.3bn from Rs 3.2bn in Q1FY23 with a 10% margin (+570bps YoY) due to better operating leverage. Management expects margins to hold at this level in FY24-25. Adj. PAT increased to Rs 4.1bn from Rs 550mn in Q1FY23.

Working capital days and leverage rise, cash generation to improve: AL's net working capital days rose by 11 days QoQ, causing net debt to increase from negative Rs 2.4bn in the year-ago quarter to Rs 14.6bn and operating working capital to rise to Rs 15.2bn. This is typical of the first quarter as demand picks up and dealer inventory is filled. Management expects the pressure to ease as demand peaks.

EV mix, pipeline and capex: AL's launch pipeline includes: (i) two Switch EV LCVs in H2FY24, (ii) an Ather bus variant, and (iii) a potential European model bus. The company will enter into pilot test programmes for EV trucks. AL infused Rs 4bn in Q1 through short-term loans and will incur another Rs 8bn of capex over FY24.

Maintain BUY: Though margins may be impacted by reversal of commodity softening trends in the short term, we now expect 150bps EBITDA margin expansion over FY23-FY25 to ~10% as we factor in AL's sustained beat over industry growth in the CV segment, continued leadership in the bus segment, new launches and entry into EVs. Export recovery will add comfort. We raise our FY24/FY25 EPS estimates by ~4% each for a revised SOTP-based TP of Rs 210 (vs. Rs 199), ascribing an unchanged 20x FY25E P/E multiple to the standalone business – in line with medium term average multiple. BUY.

Key changes

| Target | Rating |
|--------|--------|
| ▲ | ◀ ▶ |

| | |
|------------------|---------------|
| Ticker/Price | AL IN/Rs 179 |
| Market cap | US\$ 6.4bn |
| Free float | 49% |
| 3M ADV | US\$ 24.1mn |
| 52wk high/low | Rs 187/Rs 133 |
| Promoter/FPI/DII | 52%/17%/15% |

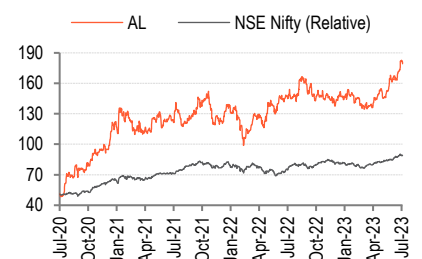
Source: NSE | Price as of 28 Jul 2023

Key financials

| Y/E 31 Mar | FY23A | FY24E | FY25E |
|-------------------------|----------|----------|----------|
| Total revenue (Rs mn) | 3,61,441 | 4,31,673 | 5,13,036 |
| EBITDA (Rs mn) | 29,307 | 40,155 | 49,472 |
| Adj. net profit (Rs mn) | 12,955 | 22,281 | 28,551 |
| Adj. EPS (Rs) | 4.7 | 7.6 | 9.7 |
| Consensus EPS (Rs) | 4.7 | 7.1 | 9.1 |
| Adj. ROAE (%) | 15.4 | 21.6 | 22.2 |
| Adj. P/E (x) | 38.1 | 23.6 | 18.4 |
| EV/EBITDA (x) | 18.9 | 13.5 | 10.0 |
| Adj. EPS growth (%) | 4079.0 | 72.0 | 28.1 |

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Earnings call highlights

| Parameter | Q1FY24 | Q4FY23 | Our view |
|------------------|---|---|---|
| Industry growth | <p>Industry M&HCV growth was slightly muted at 3% YoY owing to pre-buying in Q4FY23. AL's domestic M&HCV volumes grew 7% YoY while bus PIV grew 39%. AL witnessed 93% YoY growth in the bus segment.</p> <p>Management retained guidance of above-industry volume growth in FY24 and believes EV buses are well positioned for strong growth over the coming years.</p> | <p>Management expects FY24 CV demand to surpass the previous peak of FY19, enabling the industry to grow 8-10% in FY24, with AL guided to beat industry growth.</p> <p>Management expects 5-6% industry growth for LCVs and 30% for buses.</p> | New launches, contribution from subsidiary Switch Mobility, and further efforts to gain domestic share in the CV segment are collectively likely to bolster growth for AL. |
| Market share | <p>Market share in the northern and eastern regions rose by 25% QoQ, taking overall share up to 25%. Bus market share at 28.1% was up 39.1% YoY. ICV bus market share also improved significantly to 15%.</p> <p>Management continues to target 35% overall market share with a focus on the northern, eastern, and ICV bus markets.</p> | <p>FY23 market share in M&HCVs stood at 31.8%, up 470bps over FY22.</p> <p>AL's focus is to expand market share in the northern and eastern regions to 30% in the first stage and to the mid-30s over the next few years.</p> | A focus on tapping newer domestic and international regions has helped AL beat industry growth. |
| Exports | <p>International operations remain weak, declining 12% YoY due to a weak macroeconomic environment abroad.</p> <p>Management expects improvement as inflation softens in Europe.</p> | <p>AL's international market volumes grew by 2.5% in FY23, whereas other large players witnessed declines of 30-40%.</p> <p>The Middle East and Africa contributed in FY23. The SAARC market was down but is expected to recover in next two years.</p> | AL's focus to counter weaker regions by tapping new geographies will continue, aiding growth in the exports market. |
| Margins | <p>EBITDA margin stood at 10% in Q1, down 85bps QoQ but up 570bps YoY.</p> <p>Margins are guided to be around 10% in the next two years as cost reduction programmes yield significant benefits and volumes are expected to grow extensively.</p> | <p>AL undertook price hikes of 2% in Apr'23 (to cover costs and improve margins). Retention of price hikes is 80-90%.</p> <p>Management expects steel prices to soften from Q2FY24 and expects a double-digit EBITDA margin in FY24 with a mid-teen target for the medium term.</p> | AL appears to be on the right track to retaining ~10% EBITDA margin by improving efficiencies. |
| Launch pipeline | <p>During the quarter, AL launched a ready-mix concrete tipper (AVTR 6x4 EDPTO); three trucks: eComet Star 1915, 28 20 G45 FPS, eComet Star 16/18t 24ft; the 4225 micro air vehicle (MAV); and a 13.5-meter bus with 19.5t gross weight.</p> <p>The launch pipeline includes: (i) two Switch EV light commercial vehicles (LCV) in H2FY24, (ii) an Ather bus variant, and (iii) a potential European model bus.</p> | The launch pipeline includes: (i) a low-floor 12metre bus and low-floor 9mtr bus for the Indian market; (ii) two new LCVs, electric <i>Dost</i> and electric <i>Bada Dost</i> ; and (iii) a 12mtr E1 bus for Europe in Jan'24. | A strong launch pipeline will improve the product mix and protect/add to margins. |
| Other key points | <p>Management is open to investments into Switch Mobility and incurred capex of Rs 910mn in Q1. Management expects to transition Switch into a lower tax regime.</p> <p>Hinduja Leyland will reverse-merge by the end of FY24.</p> <p>Net working capital days have risen by 11 days QoQ, causing net debt to rise to Rs 14.6bn from -Rs 2.4bn and operating working capital to rise to Rs 15.2bn. Cash generation is guided to improve YoY as working capital levels likely decline in H2.</p> | <p>Long-term debt is at Rs 29bn.</p> <p>Switch Mobility has an order book of 2,500 units</p> | The working capital impact is typical in the seasonally weak first quarter as demand picks up and dealer inventory is filled. Management indicated that the pressure will ease as demand peaks, boosting cash generation. |

Source: Company, BOBCAPS Research

Fig 2 – Quarterly performance

| (Rs mn) | Q1FY24 | Q1FY23 | YoY (%) | Q4FY23 | QoQ (%) |
|-------------------------------------|---------------|---------------|--------------|-----------------|---------------|
| Volume | 41,329 | 39,372 | 5.0 | 46,824 | (11.7) |
| Avg. Realisation per Vehicle | 19,81,488 | 18,34,514 | 8.0 | 24,82,844 | (20.2) |
| Net Revenues | 81,893 | 72,229 | 13.4 | 1,16,257 | (29.6) |
| Total Income (A) | 81,893 | 72,229 | 13.4 | 1,16,257 | (29.6) |
| Operating Expenses: | | | | | |
| Raw materials consumed | 60,282 | 57,281 | 5.2 | 87,887 | (31.4) |
| Employee Expenses | 5,376 | 4,454 | 20.7 | 5,919 | (9.2) |
| Other Expenses | 7,938 | 7,291 | 8.9 | 9,693 | (18.1) |
| Total Expenditure (B) | 73,595 | 69,026 | 6.6 | 1,03,499 | (28.9) |
| EBITDA (A-B) | 8,298 | 3,203 | 159.1 | 12,757 | (35.0) |
| Other Income | 512 | 256 | 99.6 | 389 | 31.5 |
| Depreciation | 1,794 | 1,824 | (1.7) | 1,838 | (2.4) |
| EBIT | 7,016 | 1,635 | 329.0 | 11,308 | (38.0) |
| Finance Costs | 699 | 689 | 1.4 | 628 | 11.3 |
| PBT before exceptional items | 6,317 | 946 | 567.5 | 10,681 | (40.9) |
| Exceptional items | (1,714) | (130) | - | (564) | - |
| PBT after exceptional items | 4,603 | 1,077 | 327.6 | 11,245 | (59.1) |
| Tax expense | 457 | 396 | 15.4 | 3,731 | (87.8) |
| Reported PAT | 5,854 | 681 | 760.3 | 7,514 | (22.1) |
| Adjusted PAT | 4,140 | 550 | 652.2 | 6,950 | (40.4) |
| Adj EPS (Rs) | 1.4 | 0.2 | 652.2 | 2.4 | (40.4) |
| Key ratios (%) | | | (bps) | | (bps) |
| Gross Margin (%) | 26.4 | 20.7 | 569 | 24.4 | 199 |
| EBITDA Margin (%) | 10.1 | 4.4 | 570 | 11.0 | (84) |
| EBIT Margin (%) | 8.6 | 2.3 | 630 | 9.7 | (116) |
| PBT Margin (%) | 7.7 | 1.3 | 640 | 9.2 | (147) |
| Tax Rate (%) | 9.9 | 36.8 | (2,686) | 33.2 | (2325) |
| Adj PAT Margin (%) | 5.1 | 0.8 | 429 | 6.0 | (92) |

Source: Company, BOBCAPS Research

Valuation methodology

Though AL's margins may be impacted by reversal of commodity softening trends in the short term, we now model for 150bps EBITDA margin expansion over FY23-FY25 to ~10% as we factor in AL's sustained beat over industry growth in the CV segment, continued leadership in the bus segment, new launches and entry into EVs. Export recovery will add comfort.

We raise our FY24/FY25 EPS estimates by ~4% each for a revised SOTP-based TP of Rs 210 (vs. Rs 199), ascribing an unchanged 20x FY25E P/E multiple to the standalone business (in line with medium term average) for a value of Rs 198/sh and adding in Rs 12/sh for Hinduja Leyland Finance. Maintain BUY.

Fig 3 – Revised estimates

| (Rs mn) | New | | Old | | Change (%) | |
|----------|----------|----------|----------|----------|------------|-------|
| | FY24E | FY25E | FY24E | FY25E | FY24E | FY25E |
| Revenue | 4,31,673 | 5,13,036 | 4,20,824 | 4,99,400 | 2.6 | 2.7 |
| EBITDA | 40,155 | 49,472 | 38,497 | 48,728 | 4.3 | 1.5 |
| Adj PAT | 22,281 | 28,551 | 21,368 | 27,696 | 4.3 | 3.1 |
| EPS (Rs) | 7.6 | 9.7 | 7.3 | 9.4 | 4.0 | 3.5 |

Source: BOBCAPS Research

Fig 4 – Key assumptions

| Parameter | FY23 | FY24E | FY25E |
|--------------------------------|-----------------|-----------------|-----------------|
| M&HCV volumes (nos) | 1,23,830 | 1,43,643 | 1,65,189 |
| LCV volumes (nos) | 48,042 | 50,925 | 52,962 |
| Total volume sold (Nos) | 1,71,872 | 1,94,567 | 2,18,151 |
| M&HCV (%) | 72.0 | 73.8 | 75.7 |
| LCV (%) | 28.0 | 26.2 | 24.3 |
| Revenue per vehicle (Rs) | 21,02,968 | 22,18,632 | 23,51,750 |
| RMC per vehicle (Rs) | 16,20,342 | 16,69,520 | 17,55,581 |
| As a % of revenue | 77.1 | 75.3 | 74.7 |
| Gross margin per vehicle (Rs) | 4,82,626 | 5,49,111 | 5,96,169 |
| As a % of revenue | 22.9 | 24.8 | 25.4 |
| Staff cost per vehicle (Rs) | 1,22,990 | 1,21,681 | 1,21,550 |
| As a % of revenue | 5.8 | 5.5 | 5.2 |
| Other expense per vehicle (Rs) | 1,89,119 | 2,26,300 | 2,52,813 |
| As a % of revenue | 9.0 | 10.2 | 10.8 |
| EBITDA per vehicle (Rs) | 1,70,516 | 2,01,129 | 2,21,805 |
| As a % of revenue | 8.1 | 9.1 | 9.4 |
| Other Income (Rs mn) | 1,292 | 1,333 | 1,484 |
| Depreciation (Rs mn) | 7,759 | 8,054 | 8,429 |
| Interest (Rs mn) | 3,009 | 3,325 | 3,682 |
| PAT per vehicle (Rs) | 75,376 | 1,14,514 | 1,30,878 |
| As a % of revenue | 3.6 | 5.2 | 5.6 |

Source: Company, BOBCAPS Research

Fig 5 – Valuation summary

| Business | FY25E EPS (Rs) | Target P/E (x) | Value (Rs) |
|---------------------|----------------|----------------|------------|
| Standalone Business | 9.7 | 20 | 198 |
| Leyland Finance | - | - | 12 |
| Total | - | - | 210 |

Source: BOBCAPS Research

Fig 6 – Peer comparison

| Company | Ticker | Rating | Target Price (Rs) | EPS (Rs) | | ROE (%) | |
|---------------------|---------|-----------|-------------------|----------|-------|---------|-------|
| | | | | FY24E | FY25E | FY24E | FY25E |
| Ashok Leyland | AL IN | BUY | 210 | 7.6 | 9.7 | 23.8 | 24.7 |
| Mahindra & Mahindra | MM IN | BUY | 1,665 | 73.3 | 81.3 | 18.8 | 18.0 |
| Tata Motors | TTMT IN | NOT RATED | - | 42.8 | 52.6 | 24.6 | 25.3 |

Source: BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- delays in planned launches in the M&HCV and bus segments,
- fierce competition implying pressure on margins, and
- slower revival in economic growth than expected.

Sector recommendation snapshot

| Company | Ticker | Market Cap (US\$ bn) | Price (Rs) | Target (Rs) | Rating |
|----------------------|------------|----------------------|------------|-------------|--------|
| Ashok Leyland | AL IN | 6.4 | 179 | 210 | BUY |
| Bajaj Auto | BJAUT IN | 17.2 | 4,893 | 4,188 | HOLD |
| Eicher Motors | EIM IN | 11.2 | 3,355 | 3,761 | HOLD |
| Escorts | ESCORTS IN | 4.1 | 2,537 | 1,749 | SELL |
| Hero MotoCorp | HMCL IN | 7.7 | 3,173 | 2,871 | HOLD |
| Mahindra & Mahindra | MM IN | 22.3 | 1,468 | 1,665 | BUY |
| Maruti Suzuki | MSIL IN | 35.5 | 9,670 | 9,858 | HOLD |
| TVS Motor | TVSL IN | 7.9 | 1,358 | 1,252 | HOLD |
| VST Tillers Tractors | VSTT IN | 0.3 | 3,048 | 3,218 | BUY |

Source: BOBCAPS Research, NSE | Price as of 28 Jul 2023

Financials

Income Statement

| Y/E 31 Mar (Rs mn) | FY21A | FY22A | FY23A | FY24E | FY25E |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total revenue | 1,55,984 | 2,16,883 | 3,61,441 | 4,31,673 | 5,13,036 |
| EBITDA | 5,351 | 9,945 | 29,307 | 40,155 | 49,472 |
| Depreciation | 7,477 | 7,528 | 7,320 | 8,054 | 8,429 |
| EBIT | (931) | 3,179 | 23,149 | 33,434 | 42,527 |
| Net interest inc./(exp.) | (3,068) | (3,011) | (2,891) | (3,325) | (3,682) |
| Other inc./(exp.) | 1,195 | 761 | 1,161 | 1,333 | 1,484 |
| Exceptional items | (121) | 5,108 | 846 | 0 | 0 |
| EBT | (4,119) | 5,276 | 21,104 | 30,109 | 38,845 |
| Income taxes | (983) | (142) | 7,303 | 7,828 | 10,294 |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Min. int./Inc. from assoc. | 0 | 0 | 0 | 0 | 0 |
| Reported net profit | (3,136) | 5,418 | 13,801 | 22,281 | 28,551 |
| Adjustments | 121 | (5,108) | (846) | 0 | 0 |
| Adjusted net profit | (3,016) | 310 | 12,955 | 22,281 | 28,551 |

Balance Sheet

| Y/E 31 Mar (Rs mn) | FY21A | FY22A | FY23A | FY24E | FY25E |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Accounts payables | 51,647 | 70,342 | 72,441 | 1,05,609 | 1,24,707 |
| Other current liabilities | 14,860 | 16,408 | 21,996 | 1,474 | 440 |
| Provisions | 6,545 | 6,705 | 10,377 | 11,216 | 12,338 |
| Debt funds | 37,163 | 35,071 | 31,801 | 33,084 | 35,422 |
| Other liabilities | 2,805 | 0 | 0 | 0 | 0 |
| Equity capital | 2,936 | 2,936 | 2,936 | 2,936 | 2,936 |
| Reserves & surplus | 66,837 | 70,433 | 81,322 | 1,00,070 | 1,25,385 |
| Shareholders' fund | 69,772 | 73,369 | 84,257 | 1,03,006 | 1,28,320 |
| Total liab. and equities | 1,82,792 | 2,01,894 | 2,20,873 | 2,54,389 | 3,01,228 |
| Cash and cash eq. | 8,230 | 10,470 | 5,013 | 40,066 | 46,299 |
| Accounts receivables | 28,160 | 31,111 | 40,627 | 54,403 | 62,548 |
| Inventories | 21,423 | 20,752 | 27,745 | 37,845 | 43,573 |
| Other current assets | 16,603 | 24,858 | 21,529 | 28,384 | 36,545 |
| Investments | 30,687 | 48,196 | 66,627 | 35,913 | 48,913 |
| Net fixed assets | 70,504 | 62,342 | 59,378 | 59,814 | 63,385 |
| CWIP | 3,719 | 1,111 | 490 | 3,000 | 5,000 |
| Intangible assets | 0 | 4,499 | 4,499 | 0 | 0 |
| Deferred tax assets, net | (1,708) | (1,444) | (5,035) | (5,035) | (5,035) |
| Other assets | 5,174 | 0 | 0 | 0 | 0 |
| Total assets | 1,82,792 | 2,01,895 | 2,20,872 | 2,54,389 | 3,01,228 |

Cash Flows

| Y/E 31 Mar (Rs mn) | FY21A | FY22A | FY23A | FY24E | FY25E |
|------------------------------------|-----------------|-----------------|-----------------|----------------|-----------------|
| Cash flow from operations | 6,443 | 28,126 | 18,994 | 11,219 | 31,600 |
| Capital expenditures | (7,722) | (1,257) | (3,735) | (6,501) | (14,000) |
| Change in investments | (3,491) | (17,509) | (18,431) | 30,714 | (13,000) |
| Other investing cash flows | 1,195 | 761 | 1,161 | 1,333 | 1,484 |
| Cash flow from investing | (10,018) | (18,005) | (21,004) | 25,546 | (25,516) |
| Equities issued/Others | 0 | 0 | 50 | (50) | 0 |
| Debt raised/repaid | 4,349 | (2,092) | (3,270) | 1,283 | 2,338 |
| Interest expenses | (3,068) | (3,011) | (2,891) | (3,325) | (3,682) |
| Dividends paid | (1,761) | (2,936) | (7,632) | (5,871) | (5,871) |
| Other financing cash flows | (940) | 157 | 3,669 | (401) | 0 |
| Cash flow from financing | (1,421) | (7,881) | (10,075) | (8,364) | (7,215) |
| Chg in cash & cash eq. | (4,995) | 2,240 | (12,085) | 28,402 | (1,131) |
| Closing cash & cash eq. | 8,230 | 10,470 | 5,013 | 40,066 | 46,299 |

Per Share

| Y/E 31 Mar (Rs) | FY21A | FY22A | FY23A | FY24E | FY25E |
|----------------------|-------|-------|-------|-------|-------|
| Reported EPS | (1.0) | 0.1 | 4.4 | 7.6 | 9.7 |
| Adjusted EPS | (1.1) | 1.8 | 4.7 | 7.6 | 9.7 |
| Dividend per share | 0.6 | 1.0 | 2.6 | 2.0 | 2.0 |
| Book value per share | 23.8 | 25.0 | 28.7 | 35.1 | 43.7 |

Valuations Ratios

| Y/E 31 Mar (x) | FY21A | FY22A | FY23A | FY24E | FY25E |
|----------------|---------|-------|-------|-------|-------|
| EV/Sales | 3.4 | 2.5 | 1.5 | 1.3 | 1.0 |
| EV/EBITDA | 99.5 | 55.4 | 18.9 | 13.5 | 10.0 |
| Adjusted P/E | (167.8) | 97.1 | 38.1 | 23.6 | 18.4 |
| P/BV | 7.5 | 7.2 | 6.2 | 5.1 | 4.1 |

DuPont Analysis

| Y/E 31 Mar (%) | FY21A | FY22A | FY23A | FY24E | FY25E |
|------------------------------|-------|-------|-------|-------|-------|
| Tax burden (Net profit/PBT) | 73.2 | 5.9 | 61.4 | 74.0 | 73.5 |
| Interest burden (PBT/EBIT) | 442.6 | 166.0 | 91.2 | 90.1 | 91.3 |
| EBIT margin (EBIT/Revenue) | (0.6) | 1.5 | 6.4 | 7.7 | 8.3 |
| Asset turnover (Rev./Avg TA) | 142.8 | 198.8 | 322.0 | 342.4 | 342.2 |
| Leverage (Avg TA/Avg Equity) | 1.5 | 1.5 | 1.4 | 1.3 | 1.3 |
| Adjusted ROAE | (4.2) | 0.4 | 16.4 | 23.8 | 24.7 |

Ratio Analysis

| Y/E 31 Mar | FY21A | FY22A | FY23A | FY24E | FY25E |
|--|--------|-------|--------|--------|--------|
| YoY growth (%) | | | | | |
| Revenue | (12.8) | 39.0 | 66.7 | 19.4 | 18.8 |
| EBITDA | (54.4) | 85.8 | 194.7 | 37.0 | 23.2 |
| Adjusted EPS | | | 4079.0 | 72.0 | 28.1 |
| Profitability & Return ratios (%) | | | | | |
| EBITDA margin | 3.4 | 4.6 | 8.1 | 9.3 | 9.6 |
| EBIT margin | (0.6) | 1.5 | 6.4 | 7.7 | 8.3 |
| Adjusted profit margin | (1.9) | 0.1 | 3.6 | 5.2 | 5.6 |
| Adjusted ROAE | (4.3) | 0.4 | 15.4 | 21.6 | 22.2 |
| ROCE | (0.6) | 3.0 | 13.5 | 19.6 | 20.9 |
| Working capital days (days) | | | | | |
| Receivables | 47 | 50 | 36 | 40 | 42 |
| Inventory | 40 | 35 | 24 | 28 | 29 |
| Payables | 125 | 133 | 94 | 100 | 110 |
| Ratios (x) | | | | | |
| Gross asset turnover | 0.7 | 0.5 | 0.3 | 0.3 | 0.3 |
| Current ratio | 1.0 | 0.9 | 0.9 | 1.4 | 1.4 |
| Net interest coverage ratio | 0.3 | (1.1) | (8.0) | (10.1) | (11.5) |
| Adjusted debt/equity | 0.5 | 0.5 | 0.4 | 0.3 | 0.3 |

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

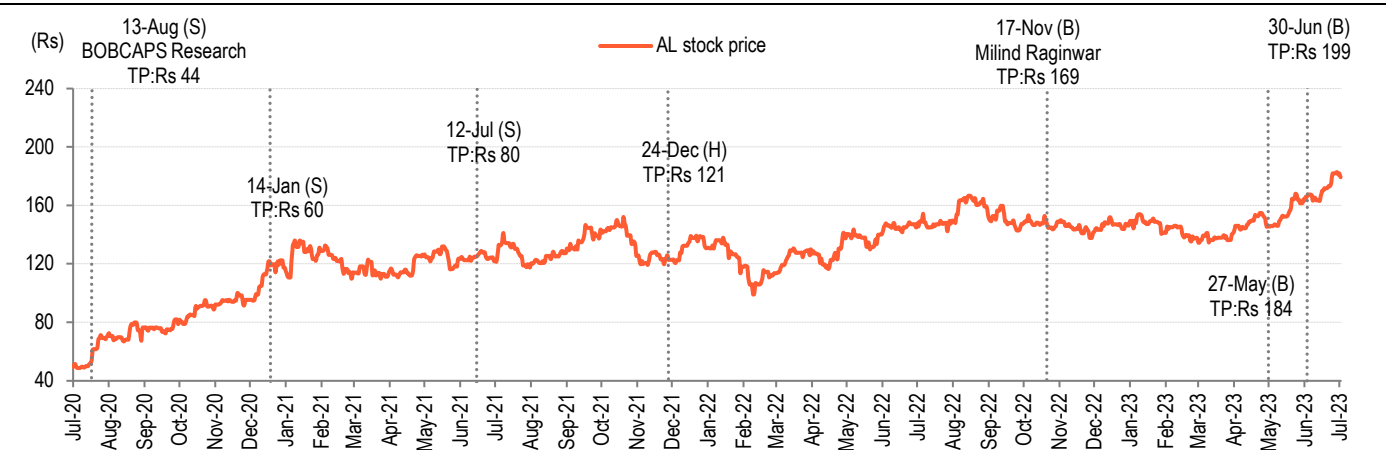
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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