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# Hold Ashok Leyland; target of Rs 132: Dalmia Securities

Dalmia Securities recommended hold rating on Ashok Leyland with a target price of Rs 132 in its research report dated November 13, 2017.

**Broker Research**  
@moneycontrol.com



Ashok Leyland

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**114.20** ▲ -0.55 (-0.48%)

Volume **731669**

Today's L/H **114.00**                      **114.70**

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## Dalmia Securities' research report on Ashok Leyland

Ashok Leyland Limited's (ALL) operating revenue witnessed a growth of

31% in the quarter ending 30th September, 2018, ending with a topline of over INR 60 billion. The Company's total sales volumes saw a robust increase of over 22% in Q2 FY2018, versus the industry growth of 20% (as per data reported by SIAM). The increase was owing to 24% and 18% rise in Medium and Heavy Commercial Vehicle (M&HCV) and Light Commercial Vehicle (LCV) sales. Export volumes surged by 39% y-o-y to 4,437 units during the quarter. ALL's market share expanded from 33.2% in Q2 FY 2017 to 33.6% in Q2 FY2018, growing by 40 bps.

However, it fell sequentially by 110 bps.

### **Outlook**

We expect 7% volume CAGR over FY17 – 19E, led by widening product portfolio, growing acceptance of the iEGR technology and recovery in economic activity. Revenue is expected to grow at a CAGR of 13% over FY17 – 19E, to be led by strong volume increase due to new launches in the LCV product portfolio and growing focus on non-CV business like defence and spare parts. We estimate EBITDA margins to remain at 11% in FY17 – 19E and net profit to grow at a CAGR of 62% to INR 2,150 crores in FY19E led by operating leverage benefit and reduction in interest costs. We have a HOLD rating with target price of INR 132.50 based on SOTP (12x EV/EBITDA FY19E + 2.5x book value of HLFL).

*For all recommendations report, [click here](#)*

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