



A A P K I J E E T . H A M A R I J E E T .



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HINDUJA GROUP

Our customer is our reason to be. And it has been so, for over six decades, in our business of transporting people and goods. They inspire us to push boundaries, think innovatively, set new benchmarks. The way we do business is driven by our customer's demands and our constant endeavor is to understand their needs and engineer mobility solutions that are best suited for them.

We, at Ashok Leyland, believe that in our customer's profitability lies our success. And therefore our promise remains: *Aapki Jeet. Hamari Jeet.*





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Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to fully appreciate our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set our anticipated results based on the Management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot, of course, guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Parmanand Deepchand Hinduja

(1901-1971)

Founder, The Hinduja Group

“My dharma (duty) is to work so that I can give”

GUIDING PRINCIPLES

Work to Give

Word is a Bond

Act Local Think Global

Partnership for Growth

Advance Fearlessly

LETTER TO THE SHAREHOLDER

Dear Shareholders,

I am happy to share with you the details of the performance of Ashok Leyland in 2012-13.

With the Indian economy clocking a modest 5% GDP growth last year, a far cry from the nearly 9% annual expansion only 2 years ago, the overall Commercial Vehicle (CV) market suffered a negative growth of 2% over the previous year. In that contraction, the medium & heavy duty segment, your Company's stronghold, had a decline by as much as 25% year over year. The redeeming feature in this dismal scenario, you will be happy to note, is that your Company was able to gain 3% increase in market share.

The overall sales volume was 114,611 vehicles comprising 105,833 vehicles in the domestic market and 8,778 vehicles in exports. Evidently, focused efforts in network development, product actions, customer orientation and brand building have helped to keep your Company ahead of the competition in a challenging period. The aggregate sales turnover was Rs. 12,481.20 Crores in 2012-13 as compared to Rs. 12,904.33 Crores in 2011-12 and Net Profit of Rs. 433.71 Crores as compared to Rs. 565.98 Crores in the previous fiscal.

The Spare Parts business with a revenue of Rs. 1,004 Crores and Power Solutions registering a revenue of Rs. 403 Crores continued to grow though the performance of the Defence business was tepid largely owing to Government constraints and cutbacks.

Notwithstanding the setback in the economy and the consequent impact on the commercial vehicle industry, your Company kept its sights firmly on the future and continued to take measures to reinforce its product portfolio and market standing.

Medium & Heavy Duty Segment: Undaunted by significant depression in this segment, your Company



introduced a slew of new products that found ready market acceptance.

The launch of 3718il (10x2) was configured to meet the felt need for a strong, more fuel efficient, rigid truck with higher tonnage. Select multi-axle vehicle models have been offered the

new Twin Speed Rear Axle technology for superior fuel efficiency and the customer feedback has been very encouraging.

For the second consecutive year, your Company's traditionally strong Southern markets turned soft. However, the efforts to enhance your Company's presence in the North, East and West markets in India paid rich dividends. During the year, concerted efforts were made to further improve the reach and presence. There are now more than 450 full-service centers on all major highways across the country equipped to reach a customer within 4 hours and restore a vehicle within 48 hours. As you are aware, your Company pioneered driver training and I am happy to inform you, that as of now five Driver Training Institutes are operational in Tamil Nadu, New Delhi, Madhya Pradesh, Haryana and Orissa with one in Rajasthan, under construction.

Small Commercial Vehicle Segment: Riding the crest of the remarkable growth seen in the Small Commercial Vehicle segment, as well its own continuing success, 'Dost' was able to post an all-India market share of nearly 19% and emerge as the leading brand in most of the 12 markets where it was introduced. Your Company has moved aggressively to establish a network of 100 customer touch points in the markets served and the level of customer service being provided is reportedly setting new benchmarks for the industry.



R&D: Your Company maintained its thrust on R&D with a spend of Rs. 304 Crores representing 2.3% of the sales turnover. To augment your Company's R&D capabilities, a Technical Centre has been established at Warwickshire, UK, to harness the R&D skills available in Europe. In this context, I am also delighted to mention that Optare plc UK, in which your Company has 75.1% equity stake, has won the prestigious Society of Motor Manufacturers and Traders (SMMT) Award for Automotive Innovation 2012, for their all-electric bus model Versa EV.

Maximising Capacities: The ramp up of your Company's Pantnagar plant to reach an annual capacity of 40,000 vehicles was completed with the capability to ramp up to 50,000 per annum. The manufacturing facility at Ras Al Khaimah also reached full capacity and is rolling out vehicles to the Middle East and Africa. In addition, a new globally benchmarked chassis assembly line was opened at your Company's Ennore Unit that is already achieving improved standards in line efficiency and product quality.

Brand Building: The association with your Company's

brand ambassador M. S. Dhoni continued and his presence in all forms of brand communication translated into very significant, positive, perceptual shifts towards your Company across target segments and markets. A high decibel TV campaign has generated favourable brand appeal which is invaluable in the evolving competitive market scenario.

Corporate Social Responsibility: Through the year, your Company remained committed to its Green Mission, ceaselessly endeavouring to manufacture vehicles that pollute less, emit less. A high point during the year was the manufacturing units at Pantnagar and Alwar winning the most prestigious National Energy Conservation Awards 2012, awarded by the Ministry of Power, Government of India, for implementing various energy conservation initiatives. 30% of the Pantnagar plant is a green belt and more than 50,000 trees have been planted in this 3-year-old plant.

2013-14: Aapki Jeet. Hamari Jeet.

Going forward, there are shades of opinion on how the global and Indian economic scenario will unfold and in what time frame recovery would take place. Your Company is well apprised of this evolving scenario and

is ready for any eventuality.

As in the previous year, your Company will remain focused on short-term actions to assure operational excellence without losing sight of the long-term initiatives aimed to position your Company to be among the Top 10 Truck and Top 5 Bus manufacturers globally. Interestingly, your Company is already the 4th largest bus maker in the world and the challenge will now be to maintain that status with the backdrop of growing domestic competition and global consolidation.

Your Company has always believed that its success lies in enhancing its customers' profitability and therefore has trained its collective focus in listening to the customer and developing appropriate transport solutions. Your Company's promise to all stakeholders remains *Aapki Jeet. Hamari Jeet.*, because of the belief that our success is dependent on the sustained profitability of our customers and partners. Although the forecasts for 2013-14 are not very encouraging, your Company is targeting to position new products in anticipation of the brighter prospects of the business and with an eye on the future. The A-Truck model featuring the Avia cabin will be launched to give further impetus to your Company's plans in the growing Intermediate Commercial Vehicle space. I am happy to report that the in-house developed modern 'Neptune' engine has come through with flying colors in all field



trials and is ready for deployment, while later this fiscal, the much awaited N-Truck with the new globally benchmarked cabin will be launched. The 'Dost' CNG will be introduced to the Delhi market shortly.

The new passenger version on the 'Dost' platform, goods and passenger versions of the multi-functional van – 'Stile' and the 6-Ton 'Partner' are slated to hit the Indian roads during this fiscal.

Your Company recognises the upcoming challenges this year and is geared to face them confidently.

In closing, I gratefully acknowledge the confidence and faith reposed by you in the Board and the Management team of your Company.

You may have noted that Mr. R. Seshasayee has stepped down as the Executive Vice Chairman at the end of last year after a brilliant career with your Company for nearly 4 decades. On your behalf I would like to acknowledge his signal contribution to the sustained profitable growth of your Company over the years and his guidance for a seamless management transition to under the leadership of the Managing Director Mr. Vinod K. Dasari.

Despite having to face stiff headwinds through the year, I must compliment the attitude and determination shown by the employees of your Company to collectively turn in a praiseworthy market performance. I would also like to place on record my deep appreciation for the support and loyalty of your Company's extended family of customers, dealers and supplier partners and look forward to their continuing association in the years ahead.

Thanking you,

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'Dheeraj G. Hinduja'. The signature is fluid and cursive, written over a light blue horizontal line.

Dheeraj G. Hinduja
Chairman

Driven to a better life by a 'Dost'!

Ashok Leyland entered the LCV market with Nissan and the launch of 'Dost'. A category creator, 'Dost' has already sold nearly 35,000 numbers in its first full year of operations and has emerged as the leading brand in its 2 – 3.5T category despite being present in only 12 States in India. Rupa is the first lady owner-driver of a 'Dost' and her's is a story of courage, facing seemingly overwhelming odds with a 'Dost' by her side...





Rupa, with her Dost



Rupa is a young 34-year-old single mother who has bravely chosen to create her own destiny in a tough world ... behind the wheels of her 'Dost'.

Life had been anything but a bed of roses for her. One day, she found herself stranded in the middle of a 160 km long highway between Hosur and Mettur in Tamil Nadu when her quarrelsome driver walked out on her. She was on one of her routine runs to a wholesale market to buy vegetables and groceries to sell in the uzhavar sandhai (vegetable market) at Kollathur in Mettur. With help, she was able to return safely to base but the incident left her badly shaken. Life taught her one more bitter lesson that day ... to be self-reliant.

Soon, having learnt to drive a commercial vehicle, she started to drive her small goods vehicle to 'work' but found that it was not productive enough because she was doing more runs. So she called on Ashok Leyland's LCV dealership in Salem, with her mother in tow, to purchase a 'Dost'. She drove out with one and life immediately changed tracks for the first lady owner of a 'Dost'!

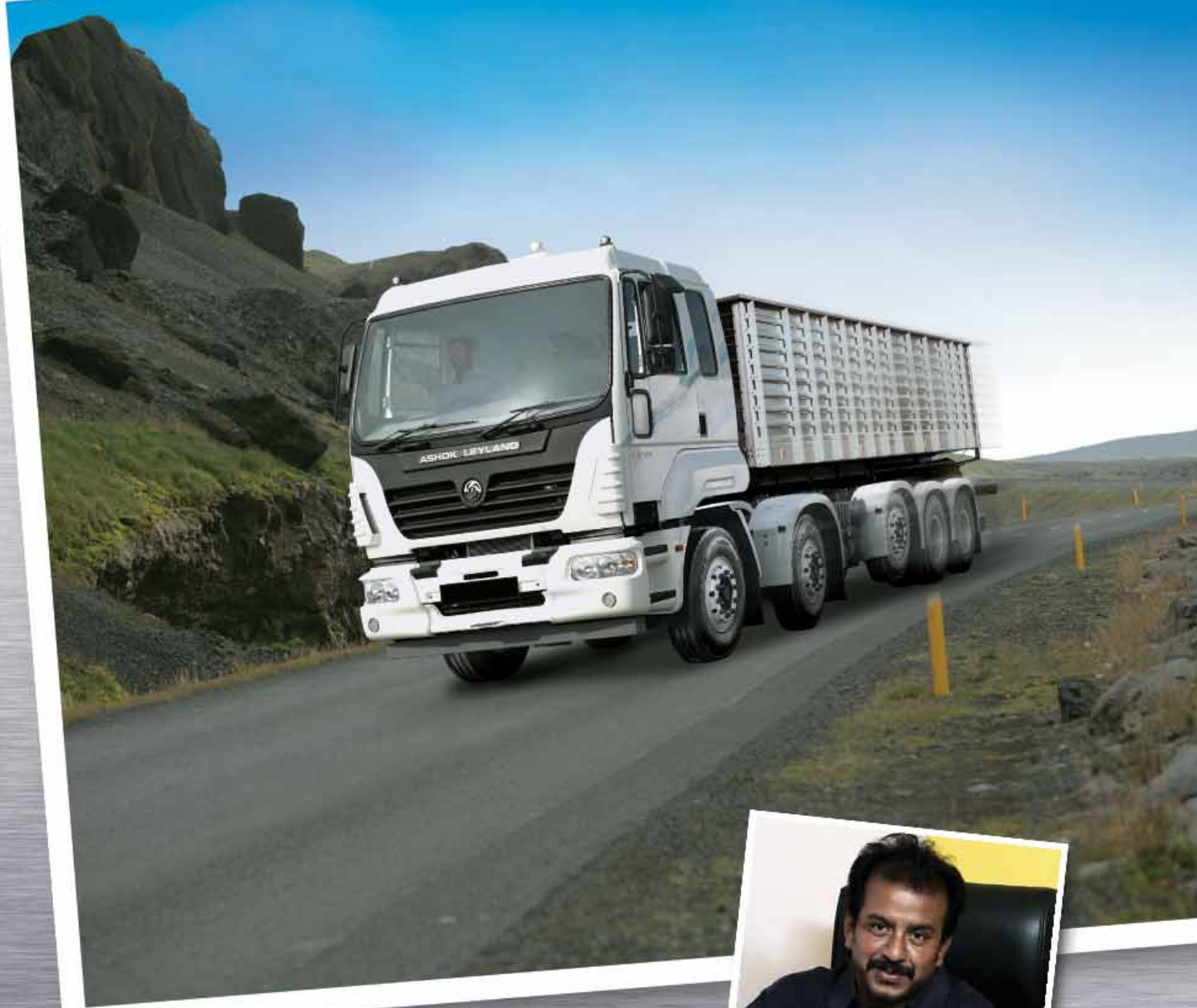
Her new vehicle was so easy to ride and the cab so comfortable that she started to enjoy her long runs. "Even when fully loaded, I hardly feel it. It is so pleasant, listening to music on the way that it seems I reach my destination much quicker. Changing gears, overtaking are all so easy and it also gives me great mileage." Needless to say, the higher payload of 'Dost' has translated into more business for her.

With things beginning to take shape professionally, Rupa has also successfully driven her personal life back on track though it was initially a struggle. Not knowing how to read or write and a failed marriage did not help but, as she says, "my dream was to earn a name for myself in my town and command respect from society!". That she has.

In the company of her 'Dost', not only has her business grown exponentially but she is also on the road towards a far brighter horizon.

A truck for all the right reasons

At the core of Ashok Leyland's business strategy is the customer and every effort is towards 'hearing' the customer's voice, interpreting his specific requirements and engineering vehicles that are just for him. The 3718il is just one of many such vehicles.



Chinna Babu, Shree Laxmi Transport