

LEADING WITH INNOVATION



ANNUAL REPORT 2019-20

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 management plans and assumptions. We have tried, where possible, to identify such statements by using words such as 'anticipate', 'expect', 'project', 'intend', 'plan', 'believe', 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. Achievement of results is subject to risks, uncertainties, and potentially 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.

CHAIRMAN'S MESSAGE



Dear Shareholder,

I do hope and pray that you and your families are safe and well in these challenging times.

On the business front, the reverberations of the market setback we experienced last year continues. The recessionary trend in the auto business has activated a wave of consequential challenges across the value chain. In the year went by, the expected level of improvement in the liquidity of NBFCs and the pre-buy ahead of BS VI introduction we had hoped for did not materialize. From March this year, as you know well, the COVID-19 pandemic has caused a debilitating impact on all sectors of the economy. It is anybody's guess as to when normalcy would be restored and what form would it take.

In this backdrop, I am pleased to advise that the situation was managed well last year with some careful planning by your Company. The Management had the foresight to decide as early as March 2019 to focus on costs, efficiency and initiatives for the long term, all of which have yielded creditable market and financial performance despite the odds.

Your Company had made a courageous decision to introduce, arguably for the first time ever in India, a modular truck platform AVTR for the

medium & heavy range alongside the introduction of innovative *i* Gen BS VI emission technology. Both are individually major technical challenges along with a mandated timeline to be met. It is, indeed, a proud moment for the Company when the design, cost and time targets were achieved indigenously and innovatively. In addition, we are now ready with an in-house developed new LCV range and the launch had to be deferred due to the COVID-19 crisis. The introduction is expected to be a game changer just as DOST did, further reinforcing our product range. Your Company is also making inroads into the electric vehicle segment in buses locally here as well as in the London market through the Optare range. We are moving fast in the learning curve in this realm, keeping pace with global trends and are poised for major strides soon.

As always, there have been new product introductions and upgrades last year to freshen up the product lines. 10x4 Tipper, Sunshine LX model for ICV School segment, 12m *i* EGR Bus for intercity segment and 11m FE CNG for intracity segment were launched in M&HCV segment evoking positive customer response. The ICV and MDV range were strengthened with the addition of the New Guru 1010, Boss 1616, Boss 1916, and the TF2312. The A.C. Midi Oyster bus was successfully launched at Prawaas 2019.

CHAIRMAN'S MESSAGE

There were some recognitions:

- ☛ Dost+ and Guru1010 respectively won the Pick-up of the Year, and the Promising Debut of the Year awards.
- ☛ Dost won Pickup of the Year and SCV of the Year at the ET NOW Global Awards.
- ☛ Best Employer of 2019 by AON.
- ☛ At the 8th Manufacturing Today Awards, the CSR initiatives were adjudged the "Winner in the award category - Excellence in CSR" for the second consecutive year.
- ☛ Winner of "Golden Peacock Award for Risk Management" in the category of "Automotive" for the year 2019, second year in a row.

In addition, the Ashok Leyland corporate office is the first office in India and fourth in the world to receive LEED v4.1 Platinum certification which is the benchmark for Green building.

Our CSR initiatives under the *Road to School* drive expanded the coverage by introducing the breakfast scheme, brought out new avenues of health, hygiene, nutrition and sports initiatives for the children. We now cover 55,000 children up from 20,000 in the previous year and have ambitious plans to scale up every year widening the scope as well.

Looking ahead, our long-term outlook for the sector continues to remain positive, with the current phase seen only as an aberration. As the governmental measures to reactivate the commercial sector are awaited, the management has taken the opportunity of the last few months to re-examine the business and operating models without any presumptions. Upon a clinical assessment of the short term and long-term prospects, a series of initiatives have been set in motion to reconfigure the Company aimed at sustainable growth while minimising the adverse impact of economic cycles.

I strongly believe that now is the opportune time for Indian OEMs like Ashok Leyland to move, without inhibition, and seek a global position by showcasing our manufacturing prowess and demonstrating the products of global standards of quality and reliability. With AVTR and the upcoming LCV range, I would like to mention with reasonable confidence that your Company is ready to expand its presence in India and multiple overseas markets. Another thrust area for the Company is Defence. Being one of the largest providers of logistic vehicles to our armed forces, we will continue to position mobility products and solutions in an accelerated manner. We should be seeing the benefits of our plans and efforts before long.

As you know, we have in our midst a new leader, Mr. Vipin Sondhi, who joined us last year as the MD & CEO. He comes with a rich and diversified experience in the Auto sector and I would like to welcome him to the Ashok Leyland family and wish him well to steer the Company to even greater heights.

In the travails of the past and in the new paradigm we are envisaging for the future, our constant source of strength is the indefatigable spirit of our employees and I would like to thank them for their commitment, patience and hard work.

I would also like to thank our extended family of dealers, suppliers, financial institutions, strategic partners, and customers for their continuing faith in us.

Thank you,

Yours sincerely,

Dheeraj G Hinduja
Chairman

London
August 7, 2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dheeraj G Hinduja, Chairman
Prof. Dr. Andreas H Biagosch
Dr. Andrew C Palmer
Jean Brunol
Jose Maria Alapont
Manisha Girotra
Sanjay K Asher
Saugata Gupta (*appointed w.e.f. November 8, 2019*)
Vipin Sondhi, Managing Director and Chief Executive Officer
(*appointed w.e.f. November 8, 2019; as MD & CEO w.e.f. December 12, 2019*)
Gopal Mahadevan, Whole-time Director
(*appointed w.e.f. May 24, 2019*)

CHAIRMAN EMERITUS

R J Shahaney

CHIEF FINANCIAL OFFICER

Gopal Mahadevan

COMPANY SECRETARY

N Ramanathan

SENIOR MANAGEMENT

Anuj Kathuria, Chief Operating Officer
N V Balachandar
P G Chandramohan
P Harihar
Karthick Athmanathan
Nitin Seth, Chief Operating Officer
K Ram Kumar
S Krishnan
Sanjay Saraswat
Dr. N Saravanan
R Sivanesan
Venkatesh Natarajan

STATUTORY AUDITORS

Price Waterhouse & Co Chartered Accountants LLP

COST AUDITORS

Geeyes & Co.

BANKERS

Axis Bank Limited
Bank of America
Bank of Baroda
Central Bank of India
Citi Bank N A
Federal Bank Limited
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Standard Chartered Bank
State Bank of India
MUFG Bank Limited
Yes Bank Limited

REGISTERED OFFICE

No.1, Sardar Patel Road, Guindy, Chennai - 600 032

CORPORATE IDENTIFICATION NUMBER

L34101TN1948PLC000105

PLANTS

Tamilnadu - Ennore (Chennai), Sriperumbudur (Foundry) and Hosur
Maharashtra - Bhandara
Rajasthan - Alwar
Uttarakhand - Pantnagar
Tamil Nadu - Vellivoyalchavadi (Technical Centre)

WEBSITE

www.ashokleyland.com

REGISTRAR AND SHARE TRANSFER AGENT

Integrated Registry Management Services Private Limited
2nd Floor, Kences Towers
1 Ramakrishna Street, North Usman Road
T. Nagar, Chennai - 600 017
Tel: +91 44 28140801 / 03
Fax: +91 44 2814 2479
Email: csdstd@integratedindia.in

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A HISTORICAL PERSPECTIVE OF THE COMPANY

₹ crores

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Sales Volume					
Vehicles (numbers)	94,106	101,990	114,611	89,337	104,902
Engines (numbers)	17,377	16,170	21,757	17,441	14,023
Spare parts and others	1,062	1,554	1,815	1,213	1,392
Revenue (Gross sales)					
	12,153	13,721	13,299	10,561	14,486
Profit before tax	802	690	471	(91)	442
Profit after tax	631	566	434	29	335
Assets					
Fixed assets	4,992	5,462	5,971	5,841	5,376
Non-Current Investments	1,230	1,534	2,338	2,405	2,240
Long term loans and advances	385	608	499	1,002	983
Other non-current assets	3	7	12	33	20
Non-Current Assets	6,610	7,611	8,820	9,281	8,619
Current Investments	-	-	-	384	408
Inventories	2,209	2,231	1,896	1,189	1,398
Trade Receivables	1,164	1,231	1,419	1,299	1,243
Cash and Bank balances	180	33	14	12	751
Short Term loans and Advances	334	727	871	472	564
Other current assets	96	83	76	171	328
Current assets	3,983	4,305	4,276	3,527	4,692
Total	10,593	11,916	13,096	12,808	13,311
Financed by					
Share capital	133	266	266	266	285
Reserves and surplus	3,830	3,946	4,189	4,182	4,834
Shareholders funds	3,963	4,212	4,455	4,448	5,119
Long term borrowings	2,348	2,293	2,738	3,297	2,566
Deferred tax liability - Net	444	490	527	407	510
Long-term provisions and Liabilities	78	77	80	70	99
Non-current liabilities	2,870	2,860	3,345	3,774	3,175
Short-term borrowings	-	102	767	587	25
Trade payables	2,309	2,571	2,485	2,214	2,828
Other current liabilities	1,034	1,750	1,735	1,697	1,908
Short-term provisions	417	421	309	88	256
Current liabilities	3,760	4,844	5,296	4,586	5,017
Total	10,593	11,916	13,096	12,808	13,311
Basic Earnings Per Share (₹)	2.37	2.13	1.63	0.11	1.20
Dividend per share (₹) (Face value ₹1 each)	2.00	1.00	0.60	-	0.45
Employees (numbers)	15,812	15,734	14,668	11,552	11,204

A HISTORICAL PERSPECTIVE OF THE COMPANY

As per Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015

₹ crores

Particulars	2015-16	2016-17	2017-18**	2018-19	2019-20
Sales Volume					
Vehicles (numbers)	140,457	145,066	174,873	197,366	125,200
Engines (numbers)	15,551	16,491	18,751	21,859	20,359
Spare parts and others	1,273	1,694	1,950	1,880	1,766
Revenue (Gross sales)	19,993	21,453	26,633	29,055	17,467
Profit before tax	827	1,330	2,386	2,497	362
Profit after tax	390	1,223	1,718	1,983	240
Assets					
Property, Plant and Equipment, CWIP, Right-of-use asset, Goodwill, Tangible and Intangible Assets	4,868	5,177	5,971	6,272	7,398
Investments	1,980	2,002	2,451	2,637	2,720
Trade Receivables [#]	-	-	-	-	1
Loans and Other Financial assets	135	182	60	73	102
Income tax asset and other non-current assets	610	579	791	1,056	746
Non-Current Assets	7,593	7,940	9,273	10,038	10,967
Inventories	1,625	2,631	1,758	2,685	1,238
Investments	-	877	3,155	-	-
Trade Receivables	1,251	1,064	945	2,505	1,180
Cash and Bank balances	1,593	912	1,042	1,374	1,322
Loans and Other Financial assets	196	211	414	487	926
Other current assets (including Contract assets)	516	282	749	1,135	757
Current assets	5,181	5,977	8,063	8,186	5,423
Assets classified as held for sale	-	123	-	-	-
Total	12,774	14,040	17,336	18,224	16,390
Financed by					
Equity Share capital	285	285	293	294	294
Other Equity	5,123	5,841	6,953	8,039	6,970
Equity	5,408	6,126	7,246	8,333	7,264
Borrowings, Lease liabilities and other financial liabilities	1,995	1,194	514	333	1,431
Deferred tax liability - Net	329	127	298	249	265
Other Non-current liabilities and provisions (including Contract liabilities)	152	172	459	520	431
Non-current liabilities	2,476	1,493	1,271	1,102	2,127
Borrowings, Lease liabilities and other financial liabilities	1,517	2,172	1,894	1,700	3,065
Trade payables	2,563	3,117	4,888	5,019	2,624
Other current liabilities and provisions (including Current Tax liabilities-net and Contract liabilities)	810	1,132	2,037	2,070	1,310
Current liabilities	4,890	6,421	8,819	8,789	6,999
Liabilities directly associated with assets classified as held for sale [#]	-	-	-	-	-
Total	12,774	14,040	17,336	18,224	16,390
Basic Earnings Per Share (₹)	1.37	4.24	5.87	6.76	0.82
Dividend per share (₹) (Face value ₹1 each)	0.95	1.56	2.43	3.10	0.50 [@]
Employees (numbers)	10,352	11,906	11,865	12,133	11,463

Contract asset and Contract liabilities is applicable from 2018-19.

Right-of-use asset and Lease liabilities is applicable from 2019-20.

Figures may not be strictly comparable due to presentation changes resulting from adoption of IND AS

[#] amount is below rounding off norms adopted by the Group.

[@] Interim dividend declared by the Board during the year.

** Pursuant to amalgamation of three wholly owned subsidiaries of the Company with the Company from April 1, 2017.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the seventy first Annual General Meeting of Ashok Leyland Limited will be held on **Wednesday, September 2, 2020** at **3 p.m. IST** through **Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")** to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt:
 - a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 together with the Report of Auditors thereon.
2. To appoint a Director in place of Mr. Dheeraj G Hinduja (DIN: 00133410) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED** that pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Manisha Girotra (DIN: 00774574), who was appointed as an Independent Director and who holds office of Independent Director upto June 28, 2020 and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company from June 29, 2020 till June 28, 2025."
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED** that pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Andrew C Palmer (DIN: 02155231), who was

appointed as an Independent Director and who holds office of Independent Director upto November 3, 2020 and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company from November 4, 2020 till November 3, 2025."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"**RESOLVED** that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to Geeyes & Co., Cost Accountants, (Firm Registration No. 00044), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ended March 31, 2020, amounting to ₹ 7,00,000/- (Rupees Seven Lakhs only) plus applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified."

By Order of the Board

N Ramanathan
Company Secretary

Chennai
June 25, 2020

Registered Office
1, Sardar Patel Road, Guindy
Chennai - 600 032
CIN: L34101TN1948PLC000105
Tel: +91 44 2220 6000 Fax: +91 44 2220 6001
E-mail: secretarial@ashokleyland.com
Website: www.ashokleyland.com

NOTES:

1. The Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020, read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. The Register of Members and the Share Transfer books of the Company will remain closed from Tuesday, September 1, 2020 to Wednesday, September 2, 2020 (both days inclusive) for the purpose of ensuing AGM of the Company.

NOTICE TO SHAREHOLDERS

3. The relevant Explanatory Statement pursuant to Section 102 of Act, setting out material facts in respect of businesses under item nos. 3 to 5 of the Notice, is annexed hereto. Details pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Directors seeking re-appointment at this AGM are also annexed.
4. At the sixty eighth AGM held on July 21, 2017 the Members approved appointment of Price Waterhouse & Co Chartered Accountants LLP (FRN 304026E/E300009), Chennai as the Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the seventy third AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the seventy first AGM.
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. Institutional / Corporate Shareholders (i.e., other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution / Authorisation etc., authorising its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution / Authorisation shall be sent to the Scrutinizer by email through its registered email address to scrutiniserbc@gmail.com with a copy marked to evoting@nsdl.co.in.
7. Members are requested to note that, dividends if not encashed for a consecutive period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members/Claimants are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority, in Form No. IEPF-5 available on www.iepf.gov.in. The Members / Claimants can file only one consolidated claim in a financial year as per the IEPF Rules. For details, please refer to corporate governance report which is a part of this Annual Report.
8. Pursuant to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amount lying with Companies) Rules, 2012, the information on unclaimed dividend as on March 31, 2019 was filed with the MCA and hosted on the website of the Company.
9. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.ashokleyland.com, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Ltd at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL <https://www.evoting.nsdl.com>.
10. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before August 25, 2020 through email on secretarial@ashokleyland.com. The same will be replied by the Company suitably.
11. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 72 of the Act, read with the Rules made thereunder are requested to send the prescribed Form SH-13 to the Corporate / Registered Office of the Company. Any change or cancellation of the nomination already given is to be given in Form SH-14. Form SH-13 and Form SH-14 are available on the Company's website for download.
12. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number, ECS mandates, nominations, power of attorney, bank account details, etc., to their Depository Participant(s) in case the shares are held by them in electronic form and to Integrated Registry Management Services Private Limited (RTA), "Kences Towers", 2nd Floor, No. 1 Ramakrishna Street, North Usman Road, T Nagar, Chennai - 600 017 in case the shares are held by them in physical form.
13. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company / RTA, for consolidation into a single folio.
14. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialised form.