



ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.



ANNUAL REPORT



2017-18



HINDUJA GROUP

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 am pleased to share with you that 2017-18 has been another year of stellar performance by your Company when it pushed the limits even further. The new water marks we should all be proud of are the highest ever sale of 174,873 units, crossing the 100,000 Medium & Heavy Commercial Vehicles (M&HCV) truck sale in a year and rolling out 200,000th Light Commercial Vehicles (LCV) on the road. It is remarkable that the largest volume growth in the domestic truck sales is from the Northern region outpacing our traditional Southern stronghold where we continue to be market leaders. Achieving a record revenue of ₹ 26,248 Crores and a record profit of ₹ 1,563 Crores together with sustaining the market share gains in a competitive environment is quite commendable.

There were some tail winds during the year in the form of GDP growth at 7.4%, thrust in infrastructure and road construction, proliferation in logistics activities and overloading restriction in some markets. Nonetheless, in the face of fierce competitive pressures and intrinsic challenges in demand prediction, to sustain market share across segments without sacrificing profitability is a culmination of the management's painstaking efforts of the last few years to strengthen the Company through the strategic levers of operational efficiency, appropriate products, market reach and "*Customer First*" attitude.

CHAIRMAN'S MESSAGE

On the product front, last year, 17 new products were launched across different segments, iEGR performed extremely well surpassing all expectations and swappable batteries as one of the options in electric vehicles was introduced. The products continued to receive industry recognition as follows validating your Company's philosophy of product emphasis as a key driver of our business.

- ❖ M&HCV 3718 Plus model bagged the Truck of the Year award
- ❖ Sunshine school bus won the Safety Award for excellence in school transport
- ❖ JanBus received the Safety Award for Excellence in Public Transport
- ❖ LCV Partner model coveted the LCV Cargo Carrier of the Year award

In business performance, the LCV business grew by 37% and also gained in market share. The Aftermarket business maintained a growth momentum, achieving a 5-year CAGR of 20%. On an on-going basis, customer touch points rose and further digital applications were launched to support after-market initiatives. The Defence business grew by 32% last year with a 5-year CAGR of 23%, becoming one of the largest firms in the private sector.

Our investments in international operations have started to pay off as our exports grew 38% driving us towards our goal of having a third of our revenues from outside India.

Referring to our other accomplishments, the Hosur plant got the prestigious Deming Award following an earlier one for the Pant Nagar plant. Your Company was awarded the AA+ credit rating by ICRA, the highest in 20 years bearing testimony to an exemplary all-round financial performance. Last but not the least, we were once again recognised as one of the top 40 Brands in India.

On the social side, the *"Road to School"* initiative is marching on successfully. It now covers 153 schools with 19,700 children and the scope has been enlarged to cover health, hygiene and nutrition. We ushered in the 70th year anniversary of your Company by planting over 70,000 trees across the facilities, creating the largest manmade wetland forest in a swamp in our Technical Center and also helping rebuild lakes in the communities we operate in.

In the years to follow, to sustain the growth momentum and take a great leap forward, your Company is gearing to set globally benchmarked standards in reliability and after-market support. There will be added thrust on cost control, cash generation and ROCE. Furthermore, ambitious plans will be rolled out soon to grow the LCV business, International Operations and Defence mobility even further. On the Electric Vehicles, your Company will leverage on the proven success of the Optare range in United Kingdom to position integrated offerings that straddle developed and emerging markets.

Having performed well in the recent years in the highs and lows of this business, I believe your Company is at a striking distance from being among the Global majors in the commercial vehicle field with attributes of operational efficiency, cost control, quality and reliability and product innovation.

CHAIRMAN'S MESSAGE

In conclusion, 2017-18 has been a year in which your Company raised the bar on performance in all fronts and the success without doubt is owed largely to the committed employees across the board. I would like to extend my grateful appreciation to the team and hope they will continue to excel undeterred in their endeavours. It is equally important that we acknowledge the resolute faith and support of our extended family of shareholders, customers, dealers, suppliers, financial institutions and strategic partners who travel with us in our journey. I would like to extend my deepest appreciation to them and hope to see this bond grow even stronger under your Company's credo *AapKi Jeet Hamari Jeet*.

Thank you,

Yours sincerely,

Dheeraj G Hinduja

Chairman

June 11, 2018

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dheeraj G Hinduja, Chairman
Dr. Andreas H Biagosch
Dr. Andrew C Palmer
D J Balaji Rao
A K Das (resigned w.e.f July 21, 2017)
Jean Brunol
Jose Maria Alapont
Manisha Girotra
Sanjay K Asher
Shardul S Shroff (resigned w.e.f July 21, 2017)
Sudhindar K Khanna
Vinod K Dasari, Chief Executive Officer and Managing Director

CHAIRMAN EMERITUS

R J Shahaney

CHIEF FINANCIAL OFFICER

Gopal Mahadevan

COMPANY SECRETARY

N Ramanathan

SENIOR MANAGEMENT

Anuj Kathuria
N V Balachandar
E Balasubramoniam
P G Chandramohan
P Harihar
Nitin Seth
Rajive Saharia
K Ram Kumar
Sanjay Saraswat
Dr. N Saravanan
Dr. Seshu Bhagavathula
R Sivanesan
Venkatesh Natarajan

STATUTORY AUDITORS

Price Waterhouse & Co Chartered Accountants LLP

COST AUDITORS

Geeyes & Co.

DEBENTURE TRUSTEE

SBICAP Trustee Company Limited

BANKERS

Bank of America
Bank of Baroda
Canara Bank
Central Bank of India
Citi Bank N A
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank
Indian Bank
Punjab National Bank
Standard Chartered Bank
State Bank of India
The Bank of Tokyo-Mitsubishi UFJ Limited
Yes Bank

REGISTERED OFFICE

1, Sardar Patel Road, Guindy, Chennai - 600 032

CORPORATE IDENTITY NUMBER

L34101TN1948PLC000105

PLANTS

Ennore, Sriperumbudur and Hosur, Tamilnadu;
Bhandara, Maharashtra;
Alwar, Rajasthan;
Pantnagar, Uttarakhand

WEBSITE

www.ashokleyland.com

REGISTRAR AND SHARE TRANSFER AGENTS

Integrated Registry Management Services Private Limited
2nd Floor, Kences Towers
1 Ramakrishna Street, North Usman Road
T. Nagar, Chennai - 600 017
Tel.: 91 44 2814 0801/03
Fax: 91 44 2814 2479
Email: csdstd@integratedindia.in

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The Admission Slip and Proxy Form are being sent together with the Annual Report

A HISTORICAL PERSPECTIVE OF THE COMPANY

₹ in Lakhs

| Particulars | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|--|----------------|----------------|------------------|------------------|------------------|------------------|------------------|
| Sales Volume | | | | | | | |
| Vehicles (numbers) | 54,431 | 63,926 | 94,106 | 101,990 | 114,611 | 89,337 | 104,902 |
| Engines (numbers) | 21,447 | 19,050 | 17,377 | 16,170 | 21,757 | 17,441 | 14,023 |
| Spare parts and others | 79,969 | 88,506 | 106,194 | 155,400 | 181,458 | 121,257 | 139,169 |
| Revenue (Gross sales) | 666,664 | 787,260 | 1,215,300 | 1,372,081 | 1,329,856 | 1,056,085 | 1,448,593 |
| Profit before tax | 20,845 | 54,477 | 80,180 | 68,998 | 47,071 | (9,122) | 44,220 |
| Profit after tax | 19,000 | 42,367 | 63,130 | 56,598 | 43,371 | 2,938 | 33,481 |
| Assets | | | | | | | |
| Fixed assets | 439,741 | 481,103 | 499,176 | 546,171 | 597,081 | 584,139 | 537,570 |
| Non-Current Investments | 26,356 | 32,615 | 123,000 | 153,448 | 233,763 | 240,531 | 224,038 |
| Long term loans and advances | 10,020 | 20,145 | 38,463 | 60,824 | 49,934 | 100,146 | 98,292 |
| Other non-current assets | 823 | 363 | 316 | 743 | 1,203 | 3,309 | 1,950 |
| Non-Current Assets | 476,940 | 534,226 | 660,955 | 761,186 | 881,981 | 928,126 | 861,850 |
| Current Investments | - | - | - | - | - | 38,438 | 40,845 |
| Inventories | 133,001 | 163,824 | 220,890 | 223,063 | 189,602 | 118,870 | 139,853 |
| Trade Receivables | 95,797 | 102,206 | 116,450 | 123,076 | 141,941 | 129,901 | 124,267 |
| Cash and Bank balances | 8,808 | 51,892 | 17,953 | 3,256 | 1,394 | 1,169 | 75,129 |
| Short Term loans and Advances | 68,934 | 75,901 | 33,439 | 72,657 | 87,134 | 47,201 | 56,367 |
| Other current assets | 146 | 155 | 9,644 | 8,337 | 7,618 | 17,095 | 32,838 |
| Current assets | 306,686 | 393,978 | 398,376 | 430,389 | 427,689 | 352,674 | 469,299 |
| Total | 783,626 | 928,204 | 1,059,331 | 1,191,575 | 1,309,670 | 1,280,800 | 1,331,149 |
| Financed by | | | | | | | |
| Share capital | 13,303 | 13,303 | 13,303 | 26,607 | 26,607 | 26,607 | 28,459 |
| Reserves and surplus | 334,470 | 352,327 | 382,993 | 394,626 | 418,903 | 418,182 | 483,410 |
| Shareholders funds | 347,773 | 365,630 | 396,296 | 421,233 | 445,510 | 444,789 | 511,869 |
| Long term borrowings | 185,826 | 211,819 | 234,813 | 229,335 | 273,784 | 329,650 | 256,634 |
| Deferred tax liability - Net | 26,344 | 38,454 | 44,389 | 49,037 | 52,737 | 40,677 | 51,027 |
| Long-term provisions and Liabilities | 9,410 | 11,421 | 7,846 | 7,656 | 8,029 | 7,024 | 9,897 |
| Non-current liabilities | 221,580 | 261,694 | 287,048 | 286,028 | 334,550 | 377,351 | 317,558 |
| Short-term borrowings | - | - | - | 10,175 | 76,698 | 58,741 | 2,500 |
| Trade payables | 177,129 | 233,168 | 230,851 | 257,097 | 248,537 | 221,415 | 282,832 |
| Other current liabilities | 19,746 | 42,264 | 103,442 | 175,005 | 173,507 | 169,691 | 190,785 |
| Short-term provisions | 17,398 | 25,449 | 41,694 | 42,037 | 30,868 | 8,813 | 25,605 |
| Current liabilities | 214,273 | 300,880 | 375,987 | 484,314 | 529,610 | 458,660 | 501,722 |
| Total | 783,626 | 928,204 | 1,059,331 | 1,191,575 | 1,309,670 | 1,280,800 | 1,331,149 |
| Basic Earnings Per Share (₹) | 1.43 | 3.18 | 2.37* | 2.13* | 1.63* | 0.11* | 1.20* |
| Dividend per share (₹) (Face value ₹ 1 each) | 1.00 | 1.50 | 2.00 | 1.00 | 0.60 | - | 0.45 |
| Employees (numbers) | 11,938 | 13,662 | 15,812 | 15,734 | 14,668 | 11,552 | 11,204 |

*Post Bonus Issue

Note: Figures for the periods prior to 2010-11 have been re-classified/re-arranged/re-grouped, wherever material, as per Revised Schedule - III/VI to the Companies Act, 2013 /1956 and they may not be strictly comparable with figures for financial year 2010-11 to financial year 2014-15.

A HISTORICAL PERSPECTIVE OF THE COMPANY

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

₹ in Lakhs

| Particulars | 2015-16 | 2016-17 | 2017-18 |
|---|------------------|------------------|------------------|
| Sales Volume | | | |
| Vehicles (numbers) | 140,457 | 145,066 | 174,873 |
| Engines (numbers) | 15,551 | 16,491 | 18,751 |
| Spare parts and others | 127,336 | 169,386 | 198,032 |
| Revenue (Gross sales) | 1,999,297 | 2,145,314 | 2,652,451 |
| Profit before tax | 82,654 | 133,009 | 223,072 |
| Profit after tax | 38,960 | 122,308 | 156,259 |
| Assets | | | |
| Property, Plant and Equipment, CWIP, Tangible and Intangible Assets | 486,784 | 517,667 | 537,546 |
| Investments | 198,044 | 200,168 | 274,747 |
| Trade Receivables | 19 | 18 | 2 |
| Loans and other Financial assets | 13,472 | 18,209 | 5,795 |
| Advance tax asset and other non-current assets | 60,961 | 57,933 | 53,537 |
| Non-Current Assets | 759,280 | 793,995 | 871,627 |
| Inventories | 162,501 | 263,103 | 170,988 |
| Investments | - | 87,717 | 305,516 |
| Trade Receivables | 125,095 | 106,439 | 98,048 |
| Cash and Bank balances | 159,313 | 91,197 | 100,440 |
| Loans and other financial assets | 19,630 | 21,090 | 40,167 |
| Other current assets | 51,556 | 28,166 | 71,822 |
| Current assets | 518,095 | 597,712 | 786,981 |
| Assets classified as held for sale | - | 12,300 | - |
| Total | 1,277,375 | 1,404,007 | 1,658,608 |
| Financed by | | | |
| Equity Share capital | 28,459 | 28,459 | 29,271 |
| Other Equity | 512,256 | 584,148 | 687,209 |
| Equity | 540,715 | 612,607 | 716,480 |
| Borrowings and other financial liabilities | 199,509 | 119,354 | 41,712 |
| Deferred tax liability - Net | 32,910 | 12,690 | 29,839 |
| Other Non-current liabilities and provisions | 15,223 | 17,182 | 45,879 |
| Non-current liabilities | 247,642 | 149,226 | 117,430 |
| Borrowings and other financial liabilities | 151,741 | 217,237 | 174,794 |
| Trade payables | 256,269 | 311,699 | 465,862 |
| Other current liabilities and provisions (incl.Current Tax liabilities-net) | 81,008 | 113,223 | 184,042 |
| Current liabilities | 489,018 | 642,159 | 824,698 |
| Liabilities directly associated with assets classified as held for sale | - | 15 | - |
| Total | 1,277,375 | 1,404,007 | 1,658,608 |
| Basic Earnings Per Share (₹) | 1.37* | 4.24* | 5.34* |
| Dividend per share (₹) (Face value ₹ 1 each) | 0.95 | 1.56 | 2.43@ |
| Employees (numbers) (including HFL for 2016-17 and 2017-18) | 10,352 | 11,906 | 11,835 |

*Post Bonus Issue

@ Dividend recommended by the Board is subject to approval of shareholders in the Annual General Meeting to be held on July 17, 2018

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the sixty ninth Annual General Meeting of Ashok Leyland Limited will be held on **Tuesday, July 17, 2018 at 2.45 p.m. at "The Music Academy, Madras", New No.168 (Old No.306), TTK Road, Royapettah, Chennai - 600 014** 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, 2018, 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, 2018 together with the Report of Auditors thereon.
2. To declare a dividend for the year ended March 31, 2018.
3. To appoint a Director in place of Mr. Dheeraj G Hinduja (DIN: 00133410), non-executive Chairman who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. **Ratification of Cost Auditors' Remuneration for the financial year 2017-18**

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 Messers 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, 2018, 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

Chennai
May 18, 2018

N Ramanathan
Company Secretary

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 Dividend of ₹2.43/- per share has been recommended by the Board of Directors for the year ended March 31, 2018, subject to the approval of the shareholders. Dividend, if approved at the Annual General Meeting (AGM), shall be paid/credited before August 10, 2018.

2. The Register of Members and the Share Transfer books of the Company will remain closed from Wednesday, July 11, 2018 to Tuesday, July 17, 2018 (both days inclusive) for the purpose of determining the members eligible for dividend. The Company has fixed Tuesday, July 10, 2018 as the 'Record Date' for determining entitlement of members to dividend for the financial year ended March 31, 2018.

3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS AGM IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The proxy form should be submitted at the registered office of the Company at least forty-eight hours before the scheduled commencement of the meeting.

A person can act as Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a proxy for any other person or shareholder. All alterations made in the Proxy Form should be initialed.

4. Revenue stamp should be affixed on the Proxy Form. Forms which are not stamped are liable to be considered invalid. It is advisable that the Proxy holder's signature may also be furnished in the Proxy Form, for identification purposes.
5. Corporate Members/Foreign Portfolio Investors/Foreign Institutional Investors/Financial Institutions intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of the Board resolution/such other duly authorised documents authorising their representatives to attend and vote at the AGM well in advance.
6. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (Act), setting out material facts in respect of business under item no. 4 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of the Director seeking re-appointment at this AGM are also annexed.
7. Members are requested to bring the Annual Report for their reference at the meeting. Admission Slip duly filled in shall be handed over at the entrance to the meeting hall and duly signed in accordance with their specimen signature(s) registered with the Company/ Registrar and Share Transfer Agent (RTA).
8. Members are informed that, in case of joint holders attending the AGM, the member whose name appears as the first holder in the order of names as per the Register of members of the Company will be entitled to vote.
9. Pursuant to Section 123 and 124, and other applicable provisions, if any, of the Act, all unclaimed/unpaid dividend, application money, debenture interest and interest on deposits as well as the principal amount of debentures and deposits, as applicable, remaining unclaimed/unpaid for a period of seven years from the date they become due