ASHOK LEYLAND

Aapki Jeet. Hamari Jeet.



FASTER HIGHER GREATER

ANNUAL REPORT 2018 - 19

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,

With great pride, I would like to share that in 2018-19, Ashok Leyland has achieved its Vision to be among the global top 10 players in medium and heavy trucks and top 5 in buses. This is a significant achievement in the annals of our Company considering the ever-changing market dynamics and increasing competitive pressures. You will be happy to note that not only did we achieve the volume aspiration but have also positioned one of the widest range of competitive vehicles in the medium and heavy duty segment. On your behalf, I would like to take this opportunity to record our sincere appreciation to the tireless efforts of the team, ably supported by various partners across the spectrum for this feat. Not to rest on its laurels, the team has come up with a more ambitious Vision to be among global Top 10 in commercial vehicles, which is a giant leap from where we are, but I have no doubt that we will be in that position soon.

Moving on, you will be pleased to note that your Company continued to make strides in 2018-19 in its growth journey. Some of the high points are:

- Sale of 131,936 medium and heavy commercial vehicles in the domestic market registering an increase of 13.2% over last year despite the dampening effect of revision in axle load norms and NBFC liquidity crisis. Within this, attaining market leadership in 4x2 haulage segment with a 40% share is laudatory. In the Bus segment, there has been a significant market share increase in South, and we have also sustained leadership in the private medium duty segment.

CHAIRMAN'S MESSAGE

- In the Light Commercial Vehicle segment, record sale of 54,508 vehicles was made clocking an impressive 26% increase over the previous year with market share gains in each of our product segments.
- The revenue from spare parts has doubled in the last 3 years with improved operational efficiency and higher market penetration.
- The power solutions business off-take has grown by 17% over previous year. The Customer Solutions Business is progressing well on its course.
- Performance of International Operations has been tepid due to market slow down in target countries and in the Defence side, while order pipeline is improving and tenders are being won, a surge in sale is expected in FY20 when budgetary constraints are expected to be removed.
- Among India's best brands, Ashok Leyland moved up from 37th to 34th position validating some of our corporate and market promotion initiatives.
- On CSR, under the "*Road to School*" programme, from a modest beginning of covering 4000 children in 36 schools, we now address 333 schools and 34,000+ children and we are targeting to reach 100,000 children in the next 2 years.

To sustain the growth momentum and maintain the technological edge, as always, we have been investing in extending or reinforcing our product profile. On the Truck side, eight new variants were introduced as dictated by customer needs covering intermediate and heavy range for specific applications and they have been well received. Dost+ which was introduced earlier as a variant in the Light Commercial Vehicle segment won three awards adjudged "Pick up of the Year" by Apollo as well as ET and "SCV of the Year" by ET.

There are a few key product actions on the anvil to make us future ready.
The highlights are:

- As you are aware FY20 is a period for all players to get ready for BS VI launch by April 1, 2020. Unlike global majors, Indian players are required to leapfrog from BS IV to BS VI in just 3 years. This is a steep challenge for both OEMs and the ancillary sector. In this regard, I am pleased to confirm that our state of readiness is next to none in emission conformance and fuel performance.
- Concurrently, we are also rolling out our Modular Vehicle Programme, that enhances flexibility to meet customer needs in a cost-efficient way.
- Building on the success of the current Light Commercial Vehicle range, a suite of products in a new platform is being readied for launch from April 2020.
- Our Electric Vehicle strategy and roll out plan is in shape. A competent team has been put in place to pursue this thrust area vigorously.
- This industry, like all others, is likely to see disruptions in the new Digital Age. Foreseeing the changes, your Company is taking steps to ensure that it stays ahead of the game, whether it is in our products, technology, or service, always keeping the central focus on its customers. We intend to take our success in the Indian market also to new International frontiers with a wide array of products in trucks and buses.

Looking ahead, a stable government which has assumed office recently augurs well for the Indian business and industry. Pertinent to the Commercial Vehicle Industry, in the short to medium term,

CHAIRMAN'S MESSAGE

we anticipate continuance of investments in infrastructure, revival of defence mobility spending and the much-needed relief to the liquidity challenges of NBFCs. While the expected pre-buy in FY20 on account of introduction of BS VI from next year could provide the surge in demand in the second half of this year, it is important that the government and the industry bodies consultatively provide a long-term direction or a policy guideline to the auto sector that include policy pronouncements such as vehicle scrappage, cab code or bus body code. This would provide the impetus to Indian Commercial Vehicle sector to transit to the global premier league and also help optimise resources.

It is my strong belief that our ability to overcome challenges and not be daunted by the hurdles ahead stems from the unflinching support of our dedicated and capable people across the organisation. My appreciation to each one of them for enabling our continuing success in our endeavours.

With all of us committing to respond faster in meeting customer needs and aim higher in our aspirations, I envision a greater Ashok Leyland in the near future.

I would also like to thank our extended family of shareholders, customers, dealers, suppliers, financial institutions and strategic partners for their guidance and support.

Thank you,

Yours sincerely,

Dheeraj G Hinduja
Chairman

July 1, 2019

CORPORATE INFORMATION

BOARD OF DIRECTORS
Dheeraj G Hinduja, Chairman
Dr. Andreas H Biagosch
Dr. Andrew C Palmer
D J Balaji Rao *(resigned w.e.f March 31, 2019)*
Gopal Mahadevan, Whole-time Director and Chief Financial Officer *(appointed as WTD w.e.f. May 24, 2019)*
Jean Brunol
Jose Maria Alapont
Manisha Girotra
Sanjay K Asher
Sudhindar K Khanna *(resigned w.e.f April 5, 2019)*
Vinod K Dasari, CEO&MD *(resigned w.e.f. March 31, 2019)*

CHAIRMAN EMERITUS
R J Shahaney

COMPANY SECRETARY
N Ramanathan

SENIOR MANAGEMENT
Anuj Kathuria, Chief Operating Officer
N V Balachandar
E Balasubramoniam
P Harihar
Karthick Athmanathan
Nitin Seth, Chief Operating Officer
Rajive Saharia
K Ram Kumar
S Krishnan
Sanjay Saraswat
Dr. N Saravanan
Dr. Seshu Bhagavathula
R Sivanesan
Venkatesh Natarajan

STATUTORY AUDITORS
Price Waterhouse & Co Chartered Accountants LLP

COST AUDITORS
Geeyes & Co.

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 Limited
Indian Bank
Punjab National Bank
Standard Chartered Bank
State Bank of India
The Bank of Tokyo-Mitsubishi UFJ Limited
Yes Bank Limited

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

CORPORATE IDENTITY NUMBER
L34101TN1948PLC000105

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

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 28140801/03
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 Crores

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Sales Volume						
Vehicles (numbers)	63,926	94,106	101,990	114,611	89,337	104,902
Engines (numbers)	19,050	17,377	16,170	21,757	17,441	14,023
Spare parts and others	885	1,062	1,554	1,815	1,213	1,392
Revenue (Gross sales)	**7,873**	**12,153**	**13,721**	**13,299**	**10,561**	**14,486**
Profit before tax	**545**	**802**	**690**	**471**	**(91)**	**442**
Profit after tax	**424**	**631**	**566**	**434**	**29**	**335**
Assets						
Fixed assets	4,811	4,992	5,462	5,971	5,841	5,376
Non-Current Investments	326	1,230	1,534	2,338	2,405	2,240
Long term loans and advances	201	385	608	499	1,002	983
Other non-current assets	4	3	7	12	33	20
Non-Current Assets	**5,342**	**6,610**	**7,611**	**8,820**	**9,281**	**8,619**
Current Investments	-	-	-	-	384	408
Inventories	1,638	2,209	2,231	1,896	1,189	1,398
Trade Receivables	1,022	1,164	1,231	1,419	1,299	1,243
Cash and Bank balances	519	180	33	14	12	751
Short Term loans and Advances	759	334	727	871	472	564
Other current assets	2	96	83	76	171	328
Current assets	**3,940**	**3,983**	**4,305**	**4,276**	**3,527**	**4,692**
Total	**9,282**	**10,593**	**11,916**	**13,096**	**12,808**	**13,311**
Financed by						
Share capital	133	133	266	266	266	285
Reserves and surplus	3,523	3,830	3,946	4,189	4,182	4,834
Shareholders funds	**3,656**	**3,963**	**4,212**	**4,455**	**4,448**	**5,119**
Long term borrowings	2,118	2,348	2,293	2,738	3,297	2,566
Deferred tax liability - Net	385	444	490	527	407	510
Long-term provisions and Liabilities	114	78	77	80	70	99
Non-current liabilities	**2,617**	**2,870**	**2,860**	**3,345**	**3,774**	**3,175**
Short-term borrowings	-	-	102	767	587	25
Trade payables	2,332	2,309	2,571	2,485	2,214	2,828
Other current liabilities	423	1,034	1,750	1,735	1,697	1,908
Short-term provisions	254	417	421	309	88	256
Current liabilities	**3,009**	**3,760**	**4,844**	**5,296**	**4,586**	**5,017**
Total	**9,282**	**10,593**	**11,916**	**13,096**	**12,808**	**13,311**
Basic Earnings Per Share (₹)	3.18	2.37*	2.13*	1.63*	0.11*	1.20*
Dividend per share (₹) (Face value ₹1/- each)	1.50	2.00	1.00	0.60	-	0.45
Employees (numbers)	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 Crores

Particulars	2015-16	2016-17	2017-18**	2018-19
Sales Volume				
Vehicles (numbers)	140,457	145,066	174,873	197,366
Engines (numbers)	15,551	16,491	18,751	21,859
Spare parts and others	1,273	1,694	1,950	1,880
Revenue (Gross sales)	**19,993**	**21,453**	**26,633**	**29,055**
Profit before tax	**827**	**1,330**	**2,386**	**2,497**
Profit after tax	**390**	**1,223**	**1,718**	**1,983**
Assets				
Property, Plant and Equipment, CWIP, Goodwill, Tangible and Intangible Assets	4,868	5,177	5,971	6,272
Investments	1,980	2,002	2,451	2,637
Trade Receivables#	-	-	-	-
Loans and Other Financial assets	135	182	60	73
Advance tax asset and other non-current assets	610	579	791	1,056
Non-Current Assets	**7,593**	**7,940**	**9,273**	**10,038**
Inventories	1,625	2,631	1,758	2,685
Investments	-	877	3,155	-
Trade Receivables	1,251	1,064	945	2,505
Cash and Bank balances	1,593	912	1,042	1,374
Loans and other financial assets	196	211	414	487
Other current assets (including Contract assets$)	516	282	749	1,135
Current assets	**5,181**	**5,977**	**8,063**	**8,186**
Assets classified as held for sale	**-**	**123**	**-**	**-**
Total	**12,774**	**14,040**	**17,336**	**18,224**
Financed by				
Equity Share capital	285	285	293	294
Other Equity	5,123	5,841	6,953	8,039
Equity	**5,408**	**6,126**	**7,246**	**8,333**
Borrowings and other financial liabilities	1,995	1,194	514	333
Deferred tax liability - Net	329	127	298	249
Other Non-current liabilities and provisions (including Contract liabilities$)	152	172	459	520
Non-current liabilities	**2,476**	**1,493**	**1,271**	**1,102**
Borrowings and other financial liabilities	1,517	2,172	1,894	1,700
Trade payables	2,563	3,117	4,888	5,019
Other current liabilities and provisions (incl. Current Tax liabilities-net and Contract liabilities)$	810	1,132	2,037	2,070
Current liabilities	**4,890**	**6,421**	**8,819**	**8,789**
Liabilities directly associated with assets classified as held for sale	-	-	-	-
Total	**12,774**	**14,040**	**17,336**	**18,224**
Basic Earnings Per Share (₹)	1.37*	4.24*	5.87*	6.76*
Dividend per share (₹) (Face value ₹ 1 each)	0.95	1.56	2.43	3.10@
Employees (numbers)	10,352	11,906	11,865	11,966

amount is below rounding off norms adopted by the Company.

$ For 2018-19 only

* Post Bonus Issue

@Dividend recommended by the Board is subject to approval of the shareholders at the Annual General Meeting to be held on July 31, 2019.

**Pursuant to the 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 seventieth Annual General Meeting of Ashok Leyland Limited will be held on **Wednesday, July 31, 2019 at 2.45 p.m. at Kamaraj Memorial Hall, 498-500, Anna Salai, Teynampet, Chennai - 600 006** 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, 2019, 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, 2019 together with the Report of Auditors thereon.

2. To declare a dividend for the year ended March 31, 2019.

3. 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

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"), 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. Andreas H Biagosch (DIN: 06570499), who was appointed as an Independent Director and who holds office of Independent Director upto July 25, 2019 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 July 26, 2019 till July 25, 2024."

5. 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"), 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), Mr. Jean Brunol (DIN: 03044965), who was appointed as an Independent Director and who holds office of Independent Director upto July 25, 2019 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 July 26, 2019 till July 25, 2024."

6. 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"), 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), Mr. Sanjay K Asher (DIN: 00008221), who was appointed as an Independent Director and who holds office of Independent Director upto July 25, 2019 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 July 26, 2019 till July 25, 2024."

7. 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 applicable provisions of the Companies Act, 2013 ("Act"), and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) Mr. Gopal Mahadevan (DIN : 01746102) who was appointed by the Board of Directors as an Additional Director of the Company with effect from May 24, 2019 and who holds office up to the date of this Annual General Meeting of the Company, being eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

   RESOLVED FURTHER that pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Act including the relevant Rules as applicable and relevant (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Act and Article 142 of the Articles of Association of the Company, approval of the members of the Company be and is hereby accorded to the appointment of Mr. Gopal Mahadevan as Whole-time Director ("WTD") designated as "Whole-time Director and Chief Financial Officer" of the Company for a period